

REPORT OF THE FINANCE COMMITTEE

Report by Japan

1. The Finance Committee attended by Japan (Chair), Australia, China, India, Korea, New Zealand, Pakistan, and Thailand, met on Monday 28 August 2022.
2. The APPU Bureau was represented by Secretary General.
3. The Secretary General gave his introductory remarks regarding the financial situation of the Bureau as follows.
 - 3.1 The financial situation of the Administrative Section (AS) is in a good position compared with the Training Section (TS).
 - 3.2 The biggest financial problem of the APPU comes from the fragile business model of the Training Section.
 - 3.3 The Secretary General suggested that the contribution system should be changed to reflect a more relevant system of allocating costs and income, hence there is a need for the discussion of a full review of the APPU financial contributions system under Congress Agenda Item 24.6 with its associated proposal 06. The intention of this work is to consider a new financial contributions system at the 2026 APPU Congress.
4. Doc 8 and its 2 Annexes dealt with Finances of the Union
 - 4.1 Audited accounts for the AS for 2021
 - The key expenditures of AS are personnel and others (split almost evenly at 50/50)
 - Personnel costs are stable.
 - Other expenditure was lower due to:
 - no business travel; and
 - general operations have been very closely monitored
 - 4.2 Budget for the AS for 2023
 - Personnel cost will be lower than 2021 and 2022, because the Bureau there will be a new Secretary General and a new Senior Administrative Officer (both signing-on at a lower step in the respective salary scales).
 - Other costs will be higher, because:
 - business trips will resume following the travel suspension due to COVID-19
 - general operations – normal activities will resume
 - an increased rate of payment in the Consultancy part of the General Operations budget due to:
 - the current hourly rate of US\$50 per hour was set in 2015; the Bureau had proposed an increase to US\$65 per hour but the Consultant has agreed to ask for US\$55 per hour only;
 - in the first year of the new cycle there should be an increase in the work that requires Mr. Mark Lawley, our consultant to assist.

4.3 The Committee **approved**

- the 2021 auditor's financial report
- the proposed 2023 budget

5. Doc 8.1 dealt with the Foreign Exchange Management (FEM) of the Administrative Section (AS). In principle, the TS FEM is suitable for the AS. However, there are some key differences between the two sections in financial matters:

- The income and expenditure of the AS is mostly in USD (compared to TS where expenditure is mostly in THB)
- The auditing currency of the AS is USD
- The annual budgeting and management are relatively simple (compared to TS)
- The ASRF is very strong (around 150% of annual budget)

5.1 The Committee **agreed** that the Administrative Section does not need any major changes made to its FEM, hence no need to have external experts.

6. Doc 8.2 dealt with the Administrative Section Reserve Fund (ASRF). The current position of the ASRF is healthy. The Finance Committee agreed as follows.

- **noted** the current level of the ASRF
- **noted** that the balance estimated to be carried forward to 2023 is more than adequate to meet reasonable funding requirements
- **approved** the ASRF retaining its current minimum financial level of US\$80,000
- **approved** no additional funds needing to be budgeted for the ASRF for 2023
- **noted** the current position for approved ASRF expenditure on:
 - the Archiving Project (essential for an inter-governmental organisation)
 - APPU 60th Anniversary celebrations (convened on 2 September 2022)
 - finalising foreign exchange management in the Administrative Section (no need to have external experts)

7. Doc 8.3 dealt with the Review of Allocation of Staff Costs. The Bureau proposed that the staff cost allocations exercise be taken up again at a suitable time in 2023 due to the current lack in sufficient reliable data to form a fair assessment of the staff cost allocations. The Finance Committee **agreed** that the exercise is best deferred until a suitable time in 2023.

8. The Chair concluded the meeting by thanking the Bureau for its management of the finances and the excellent preparation of the documents. He made particular reference to the reasonable approach of our Consultant regarding the low fee charged and hoped these services could continue at the rate agreed, which is conducive to achieving required outcomes towards the 2026 APPU Congress.