

EXECUTIVE COUNCIL 2023

FINANCES OF THE UNION

Supplementary rule to the Financial Regulations of the Bureau of the Asian-Pacific Postal Union.

Memorandum by the APPU Bureau

1. Subject	References/Paragraphs
Supplementary Rule No.1 to the Financial Regulations of the Bureau of the Asian-Pacific Postal Union	§§ 1 to 3, Annex 1
2. Decisions expected	
EC is invited to: <ul style="list-style-type: none"> - take note of the document - note the supplementary rule to the Financial Regulations of the Bureau of the Asian-Pacific Postal Union - note the updated Financial Regulations of the Bureau of the Asian-Pacific Postal Union 	<ul style="list-style-type: none"> §§1 to 3, Annex 1 §§ Annex 1 §§ Annex 1

1. Introduction

- 1.1 In accordance with the prevailing provisions outlined in the Financial Regulations of the Asian-Pacific Postal Union Bureau, an imperative exists to consistently assess and strengthen policies aimed at enhancing the welfare and financial security of the Bureau staff members.
- 1.2 At present, the personnel of the Bureau do not have access to any financial security, such as gratuity or provident funds. The sole financial instrument accessible after retirement is the Retirement Fund. Furthermore, it is important to note that the Bureau neither offers nor maintains affiliations with any financial institutions to furnish loans to its staff members.
- 1.3 Back in 2012, the Director of the Bureau initiated a program centered around loans tied to the Retirement Fund, with the intention of bolstering the financial well-being of our staff. However, in 2015, the Bureau was prompted to seek external legal counsel to ensure the program's alignment with pertinent legal frameworks¹.
- 1.4 The legal counsel's assessment determined that the retirement-based loan initiative that commenced in 2012 falls under the jurisdiction of the Bureau's administrative prerogatives and does not involve any unlawful acts².
- 1.5 Additionally, the Bureau's staff has put forth requests highlighting that the current pandemic-induced

¹ Minutes of the GB Meeting in 2015

² Minutes of the APPU EC Meeting in 2016, Agenda Item 9: Report of APPC Governing Board. Summary Report of APPC GB, Congress 2017 Doc 22

financial environment has prompted a deliberation on potential support avenues within the overarching framework of the Financial Regulations.

2. Update on the Financial Regulations of the Bureau of the Asian-Pacific Postal Union

- 2.1 The Bureau acknowledges the significance of providing unwavering support to the well-being of its staff members, who constitute the foundational pillar of the organization. The Bureau of the Asian-Pacific Postal Union, in adherence to its Financial Regulations, seeks to strengthen its commitment to the well-being of its dedicated staff members.
- 2.2 By virtue of Article 10 of the Financial Regulations, titled "Supplementary Rules," the Director (currently Secretary-General) is empowered to establish supplementary rules within the existing framework and inform the Committee and the Board accordingly.

3. Loan Program on Retirement Fund

- 3.1 In alignment with the provisions set forth in Article 10 of the Financial Regulations, the Secretary-General enacts Supplementary Rule No.1 to the Financial Regulations of the Asian Pacific Postal Union Bureau.
- 3.2 The key elements of the proposed Loan Program on Retirement Fund are outlined as follows:
- (i) Staff members will be provided with the option to avail themselves of a loan from their Retirement Fund, contingent upon satisfying the criteria enumerated in both columns (a) and (b) hereunder. The upper ceiling for loan withdrawal from the aggregate Retirement Fund corpus is delineated in column (c):

Staff age in years (a)	Years of service (b)	Limit (%) (c)
Below 40	>5 years	50%
40 – 50	>10 years	60%
Above 50	>15 years	70%

- (ii) The Retirement Loan Program will not be subject to the loan interest rate typically associated with banking institutions. Nevertheless, to ensure the preservation of interest earnings, the Bureau will apply the most favorable savings interest rate attainable. This approach aims to mitigate any potential loss of interest income.
- (iii) The Bureau has its accounts with the Siam Commercial Bank. The bank offers various interest rates based on the type of account and the associated conditions. The current highest saving interest rate of Siam Commercial Bank is 2.0%³ and the Bureau currently earns interest at

³ <https://www.bot.or.th/en/statistics/interest-rate.html>

0.30%⁴ on the Retirement Fund. The Bureau will calculate the repayment amount of the staff on an annual basis ensuring no loss on the total interest earned if the amount was not withdrawn as a loan.

