



International Oil Pollution  
Compensation Funds

Agenda Item 9	IOPC/NOV23/9/3	
Date	3 October 2023	
Original	English	
1992 Fund Assembly	92A28	●
1992 Fund Executive Committee	92EC81	
Supplementary Fund Assembly	SA20	

## TRANSFER WITHIN THE 2023 BUDGET

### 1992 FUND

#### Note by the Director

<b>Summary:</b>	The 2023 budget appropriation for Chapter VII (External audit fee) (document IOPC/OCT22/9/1/1, paragraph 7.3.3), will not cover the cost to the Secretariat for the 2023 audit. The additional cost of £12 596 is proposed to be met by a transfer from Chapter IV (Travel).
<b>Action to be taken:</b>	<u>1992 Fund Assembly</u>  Decide whether to authorise the Director to make the necessary transfer to Chapter VII (External audit fee) from Chapter IV (Travel) within the 2023 budget.

### 1 Introduction

- 1.1 The Director's authority to make transfers within the budget is governed by Financial Regulation 6.3 of the 1992 Fund, which reads:

'Transfers between appropriations within chapters of the budget (Roman figures) may be made without limitation. Transfers between appropriations in the budget between chapters may be made up to 10%, calculated on the appropriation to which the transfer is made.'

- 1.2 In previous financial periods, transfers have been made between appropriations either within chapters or between chapters of the budget, in accordance with Financial Regulation 6.3.

### 2 External Audit Fees

- 2.1 The budget appropriation for 2023 for Chapter VII (External audit fee) was £54 940 (document IOPC/OCT22/9/1/1, paragraph 7.3.3). The final cost of the 2023 audit is expected to be £67 536, an overspend of £12 596 or 22.9%.
- 2.2 The budget appropriation for 2023 was based on the fixed fee of £53 600, set in 2019 for the years 2020-2023. A support fee of 2.5% was added, resulting in an expected fee for 2023 of £54 940.
- 2.3 The 2022 external audit fee increased in response to an increase in the scope of the audit to incorporate the International Standard on Auditing (ISA) (UK) 315. This was accepted by the Audit Body at their meeting in December 2022. ISA 315 required the external auditor to carry out a more detailed risk assessment, incorporating in-person testing and the preparation of detailed system documentation, which was then reviewed by senior team members who decided a suitable audit approach.

- 2.4 A 20% uplift was applied to the previously agreed 2022 fee to cover this additional work, although the External Auditor reported that their review of the 2022 audit showed that the costs associated with responding to ISA 315 represented an uplift closer to 30%. The additional 10% was not passed on to the 1992 Fund.
- 2.5 The External Auditor does not expect such a high level of additional work in 2023, but they do anticipate some continued response to ISA 315 being required. As a result, an uplift of 20% has been proposed for the financial year 2023.
- 2.6 The External Auditor introduced a 2.5% support fee in 2021, which has risen to 5% for 2023. This fee was introduced to cover additional overheads such as data storage, analytic tools, portals for data sharing and communications platforms.
- 2.7 The final expected cost of the 2023 audit will therefore be £53 600, plus a 20% uplift of £10 720 and a support fee of £3 216, totalling £67 536.
- 2.8 Under Financial Regulation 6.3, the Director is entitled to make a transfer of £5 494 (i.e. 10% of the budget for the 1992 Fund external audit fee of £54 940). The shortfall of £12 596 is beyond what is available to the Director under Financial Regulation 6.3.
- 2.9 Director's proposal

The Director proposes that he be authorised to make the required transfer to meet any shortfall to the budget appropriation of Chapter VII (External audit fee) from Chapter IV (Travel).

### **3 Action to be taken**

#### 1992 Fund Assembly

The 1992 Fund Assembly is invited to decide whether to authorise the Director to make the necessary transfer to Chapter VII (External audit fee) from Chapter IV (Travel) within the 2023 budget.

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