

## REPORT OF THE FINANCE COMMITTEE

1. The Finance Committee composed of Australia (Chair), China, India, Japan, Korea, Pakistan and Thailand met on 24 March 2015 to review (a) the finances of the Union as reported by the Secretary General in EC2015Doc 5 Rev 1; and (b) the APPU Bureau proposed Administrative Section Budget for 2016. The APPU Bureau was represented by the Director and the Manager, Administrative and APPU Affairs.
2. The Committee considered the revised audit report provided by IAC Audit Limited (the auditor appointed by the APPU) for the period ending 31 December 2013 and noted the following:
  - (a) the correct treatment of the amount of US\$3,486.08 in relation to the QSF Cost Accounting Model Project (**Project**) as an expenditure of the APPU Bureau. The amount had previously been incorrectly reported as a receivable in the Statement of Financial Position as at 31 December 2013 that was presented to the 2014 EC (EC 2014 Doc 5 Annex 2);
  - (b) that amount of US\$ 3,468.08 represented an over spend by the APPU Bureau above the approved UPU budget in relation to the Project;
  - (c) that the overspend had not been approved by APPU Executive Council;
  - (d) that given the extenuating circumstances surrounding the Project and the fact that all costs related to the project had been properly invoiced and accounted for, the overspend should retroactively be approved by the Executive Council; and
  - (e) the audit report for the period ending 31 December 2013 prepared by IAC Audit Limited provided adequate assurance that the receipts and expenditures of the APPU were duly accounted for and complied with the requirements of Article 117 of the General Regulations.
3. The Committee also considered the audit report provided by IAC Audit for the period ending 31 December 2014 and noted the following:
  - (a) the expenditure of the Administrative Section of the Union for 2014 in the amount of US\$132,687.73 was lesser than the approved 2014 budget of US\$142,004.00; and
  - (b) the audit report provided adequate assurance that the receipts and expenditures of the APPU were duly accounted for and complied with the requirements of Article 117 of the General Regulations.
4. In reviewing the proposed 2016 APPU Bureau (Administrative Section) Budget, the Committee noted the following:
  - (a) The proposed budget for the Administrative Section for 2016 is in the amount of US\$150,749. Under Article 117.1 of the General Regulations, the maximum amount for the annual expenditure for the Administrative Section is US\$80,000. However,

under Article 117.5 of the General Regulations, that limit may be exceeded to enable the recruitment of personnel or otherwise to provide for the efficient operation of the Administrative Section if a majority of APPU member countries agree. As the proposed budget for 2016 was in line with the expectations of APPU member countries and it represented a marginal increase of approximately 3.69% on the 2015 Administrative Section budget, the APPU Executive Council should be called to approve it.

- (b) The Governing Board of the Asian-Pacific Postal College (APPC) had at its meeting on 15 September 2014 approved a revised pay scale for seven employment categories of APPU Bureau staff (Manager, Administration & APPU Affairs; Senior Administrative Officer; Secretary; System Support Officer; Administrative Support Officer; Office Assistant and Driver) to be effective in 2015. As a consequence, the budget for staff costs in 2016 reflected the revised pay scale as well as CPI adjustments. Staff costs were a major element of the proposed 2016 budget for the Administrative Section.
  - (c) As a consequence of the proposed budget of US\$150,749 in 2016 for the Administrative Section, the amount of contribution share per unit had to be increased to US\$1950 for 2016. This represented a marginal increase of US\$100 on the current US\$1850 contribution share per unit for 2015.
5. The Finance Committee took note of the discussions in the Governing Board of the APPC in relation to the retirement reserve fund based loan program which started in 2012. It decided that it would consider the implications of the program for the finances of the Union following and based on the external legal advice the Director of the APPC had been mandated to seek in relation to the matter.

#### Recommendations

6. The Finance Committee recommends the following to the Executive Council:
  - (a) Consideration and approval of the audit report for the period ending 31 December 2013.
  - (b) Consideration and approval of the audit report for the period ending 31 December 2014.
  - (c) The proposed 2016 APPU Bureau (Administrative Section) Budget of US\$150,749 be approved as well as the proposed increase in the contribution share per unit to US\$1950. .

Siva Somasundram  
Chair, APPU Finance Committee  
Wednesday, 27 March 2015