- (iv) The decision to grant loans will exclusively rest with the Secretary-General. Staff members seeking loans are required to specify the purpose for which the loan is being sought from the Retirement Fund.
 - (v) The repayment mechanism will be strictly enforced by deducting a portion of their monthly salary. Repayment of the Retirement Loan will be facilitated through automatic payroll deductions, making it convenient for staff to meet their repayment obligations. Staff members will have the flexibility to make additional voluntary contributions to expedite loan repayment.
 - (vi) This rule will become effective upon the conclusion of the 2023 APPU EC and will remain in force until the next APPU Congress. The Financial Regulations will be subject to modification as a part of the broader reforms of the Union.
- 3.3 The proposed supplementary rule to the Financial Regulations of the Bureau of the Asian-Pacific Postal Union can be found in Document EC 2023 Doc 6f Annex 1
- 3.4 The Executive Council through the Finance Committee is invited to note the updated Financial Regulations of the Bureau of the Asian-Pacific Postal Union.

⁴ <https://www.bot.or.th/en/statistics/interest-rate.html>

EXECUTIVE COUNCIL 2023

**FINANCIAL REGULATIONS OF
THE BUREAU OF THE ASIAN-PACIFIC POSTAL UNION
(December 2019 August 2023)****Article 1 : Scope**

These Regulations are complementary to the General Regulations of the Asian-Pacific Postal Union.

Article 2 : Definitions

For the purpose of these Regulations:

1. "Bureau" means the Head Office of the Asian-Pacific Postal Union which comprises the training section and the administrative section under Article 12 of the Constitution of the Asian-Pacific Postal Union;
2. "Council" means the Executive Council of the Asian-Pacific Postal Union, constituted under Article 11 of the Constitution of the Asian-Pacific Postal Union;
3. "Board" means the Governing Board of the training section of the Bureau, constituted under Article 111 of the General Regulations of the Asian-Pacific Postal Union;
4. "Committee" means the Local Executive Committee, constituted by virtue of Article 111 paragraph 10 of the General Regulations of the Asian-Pacific Postal Union;
5. "Director" means the Director of the Bureau.

Article 3 : Administration of Regulations

As the head of the Bureau, the Director shall be responsible for the administration of these Regulations.

Article 4 : Fiscal Year

The fiscal year shall be the period from 1 January to 31 December inclusive.

Article 5 : Budget Preparation

The Director, with the assistance of the Manager Administration & APPU Affairs, shall prepare, at least four months before the end of each fiscal year but not less than two months before the Board meeting, the annual budget of the training section for consideration by the Committee. The annual budget will normally be prepared for the year following that in which it is brought up for consideration by the meeting of the Board.

Article 6 : Bank Accounts

The Director shall designate the bank or banks and/or financial institution in which the funds of the Bureau shall be kept in such a manner as to meet the best interest of the Bureau. In particular, he/she will have the power to transfer funds between accounts where he/she considers it in the best interest of the Bureau.

Article 7 : Accounting Duties

The Manager Administration & APPU Affairs shall perform accounting duties and arrange the payment of expenses incurred by the Bureau including payment of salaries and allowances to staff members and of subsistence allowance to course participants.

Article 8 : Accounting Records

The Manager, Administration & APPU Affairs shall maintain such full accounting records as are necessary and prepare the annual accounts for each fiscal year for both the administrative section and the training section with explanatory notes for submission by the Director to the Board and the Council in such a manner as will properly show the Bureau's :

- (i) income and expenditure;
- (ii) utilization of budgetary allocations;
- (iii) operations; and
- (iv) financial positions.

