



FINANCE COMMITTEE
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Item No. 3 on the Agenda : First review of the Accounts of the financial year 2013

(prepared by the UNIDROIT Secretariat)

<i>Summary</i>	<i>First review of the accounts for the financial year 2013 and allocation of surplus from previous financial years</i>
<i>Action to be taken</i>	<i>Take note and authorise allocation of surplus from previous financial years</i>
<i>Related documents</i>	<i>UNIDROIT 2013 – Budget 2014</i>

1. In accordance with a decision taken by the General Assembly at its 71st session (Rome, 29 November 2012), the budget estimates from 2013 onwards assume an absolute balance of income and expenditure by the end of the budget cycle, rather than factor in an expected surplus to be carried over to the following financial year. While the accounts for the year 2013 have not yet been audited at the time of writing, assuming no shortfall in the contributions, the Secretariat expects a surplus of some € 89,000 for the year 2013. In accordance with UNIDROIT Regulation 38(4) and (5), as adopted by the General Assembly at its 71st session, the Secretary-General shall submit proposal to the Finance Committee for the use of any such surplus in due time as any specific proposal to be made is dependent on the final Accounts which will be known only mid-March.
2. It should be noted that the Finance Committee, at its 74th session (Rome, 26 September 2013), had already authorised the Secretary-General to use any surplus balance carried over from the financial year 2012 which might be shown at the closing of the 2013 accounts by 28 February 2014 to cover certain expenditures, and requested the Secretariat to report to the Finance Committee, at its 75th session, on any expenditure made in accordance with such authorisation.
3. The first expenditure related to the cost of hiring expert review of the compensation package offered by UNIDROIT, including salaries, health and pension insurance, with a view to assessing the financial implications of a possible move to another pay scheme and also examine possible alternatives to the Italian social security scheme for purposes of health and insurance for UNIDROIT staff. The Secretariat has since requested quotes from three international experts with knowledge and experience on personnel matters of Rome-based international organisations. Following the Finance Committee's request to keep the cost of such a study as low as possible, the Secretariat has retained the services of a qualified expert who was willing to prepare the study on a

pro bono basis, against reimbursement of travel costs to Rome. The total cost is not expected to exceed € 1,480. In accordance with Article 19(a) of the Mandate of the International Service for Remunerations and Pensions (CCR/R(2011)4), UNIDROIT, by means of a Memorandum of Understanding that entered into force on 1 July 2013, entrusted the International Service for Remunerations and Pensions (ISRP) with the preparation of a report containing recommendations with a view to the adoption of a Pension Scheme which, while remaining specific to the Organisation, is in line with the pension schemes in force in the Co-ordinated Organisations. The Secretariat paid € 6,000 for the study which is to be found in document UNIDROIT 2014 - F.C. (75) 4.

4. The other expenditure for which the surplus carried over from previous financial years could be used was to make urgent repair works and investment in the UNIDROIT premises and its furnishings, including purchase of new office equipment (discarding computer equipment older than five years or power inefficient air-conditioning and other electric equipment). The Secretariat is also studying alternatives for replacing old office furniture with workstations that meet current standards of ergonomics in the workplace and for carrying out long overdue repair works in the premises that have been postponed for several years for lack of resources. The Secretariat expects to receive cost estimates before the 75th session of the Finance Committee.