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INTERNAL AUDIT REPORT

ON

INTERNATIONAL CENTRE FOR OCEAN
DEVELOPMENT

INTERNATIONAL OCEAN INSTITUTE

HEADQUARTERS, VALLETTA, MALTA

INTERNATIONAL CENTRE FOR OCEAN DEVELOPMENT

International Ocean Institute
 Headquarters, Valletta, Malta

INTERNAL AUDIT REPORT

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SECTION 1

FOREWORD

This audit was carried out in accordance with the approved internal audit plan for ICOD. As such, this is an audit of ICOD's involvement with and financial support for IOI (International Ocean Institute) in providing training to identified candidates from countries within ICOD's area of interest.

This audit was conducted during the months of January and February, 1991, and covered those areas as detailed in Section 3, at ICOD Headquarters and at IOI, including both IOI Headquarters in Valletta, Malta and IOI branch office at Dalhousie University, Halifax, Nova Scotia.

Observations detailed in Section 5 were debriefed with interested parties at ICOD and their comments and those obtained from IOI and related parties were considered in the content and wording of this report.

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SECTION 2

PROGRAM

2.1 Introduction

The IOI (International Ocean Institute) in Malta was founded in June, 1972 with the help of the Government of Malta and the United Nations Development Program.

From 1972 to 1980, IOI was located at the University of Malta, Tal-Qroqq, but its Headquarters has now been relocated to a house on Old Mint Street with a pending move to the waterfront area in Valletta. IOI has one branch office in Halifax, Nova Scotia which was set up with the assistance of Dalhousie University through the Lester Pearson Institute for International Development.

2.2 Scope and Purpose of IOI

The International Ocean Institute is an independent, international, nongovernmental, nonprofit organization - INGO. It is governed by a Board of Trustees and a Planning Council (formerly the Continuing Group). A small staff conducts operations in the two centres: Valletta, Malta and Halifax, Nova Scotia. In addition, there are project directors for individual projects, associates and consultants, a teaching staff, and a Board of Editors for the Ocean Yearbook.

The Institute's work is devoted to the protection and management of the ocean's resources for peaceful purposes. As defined in its Statute, its purpose is:

to promote education, training and research to enhance the peaceful uses of ocean space and its resources, their management and regulation as well as the protection and conservation of the marine environment.

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2.2 Scope and Purpose of IOI (cont'd)

IOI is not an oceanographic research institute, rather it studies, in depth, the issues underlying the establishment of a new international order in the oceans to propose new approaches and solutions and to widen the scope of dialogue on ocean affairs.

2.3 The Four Components of IOI

To achieve its objectives IOI has been organized into four major activity components as follows:

- Training Program
- Publications
- Research
- Conferences and Seminars

All four components are interconnected. The results of research projects are the basis for discussion at IOI conferences and seminars. The conferences and seminars serve to refine and direct the results of research. This work gives direction and a distinct character to the Training Program as well as to the Institute's publications.

The publications provide access to the latest data and insight into new interdisciplinary approaches to ocean management for use in the training program. Publications, training programs, conferences and seminars serve to widen the circle of dialogue on the uses and conservation of oceans in the context of building a new international economic order.

In more detail, the four components consist of the following:

1. The Training Program which consists of three different classes:
 - Class A is a ten-week course on Ocean Mining which is to assist developing countries to: assess the importance of seabed mining in the context of global economies; to keep abreast of technological and organizational developments; to optimise benefits from contract negotiations; and, to participate effectively in international undertakings in ocean mining so as to assure their fair share in the common heritage. (It is now offered in a new five-week course referred to as Class A2 as well as in the original ten-week form).

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2.3 The Four Components of IOI (cont'd)

1. (cont'd)

- Class B is a ten-week course which focuses on the Management and Conservation of the Resources of the EEZ (Exclusive Economic Zone). It aims to give participants an overview of the many aspects of the EEZ management in order to help them develop a familiarity with the broad range of issues encountered in marine affairs.
- Class C is a ten-week course that was developed to focus on issues of regional cooperation in marine affairs. Class C courses are designed for and held in different regions, combining the contents of Class A and Class B and thereby covering all uses of the oceans, including living and nonliving resources, seabed mining, navigation, ports and harbours, scientific research, transfer of technology, environmental policy, and legal and institutional infrastructure. These courses are restricted to the needs of a limited geographical area and adapted to the resource base and the social, economic and political infrastructure of that region.

2. Publications can be thought of as three distinct areas:

- The Ocean Yearbook which is published by the University of Chicago Press with a Board of Editors officially resident in Honolulu, Hawaii. The Ocean Yearbook is published every 18 months and presents a collection and review of resources, ecology, technology, strategic uses, and importance of the world's oceans.
- Newsletters are represented by two ongoing publications: "Across the Oceans" which is published semi-annually to maintain contact with the alumni of the IOI training programs; and, "IOI News" which is a quarterly publication to make IOI and its work more widely known as well as to develop cooperative arrangements which will further IOI's mandate to support those activities which protect and wisely manage the oceans.

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2.3 The Four Components of IOI (cont'd)

2. (cont'd)

- The third group of publications are ad hoc and usually result from projects and studies carried out in cooperation with specialists and host governments.

3. Research is not pure research but is always in conjunction with some project, paper or training initiatives. As part of presenting a paper or position to encourage certain action, research is necessary to support and provide credibility to the position presented.

4. Conferences and Seminars are generally represented by IOI's yearly Pacem in Maribus which began in 1972. Each year the conference discussion focuses on a special area of international ocean affairs, based on the concept of ocean space as the common heritage of mankind. The results of the IOI research projects, regional seminars and other studies are brought together in Pacem in Maribus.

The other basic initiatives under conferences and seminars are the regional meetings in cooperation with various governments. In these gatherings, the approach is once again interdisciplinary; the region is viewed as a multi-use system. Experts survey the activities of the international organizations in the area, analyze the data, trends and consequences of the exploitation of marine resources; examine the effects of tourism, settlement, development of oil or mineral production and transportation, shipping and military uses; and assess the consequences of environmental modification.