Article 9 : Negotiable Documents

Negotiable documents drawn on behalf of the Bureau shall be signed by the Director and the Manager Administration & APPU Affairs. In the absence of either the Director or the Manager Administration & APPU Affairs, the Chairman of the Committee shall be authorized to sign negotiable documents.

Article 10 : Supplementary Rules

The Director shall have the authority to provide for supplementary rules within the framework of these regulations and inform the Committee and the Board of any new supplementary rules that are established.

Article 11 : Date of Effect

These Regulations shall be effective from ~~20-December-2019~~18 August 2023.

Supplementary Rules to the Financial Regulations of the Bureau of the Asian-Pacific Postal Union

Rule 1: Loan Program on Retirement Fund

1.1 Staff members will be provided with the option to avail themselves of a loan from their Retirement Fund, contingent upon satisfying the criteria enumerated in both columns (a) and (b) hereunder. The upper ceiling for loan withdrawal from the aggregate Retirement Fund corpus is delineated in column (c):

<u>Staff age in years (a)</u>	<u>Years of service (b)</u>	<u>Limit (%) (c)</u>
<u>Below 40</u>	<u>>5 years</u>	<u>50%</u>
<u>40 – 50</u>	<u>>10 years</u>	<u>60%</u>
<u>Above 50</u>	<u>>15 years</u>	<u>70%</u>

1.2 The Retirement Loan Program will not be subject to the loan interest rate typically associated with banking institutions. Nevertheless, to ensure the preservation of interest earnings, the Bureau will apply the most favorable savings interest rate attainable. This approach aims to mitigate any potential loss of interest income.

1.3 The Bureau has its accounts with the Siam Commercial Bank. The bank offers various interest rates based on the type of account and the associated conditions. The current highest saving interest rate of Siam Commercial Bank is 2.0%¹ and the Bureau currently earns interest at 0.30%² on the Retirement Fund. The Bureau will calculate the repayment amount of the staff on an annual basis ensuring no loss on the total interest earned if the amount was not withdrawn as a loan.

1.4 The decision to grant loans will exclusively rest with the Secretary-General. Staff members seeking loans are required to specify the purpose for which the loan is being sought from the Retirement Fund.

1.5 The repayment mechanism will be strictly enforced by deducting a portion of their monthly salary. Repayment of the Retirement Loan will be facilitated through automatic payroll deductions, making it convenient for staff to meet their repayment obligations. Staff members will have the flexibility to make additional voluntary contributions to expedite loan repayment.

1.6 This rule will become effective upon the conclusion of the 2023 APPU EC and will remain in force until the next APPU Congress. The Financial Regulations will be subject to modification as a part of the broader reforms of the Union.

¹ <https://www.bot.or.th/en/statistics/interest-rate.html>

² <https://www.bot.or.th/en/statistics/interest-rate.html>

**FINANCIAL REGULATIONS OF
THE BUREAU OF THE ASIAN-PACIFIC POSTAL UNION**

**Operational rules for the management and replenishment of the
Administrative Section Reserve Fund (ASRF)
(Approved 27 November 2019)**

The rules below are intended for placement in the Financial Regulations of the Bureau of the Asian-Pacific Postal Union.

Administrative Section Reserve Fund (ASRF)

Introduction

1. 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.

Minimum financial level of the ASRF

2. The minimum financial level for the ASRF is currently fixed at US\$80,000 (as decided by correspondence in November 2019)

Purpose of the ASRF

3. The purpose of the ASRF is to help ensure the long-term ability of the Administrative Section to fulfil its objectives. The Administrative Section will maintain the Reserve Fund to achieve the following:
 - to create an internal line of credit to manage cash flow and maintain financial flexibility
 - to enable the Section to sustain operations through delays in payments of committed funding
 - to pay for one-time, non-recurring expenses that will build capacity, such as staff development or research and development
 - to balance the Administrative Section budget
 - to reduce the amount of member-countries' contributions
4. In principle, the ASRF is not intended to replace a permanent loss of funds or eliminate an ongoing budget gap.

