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CAB/1237/DV

2014-04-07

INTERNATIONAL ELECTROTECHNICAL COMMISSION

CONFORMITY ASSESSMENT BOARD (CAB)

SUBJECT

Budget of the IECEx for 2015, for CAB approval

BACKGROUND

Attached is the 2015 budget for IECEx as approved by the Management Committee ExMC, via correspondence.

ACTION

The members of the CAB are invited to approve the IECEx Budget for 2015, by using the automatic voting system on the IEC Technical Server **by 2014-04-28**.

**INTERNATIONAL ELECTROTECHNICAL COMMISSION SYSTEM
FOR CERTIFICATION TO STANDARDS RELATING TO EQUIPMENT FOR
USE IN EXPLOSIVE ATMOSPHERES (IECEx SYSTEM)**

Title: Final Draft 2015 IECEx Budget, for submission to CAB

Circulated to: IECEx Management Committee, ExMC

INTRODUCTION

During the Fortaleza 2013 meeting of the IECEx Management Committee, ExMC, document ExMC/881/CD (Draft Forecasted 2015 and 2016 Budgets) was considered and endorsed for 2015 subject to the results of the 2013 end of year accounts, refer ExMC confirmed minutes ExMC/902/RM.

Following receipt of the 2013 IECEx end of year financial results, in February 2014, the IECEx Treasurer and Secretary are pleased to inform Members of another solid end of year result which achieved an end of year contribution to the IECEx General Reserves of CHF 151'492.

The IECEx General reserves, as at the end of 2013 now sits at CHF 1'151'475.

In receipt of the 2013 end of year results, a review of the 2015 Draft forecast budget detailed in ExMC/881/CD was undertaken by the Treasurer and Secretary.

Following this review, the Treasurer and Secretary conclude that the 2015 Forecasted Budget presented in ExMC/881/CD as agreed during the 2013 ExMC Fortaleza meeting should proceed as the final budget with the only change being the inclusion of new expense item "Contribution to IEC Geneva Office Costs) as discussed during the 2013 ExMC Fortaleza Meeting.

With this review now completed the draft budget 2015 is now submitted for final approval by ExMC, (Column D of Annex A), prior to being submitted for CAB Approval .

This draft budget includes both summary and specific explanations along with Annex A with the budget amounts and Annex B the annual fees calculations, as at February 2014.

We would therefore appreciate you returning the completed voting form to the IECEx Secretariat by the closing date of **26 March 2014**.

Should you have any questions concerning this final updated version (e.g. items in Column D to Annex A) please feel to contact me.

We thank you in respecting the closing date for voting to enable us to have a final budget ready for forwarding to the IEC Conformity Assessment Board, CAB by the due date.

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Notes to the Draft Budget:

Overview:

This draft budget is presented with explanations to budget items and the following two Annexes:

- Annex A – 2015 Draft Budget details (and includes 2013 end of year audited results)
- Annex B – Details of annual dues calculations, as at February 2014

Annex A is presented with the following columns

A = The end of year 2013 accounts as confirmed by the IEC external auditors, during February 2014.

B = The approved 2014 Budget, as previously approved by both ExMC and CAB and in current use for 2014.

C = The 2015 initial budget figures as agreed during the 2013 ExMC Fortaleza meeting (ExMC/881/CD extract)

D = The 2015 final Budget amounts as the proposed final budget for 2015, taking into account the 2013 end of year results.

Values in Column D of Annex A are now submitted for final approval.

In accordance with the IEC Finance Department, this budget is presented as a balanced budget.

The preliminary Draft 2015 budget agreed during the ExMC 2013 is now presented for final approval taking into account the 2013 final end of year figures, as finalized by the IEC external auditors

Items in Column D identified in **red text** show those items altered from the preliminary Draft 2015 Budget (ExMC/881/CD) agreed during the 2013 Fortaleza meeting.

