

**SECRETARIAT OF THE PACIFIC COMMUNITY**  
**THIRTY-FIFTH MEETING OF THE**  
**COMMITTEE OF REPRESENTATIVES OF GOVERNMENTS AND ADMINISTRATIONS**  
(Koror, Palau, 14-17 November 2005)

**AUDIT REPORTS - FINANCIAL YEAR 2004**

(Paper presented by the Secretariat)

**BACKGROUND**

1. The independent audit of SPC's financial records for Financial Year 2004 was conducted in March by the firm of Deloitte, Touche, Tohmatsu of Papua New Guinea. The audited financial statements and audit reports are hereby submitted for consideration by Members, as prescribed by the Financial Regulations.
2. There are two sets of financial statements in the attached booklet: one for SPC overall and the other for the Staff Provident Fund.
3. The auditor's management report on control-related accounting issues and the Secretariat's comments on the auditor's recommendations are also attached to this paper.
4. The Secretariat is pleased to report that the 2004 Financial Statements for the SPC and the Provident Fund have been certified with clean Audit reports. This is the 8<sup>th</sup> consecutive year that the audit of SPC's accounts has been without qualification from the auditor.
5. In the management letter, the auditor highlights the need to actively pursue collection of members' assessed contribution arrears and recommends that provisions be made for all contributions in arrears over a specified period. While noting the progress made in the recovery of arrears, the Secretariat agrees that outstanding member contributions remain a significant concern for the organisation, warranting the constant attention of management and Members, particularly those in arrears. The Secretariat maintains the position endorsed by CRGA that no provision for sovereign debt be made as the debts are recoverable over time (an exception was made in the case of Nauru).

**RECOMMENDATION**

6. That the CRGA is invited to consider and accept the SPC and Provident Fund Financial Statements and Auditors' Reports; the Management Report on control related accounting issues; and the Secretariat's response to the Management Report.

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6 August 2005