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2.4 Financial Summary of IOI Activities

The overall financial profile for IOI is difficult to show because financially the two organizational units of IOI are for all intents and purposes separate, unrelated units with different year ends. A consolidated report has been prepared by IOI Halifax as follows to meet reporting requirements of CIDA for the period April 1, 1989 to March 31, 1990:

<u>Description</u>	<u>Amount</u> <u>Cdn. \$</u>
Income:	
CIDA (General Program Support)	200,000
CIDA (Other)	45,000
UNIDO	4,560
Hellenic Shipping	6,264
UNEP	18,171
ICOD	80,465
ENEA	5,810
UNDP	48,718
UNESCO	6,713
UNCTAD	9,938
Commonwealth Secretariat	43,614
FAO	7,490
NORAD	8,000
Province of Nova Scotia	1,200
General IOI Funds	<u>85,587</u>
	<u>571,530</u>
Expenditures:	
Class B - Halifax	234,047
Class C - Malta	54,716
Class C - Egypt	117,331
PIM XVII	36,392
Sustainable Development Workshop, Halifax	27,000
Other Projects: Regional Cooperation	5,000
Common Action - Global Response	15,000
Administration (Halifax-Malta)	<u>144,855</u>
	<u>634,341</u>
Deficit for the Year	<u>(62,811)</u>

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2.4 Financial Summary of IOI Activities (cont'd)

The figures are not audited and consequently no opinion is provided as to their accuracy. They are presented to provide a general overview and to show some sense of funding and expenditures. However, as they are combined from IOI offices with different year ends, one should be cautioned from using these figures for more specific purposes.

The latest financial results for IOI Malta for the year ended December 31, 1989 are shown separately from the above as they are based on audited financial statements as prepared by Manduca Mercieca Deloitte and Touche of Valletta, Malta. These results are summarized as follows:

	1989	
	<u>LM</u>	<u>Cdn. \$</u>
Income:		
IOI General Fund	24,553	84,622
UNIDO	1,308	4,508
Hellenic Shipping	1,797	6,193
CIDA	6,040	20,817
UNEP	5,213	17,967
ICOD	11,794	40,648
ENEA	1,667	5,745
UNDP	13,976	48,168
UNESCO	1,926	6,638
UNCTAD	2,851	9,826
Other	93	321
	<u>71,218</u>	<u>245,453</u>
Expenditure:		
Pacem in Maribus XVII	10,440	35,981
Local Salaries	14,894	51,332
Class "C" Mediterranean 1989	15,697	54,100
Class "C" Egypt	<u>30,791</u>	<u>106,121</u>
Forwarded	71,822	247,534

2.4 Financial Summary of IOI Activities (cont'd)

Audit Services Groupe des services
Group de vérification

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2.4 Financial Summary of IOI Activities (cont'd)

	<u>1989</u>	
	<u>LM</u>	<u>Cdn. \$</u>
Expenditure: (cont'd)		
Brought Forwarded	71,822	247,534
Other Expenditures:		
Audit and accountancy fees	275	948
Bank charges	84	290
Deferred expenditure written off	948	3,267
Depreciation	616	2,123
General expense	182	627
Promotion	302	1,041
Postage	344	1,186
Repairs and maintenance	60	207
Stationery	524	1,806
Subscriptions	458	1,578
Staff amenities	143	493
Telephone and telexes	1,999	6,890
Water and electricity	129	445
Exchange loss	116	400
	<u>78,002</u>	<u>268,835</u>
Deficit for the Year	<u>(6,784)</u>	<u>(23,382)</u>

The exchange rate used to convert to Canadian dollars was the Central Bank (Malta) Exchange Rate for the Maltese Lira on December 29, 1989.

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2.5 IOI Human Resources

The following positions were in place at IOI during February of 1991:

<u>Position</u>	<u>Incumbent</u>	<u>Comment</u>
Malta Headquarters Office:		
Director	Dr. Aldo Chircop	Will be leaving IOI the end of May, 1991.
Executive Director	Dr. Gerard Ackers	Contract Position - one week per month (refer Appendix C).
Vice-Chairman, Planning Council	Caroline F. Vanderbilt	Also Register of Courses for IOI (Halifax and Malta).
Administrator	Anna M. Trigona	Salary paid by Malta Government - started Fall, 1990.
Secretary	Natusha Ralston	Full time.
Secretary	Stephanie Dowling	Works 4 hours per day.
Librarian	Damian Iwueke	Works part time at IOI. Employed by Foundation for International Studies, University of Malta.

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2.5 IOI Human Resources (cont'd)

<u>Position</u>	<u>Incumbent</u>	<u>Comment</u>
Halifax Office:		
Chairman, Planning Council	Elizabeth Mann Borgese	Co-founder of IOI.
Assistant Director, Administrator	Anita Coady	Left IOI Fall of 1990. Position not filled.
Coordinator, Course B-91	Margaret Wood	Working 3 days per week for total of 10 hours per week. Is preparing for Summer Program, B-91.
Financial Officer	Lisa Underwood	Is employed by Dalhousie University. The intention is that she will spend Friday mornings at IOI (started Jan. 2/91).
Bookkeeper	Marian Rout	The intention is that she spend 50% of her time on IOI work and 50% on work of the Pearson Institute (started Jan. 2/91).
Secretary	Lynn Foley	The intention is that she spend 50% of her time on IOI work and 50% on work of the Pearson Institute (started Jan. 2/91).

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2.6 ICOD Scholarship Projects where Training was Delivered by IOI

<u>Project Description</u>	<u>Initial Authorized Amount</u>
The Halifax IOI Scholarships Course Project (850018) provides four awards granted annually to enable participants from eligible countries to attend IOI's Summer training program in the Management and Conservation of Marine Resources: The Exclusive Economic Zone.	\$208,000
Four awards were granted to enable policy-makers from the Indian Ocean region to attend IOI's training program in the Management and Conservation of Marine Resources: The Exclusive Economic Zone. This project (860081) was held in Tanzania in 1987.	\$ 50,000
This project (IOI Scholarships - Caribbean 1988 - 870172) provided scholarship support for two course participants from Sri Lanka and Comoros to attend the Technology Development and Management training course offered in Columbia and Jamaica.	\$ 16,170
Through this project (880218) ICOD provided support to enable four individuals from the Indian Ocean region to participate in the 1988 IOMAC -IOI training program in Marine Affairs held in the Autumn of 1988 in Malaysia.	\$ 50,000
This project (880260) provided scholarship support for three individuals from the Indian Ocean region to attend IOI's 1989 Class A: Intensive Training Program in Ocean Mining held in Madras, India.	\$ 13,000

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2.6 ICOD Scholarship Projects where Training was Delivered by IOI
 (cont'd)

<u>Project Description</u>	<u>Initial Authorized Amount</u>
Through this project (890304) four participants were provided scholarship support to attend IOI's Management and Conservation of Marine Resources: The Exclusive Economic Zone course in Egypt in 1989.	\$ 48,000
Through this project (900369) four participants were provided with scholarship support to attend the IOI Class B course in Malta during the Fall of 1990.	\$ 40,000

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SECTION 3

AUDIT OBJECTIVES AND SCOPE

3.1 Audit Objectives

The Objectives of this audit, consistent with the approved Internal Audit Plan, were as follows:

- (i) (a) to review and appraise the systems and controls in place to ensure that the financial, human and physical resources are managed economically and efficiently and operations are carried out effectively;
- (b) to assess the adequacy of information available for decision-making and whether the information is used for the purpose intended;
- (c) to determine whether the assets are safeguarded and controlled;
- (d) to assess the extent to which the applicable corporate, central agency and legislative requirements are complied with; and,
- (e) to develop recommendations, where appropriate and report them to management.

