

COMMITTEE REPORTS

Procedures Committee⁴

Chairman: United Kingdom

Vice-Chairman: China

Reporting Member: Czechoslovakia

Members: Belgium, Canada, Chile, Cuba, France,
India, Iran, Norway, United States.

The Procedures Committee held three meetings, under the Chairmanship of the Right Honorable Hugh Dalton, M. P., on September 10, 12, and 17, 1947, respectively.

First Report

At its first meeting, the Committee considered and recommended the adoption of the proposed agenda and the establishment of committees on Membership, Liaison, Rules and Regulations, and Finance to consider the items on the agenda. The Committee also recommended the approval of rules of procedure for the conduct of the Second Annual Meeting as regards attendance, public information, and records of proceedings.

Agenda

The Committee recommends the adoption of the following agenda:⁵

1. Second Annual Report of the Executive Directors.
2. Financial statements and report on audit.
3. Executive Board Report on auditing requirements.
4. Administrative budget for the fiscal year ending June 30, 1948.
5. Application of the Republic of Finland for membership in the Fund.
6. Proposed increases in quotas of Iran and Egypt.

⁴The Procedures Committee held meetings jointly with the Bank.

⁵This agenda was adopted by the Board of Governors at Session No. 1 (Joint), September 11, 1947.

7. Proposed agreement between the Fund and the United Nations.
8. Proposed change in fiscal year.
9. Proposed revisions of the By-Laws.
10. Changes in Rules and Regulations.
11. Proposed election of a fourteenth Executive Director.
12. Indian Independence (International Arrangements) Order, 1947.
13. Proposed resolution on silver.

The Committee recommends that, after the adoption of the initial agenda, proposed additions to the agenda be submitted in writing to the Procedures Committee, through its Chairman, for its consideration and recommendation.

Committees

The Committee further recommends approval of the following reference to the Committees for report to the Board of Governors:

Committee on Membership:

Consideration of:

- (a) Application of the Republic of Finland for membership in the Fund
- (b) Report of the Executive Board on increases in the quotas of Iran and Egypt
- (c) Indian Independence

Committee on Liaison:

Consideration of draft agreement between the Fund and the United Nations

Committee on Rules and Regulations:

Consideration of:

- (a) Proposed revisions of the By-Laws
- (b) Changes in Rules and Regulations

- (c) Proposed election of a Fourteenth Executive Director
- (d) Proposed resolution on Silver

Committee on Finance:

Consideration of:

- (a) Financial Statements and Report on Audit
- (b) Report of the Executive Board on Auditing Requirements
- (c) Administrative Budget for the Fiscal Year ending June 30, 1948
- (d) Report of the Executive Board on proposed change in the Fiscal Year

The Committee recommends approval of the following designations to Committees:

Committee on Membership

	Chairman:	Brazil
	Vice-Chairman:	Yugoslavia
	Reporting Member:	Canada
China	Iran	Peru
Egypt	Netherlands	Syria
France	Nicaragua	United Kingdom
Honduras	Norway	United States
India	Panama	

Committee on Liaison

	Chairman:	Ethiopia
	Vice-Chairman:	Australia
	Reporting Member:	Colombia
Brazil	Honduras	Panama
China	India	Syria
Denmark	Lebanon	United Kingdom
France	Nicaragua	United States
		Yugoslavia

Committee on Rules and Regulations

Chairman: Netherlands
Vice-Chairman: Italy
Reporting Member: Mexico

Belgium	France	Poland
Chile	Iceland	United Kingdom
China	India	United States
Czechoslovakia	Paraguay	Uruguay
Ecuador		

Committee on Finance

Chairman: El Salvador
Vice-Chairman: Iraq
Reporting Member: Philippine Republic

Bolivia	Greece	Union of S. Africa
China	Guatemala	United Kingdom
Costa Rica	India	United States
Dominican Republic	Luxembourg	Venezuela
France	Turkey	

Procedural Matters

The Committee recommends the approval of the following procedures for the conduct of the Second Annual Meeting:

Attendance

(a) The opening and closing sessions of the Boards of Governors and the sessions at which the Annual Report is presented shall be open to the press and public; all other sessions of the Board of Governors and all meetings of its committees shall be closed to the press and public.