Setting, reviewing and replenishing the level of the ASRF

5. 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.

6. 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 above), 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.
7. The ASRF is to be funded and available in cash or cash equivalent funds, in accordance with the risk preferences, liquidity needs and investment objectives of the Administrative Section.
8. Funds held in the ASRF may be comingled with the general cash accounts of the Administrative Section or the APPU, but must be segregated in financial reporting.
9. If the ASRF is, and has been, less than 25% of the target reserve minimum for two consecutive years, the Administrative Section should adopt an operational budget with a projected surplus sufficient to rebuild the ASRF to its fixed minimum level (as set out in Financial Regulation 2 above), over a prescribed number of years.
10. The ASRF should be listed separately in the unrestricted net assets section of the Bureau's statement of financial position as "Administrative Section-Designated Reserve" and the status of borrowings from the reserve should be reported in financial reports to the Board.

Using the ASRF

11. The general framework for using the ASRF is set out below.
 - (i) The Bureau identifies reasons for accessing the ASRF and confirms that the use is consistent with the purpose of the reserves as agreed in the organisation's Reserve Fund policy, or as may be agreed from time to time to meet special circumstances.
 - (ii) As a part of the process set out in (i) above, the Secretary General or his/her nominee will do the following:
 - (a) analyse the reason for the needed funds;
 - (b) assess the availability of any other sources of funds before using reserves (e.g., line of credit); and
 - (c) evaluate the time period that the funds will be required, and then replenished.
12. The EC, either directly or by delegation to the Secretary General authorises the use of the ASRF and monitors reserves.
13. The Secretary General will submit a request to the EC in writing, which will include the analysis and determination of the use funds and plans for replenishment, when required. The EC will approve in writing or modify the request and authorise transfer from the fund. Email is an acceptable form of notification and acknowledgment.

14. Any funds borrowed from the Reserve Fund for longer than twelve months and which need to be paid back, will be the subject of a prescribed repayment schedule. The Secretary General shall request approval of any such usage and the proposed repayment schedule from the EC. If approved, such disbursement shall be reported at the next EC meeting. At any time that a borrowing from the Reserve Fund is outstanding, the status of the borrowing and payments made will be reviewed at Council meetings.

Reporting and monitoring the use of funds

15. The Secretary General is responsible for ensuring that the ASRF is maintained and used only as described in these Financial Regulations. When use of the ASRF is approved, the Secretary General and Administrative Section staff will maintain records of the use of funds and plan for replenishment. The Administrative Section will provide regular reports to the EC Board of progress to restore the fund to the fixed minimum amount.

Maintaining the integrity of the ASRF

16. All funds in the ASRF (i.e., the funds that represent the fixed minimum level as well as funds in excess of the fixed minimum level) are subject to the rules for the ASRF as set out in the Financial Regulations of the Bureau of the Asian-Pacific Postal Union.
17. The rules for the operation of the ASRF Reserve Fund should be reviewed regularly, with two-yearly being a recommended timeframe.

**FINANCIAL REGULATIONS OF
THE BUREAU OF THE ASIAN-PACIFIC POSTAL UNION**

**Operational rules for the management and replenishment of the
Training Section Reserve Fund (TSRF)
(Approved 20 December 2019)**

The rules below are intended for placement in the Financial Regulations of the Bureau of the Asian-Pacific Postal Union.

Training Section Reserve Fund (TSRF)

Introduction

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

Minimum financial level of the TSRF

2. The minimum financial level for the TSRF is currently fixed at US\$210,000 (as decided by correspondence in December 2019).