Consistent with the planned process of modification of these objectives to meet the needs of a particular audit, we discussed the concerns to be addressed with both the Director of Finance and Administration and the Acting Chief of the Interregional and Cooperative Activities Division. As a result, in addition to meeting the above objectives, the following were identified as additional areas to be addressed during this audit:

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3.1 Audit Objectives (cont'd)

- (ii) (a) to initiate the review and appraisal of the systems and controls in place to ensure that the financial, human and physical resources are managed economically and efficiently and operations are carried out effectively by the IRCAD division. This aspect of the audit will be continued when the divisional audit is undertaken;
- (b) to review, evaluate and provide recommendations relative to the current procedures followed by the IOI which would ensure both financial control of ICOD provided funds and managerial control over the program activities in ensuring compliance with a project's Memorandum of Agreement or other project agreements;
- (c) to perform a financial audit for all IOI projects for which information is available in Halifax as well as a financial audit for at least one overseas project on site;
- (d) to assess the adequacy of information available to ICOD and IOI for decision-making and whether the information is used for the purpose intended;
- (e) to determine whether the assets are safeguarded and controlled by ICOD and IOI;
- (f) to assess the extent to which the applicable corporate, central agency and legislative requirements are complied with;
- (g) to review, evaluate and determine the applicability of any issues and recommendations arising from the externally contracted Evaluation Report and to address these issues with ICOD management and, where directed by ICOD management and as far as is feasible, with IOI management;
- (h) to debrief ICOD management on audit results at the completion of site work;
- (i) to formally report the audit results to ICOD in a timely manner;

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3.1 Audit Objectives (cont'd)

- (ii) (j) to assess the adequacy of the recipients' controls over ensuring project expenditures reported represent eligible costs and that satisfactory accounting and financial controls exist to ensure that project expenditures reported are accurate and are supported by books and records of the recipients, where appropriate;
- (k) to review communications between ICOD and the recipient and to assess whether these communications are known, understood and acted upon;
- (l) to review the recipients' interpretation and accounting of the contributions they are obligated to provide as specified in agreements between ICOD and the recipient;
- (m) to inquire, and comment where applicable, as to the quality of training through discussion with scholars and course participants;
- (n) to determine the legal status of IOI; and,
- (o) to substantiate that ICOD's funds are employed for the purposes intended.

Item (m) under audit objectives was "to inquire, and comment where applicable, as to the quality of training through discussion with scholars and course participants". Less emphasis was placed on the evaluation of course content than anticipated for the following reasons:

- Michele H. Lemay (Consultant) completed a report on IOI training dated May, 1990 with the overall objective of course evaluation, and which relied in part on student input; and,
- contacting students, obtaining, documenting, and interpreting information is a time-consuming process that would have unduly taken time from areas more central to this audit.

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3.1 Audit Objectives (cont'd)

(ii) (cont'd)

However, it is noted that this area was by no means abandoned as it was covered through a review of the above-mentioned Consultant's report and through interviews with participant instructors.

3.2 Audit Scope

The Audit Scope was developed to focus on ICOD's relationship with IOI and IOI's ability to function as an effective Partner in assisting to meet ICOD's Scholarship training objectives. Accordingly, the Audit Scope included:

- (a) a review and assessment of the prior documentation relative to this engagement which includes as a minimum:
 - all ICOD project files that relate to the seven Scholarship Programs delivered by the International Ocean Institute;
 - detailed free balance financial reports for each of these Scholarship Programs as prepared by the Finance and Administration Division of ICOD;
 - the externally contracted evaluation report dated May, 1990 and completed by Lemay-Bacle Consultants and entitled "ICOD's Scholarship Program for IOI Training Courses" (and the IOI response to this report); and,
 - other relevant background information on IOI.
- (b) preliminary discussion with ICOD management relative to concerns and current issues of importance; and,

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3.2 Audit Scope (cont'd)

- (c) on site work at the IOI Headquarters in Valletta, Malta and the Branch Office in Halifax, Nova Scotia which included:
- discussions with all key officials and staff at these offices;
 - an assessment of the organizational structure, management and financial processes;
 - a review of internal planning documents, reports, directives, studies, accounting records, and any relevant documentation. This includes in particular the "International Ocean Institute Five Year Operational Plan and Prospectus";
 - a review and assessment of financial reports, accounting records, procedures, controls, and supporting documentation; and,
 - a review of the externally generated audit report of IOI Malta, including a visit to the offices of its Auditors, Manduca, Mercieca, Deloitte and Touche of Valletta, Malta.

Plans were advanced to visit one of the third parties that delivered training, in cooperation with IOI, to receive their perspective on this arrangement, and to obtain additional details relative to course delivery. On this basis, arrangements were made to visit the Egyptian Academy of Science and Technology relative to the Class C, 1989 (Egypt) Training Course (Project #890304). However, because of the war in the Gulf and based on the "Revised Middle East Travel Advice Issued to Canadians" as provided by External Affairs, this visit was cancelled.

Potential for visits to all other course delivery locations were reviewed. However, none met the criteria of being sufficiently recent with good contacts and a significant ICOD contribution to make a visit viable.

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SECTION 4

EXECUTIVE SUMMARY

In general, this audit involved an assessment of the efficiency and effectiveness of the Project management practices of the IRCAD (Interregional and Cooperative Activities Division) insofar as they relate to Scholarship Projects delivered by IOI (International Ocean Institute). Our overall conclusion is that IRCAD delivers its program, manages its funds and serves its recipient clients, in ICOD special interest countries, in a manner that reflects due care and concern for efficient and effective Project administration.

This audit also had to consider the other side of the partnership and in so doing focused on those attributes of IOI that are important prerequisites for an effective partnership relationship in the delivery of Scholarship Projects. This is complicated by the fact that IOI is currently in the process of introducing significant changes. However, these changes were considered in our evaluation and any observations and comments included in this report.

IOI was founded in 1972 but after almost 20 years of existence is on the verge of by far the most profound changes in its existence. IOI will essentially be a different organization with comprehensive revisions to its operational, administrative, financial, and even physical landscape. Therefore, even though these changes have not been implemented, they by necessity, had to be considered in the audit to ensure the relevance of the process.