(b) All sessions of the Board of Governors shall be open to accredited observers; all meetings of the Committees of the Board shall be closed to such observers.

(c) Any meeting of the committees of the Board, with the exception of the meetings of the Procedures Committee, shall be open to the attendance, as observers, of those Governors and Alternate Governors who are not members of the committee, and their authorized advisers.

(d) All sessions of the Board of Governors and all meetings of committees shall be open to such members of the secretariat and the technical staff as may be necessary to the orderly conduct of business.

Public Information

The Chairman of the Boards of Governors and the Managing Director of the Fund are authorized to communicate to the press such information concerning the proceedings of the Second Annual Meeting of the Boards of Governors as they deem suitable.

Records

(a) The Secretary of the Fund is authorized to have prepared a verbatim transcript of the proceedings of all sessions of the Board of Governors.

(b) The Secretary of the Fund is authorized to have prepared summary records of all proceedings of the committees of the Board of Governors.

(c) Reports of committees submitted to the Board of Governors shall be signed by the Committee Chairman and the Reporting Member.

Third Report

At its third meeting,⁶ the Procedures Committee considered and made recommendations on the following:

- 1. Site of Third and future Annual Meetings of the Boards of Governors*
- 2. Nomination of officers for ensuing year*
- 3. Composition of Procedures Committee for ensuing year*

⁶The business of the second meeting related to the Bank only, and, therefore, has not been included in the Summary Proceedings of the Fund.

On the proposal of the Governor for the United States, the Committee decided to recommend to the Board of Governors that the Third Annual Meeting of the Boards of Governors of the Fund and the Bank should be held in Washington, D. C.

It was the sense of the Committee that the annual meetings of the Boards of Governors of the Fund and the Bank should be held in the same location and at the same time.

The advantages to be gained from holding annual meetings in different member countries were pointed out as against the advantages to the Boards of Governors of meeting periodically at the location of the principal offices of the Fund and the Bank.

After due consideration, the Committee determined to recommend to the Board of Governors that the question of the location of future annual meetings after the Third be left open for the time being.

Therefore, the Committee recommends to the Board of Governors that the following resolution⁷ be adopted, with the recognition that there is considerable advantage in holding the Fourth Annual Meeting in the capital of some member country other than the United States:

RESOLVED:

That the Chairman shall convene the Third Annual Meeting of the Board of Governors of the International Monetary Fund in Washington, D. C. in the month of September, 1948.

Nomination of Officers for Ensuing Year

The second item considered was the election of officers of the Board of Governors of the Fund. On the proposal of the Alternate Governor for the United Kingdom, the Committee unanimously agreed to recommend to the Board of Governors that the Governor for China be elected Chairman for the ensuing year and the Governors for France, India, the United Kingdom and the United States be elected Vice-Chairmen.

⁷Resolution No. 13.

Therefore, the Committee recommends to the Board of Governors the adoption of the following resolution:⁸

RESOLVED :

That the Governor for China is hereby elected Chairman, and the Governors for France, India, the United Kingdom and the United States are hereby elected Vice-Chairmen of the Board of Governors of the International Monetary Fund, to hold their respective offices until the election of officers of the International Monetary Fund takes place at the close of the next annual meeting.

Composition of Procedures Committee

The third item considered was the composition of the Procedures Committee of the Fund for the ensuing year. The Committee recommends to the Board of Governors the adoption of the following resolution:⁹

RESOLVED :

That a Procedures Committee be hereby established, to be available after the termination of this Meeting, and until the election of officers of the International Monetary Fund takes place at the next annual meeting, for consultation at the discretion of the Chairman, normally by correspondence, and also, if occasion requires, by convening immediately before the annual meeting of the Board. The Procedures Committee shall consist of the Governors for the following members:

Australia, China, Colombia, Denmark, France, India, Italy, Peru, Poland, Turkey, the United Kingdom and the United States.

The Chairman, Vice-Chairman and Reporting Member shall be the Governors for China, France, and Colombia, respectively.

