

HCCH Budget - Expenses and Revenues
Preliminary accounts 29 September 2023

Financial Year	2022-2023		Period	
			1 - 12	
Article number and name	Actuals FY68		Budget FY68	
	Amount (Debit)	Amount (Credit)	Amount (Debit)	Amount (Credit)
Operational expenses				
400010 - 1A Salaries and allowances	2,610,061.22		2,628,000.00	
400020 - 1B Social benefits and insurances	169,121.09		193,300.00	
400021 - 1C Home leave	10,282.78		8,500.00	
400031 - 1F ISRP administration	5,946.63		6,500.00	
400033 - Expenses to be covered by HR fund	19,415.23		0	
400034 - Expenses to be covered by relocation fund	17,760.34		0	
400035 - 1G External support (operational/legal)	59,702.12		70,000.00	
400042 - 2A Rent	189,892.60		169,700.00	
400077 - 2B Service	67,958.63		51,000.00	
400078 - 2C Insurance	11,438.25		11,500.00	
400079 - 2D Cleaning	24,133.02		27,000.00	
400081 - Expenses to be covered by maintenance/equipment fund	4,475.18		0	
400082 - 2E Office supplies	8,725.86		12,000.00	
400086 - 2F Telecommunication/postage	6,348.14		10,000.00	
400088 - 3A IT support/maintenance	41,180.20		44,000.00	
400089 - 3B IT software licences/hardware	44,266.58		44,000.00	
400090 - 3C IT internet/website(s)	10,070.27		13,500.00	
400132 - 4A Lease/production supplies	73,928.40		73,500.00	
400133 - 4B External design, lay-out	342.44		1,000.00	
400143 - 5A Subscriptions	13,087.31		13,000.00	
400144 - 5B Purchases	6,593.07		6,500.00	
400155 - 6 External translators	37,913.43		37,500.00	
400157 - 7 PB missions	70,761.67		53,500.00	
400159 - 8A Bank fees	5,656.90		15,000.00	
400160 - 8B Audit fees	41,900.00		49,000.00	
400161 - 9 Representation	18,285.36		18,000.00	
402002 - 10 Overhead reimbursements iSupport	-22,350.00		-22,350.00	
402003 - 11 Unforeseen	0		3,500.00	
410204 - 12A Venue (CGAP)	58,393.07		75,400.00	
410205 - 12B Interpretation EN/FR (CGAP)	17,561.90		15,050.00	
410206 - 12C Additional personnel/moving (CGAP)	9,999.55		9,100.00	
410207 - 12D Venue (CDR)	7,960.00		14,500.00	
410208 - 12E Interpretation EN/FR (CDR)	2,598.20		4,600.00	
410209 - 12F Additional personnel/moving (CDR)	200.00		1,300.00	
410210 - 12G Venue (SC and other meetings)	67,927.28		86,500.00	
410211 - 12H Interpretation EN/FR (SC and other meetings)	27,309.50		24,500.00	
410212 - 12I Additional personnel/moving (SC and other meetings)	12,265.81		13,400.00	
410254 - 13 On-site meetings (PB) - additional personnel	2,315.94		3,000.00	
410256 - 14A Supplies and facilitation	7,336.18		7,000.00	
410263 - 14B Travel consultants and external experts	3,689.91		2,500.00	
	3,764,454.06		3,794,000.00	
Sum of operational cost savings	29,545.94		0	
(implementation rate 99%)				
TOTAL	3,794,000.00		3,794,000.00	
Pension expenses				
430322 - 15 Retirement or survivor's pensions *	913,587.41		546,700.00	
Additional retirements or survivor's pension costs absorbed by PRF	-366,887.41		0	
* Including leaving allowances				
	546,700.00		546,700.00	
430331 - 16 Pension Administration costs ISRP	13,784.08		17,700.00	
430332 - 16b PRF expenses	79,248.15		0	
Expenses absorbed by PRF	-79,248.15		0	
	13,784.08		17,700.00	
saving pension expenses before dotation to pension liability	3,915.92		0	
	17,700.00		17,700.00	
Revenues				
800331 - 17 Contribution of the Member States		4,101,100.02		4,298,494.00
800346 - 19 Contribution of a Member Organisation		39,000.00		39,000.00
800348 - 20 Income derived from sales of publications		21,833.86		15,000.00
800418 - 22 Contribution accrued unfunded liabilities				-197,394.00
9130 - Interest Budget		2,380.34		0
Addition from Funds				
800338 - 18a Allocation of reserves from FY 20-21		135,000.00		135,000.00
800339 - 18b Exceptional transfer of funds for SC meeting from FY 20-21		68,300.00		68,300.00
Closing amount revenues	9,214.22			
Total: Profit & Loss	4,367,614.22	4,367,614.22	4,358,400.00	4,358,400.00

Explanatory notes

Introduction

The following is an unaudited preliminary report and overview of the HCCH Budget accounts for Financial Year 2022 - 2023 (FY 68), submitted in accordance with Article 14 of the 2016 Financial Regulations. Please note that during the process of preparing the annual financial statements and the audit, (technical) adjustments may occur. The final audited financial statements will include a complete overview of accounts, contributions (incl. voluntary contributions), revenue and expenses.