The "Five-Year Operational Plan and Prospectus", dated January 9, 1991, embodies these changes and is essentially an assessment of IOI by IOI and a rationalization of its activities with a strategy for the next five years. Some essential changes to be implemented based on this five-year plan include:

- (i) reforming IOI so that it has a well-defined Headquarters that operates with the characteristics of a Headquarters of a more integrated IOI organization;
- (ii) establishing secure core funding through a Foundation established in the Netherlands;

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- (iii) establishing new legal Head through legally incorporated "Foundation" in the Netherlands; and,
- (iv) rearticulation and reformulation of the mission of the IOI from only operating its own programs to a catalytic role in pioneering and testing programs for eventual "franchising" to others. This is important for two reasons:
 - without more human resources it will not be possible for IOI to accumulate more operational activities in program delivery, especially in the time-consuming area of training; and,
 - maintaining and adding operational activity will mean a reduction in the research, communication, publication, and forward thinking roles of IOI.

It has become obvious through this audit that to a large extent the quality and characteristics of IOI in the future are going to be determined to a large extent based on how thoroughly and effectively this five-year plan is implemented. While audit recognizes that IOI is planning action that, if fully implemented, will definitely make it a more viable organization and partner for ICOD, it is obviously not possible to form an opinion on the results of this initiative. It is not possible to know, for example, if the \$10,000,000 (U.S.) endowment fund can be put in place as such. However, it is our conclusion that the five-year plan is a serious effort to move IOI away from the traditional "family run" operation towards an operation based on professional business principles.

IOI is to be commended for what it has achieved to date, especially with limited human and financial resources. This has only been possible because of efforts by a dedicated and hard working staff and leadership.

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ICOD strategy in future dealings with IOI should consider this audit report and recommendations in conjunction with the report prepared by Lemay-Bacle Consultants ("ICOD's Scholarship Program for IOI Training Courses" dated May, 1990).

Although plans for the future, as stated above, are commendable, the situation that exists at the time of this audit renders IOI's ability to effectively execute programs questionable, and ICOD vulnerable as a sponsor. The observations included in Section 5 of this report reflect changes that should substantially be implemented by IOI as a prerequisite to further funding of IOI by ICOD. These observations summarize the need for:

- IOI to have an integrated financial system that will accurately reflect results for the IOI organization as a whole, not just parts;
- IOI to eliminate many of the financial control weaknesses in its accounting system that can reduce its financial credibility;
- ICOD to obtain a definitive statement on the legal status of IOI to ensure that the entity, IOI, can be a legally bound party to a contract;
- ICOD to assure itself that IOI has long-term core funding in place so that it can rely on financial stability when buying into training programs;
- ICOD to be assured that IOI has a sufficient core of human resources to ensure delivery of its programs in an effective manner;
- all future funding of IOI training to be based on contracts with IOI;
- an IOI Headquarters agreement with the Maltese Government; and,
- an IOI agreement with Dalhousie University.

These changes will provide for a more effective partnership arrangement in the delivery of ICOD Scholarship Program. These changes are also necessary to protect ICOD from potential embarrassment from criticism of the Federal Auditor General.

It should be noted to IOI's credit that it is already making progress in resolving some of these issues.

March 21, 1991

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In addition to the above observations, there are other situations where it is felt useful to provide ICOD with information but where it would not be helpful to make a recommendation and expect a management response. In these cases, ICOD either needs to take no direct action or would benefit from keeping its options open so that any response would relate to ongoing changes at IOI. These situations are detailed in Appendixes B to D and cover the following subjects:

- Endowment Fund - Netherlands
- Succession Plan - Director IOI
- IOI Dalhousie Summer Program Course Costs

Audit Service Group

HALIFAX, NOVA SCOTIA

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SECTION 5

DETAILED OBSERVATIONS, RECOMMENDATIONS AND MANAGEMENT RESPONSES

1. IOI REQUIRES AN INTEGRATED FINANCIAL SYSTEM TO FACILITATE INTERNAL MANAGEMENT AND TO PROVIDE CONFIDENCE TO EXTERNAL PARTIES.

IOI is one organization but there is a separate and distinct financial system in place in each the Malta and Halifax Offices of IOI. A detailed description of these two financial systems is described in Observation 2. Basically, this fragmented financial system in IOI is characterised by the following deficiencies:

- different fiscal years for IOI Malta, Headquarters (year end December 31) and IOI Halifax (year end March 31);
- audited financial statements are prepared on a yearly basis for IOI Malta but there are none for IOI Halifax;
- there are no annual audited consolidated statements prepared for IOI that can provide a clear and reassuring face to the World; and,
- reports prepared detailing the costs of specific courses delivered by IOI are neither reconciled with the formal accounting system (both offices) nor with the Audited Financial Statements in the case of the Malta Office.

These factors interfere with IOI's ability to provide sound financial management, carry out a budgetary process and provide appropriate financial reporting on its activities, all necessary for a professional organization.

This situation also provides a confused and disorganized image to external parties. This should be of particular concern for an organization such as IOI whose entire existence depends on donor confidence in the recipient's financial affairs.

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RECOMMENDATION

It is recommended that ICOD advise IOI to implement the following changes as a minimal prerequisite to future funding:

- adopt a common fiscal year for the IOI organization;
- produce yearly audited consolidated financial statements; and,
- have all detailed statements of course costs agree with or be reconciled to the audited financial statements.

MANAGEMENT RESPONSE

Agreed.

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2. INTERNAL CONTROLS OVER IOI'S ACCOUNTING SYSTEM HAVE TO BE STRENGTHENED TO PROVIDE MORE FINANCIAL CREDIBILITY.

The following is a overview of the Accounting Systems at Malta IOI and Halifax IOI (Dalhousie University) which describes financial record keeping as it existed during the period of January and February, 1991. It should be noted that both IOI Malta and Halifax have had a recent change in Financial Staff. At IOI Malta, the Administrator (who is also the Financial Officer) started maintaining financial records in late Fall, 1990. At IOI Halifax, both the new Financial Officer and Book-keeper started January 2, 1991. This precluded obtaining detailed explanations of past financial transactions in some cases.

Malta IOI

The fiscal year is January 1 to December 31.

The accounting record keeping is completed by the Administrator using manual records. The records of original entry include the following three journals:

- (i) Cheque Register - date and cheque number are recorded with a bank column and other columns to accumulate expenditures by category;
- (ii) Petty Cash Register - date and petty cash voucher number are recorded with other columns to accumulate amounts by category; and,
- (iii) Saving Account Register - essentially shows receipts from outside IOI and transfers to the cheque register (this account is in place as it earns interest on deposits).

These three source records are posted periodically to the General Ledger. At year end, the Chartered Accounting Firm (Manduca Mercieca Deloitte and Touche, Valletta, Malta) take a trial balance from the General Ledger, complete adjusting entries and arrive at audited financial statements. (The audit for the fiscal year 1990 has not started at this point.)

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The source documents for the cheque register are filed in a binder in cheque number sequence and include the original invoice and cancelled cheque. Either the Director or the Administrator are authorized to and do sign the cheques. There is no other authorizing signature on any document to initiate or approve payments.

Source documents for petty cash are filed in another binder by petty cash voucher number and include the original receipt and petty cash voucher. The Administrator is the one who usually signs this off.