Reports No. 1 and No. 3 of the Procedures Committee were approved and adopted by the Board of Governors at Sessions No. 1 and No. 5, September 11 and 17, 1947, respectively.

⁸Resolution No. 14.

⁹Resolution No. 15.

Report of the Committee on Membership¹⁰

Chairman: Brazil
Vice-Chairman: Yugoslavia
Reporting Member: Canada

Members: China, Egypt, France, Honduras, India,
Iran, Netherlands, Nicaragua, Norway, Panama,
Peru, Syria, United Kingdom, United States.

The Committee met at 4:30 p.m. on September 12, 1947, under the Chairmanship of Mr. F. A. dos Santos-Filho, and considered the reports of the Executive Board with respect to the application of the Republic of Finland for membership in the Fund and increases in the quotas of Iran and Egypt.

The Committee recommended to the Board of Governors the adoption of the following resolutions:¹¹

Membership for Finland

WHEREAS, the Government of the Republic of Finland has applied for admission to membership in the International Monetary Fund in accordance with Section 2 of Article II of the Articles of Agreement of the Fund; and

WHEREAS, pursuant to Section 21 of the By-Laws of the Fund, the Executive Board after consultation with representatives of that Government has made recommendations to the Board of Governors with regard to the quota to be subscribed by the Government of the Republic of Finland and other conditions, which in the opinion of the Executive Board, the Board of Governors might wish to prescribe;

NOW, THEREFORE, the Board of Governors, having considered the recommendations of the Executive Board, hereby resolves that the Government of the Republic of Finland shall be admitted to mem-

¹⁰The meeting of the Committee on Membership was held jointly with the Bank.

¹¹Resolution No. 2.

bership in the Fund under Article II, Section 2, of the Articles of Agreement on the following terms and conditions:

- (1) That the quota of Finland shall be \$38,000,000;
- (2) That its subscription shall be equal to its quota, and that not less than 2 per cent of the subscription shall be paid in gold and the balance in the currency of Finland;
- (3) That no part of the subscription need be paid at the time the Articles of Agreement are signed on behalf of Finland;
- (4) That within thirty days after the Fund so requests, Finland shall communicate to the Fund the par value of its currency based on the rates of exchange prevailing on the date Finland becomes a member of the Fund, and within sixty days following the Fund's receipt of the communicated par value Finland and the Fund shall agree on an initial par value for the currency; provided that the Fund may extend the period of sixty days, and that Finland shall be deemed to have withdrawn from the Fund if agreement on a par value has not been reached when the extended period expires.
- (5) That Finland may not engage in exchange transactions with the Fund before the thirtieth day after the par value of its currency has been agreed in accordance with (4) above and its subscription shall be paid in full before such thirtieth day;
- (6) That Finland shall become a member of the Fund subject to the terms and conditions set forth in this resolution as from the date when Finland has complied with both of the following requirements:
 - a. Finland shall deposit with the Government of the United States of America an instrument stating that it has accepted in accordance with its law the Articles of Agreement and all the terms and conditions prescribed in this resolution, and that it has taken all steps necessary to enable it to carry out all its obligations under the Articles of Agreement and this resolution; and
 - b. Finland shall sign the original copy of the Articles of Agreement held in the Archives of the Government of the United States of America.
- (7) That Finland may accept membership in the Fund pursuant to this resolution until March 15, 1948.

Increase in the Quota of Iran¹²

RESOLVED :

That the quota of Iran shall be changed to \$35 million; provided that Iran applies for a proportionate change in its subscription in the Bank and provided further that Iran consents to the change on or before March 31, 1948. Such change shall become effective on the date the Fund receives notice in writing that Iran consents to the change but not sooner than the date of this resolution. Such written consent shall be signed by a competent official whose authority and signature are duly authenticated.

Increase in the Quota of Egypt¹³

RESOLVED :

That the quota of Egypt shall be changed to \$60 million; provided that Egypt applies for a proportionate change in its subscription in the Bank and provided further that Egypt consents to the change on or before March 31, 1948. Such change shall become effective on the date the Fund receives notice in writing that Egypt consents to the change but not sooner than the date of this resolution. Such written consent shall be signed by a competent official whose authority and signature are duly authenticated.

