

REPORT OF THE FINANCE COMMITTEE

1. The Finance Committee composed of Australia (Chair), China, India, Japan, Korea, Pakistan (absent) and Thailand met on 4 September 2013 to review (a) the Finances of the Union as reported by the Secretary General in Congress Doc 10; and (b) the APPU Bureau proposed Administrative Section Budget for 2014. The APPU Bureau was represented by the Director and the Manager, Administrative and APPU Affairs.
2. The Committee noted and considered the audit report provided by KSPP Network Group Co., Ltd (the auditor appointed by the APPU) for the periods ending 31 December 2011 and 2012 respectively. The report and its review by the Committee provided 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. In reviewing the financial statements for the periods ending 31 December 2011 and 2012 respectively:
 - (a) Given the uncertainties in the current global economic climate, the Committee noted that it was important for the APPU to maintain a healthy cash reserve as a contingency against any necessary but unbudgeted expenditure. As at 31 December 2012, the APPU had a Reserve Fund of US\$167,282.75. The Reserve Fund is held in a US dollar denominated deposit account earning a compound interest of 1 % per annum. This was considered for the time being a prudent deployment of the cash reserve. It was agreed that the matter of the effective deployment of the cash reserve be kept under constant review of the Finance Committee and that the next review be undertaken at the EC meeting of 2014.
 - (b) The Committee agreed that the APPU Bureau should monitor and continue to actively liaise with those member countries facing temporary difficulties in meeting their contribution share obligations.
4. In reviewing the proposed 2014 APPU Bureau (Administrative Section) Budget:
 - (a) The Committee noted the recommendations of the Governing Board of the APPC on the allocation of the remuneration cost of staff between the APPC and the APPU (as set out in APPC Document 7 Annex 3 In particular, the Governing Board's views on the APPU Bureau's staff involvement in both APPU and APPC work and on placing the APPC on a firmer financial footing through an appropriate cost allocation were considered. The Committee agreed that the proposed cost allocation as set out in Congress Doc 10 Annex 2 Rev. 1 be endorsed and recommended for approval by the Congress.

- (b) The Committee agreed that the proposed 2014 APPU Bureau (Administrative Section) Budget of US\$142,004 be endorsed and recommended for approval by Congress.
- (c) Japan suggested the amount of the 1 unit should be set at US \$ 1,850 instead of US \$ 2,000, calculated by dividing the total budget amount by the total numbers of contribution units from the viewpoint of the balance between income and expenditures.
- (d) The Committee agreed that to cover the proposed 2014 APPU Bureau (Administrative Section) Budget of US\$ 142,004 and any ongoing financial obligations arising out of the proposed allocation of the remuneration cost of staff between the APPC and the APPU (as set out in Congress Doc 10 Annex 2 Rev. 1), the contribution share of each APPU member country would have to be increased. There was a consensus among Committee members that it would be prudent to increase the contribution share of each member country to US\$1,850 (based on the calculation of dividing the proposed 2014 budget amount by the total number of contribution shares) to meet these contingencies and that this would be in line with the policy of zero nominal growth in other United Nations bodies. The Committee agreed that the proposed increase of the contribution share of each member country from US\$1,500 to US\$1,850 be endorsed and recommended for approval by the Congress.

Recommendations

5. The Finance Committee recommends the following to Congress:
- (a) The proposed 2014 APPU Bureau (Administrative Section) Budget of US\$142,004 is approved.
 - (b) The maximum amount for annual expenditure for the Administrative Section of the APPU Bureau as stipulated in Article 117.1 of the General Regulations remain at US\$80,000 and that any required increases be dealt with in accordance with Article 117.5 of the General Regulations.
 - (c) The current deployment of the cash reserve in a US\$ denominated deposit account be continued and that the matter be kept under review by the Finance Committee with the next review to be undertaken at the 2014 EC meeting.
 - (d) The allocation of staff costs between the APPU and the APPC as set out in Congress Doc 10 Annex 2 Revision 1 is approved.
 - (e) The proposed increase of the contribution share of each member country from US\$1500 to US\$1850 is approved.

Siva Somasundram
Chair
APPU Finance Committee
4 September 2013, New Delhi