

EXECUTIVE COUNCIL 2023

FINANCES OF THE UNION

Update on the Administrative Section Reserve Fund (ASRF) of the APPU.

Memorandum by the APPU Bureau

1. Subject	References/Paragraphs
Administrative Section Reserve Fund (ASRF) of APPU	§§ 1 to 3
2. Decisions expected	
EC is invited to: <ul style="list-style-type: none"> - take note of the document - take note of the current financial level of the ASRF - approve the status of the ASRF for 2024 	<ul style="list-style-type: none"> §§1 to 3 §§ 3 §§ 3

1. Introduction

1.1 The Administrative Section Reserve Fund was established pursuant to Article 117 of the APPU General Regulations which mandates that separate reserve funds shall be established for the budget of the administrative section and training section.

1.2 The minimum financial level and rules for the management and replenishment of the ASRF are drawn up pursuant to Article 117, § 7 of the APPU General Regulations.

2. Administrative Section Reserve Fund (ASRF) for 2024

2.1 The operational rules for the management and replenishment of the ASRF require the minimum amount of the Fund to be reviewed/calculated each year.¹ This is essentially a process that:

- (i) update the EC or Congress on the adequacy of the ASRF to meet current and future financial needs; and
- (ii) identifies whether the current annual budgeting process needs to include an expense item to replenish the ASRF (if it has reduced below its approved minimum financial level), or to

¹ Reference paragraph 6 of the “Operational rules for the management and replenishment of the ASRF” i.e., “The minimum amount of a Reserve Fund is calculated each year as part of the annual budgeting process. Where the ASRF has reduced below the fixed minimum level (as set out in Financial Regulation 2 (i.e., US\$80,000)), it is replenished, normally annually, to maintain the fixed minimum level through:

- (i) surplus unrestricted operating funds; and/or
- (ii) an expense included in the Administrative Section’s annual budget.”

increase the funds held in the ASRF if the EC or Congress decides that the minimum financial level should be raised.

- 2.2 As further guidance, the operational rules specify what factors to take into account when making the annual review of the ASRF.² For example, if it is known that there will be a significant increase in salaries in the next year's budget, then the current minimum financial level of the ASRF might need to be increased (as alluded to in subparagraph (ii) above).
- 2.3 At the time of the decision on hosting the APPU EC by the APPU Bureau, different funding approaches, including the utilization of the ASRF were examined. However, it was then determined that ASRF should be reserved exclusively for addressing unforeseen or urgent circumstances, rather than for recurring events. Furthermore, in accordance with Article 106 of the General Regulations of APPU, when the EC is convened without a host country, the expenditure will be borne by the Bureau by raising the contribution share of each country.

3. Details about the ASRF

- 3.1 The minimum financial level for the ASRF is currently fixed at US\$80,000 (as decided in 2019). The Audit Report for 2022 for the Administrative Section states that the Reserve Fund had a balance at 31 December 2022 of US\$ 327,068.06

- 3.2 The table below sets out the key financial details of the ASRF.

Line No.	Item	Amount (US\$)	Comment
1	Minimum financial level required	80,000	Reference paragraph 2 of the approved rules for management and replenishment of the ASRF.
2	Opening financial level on 1 January 2023	332,068 327,068	Source: Audit Report for 2022 for the Administrative Section (i.e., the closing balance on 31 December 2022).
3	Estimated spending from the ASRF in 2023	0	
4	The estimated closing balance of ASRF on 31 December 2023	332,068 327,068	
5	Changes to Administrative Section business in 2024 that might impact on the minimum financial level required	0	None known of at the time of drafting Finance Committee documentation.
6	Estimate of additional funding required to cover reasonable requirements in 2024	0	There are adequate funds in the ASRF to more than cover reasonable requirements in 2024.

² Reference paragraph 5 of the "Operational rules for the management and replenishment of the ASRF" i.e., "The financial level at which a Reserve Fund is set is based around risk and represents a financial amount sufficient to maintain ongoing operations and programmes for a set period of time, measured in months. The calculation of average monthly operating expenses includes all recurring, predictable expenses such as salaries and benefits, occupancy, office, travel, programmes, and ongoing professional services. Depreciation, in-kind, and other non-cash expenses are not included in the calculation."

- 3.2 Based on the aforementioned information, the EC is requested to acknowledge that no supplementary funding is necessary for the ASRF in 2024.