The Committee also considered the communication received from the Government of India transmitting a copy of the Indian Independence (International Arrangements) Order, 1947, and took cognisance thereof. The Committee is of the opinion that no action with respect thereto need be recommended to the Board of Governors. It is furthermore the sense of the Committee that the original quota of India in the Fund should continue to be the quota of the Dominion of India.

The Report was approved and adopted by the Board of Governors at Session No. 4, September 17, 1947.

¹²Resolution No. 3.

¹³Resolution No. 4.

Report of the Committee on Liaison¹⁴

Chairman: Ethiopia
Vice-Chairman: Australia
Reporting Member: Colombia

Members: Brazil, China, Denmark, France, Honduras,
India, Lebanon, Nicaragua, Panama, Syria,
United Kingdom, United States, Yugoslavia.

The Committee met at 12 noon on September 13, 1947, under the Chairmanship of Mr. G. A. Blowers, to consider and make recommendations with respect to the proposed agreement¹⁵ between the United Nations and the Fund, which the Executive Directors had referred to the Board of Governors for approval.

Note was taken by the Committee that the proposed agreement, which is substantially the same as the agreement negotiated between the United Nations and the International Bank for Reconstruction and Development, had been approved by the Economic and Social Council of the United Nations and, if approved by the Board of Governors of the Fund, would be presented for approval to the General Assembly of the United Nations at its forthcoming session.

Mr. Stane Krasovec, Governor of the Bank for Yugoslavia, made the following statement on behalf of both himself and the Governor of the Fund for Yugoslavia:

“I should like to make a brief statement with regard to the agreement under discussion. I may add that I am informed that the views of the Governors for Yugoslavia are also shared by the Governors for several other countries.

“Taking into consideration that the proposed agreement has already been approved by the Economic and Social Council of the United Nations and by the Executive Directors of the

¹⁴The meeting of the Committee on Liaison was held jointly with the Bank.

¹⁵See Appendix A.

Bank and Fund and in order to bring to an end the undesirable state of affairs caused by the absence of any agreement between the respective international organizations, we are ready to concur with the conclusion of the agreement, although we are not quite satisfied with its contents.

“We would therefore like to take this opportunity to emphasize that the proposed agreement does not go far enough to be entirely in conformity even with the more comprehensive provisions of Section 8(b), Article V of the Articles of Agreement of the Bank.

“We are, however, prepared to vote for the present agreement as we consider it at least a positive step towards the closest possible and most loyal co-operation and we hope that in the light of the experiences obtained in the future it will be possible to make adjustments and improvements which may prove desirable.”

Sir Gordon Munro, Alternate Governor of the Bank for the United Kingdom, proposed and it was agreed that there be inserted in the report of this Committee the following:

“Any recommendations received by the Fund and/or Bank from the Security Council under Article VI, para. 1 shall be communicated immediately to the Board of Governors.”

The Committee determined to recommend that the Board of Governors approve the proposed agreement and adopt the following resolution:¹⁶

RESOLVED:

That the Board of Governors of the International Monetary Fund hereby approves the terms and conditions of the form of Agreement between the United Nations and the Fund, presented by the Executive Directors to the Board of Governors at its Second Annual Meeting.

The Report was approved and adopted by the Board of Governors at Session No. 4, September 17, 1947.

¹⁶Resolution No. 5,

Report of the Committee on Rules and Regulations

Chairman: Netherlands

Vice-Chairman: Italy

Reporting Member: Mexico

Members: Belgium, Chile, China, Czechoslovakia, Ecuador,
France, Iceland, India, Paraguay, Poland,
United Kingdom, United States, Uruguay.

The Committee met at 3:00 p.m. on September 15, 1947, under the Chairmanship of Mr. M. W. Holthrop, and considered the amendments to the By-Laws, the changes in the Rules and Regulations, the report of the Executive Directors on the election of an additional Executive Director, and the resolution on silver proposed by the Governor for Mexico.