In Malta, IOI financial duties are too concentrated in one position (Administrator) to provide for the checks and balances necessary for an adequate system of internal control. Therefore, this control should not be relied upon for financial credibility. Also, while source documents are available to support the general costs and the costs of courses, it is not always possible to verify that proper distribution of costs took place (i.e. that invoices are accumulated against the cost of the correct course or general cost).

More specifically, the financial control weaknesses at IOI Malta can be summarized as follows:

- no written accounting procedures or instructions;
- no job descriptions or written authorizations (except those at the bank for signing cheques);
- only one person signs cheques (either the Director or Administrator);
- invoices are not signed off as approved for payment or stamped paid once paid;
- petty cash receipts are not cancelled by stamping them as paid (the petty cash voucher number is either put directly on the receipt or the receipt is attached to a petty cash voucher form);
- a bank reconciliation is not prepared on a periodic basis and signed off by a supervisor;
- receipts are received and recorded by the person making the deposit (Administrator);

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- receipts are not stamped "FOR DEPOSIT ONLY" upon receipt;
- the Administrator receives cancelled cheques that have been returned from the bank;
- the payroll records are maintained by the Administrator, who controls and hands out the pay cheques to other employees (monthly);
- the Administrator controls the petty cash fund (not an imprest fund);
- the Administrator posts the books of original entry to the General Ledger; and,
- there is no evidence of any review by the Director or other employee.

Halifax IOI (Dalhousie University)

The fiscal year is April 1 to March 31.

At Halifax IOI, Financial Services at Dalhousie University process the deposits and payments and provide IOI with a monthly printout of transactions by project and account. Therefore, the input into this accounting system is subject to the same controls and procedures as expenditures processed on behalf of the University.

IOI also maintains a record keeping system which records receipts and expenditures on a Lotus 1-2-3 spreadsheet. The original of the supporting document is forwarded to Financial Services (accompanied by a cheque requisition in the case of a payment), and a copy of all documents is maintained at the IOI office.

A new Project Number is set up in Financial Services for each new course. Expenditures related to that course are coded to and accumulated against that account number. The IOI document copy is filed in boxes by general account or a specific course number.

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There is insufficient division of duties to produce an adequate level of internal control to ensure financial credibility. For example:

- receipts are received by the person who records and forwards them to Financial Services (not stamped "FOR DEPOSIT ONLY");
- either the Financial Officer or Bookkeeper can provide the authorizing signature to initiate and approve a payment;
- the same person reconciles the IOI records with the Financial Services printout (this reconciliation has not always been done in the past); and,
- there is not an annual audit of IOI expenditures at Dalhousie. (The University naturally has an annual audit but this does not focus on, specifically disclose or give an opinion on IOI financial results.)

Based on problems identified in this report, it is difficult to establish whether ICOD is receiving value for money. ICOD is currently not in a position to make this determination, however, it should be made once IOI's accounting system is improved as recommended in Observations 1 and 2.

RECOMMENDATION

It is recommended that ICOD obtain assurance that internal controls over IOI's accounting system have been strengthened as a prerequisite to further funding. ICOD should view this as an important ingredient in insuring that its funds are used as intended and financial reports it receives are accurate.

Also, as noted above, ICOD should review the value for money implications of IOI Scholarship funding.

MANAGEMENT RESPONSE

Agreed. Once recommendations #1 and 2 are resolved to ICOD's satisfaction, a review will be undertaken of input/outputs relative to IOI programs supported by ICOD in 1991 with a view to ensuring that value is received for dollars spent.

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3. ICOD SHOULD OBTAIN A DEFINITIVE LEGAL OPINION ON THE STATUS OF IOI.

With the help of the Government of Malta and the United Nations Development Program, IOI was founded in Malta in June, 1972.

When IOI was founded, it was physically on the University of Malta Campus (from 1972-1980) and was established as a chapter (Chapter 10) of the University Statutes. The wording of this chapter provided a very close relationship between the University and IOI, with even the Vice-Chancellor of the University being the Treasurer of IOI. The first paragraph of Chapter 10 of this Statute states as follows:

There is hereby established an International Ocean Institute (Pacem in Maribus) as a self-regulating institute at the Royal University of Malta consisting of a Board of Trustees ('The Board'), a Planning Council ('the Council') and a Directorate.

This statute was written within the legal authority of the Education Act of Malta. However, subsequent to the passing of this statute in the 1970's, the Education Act was amended. This caused the statute under which IOI was recognized to have an ambiguous legality. Therefore, IOI no longer obtained its legal being from this statute but had a defacto existence.

In 1990 initiatives were taken by IOI to again have a statute passed through the University of Malta and under the Education Act which would give IOI a more tangible legal existence. A major consideration in drafting this document was to ensure that IOI had a high level of autonomy and could act in the capacity and with the characteristics of a nongovernment, international organization. This statute was passed by the Council of the University of Malta. However, the University Chancellor (whose signature was required) felt that the degree of independence set out in this statute was incompatible with incorporation through the University under the Education Act. At this point, IOI suspended this initiative through the University and under the Maltese Education Act.

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Efforts are now being made to incorporate a legal Foundation in the Netherlands which, while separate from IOI, will act for IOI in fund-raising, administering the endowment fund and legally representing IOI. For example, it is planned that a Headquarters Agreement will be entered into between this Foundation and the Government of Malta to provide Headquarters facilities and certain privileges consistent with the operational requirements of a nongovernment, international organization. It is anticipated the Foundation will be legally in place by March, 1991 and the Headquarters Agreement will be signed by May, 1991.

The Director of IOI, Malta has advised that IOI will derive its "legal personality" from the legally incorporated body (the Foundation as described in Appendix B) in the Netherlands and not from its own being.

However, these events leave some questions that should be resolved by ICOD:

- does ICOD want to legally deal with IOI or the Foundation in the Netherlands; and,
- does IOI (either Malta or Halifax) have the legal capacity to enter into legally enforceable agreements with ICOD.

RECOMMENDATION

It is recommended that ICOD obtain a definitive legal position on the legal status of IOI and consequently, the legal position ICOD is assuming when contracting with IOI.

MANAGEMENT RESPONSE

Agreed. This matter has been turned over to Legal Counsel for an opinion. The resulting opinion will be forwarded to IOI and the auditors.

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4. ICOD SHOULD MONITOR IOI CORE FUNDING ON AN ONGOING BASIS.

Although ICOD does sponsor regional organizations of Developing Countries, it does not provide support for the ongoing maintenance or core funding of organizations in the Developed World. This is to prevent ICOD funding resources from being siphoned off over time into the structure of executing agencies in the Developed World rather than being available for developmental activities. This will allow the maximum amount of funds to be available for direct assistance to target groups.