With the effect of the COVID-19 pandemic diminishing, in this financial year inflation was an important factor to take into account. It had a significant impact on costs for rent (Art. 2A), service (Art. 2B), and missions (Art. 7), resulting in the respective budget lines being overspent. Due to savings in other budget lines, mainly salaries and allowances (Art. 1A), social benefits and insurances (Art. 1B), external support (Art. 1G), as well as some meeting related expenses (Arts 12A, 12D, and 12G) which did not materialize due to efficiencies, the Permanent Bureau (PB) managed to maintain a total operational cost savings of € 29,546.

The PB continued to apply strict budgetary discipline and did not use unspent funds beyond the initial purposes of the Budget. It also continued to implement the ISRP's decisions relating to staff remuneration.

The costs implementation rate for FY 2022-2023 amounts to 99%.

Income was higher than expected because of higher-than-expected sales of publications and interest income during the financial year.

Pension Reserve Fund (PRF) expenses not absorbed by the PRF are minimal. However, the pension liability as of 30 June 2023 is still to be calculated (as part of the audit process). This calculation, in accordance with IPSAS, may have a significant impact on the overall result for the financial year.

Subject to the final results of the audit, and due to the operational costs savings and higher than expected revenues, there is likely to be a total net operational surplus of € 80,411. This includes the foreseen use of reserve funds to cover certain expenses as indicated in the comments. The use of this operational surplus will be decided by the Council of Diplomatic Representatives (CDR) at its next meeting in May 2024, based on a proposal submitted by the Secretary General.

Brief comments are provided with this report in relation to some budget articles.

Differences of significant nature (if higher than € 5,000) between actuals and Budget articles

<i>Article</i>	<i>Difference</i>	<i>Comment</i>
1A Salaries and allowances	-17,939	Salaries and allowances were lower than expected due to changes in staff composition and the timing of new recruits. Upon finalisation of iSupport ISD staff time related to the project was reimbursed. The accounting accrual for unused vacation days remained unchanged.
1B Social benefits and insurances	-24,179	Lower than envisaged due to lower insurance premiums and changes in staff composition.
1G External support	-10,298	Lower than expected use of external legal support.
2A Rent	20,193	Higher than budgeted indexation of the rental contract.
2B Service	16,959	Higher than budgeted mainly due to indexation and increase of energy expenses.
7 PB missions	17,262	Higher than envisaged due to significantly increased travel and hotel costs post-COVID.
8A Bank fees	-9,343	Lower than budgeted due to positive interest in 2023 after a period of negative interest on cash above € 100,000 in bank accounts in the Netherlands.
8B Audit fees	-7,100	Lower than budgeted due to partial coverage of audit fees through Voluntary Contributions ((VC) – for VC related expenses).
12A Venue (CGAP)	-17,007	Lower than budgeted due to realized venue efficiencies, including costs for online participation.
12D Venue (CDR)	-6,540	Lower than budgeted as the meeting was held in-person only with no costs for online participation.
12G Venue (SC and other meetings)	-18,573	The number of participants at the SC meeting on the <i>Protection of Adults</i> allowed for use of an alternate venue and other related efficiencies.
15 Retirement or survivors' pensions	366,887	Pension costs are covered in part by the Budget and in part by the PRF (this split mechanism was adopted by CDR when the PRF was established). The amount identified is the difference between what Member States contribute to pension costs through the Budget in the financial year and actual pension expenses. The difference is absorbed by the PRF.

Expenses to be covered by funds

19,415	Expenses to be covered by HR Fund
17,760	Expenses to be covered by Relocation Fund
4,475	Expenses to be covered by Maintenance/equipment Fund

Results

The operational results of the Budget can be separated as follows:

Operational cost savings	29,546
Operational revenue result - Closing amount revenues (*)	9,214
Subtotal	<u>38,760</u>
Expenses to be covered by Funds (to be confirmed after the audit)	<u>41,651</u>
Total net operational surplus	80,411

The net operational surplus amounts to 1.8% of the total Budget for FY 2022-2023.

Subtotal savings pension expenses before dotation to pension liability	3,916
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* The closing amount revenue consists of the difference between the actual amounts and budgeted amounts in Articles 17, 18a, 18b, 19, 20, and 22.