By-Laws

The Committee recommends to the Board of Governors that it amend the By-Laws of the Fund as follows:¹⁷

A. That Section 14(d) and (f) of the By-Laws be amended to read as follows:

Section 14. Terms of Service

(d) It shall be the duty of an Executive Director and his Alternate to devote all the time and attention to the business of the Fund that its interests require, and, between them, to be continuously available at the principal office of the Fund; however, in the event that both an Executive Director and his Alternate are unable to be available at the principal office of the Fund for reasons of health, absence while on business of the Fund, or similar reasons, the Executive Director may designate a temporary Alternate to act for him for periods of time which shall not in the aggregate exceed fifteen business days in the course of any financial year. A temporary Alternate shall receive no salary or expense allowance.

(f) The Executive Directors and their Alternates are to be reimbursed, in addition, for all reasonable expenses incurred during absence from the seat of the Fund while on the designated service of the Fund. Executive Directors and their Alternates shall be

¹⁷Resolution No. 6.

reimbursed for authorized representation expenses actually incurred while they are absent from the seat of the Fund on a special mission at the request of the Fund. They shall also be reimbursed for travel and transportation expenses for themselves, their families, and their personal effects in moving once to the seat of the Fund during or immediately before their terms of office and in moving once from the seat during or immediately after their terms of office.

B. That Section 19 of the By-Laws be revised to read as follows:

Section 19. Representation of Members not Entitled
to Appoint a Director

(a) Each member not entitled to appoint a Director may, in accordance with the regulations provided in this Section, send a representative to attend any meeting of the Executive Directors when a request made by, or a matter particularly affecting, that member is under consideration. A member, so elected, may waive its rights under this provision. The Executive Directors shall determine whether a matter under consideration particularly affects a member not entitled to appoint a Director, which determination shall be final.

(b) Whenever a member not entitled to appoint a Director desires to present its views at the meeting of the Executive Directors at which a request the member has made is to be considered, it shall so notify the Fund when it makes the request and shall designate a representative for this purpose who shall be available at the seat of the Fund. Failure to give such notice or to designate an available representative shall constitute a waiver of the member's right to present its views at the meeting.

(c) Whenever the Executive Directors are to consider a matter which has been determined particularly to affect a member not entitled to appoint a Director, the member shall be promptly informed by rapid means of communication of the date set for its consideration. No final action shall be taken by the Executive Directors with respect to such matter, nor any question particularly affecting such member submitted to the Board of Governors, until the member has either waived its rights under paragraph (a) of this Section or has been given an opportunity to present its views through an appropriately authorized representative at a meeting of the Executive Directors, of which the member has had reasonable notice.

Rules and Regulations

The Committee reviewed the changes in the Rules and Regulations of the Fund, submitted by the Executive Directors to the Board of Governors and recommends that the Board adopt the following resolution:¹⁸

RESOLVED:

That the Board of Governors of the Fund hereby notifies the Executive Directors that it has reviewed the amendments and additions to the Rules and Regulations adopted by the Executive Directors since the First Annual Meeting and has no changes to suggest.

Election of an Additional Executive Director

The Committee also considered the report of the Executive Directors and the proposed resolution on the election of an additional Executive Director. The proposal was approved, provided that it be understood the Committee intended that the election should be held forthwith after December 31, 1947. The Committee also concurred in the Executive Directors' statement that the proposed resolution was for a temporary addition and should not be construed as affecting the size of the Executive Board of the Fund after the second election of Executive Directors.

On the basis of the above understandings the Committee recommends to the Board of Governors the adoption of the following resolution:¹⁹

RESOLVED:

That there shall be one additional Executive Director who shall hold office from his election until the second election of Executive Directors. Those members, as of December 31, 1947, who are not entitled to appoint Directors, and whose votes are not entitled to be cast by Directors holding office, shall participate in the election, which shall be held at such time after December 31, 1947, as the Executive Directors shall determine. Each Governor participating

¹⁸Resolution No. 7; see also Appendix B.