Core funding is very necessary at IOI as well as any other organization to maintain its basic structure, and to ensure any activities including training can be completed. However, as pointed out above, executing organizations in the Developed World that ICOD deals with have to develop sources of core funding independent of ICOD. To date IOI has not established long-term secure core funding. The new business plan with the Endowment Fund moves it towards this objective, but it is too soon to determine if it will be fully successful. Without secure core funding, program delivery that ICOD participates in could be in jeopardy.

Therefore, ICOD should monitor the following aspects of IOI funding in the future:

- (a) Core funding to be provided by the Endowment Fund set up in the Netherlands in the amount of \$10,000,000 (U.S.). This fund as described in Appendix B is being established under a well thought out business plan. To date, this fund is not in place but its success or lack of success in being established will have a significant impact on IOI.
- (b) Funds provided by CIDA. A five year contract was in place whereby CIDA contributed approximately \$200,000 per year to IOI. The Chairman of the Planning Council (Elizabeth Mann Borgese) has advised audit that this contract has been extended to 1991/92 fiscal year. However, a new five-year contract has not been signed at this time.

This funding is very important to IOI and, as Appendix D shows, it heavily subsidizes the Summer Program at Dalhousie. If this money were not available the Summer Program would be in jeopardy as only 6 to 18 participants out of 22 to 25 participants were sponsored by scholarships over the past 4 years.

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- (c) As shown in Appendix D based on the average per student costs of operating the Summer Program, ICOD contributes in excess of \$2,000 per student towards core funding. This amount is composed of the "General Administration" part of the costs (IOI operating costs) plus the ICOD scholarship amount in excess of the average costs per student.

It is recognized that these points may be fully resolved in the very near future based on successful implementation of the Endowment Fund to support core costs. However, these comments are made simply because it is not possible to know the future potential of this fund.

RECOMMENDATION

It is recommended in the future that ICOD monitor the situation to ensure that ICOD scholarship funding is not used for core funding. Core funding being in place should be a prerequisite to ICOD funding of projects.

MANAGEMENT RESPONSE

Agreed.

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5. IT IS QUESTIONABLE WHETHER THE CURRENT HUMAN RESOURCE PROFILE CAN DELIVER IOI OUTPUT IN AN EFFECTIVE MANNER IN THE LONG RUN.

IOI has significant operational output which can be divided into four basic components (Training Program, Publications, Research, and Conferences and Seminars) which are described fully in Section 2.3 of this Audit Report. Based on the staff level (refer also to Section 2.5 for full list of employees), IOI achievements over the years certainly indicated it has had the advantage of dedicated and hard working staff.

However, certain factors related to staffing cause concerns about the management of and effectiveness of delivery of IOI programs. The circumstances noted during the course of the audit that could cumulatively have an impact on IOI output are the following:

- the Director in Malta is leaving as at the end of May, 1991 (refer to Appendix C) and there will be a significant time lag before his replacement can provide operational direction to IOI (an interim Executive Director will be on contract for one week per month over the next year, but his role will be to implement the business plan);
- the Administrator in Malta (started Fall, 1990) is on the Government of Malta payroll and there is no agreement in place to indicate how long she is on "secondment" to IOI;
- the Librarian at IOI Headquarters (who works part time for IOI) is employed by the Foundation for International Studies, a University of Malta Foundation and there is no assurance how long he is committed to IOI;
- at IOI, Dalhousie University the Administrator (Anita Coady) left in early Fall and the position has not been filled (this leaves little direction with Elizabeth Mann Borgese - Chairman of Planning Council being necessarily away on travel a great deal of the time);
- at IOI, Dalhousie University the Financial Officer is employed by Dalhousie and is suppose to spend Friday mornings at IOI, however, there is no agreement with Dalhousie to support this; and,
- the Bookkeeper and Secretary at IOI, Dalhousie University both work half time for IOI and half time for the Pearson Institute, however, there is no written agreement to document this.

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Neither IOI Malta nor Halifax have job descriptions to document intended duties of employees. Also, the reporting relationships are not well documented and are not always clear as between Malta and Halifax.

These factors taken in isolation would not have a detectable impact on operations. However, cumulatively these factors will demonstrate themselves in a number of ways:

- poor financial controls (described in detail in Observation 2);
- slow provision of information and other responses to third parties;
and,
- unclear lines of decision-making authority and responsibility throughout the organization.

These factors as well as affecting IOI ability to deliver operational output also effect its ability to deal with financial partners and to attract both core and scholarship funds.

RECOMMENDATION

The establishment of an appropriate human resource structure by IOI is necessary to resolving some of the problems identified in this report. Therefore, it is recommended that reasonable steps be taken to complete this as a prerequisite to further funding.

MANAGEMENT RESPONSE

Agreed.

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6. ICOD PROJECTS THAT PROVIDE FUNDING TO IOI SHOULD BE BASED ON CONTRACTS IN ALL CASES.

ICOD and IOI have had an ongoing relationship for the past five years whereby ICOD has been providing scholarship funds and IOI has been training students. However, there are no agreements in place that set the basic terms of reference for the conduct of this relationship. An exchange of letters is in place, in some cases, that basically describe the course and financial commitment on ICOD's part.

It would be anticipated that agreements would clarify the following factors which would be of mutual benefit to both parties:

- that scholarship funds paid by ICOD to IOI are not to be used for core funding but are only to fund the direct costs of the courses;
- what financial reports or statements IOI is to provide (such as yearly audited financial statements on IOI or/and financial statements on specific courses that ICOD is contributing to);
- what narrative, operational reports ICOD is to receive, on the arrangements for, conduct of and results of courses provided;
- what rights ICOD is to have in selecting the students it sponsors;
- what specific information ICOD is to receive on these students, if any, during and subsequent to the training;
- how much notice of an upcoming course is to be provided to ICOD and what specific information on facilities, venue, instructors, and course outline is to be provided;
- what information ICOD is to receive on course effectiveness evaluations, if any, (including course evaluations by the students); and,
- whether information on other sponsors or per student cost calculations is to be reported.

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Agreements will indicate the context under which specific training arrangements are to be provided. They will also minimize misunderstandings between ICOD and IOI that inevitably will cause IOI to be slow in responding to requests. Specific agreements will not only help ensure ICOD is provided with needed information but will contribute to the operational efficiency of IOI.

RECOMMENDATION

It is recommended, to fully carry out its program delivery responsibilities, that ICOD ensures executed agreements are in place to support all expenditures.

MANAGEMENT RESPONSE

Agreed.

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7. THE RULES UNDER WHICH THE MALTESE GOVERNMENT PERMITS IOI TO OPERATE AS AN INTERNATIONAL, NONGOVERNMENTAL ORGANIZATION, HEADQUARTERED IN MALTA, SHOULD BE SET OUT IN AN AGREEMENT.