Purpose of the TSRF

3. The purpose of the TSRF is to help ensure the long-term ability of the Training Section to fulfil its objectives. The Training Section will maintain the Reserve Fund to achieve the following:
 - to create an internal line of credit to manage cash flow and maintain financial flexibility
 - to enable the Section to sustain operations through delays in payments of committed funding
 - to pay for one-time, non-recurring expenses that will build capacity, such as staff development or research and development
 - to balance the Training Section budget
 - to reduce the amount of member-countries' contributions
4. In principle, the TSRF is not intended to replace a permanent loss of funds or eliminate an ongoing budget gap.

Setting, reviewing and replenishing the level of the TSRF

5. 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.

6. The minimum financial amount of a Reserve Fund is calculated each year as part of the annual budgeting process. Where the TSRF has reduced below the fixed minimum financial level (as set out in Financial Regulation 2 above), it is replenished, normally annually, to maintain the fixed minimum financial level through:
 - (i) surplus unrestricted operating funds; and/or
 - (ii) an expense included in the Training Section's annual budget.
7. The TSRF is to be funded and available in cash or cash equivalent funds, in accordance with the risk preferences, liquidity needs and investment objectives of the Training Section.
8. Funds held in the TSRF may be comingled with the general cash accounts of the Training Section or the APPU, but must be segregated in financial reporting.
9. If the TSRF is, and has been, less than 25% of the target reserve minimum financial level for two consecutive years, the Training Section should adopt an operational budget with a projected surplus sufficient to rebuild the TSRF to its fixed minimum financial level (as set out in Financial Regulation 2 above), over a prescribed number of years.
10. The TSRF should be listed separately in the unrestricted net assets section of the Bureau's statement of financial position as "Training Section-Designated Reserve" and the status of borrowings from the reserve should be reported in financial reports to the Board.

Using the TSRF

11. The general framework for using the TSRF is set out below.
 - (i) The Bureau identifies reasons for accessing the TSRF and confirms that the use is consistent with the purpose of the reserves as agreed in the organisation's Reserve Fund policy, or as may be agreed from time to time to meet special circumstances.
 - (ii) As a part of the process set out in (i) above, the Secretary General or his/her nominee will do the following:
 - (a) analyse the reason for the needed funds;
 - (b) assess the availability of any other sources of funds before using reserves (e.g., line of credit); and
 - (c) evaluate the time period that the funds will be required, and then replenished.
12. The EC, either directly or by delegation to the Secretary General, authorises the use of the TSRF and monitors reserves.
13. The Secretary General will submit a request to the EC in writing, which will include the analysis and determination of the use of funds and plans for replenishment, when required. The EC will approve in writing or modify the request and authorise transfer from the fund. Email is an acceptable form of notification and acknowledgment.

14. Any funds borrowed from the Reserve Fund for longer than twelve months and which need to be paid back, will be the subject of a prescribed repayment schedule. The Secretary General shall request approval of any such usage and the proposed repayment schedule from the EC. If approved, such disbursement shall be reported at the next EC meeting. At any time that a borrowing from the Reserve Fund is outstanding, the status of the borrowing and payments made will be reviewed at Council meetings.

Reporting and monitoring the use of funds

15. The Secretary General is responsible for ensuring that the TSRF is maintained and used only as described in these Financial Regulations. When use of the TSRF is approved, the Secretary General and Training Section staff will maintain records of the use of funds and plan for replenishment. The Bureau will provide regular reports to the EC of progress to restore the fund to the fixed minimum financial amount.

Maintaining the integrity of the TSRF

16. All funds in the TSRF (i.e., the funds that represent the fixed minimum level as well as funds in excess of the fixed minimum financial level) are subject to the rules for the TSRF as set out in the Financial Regulations of the Bureau of the Asian-Pacific Postal Union.
17. The rules for the operation of the TSRF should be reviewed regularly, with two-yearly being a recommended timeframe.