¹⁹Resolution No. 8.

shall cast for one person all of the votes to which he is entitled, and a simple majority of the votes cast shall constitute election, but the Director elected shall be deemed to be elected by all of the members eligible to participate. If no one receives a majority of the votes cast on the first ballot, additional ballots shall be held, and the candidate who receives the lowest number of votes on the preceding ballot shall be ineligible for election.

Resolution on Silver

Finally, the Committee considered a resolution on silver proposed by the Governor for Mexico. The Committee recommends that the Board of Governors adopt the following resolution:²⁰

WHEREAS, up to the present the staff of the Fund have been forced to devote most of their time to organizational and other urgent problems and have therefore been unable to complete the task outlined by Resolution Number 3 adopted at the First Annual Meeting of the Board of Governors;

WHEREAS, since the adoption of said Resolution Number 3, there have occurred certain developments relating to silver, including fluctuations in its value, which are a matter of concern to member countries;

THEREFORE, in recognition of these premises the Board of Governors of the International Monetary Fund hereby resolve that:

1. Member countries shall be urgently requested by the Fund to submit at their earliest convenience pertinent data relating to silver and its uses pursuant to Resolution Number 3 adopted at the First Annual Meeting of the Board.
2. The Fund shall assemble whatever data may be submitted by Members and shall make the material available to all Members not later than March 1, 1948. The Fund may consult with each of the interested Members.

The Report of the Committee on Rules and Regulations was approved and adopted by the Board of Governors at Session No. 4, September 17, 1947.

²⁰Resolution No. 9.

Report of the Committee on Finance

Chairman: El Salvador

Vice-Chairman: Iraq

Reporting Member: Philippine Republic

Members: Bolivia, China, Costa Rica, Dominican Republic, France, Greece, Guatemala, India, Luxembourg, Turkey, Union of South Africa, United Kingdom, United States, Venezuela.

The Committee met at 10:00 a.m. on September 16, 1947, under the Chairmanship of Mr. M. Melendez-Valle, and considered the Report on Audit and the Administrative Budget for the Fiscal Year ending June 30, 1948,²¹ the Report of the Executive Board on Auditing Requirements, and the proposed change in the Fiscal Year.

Report on Audit, Financial Statements and Administrative Budget

In connection with the Administrative Budget, the Managing Director explained the several items of the budget and the considerations of economy and efficiency which had guided the Management of the Fund and the Executive Directors.

The Governor for the United States made a statement indicating satisfaction with the Administrative Budget but expressing the hope and expectation that, as he was sure the Management intended, the Fund would, by conducting its affairs with maximum economy and efficiency, seek to avoid public criticism.

The Managing Director concurred. He stated that this had been his endeavour in the past and that the affairs of the Fund would continue to be so conducted.

The Committee recommends to the Board of Governors the adoption of the following resolution:²²

²¹See Annual Report (1947), page 68 and Resolution No. 12.

²²Resolution No. 10.

RESOLVED :

That the Board of Governors considers the Report on Audit for the Fiscal Year ended June 30, 1947, the Financial Statements contained therein and the Administrative Budget for the Fiscal Year beginning July 1, 1947, as fulfilling the requirements of Article XII, Section 7 of the Articles of Agreement and Section 20 of the By-Laws.

Auditing Requirements

The Committee then considered the Report of the Executive Board on Auditing Requirements and agreed that it fulfilled the requirements of Resolution No. 10 of the First Annual Meeting. An alternative to the proposed amendment of Section 20 of the By-Laws was proposed by the Governor for the United States. In explaining this alternative amendment, the Governor for the United States asked that the following explanatory statement be incorporated in the Committee's report :

“It is understood that the audit of the Fund will be conducted in accordance with the usual professional auditing standards and that of course the Audit Committee will not undertake to review the exercise of judgment or discretion vested in the Executive Directors or the Managing Director by the Articles of Agreement, the By-Laws, or the Rules and Regulations.”

The Committee so agreed.

There was discussion of a proposal made by the Governor for the Union of South Africa concerning the method of appointment of the Audit Committee. The sense of the Committee was to recommend to the Board of Governors that the By-Laws be amended to read as follows:²³

Section 20. Budget and Audits

- (a) The Executive Directors shall instruct the Managing Director to prepare an annual administrative budget to be presented to them

²³Resolution No. 11.

for approval. The budget so approved shall be incorporated in the annual report to be presented to the Board of Governors at their annual meeting.