The evolution of the legal status of IOI to the date of the field visit is outlined in Observation 3 of this report. This description includes the information that IOI has been frustrated recently in trying to reestablish a clear legal status through the University of Malta under the Education Act. However, a benefit flowing from the establishment of a Foundation in the Netherlands (refer Observation 3 for a description) is that IOI feels it can take its "legal personality" from that organization.

However, even if IOI has a legal status by virtue of the Foundation being incorporated in the Netherlands, this factor in itself does not provide any additional certainty as to what the status of IOI is in Malta as a Headquarters organization. In other words, does the Headquarters have all the rights and privileges it deems necessary to carry out its Headquarters mandate from Malta as a nongovernmental, independent, international organization?

Things are now at the point where the exact situation of IOI as a Headquarters operating out of Malta should be clarified in an agreement with the Maltese Government. It is anticipated because of the particular factors at play that this agreement should address the following two subjects as a minimum:

- physical Headquarters accommodation; and,
- legal status of IOI in Malta as an international, independent, nongovernmental organization.

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Accommodation of the Headquarters should be included as the Maltese Government has been making overtures regarding providing free accommodation in either of two restored waterfront buildings: "Old Treasury of the Knights of St. John" or "Old Bakery of Royal Navy". The Government is interested in cooperating in this way because it sees Malta as a centre for international organizations with ocean themes and it sees IOI as the very type of organization that should be in the historical, restored waterfront in Valletta. Therefore, a move to secure Headquarters accommodation at this time for a token payment is very feasible. The agreement should specify exact space (for operations and training courses) to be provided and responsibility for utilities, maintenance and taxes.

The subject of the exact status of IOI as an international, independent, nongovernmental organization operating out of Malta is even more important. This will have to be clarified to ensure that maintaining the Headquarters in Malta is in fact compatible with IOI's international operations and necessary autonomy. To provide assurance the following should be clarified in an agreement:

- right of persons to enter and leave Malta on IOI related business;
- right of persons to enter Malta to be employed in IOI activities and the conditions under which they may do so including income tax implications;
- ability to import all required materials into Malta to support a Headquarters operation, and any custom duties and other tax implications;
- tax status of donations to IOI;
- ability to have foreign bank accounts;
- any diplomatic immunity necessary to carry out work activities; and,
- any other privileges IOI deems necessary.

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This agreement will indicate the level of support and cooperation that the Maltese Government is willing to extend to IOI. The agreement is also necessary to ensure that IOI Headquarters can operate out of Malta as an autonomous, international organization and so that potential friends and donors will have sufficient comfort in IOI stability that they will contribute funds.

It is recognized that IOI considers this agreement essential to clarify its position and to minimize changing attitudes of new Governments. In fact, IOI is actively pursuing an agreement with the Maltese Government. However, no agreement has been put in place as at the audit visit date.

RECOMMENDATION

It is recommended that ICOD encourage IOI to finalize a Headquarters agreement with the Maltese Government.

MANAGEMENT RESPONSE

Although management recognizes that it is necessary for IOI to establish a permanent presence somewhere if it is to be considered by aid organizations as a credible executing agency, it is our opinion that this is a matter that IOI, as an independent organization dealing at arms length with ICOD, must address on their own.

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8. A FORMAL AGREEMENT SHOULD BE IN PLACE TO CLARIFY AND PROVIDE MORE CERTAINTY IN THE RELATIONSHIP BETWEEN IOI AND DALHOUSIE UNIVERSITY.

IOI Halifax, located at Dalhousie University, can be thought of as consisting of two basic aspects: (i) the general IOI office; and, (ii) delivery of the yearly, Class B, ten-week summer program (Management and Conservation of Marine Resources: the Exclusive Economic Zone). Dalhousie University provides IOI with physical facilities consisting of two large adjoining rooms at the Pearson Institute and support services consisting of the ongoing costs of utilities as well as the provision of payment and financial services.

While it is obvious that IOI and Dalhousie have a close relationship, there is no formal agreement in place to define the relevant characteristics of this relationship and hence to provide long-term security in the relationship. The following are examples of points that should be either established or clarified in such an agreement:

- the importance of IOI as an entity within the university community, with a recognition that it has the necessary autonomy to carry out its mandate;
- a description of the facilities and utilities IOI is to be provided with;
- a statement of IOI's accessibility to financial services and what its scope is in making requests;
- a clarification on any human resources to be provided by the University including hours per week and over what duration (currently one person is being provided but the basis is not clear); and,
- some statement on the intended duration of the agreement and the options that either party may have to amend or terminate.

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It is felt that this agreement once in place will serve two essential purposes:

- ensure that both parties understand what is expected so as to reduce the possibility of arbitrary action that could jeopardize IOI's ability to deliver its training and carry out other activities; and,
- to assure the outside world (particularly potential funders) that IOI is operating in a stable environment with a high level of ongoing certainty.

RECOMMENDATION

It is recommended that ICOD encourage IOI to document important aspects of its relationship with Dalhousie University in the form of a written agreement.

MANAGEMENT RESPONSE

Management considers the comments provided respecting Recommendation #7 to apply equally here.

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APPENDIX A

GENERAL DESCRIPTION OF THE AUDIT STEPS CARRIED OUT IN COMPLETING
THE INTERNAL AUDIT OF THE INTERNATIONAL OCEAN INSTITUTE

The audit was carried out using broad scope audit methodology. It was conducted in accordance with the Office of the Comptroller General's (OCG) Standards for Internal Audit and consisted of five phases, specifically:

Assignment Planning

- preparation of the audit terms of reference including the determination of the objectives and scope;
- review of general information and documentation concerning the International Ocean Institute including preliminary research; and,
- preparation of a detailed action plan and time schedules.

Review

- documentation of existing systems, organization structure and control frameworks;
- review of new and proposed changes; and,
- limited verification of the control frameworks and systems.

Evaluation

- examination of the management control framework, activities, functions, outputs, and practices; and,
- identification of controls and potential deficiencies.

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Verification

- confirmation of effective operation of controls;
- substantiation of weaknesses;
- discussion of observations; and,
- development of recommendations.

Reporting

The audit observations are presented on an exception basis as part of the reporting phase. Aside from observations presented, all areas assessed that are controlled by ICOD have been evaluated to be functioning in an effective and efficient manner in compliance with the relevant authorities. Other information is provided in Appendixes B to D on situations ICOD should be informed of but which ICOD does not have control over.

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APPENDIX B

ENDOWMENT FUND - NETHERLANDS

Securing funds for core funding has been an ongoing problem for IOI over the past 18 years of its existence. This problem essentially has the following four aspects:

- there has never been enough funds raised to provide for an adequate support structure to carry out the diverse IOI operations (refer Section 2.3);
- there is no assurance that even the current sources of core funding will continue at present levels;
- fund-raising activities have largely been associated with one personality (namely the Chairman of the Planning Council); and,
- miscellaneous fund-raising efforts have sapped time and effort away from the operational objectives of IOI.

