

Audit Report to the AGM

I have audited the financial statements of Indian Association of Geneva (IAG), which comprises of the Balance Sheet as of 31 December 2021 and the Income/ Expenditure statement for the financial year 2021.

- 1- Note that in the year 2021, an event costed over 52% of the total annual expenditure for the year. The income received for the said event amounted to about 28% of the total event expenditure. Therefore, the rest of that specific event costs were funded, as expected, from the membership contributions. At the end of the year, the association maintained a small surplus.

Considering the significant shortfall of revenue over expenditure on the event during 2021, the following audit recommendation continues to remain relevant for the year 2022.

Recommendation:

It is recommended that the EC continues to discuss projection scenarios at the AGM in its ordinary meeting as a general rule, and more specifically, for 2022, so as to mitigate risks of either lack of revenue or a sudden increase in activity expenditure, without revenue in hand. This or similar points have been stated in the previous audit report(s) as well. As a scenario as predicted did appear in 2021, it is therefore strongly recommended to provide adequate projection scenarios to mitigate any shortfall risks. The AGM must also ensure approvals to these plans to the extent possible.

Projection planning will also assist in mitigating the concentration risk on competing resources. This risk emanates from the possibilities of over-spending on one or two events. Hosting one or two events during the year is understandable due to the Covid restraints placed on the association's activities during the year. However, a clear activity and financial projection plan will assist to mitigate such risks.

- 2- Expenditure approvals: The IAG EC has run its functions within the mandate provided by the AGM. It is important however to maintain approval documentations in an appropriate form keeping into account the basic internal control mechanisms as well as ease of traceability.

Recommendation:

All major executive decisions or material payments must always be documented through emails and not on Social Media platforms such as WhatsApp due to the following reasons:

- a) WhatsApp groups do provide ease and convenience and has been very useful in social settings. However, on major or material financial decisions, it is necessary to maintain internal controls on the use and access to information as well as on taking decisions, for which email trails are more appropriate.
- b) Each payment is fundamentally a separate financial decision. It is understandable that for minor/immaterial financial decisions, faster methods such as WhatsApp may be utilized.

But for major/material decisions a clear discernible decision trail must be available without the social clutter on WhatsApp. Such decisions taken and documented on Emails shall also assist in tracing the documentations/decisions when needed without the need to breach the privacy of the WhatsApp group participants and conversations therein.

It is up to the AGM, to define this decision/payment materiality threshold taking into account the applicable data to be provided by the EC.

- 3- COVID pandemic has also had an impact on document access. For example due to the inability to obtain third party (bank) confirmations (the EC seems to have attempted to access statements on the fixed deposit from the bank, but till the date of this report no statement clearly identifying the accrued interest has been received from the bank), no interest income could be recorded for 2021, unlike past years.

Based on the information made available and provided under the pandemic circumstances, the disclosures made in the financial statements and based on the audit checks feasible to be conducted under the ongoing COVID 19 restrictions and constraints in place, the financial statements provide a true and fair view of the financial position of IAG in accordance with generally accepted accounting principle.

I, therefore, recommend to the General Assembly to adopt and approve the financial statement for the year ended 31st December 2021.

I would like to take the opportunity to convey my sincere thanks to the executive committee, especially the Treasurer and the President, for all the cooperation extended in carrying out my duty.

Regards,



Nakshatra Pachauri

Auditor

03 February 2022