

STATEMENT OF THE BOARD OF AUDIT

Ladies and Gentlemen,

My name is Bartłomiej Sochański, I come from Szczecin. I act here as a spokesman for the Board of Audit which consists of three individuals: Ms Silvia Löbner from Wismar, Germany; Mr Alfredas Lankauskas, from Siauliai, Lithuania, and myself.

The role of the Board of Audit, which was summoned during the Stockholm General meeting 1999 is to check accuracy and correctness of UBC incomes and expenditures. Differently to the professional auditors, we simply check, how the money of UBC were spent. The professional auditors check, whether the bookkeeping rules and prescriptions were obeyed, the other words, whether the appropriate bills are written down in relevant, appropriate positions within the UBC books. To make the long story short, the commission of Audit accepts the execution of budget done in previous two years.

But first of all I would like to draw your attention to some concerns, which we have to raise up, not in order to criticise anybody, but in order to improve our financial system. The Board of Audit is certainly aware, that Baltic cities come from different financial systems, have different financial and organisational experiences, rules, customs, and that introducing commonly comprehensive financial system to such organisation, as UBC, is practically a very difficult challenge. Despite of that, we have to do everything, to make our financing system as good as possible and mostly acceptable. Having that in mind we made several remarks, which had been passed to the President and to the Secretary General as separate written report.

The first remark refers to budgeting. According to Statute, our budget is decided for two years long period, whilst all reports and all statements of accounts, are made for the one year long period. Therefore, if you want to check out, the accuracy and correctness of expenditures and incomes, you can not simply compare the budget and the statement of accounts because both of those documents refer to different periods of time.

Secondly, not all expenditures of Union of the Baltic Cities are included in our budget. That refers mainly to the Lake Victoria project, which is, in our opinion, income and expenditure of UBC, but is not displayed in our budget accordingly.

The third concern are the Commissions. The Commissions spend nearly 30% of UBC budget. It is beyond the capacity of the Board of Audit to check expenditures of the Commissions. So we would suggest that the Commissions give their financial reports to the Secretariat and then we check it afterwards.

The fourth concern will be receipts, bills, invoices for Lake Victoria project. In our opinion it should be kept in separate files, that they are not mixed with other bills and expenditures. By the way all bills, in our opinion, should be of course made in the Polish language, since they are checked by the polish financial authorities, and the secretariat is located in the Republic of Poland in the beautiful city of Gdansk. However one copy of these bills and invoices should be also made in the English language, so that people from abroad who don't know polish language and who check them afterwards would understand what those documents certify.

Ladies and Gentleman, all those remarks refer more to the system than to the individual conducts. In spite of all difficulties in comparison, we tried to find how actually money were collected and spent and we did not find any invoices and expenditures that could be regarded as contrary to the UBC goals, Strategy, or grounds. Therefore, the Board of Audit recommends to absolve the Presidium, and Secretary General of their responsibilities for the period 2001 and 2002.

And we would, of course, highly appreciative, if you could consider all those remarks which I had an honour, on the behalf of the Commission to present to you using this occasion.

Ladies and Gentlemen, thank you very much for your attention, your patience, and your time.

Bartłomiej Sochański
Member of UBC Board of Audit