(b) An external audit of the financial records and transactions of the Fund shall be made annually and such audit shall relate to the period representing the fiscal year of the Fund. The Executive Directors shall submit the Fund's audited balance sheet and audited statement of income and expense to the Board of Governors to be considered by them at their annual meeting.

The annual audit shall be made by an audit committee consisting of either three or five persons each of whom shall be nominated by a different member of the Fund and confirmed by the Executive Directors. At least one person serving on each audit committee shall be nominated by one of the six members of the Fund having the largest quotas. The Executive Directors shall determine, in the case of each audit, whether the audit committee shall consist of three or five persons and which members of the Fund shall be requested to nominate persons to serve on the committee. The service of the members of each audit committee shall terminate upon completion of the annual audit and submission of the report on audit.

Each audit committee shall elect one of its members as chairman, shall determine its own procedure, and shall otherwise be independent of the Management of the Fund in conducting the annual audit according to generally accepted auditing standards.

The annual audit shall be comprehensive with respect to examination of the financial records of the Fund; shall extend, insofar as practicable, to the ascertainment that financial transactions consummated during the period under review are supported by the necessary authority; and shall determine that there is adequate and faithful accounting for the assets of the Fund. It shall thereby establish an appropriate basis for conclusion concerning the financial position of the Fund at the close of the fiscal year and the results of its financial operations during that year. For this purpose, the audit committee shall have access to the accounting records of the Fund and other supporting evidence of its financial transactions and shall be furnished by the Management of the Fund with such information and representations as may be required in connection with the audit. The members of the audit committee shall respect the confidential nature

of their service and the information made available for the purposes of the audit.

All accounts shall be summarized in United States dollars; and for this purpose gold shall be valued in terms of United States dollars at the par value of the United States dollar, and all members' currencies shall be converted at their par value or in accordance with a decision of the Fund pursuant to Article IV, Section 8(b) (ii) of the Articles of Agreement.

The Executive Directors shall decide all questions of policy raised by requests of the audit committee for particular information or the inspection of particular records or documents. The refusal of any such requests for reasons of policy shall be explained in the comments of the Executive Directors forwarded to the Board of Governors with the report on audit.

Any question the audit committee may have concerning interpretation of the Articles of Agreement, the By-Laws, or the Rules and Regulations shall be discussed with the Managing Director, or officials designated by him, and if the reply is not completely satisfactory to the audit committee, shall be referred to the Executive Directors through the Managing Director.

The audit committee shall submit its report on audit to the Board of Governors for consideration at their annual meeting. Such submission shall be made through the Managing Director and the Executive Directors who shall forward with the report on audit their comments thereon. The audit committee shall afford the Managing Director an opportunity for explanation to them before deciding that any matter seems to require criticism in the report on audit.

The audit committee may formally furnish the Managing Director and Executive Directors their views and suggestions concerning the system of accounting, internal financial control, and documentary or other procedure which may technically strengthen or improve the administration of the Fund's financial affairs. Such matters need not be dealt with in the report on audit unless the audit committee believes they are of such moment as to warrant inclusion.

The Managing Director shall determine what expenses are necessary and reasonable in connection with each annual audit and the Fund shall bear such expenses.

Proposed Change in the Fiscal Year

Finally, the Committee considered the Report of the Executive Board on a Proposed Change in the Fiscal Year and recommends to the Board of Governors that the following resolution be adopted:²⁴

RESOLVED:

That paragraph 1 of Resolution No. 3 of the Board of Governors' Inaugural Meeting shall be amended to read as follows:

1. That the fiscal year of the International Monetary Fund shall begin on May 1; provided, however, that the fiscal year 1946-47 shall begin on July 1, 1946 and end on June 30, 1947 and that the fiscal year 1947-48 shall begin on July 1, 1947 and end on April 30, 1948.

The Report of the Committee on Finance was approved and adopted by the Board of Governors at Session No. 4, September 17, 1947.

²⁴Resolution No. 12.