IOI has recognized that these four factors have impacted on its ability to effectively carry out its operational plans and accordingly developed a strategy to deal with this situation. IOI has nearly completed the process of setting up a legally incorporated Foundation in the Netherlands as part of the "Five Year Operational Plan and Prospectus" which will have the following objectives:

- to raise money in a professional manner by marketing the IOI image to potential funders to raise \$10,000,000 U.S.;
- to manage this Endowment Fund to support IOI; and,
- to act as the formal legal representative of IOI.

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The Netherlands was chosen because its reputation for long-term stability will provide a better basis to reassure potential donors. Professional fundraisers who reside in the Netherlands (Harris and Company who are headquartered in Amsterdam but who have International Offices) have been retained to set up the process including making quality contacts so IOI will have an opportunity to describe its activities and solicit funds. IOI's preference would be to have one quality funder whose corporate activities are consistent with the image IOI is trying to present to the World.

There will also be an Endowment Fund Committee which will ensure funds are transferred from the Endowment Fund IOI with due consideration.

It should be emphasized that:

- the Foundation was not yet legally in place at the time of the audit visit to Malta; and,
- the Endowment Fund has not yet been raised and of course at this point there is no assurance that the goal will be realized.

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APPENDIX C

SUCCESSION PLAN - DIRECTOR IOI

The Director's position provides the operational direction for IOI as well as being heavily involved with IOI courses which come under the responsibility of the Malta office. The current Director (Dr. Aldo E. Chircop) has been in this position almost two years but has now given notice of his departure which will be effective the end of May, 1991.

Coincidentally, this is also a key time period in the life of IOI as it is on the verge of operational, administrative, financial, and even physical changes as set out in its new "Five Year Operational Plan and Prospectus". Therefore, it is essential to have a succession plan that provides for the implementation of these changes despite the departure of the Director.

IOI clearly does have a succession plan in place. The succession plan is not to immediately replace the current Director with someone with the same operational responsibilities, but instead to have a new interim position. This new position is entitled "Interim Executive Director" and is to be filled by Dr. Gerard Ackers (resident in the Netherlands), who has recently come under contract with IOI for a period of one week per month over the next 12 months. Starting the end of February, 1991, this one week per month will be spent in Valletta. He will report to the new "Supervisory Director" position (not in place to date), which will be occupied by an eminent person who will work closely with and report to the IOI Planning Council and Board of Trustees.

It is noted by way of background that Dr. Gerard Ackers is Chairman of the Board/Director General of the Institute of Higher Education for the Health Professions in the Netherlands. This institute is a merger of six institutions and is part of the Hogeschool Midden - Netherlands. This institute with nearly 3,000 students, 350 employees and a yearly turnover of 30 million guilders is one of the largest of its kind in the Netherlands.

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Dr. Gerard Ackers will have the following role at IOI:

- put new organization in place as visualized in the "Five Year Operational Plan and Prospectus" (he will be managing the transition of IOI from one stage in its existence to the next);
- reestablish Headquarters in Malta, both physically and in the sense of acting more like a "Headquarters" operation;
- help locate a new permanent Director; and,
- ongoing administration as time permits.

Obviously, it is not possible to report on the effectiveness of this transition or succession plan as it has not been tested. However, it is possible to say that IOI has been mindful of the need for a succession plan and there is one in place that provides for implementation of the Business Plan.

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APPENDIX D

IOI DALHOUSIE SUMMER PROGRAM COURSE COSTS

<u>Description</u>	B-90 Summer <u>1990</u>	B-89 Summer <u>1989</u>	B-88 Summer <u>1988</u>	B-87 Summer <u>1987</u>
Receipts:				
ICOD	\$ 42,595	\$ 29,354	\$ 43,257	\$ 40,500
NORAD	-	8,000	8,000	7,488
MAP	3,500	3,500	-	-
UNDP	8,000	-	35,151	-
Commonwealth Secretariat	21,611	43,614	53,514	52,840
UNESCO	-	-	-	-
CIDA (i)	141,844	144,389	89,888	95,000
FAO	-	7,490	3,500	-
Province of Nova Scotia	-	1,200	1,000	450
SRES-EDMI Project	-	-	-	7,500
UNEP	-	-	-	5,024
Miscellaneous	-	-	-	1,412
Total Receipts	<u>\$217,550</u>	<u>\$237,547</u>	<u>\$234,310</u>	<u>\$210,214</u>
Expenditures:				
Salaries	\$ 39,858	\$ 40,665	\$ 40,087	\$ 38,080
Communications	1,916	5,561	4,362	2,637
Supplies	398	2,284	3,282	1,970
Printing	4,671	6,141	3,425	3,265
Field Trips	4,601	6,304	4,466	3,789
Closing Ceremony	887	-	-	-
Lecturers' Expenses	6,749	12,868	7,828	8,872
Lecturers' Travel	21,212	24,510	16,133	24,686
Participants' Expenses	62,272	54,869	45,938	51,263
Participants' Travel	38,374	30,148	30,906	36,024
Miscellaneous	42	4,197	5,993	6,034
General Administration (ii)	36,570	50,000	45,000	33,594
Total Expenditures	<u>\$217,550</u>	<u>\$237,547</u>	<u>\$207,420</u>	<u>\$210,214</u>
Surplus (Deficit)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,890</u>	<u>\$ -</u>

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de vérification

INTERNATIONAL CENTRE FOR OCEAN DEVELOPMENT

International Ocean Institute
Headquarters, Valletta, Malta

INTERNAL AUDIT REPORT

<u>Description</u>	<u>B-90 Summer 1990</u>	<u>B-89 Summer 1989</u>	<u>B-88 Summer 1988</u>	<u>B-87 Summer 1987</u>
Number of Participants	<u>23</u>	<u>25</u>	<u>22</u>	<u>24</u>
Average Cost per Participant	<u>\$ 9,459</u>	<u>\$ 9,502</u>	<u>\$ 9,428</u>	<u>\$ 8,759</u>
Scholarship Amount Paid by ICOD (per Participant) (iii)	<u>\$ 10,599</u>	<u>\$ 9,785</u>	<u>\$ 10,564</u>	<u>\$ 10,125</u>

- (i) CIDA money provided to IOI on a yearly basis is heavily used to subsidize the summer program as only 6 to 8 of participants are on scholarships.
- (ii) This is IOI general costs allocated to the cost of these courses in the amount indicated.
- (iii) ICOD contributes some resources to core funding by paying on average slightly more than average per student cost and by contributing to "General Administration".

These figures are not audited with the exception of the 1990 figures where the expenditures have been verified to copies of receipts maintained at IOI offices at Dalhousie University.