Prudent financial management of the IECEX has resulted in IECEX achieving and maintaining a solid and sound financial position, including the end of year results to achieve a solid IECEX General Reserve at end of 2013 now at **CHF 1'151'475.** being 122% of the annual Operating Costs as at 2013

The management and control over IECEX operational expenditure has resulted in IECEX yet again continuing to keep operating expenditure below 2013 budget. A copy of the auditor's report of the 2013 IECEX Accounts will be circulated to Members, once available from the auditors. In the absence of an auditors report, amounts listed in Column A of Annex A contained the values approved by the Auditors.

The previous IECEX decision to move more towards a user pay system via certificate fees have resulted in **zero** increase to annual fees for the past **13 years** with a small **decrease** approved by the IECEX Management Committee applied from 2010.

While there is general industry acceptance for a "user pay system" via certificate fees, there is also an industry expectation that the IECEX Schemes continue to be supported by prompt and professional service with a solid technical base.

While the IECEX Equipment Scheme is now entering its 11th year of operation, the issuing of Certificates maintains healthy and sustained annual growth rates with figures at end of January 2014 continuing this trend. While this trend continues, even into January and February 2014, it is expected to continue and even increase as we see new IEC SC31M Non Electrical Standards being integrated into the IECEX System.

Therefore in summary the 2015 Draft Budget, (Column D of Annex A), provides:

- A Total income of CHF 1'320'250
- A Total Operating costs of CHF 1'270'623
- A budgeted contribution to the IECEX General reserve of CHF 49'627.
- Any surplus (if achieved) to be added to the General Reserves

As discussed during the ExMC Fortaleza 2013 meeting, the introduction of expense item "Contribution to IEC Geneva Office Costs" covers use by IECEX of IEC Central Office Services including:

- IT Department
- Communications and Promotions Department
- Publishing Department
- Finance Department
- Others

Of course, as with all expenditure, the monthly accounts are kept under close scrutiny and any downward movement in income results in reviews of expenditure.

The 2010/2011 formal endorsement of IECEX by the United Nations, via the UNECE continues to assist in demand for IECEX Services along with other factors.

The notes below provide details to the individual budget items.

General Note

Drafting of the initial 2015 Draft budget, detailed in ExMC/881/CD for the 2013 ExMC Fortaleza meeting and included as Column C to Annex A of this Budget, was done so using a conservative approach taking into account the world economic environment and in the absence of the final 2013 accounts, while recognizing the success and growth of the IECEX Schemes especially in the new areas of Service Facilities and Certified Persons.

There are no significant changes included in the 2015 Draft Budget, compared to the Approved 2014 Budget with the exception of the introduction of a contribution to IEC Geneva Office Costs, as stated above.

A complete report with audited 2013 accounts, once available from the IEC external auditors, will be circulated to ExMC and presented to the IEC ExMC meeting in August 2014 and then at the 2014 IEC GM, CAB meeting.

1. INCOME

1.1 Item 6000 (National dues)

Minor change proposed to that provided for in the preliminary 2015 Budget ExMC/881/CD, agreed during the 2013 ExMC Fortaleza meeting (ExMC/902/RM), to reflect the 2013 end of year results.

Annex B provides an explanation of calculation of the annual dues as at February 2014.

The draft 2015 budget represents a **13th consecutive** year of no increase in annual fees.

1.2 Item 6020 (Application Fees)

No change is proposed to that provided for in the preliminary 2015 Budget ExMC/881/CD, agreed during the 2013 ExMC Fortaleza meeting (ExMC/902/RM). Noting that application fees are a one-off fee for new countries and ExCBs and ExTLs and considered as a contribution in recognition of other IECEX Members that have been paying annual fees and their participation to develop the IECEX Scheme to its current position.

1.3 Item 6110 (Sales of publications)

No change is proposed to that provided for in the preliminary 2015 Budget ExMC/881/CD, agreed during the 2013 ExMC Fortaleza meeting (ExMC/902/RM).

1.4 Item 6200 (Interest)

No change is proposed to that provided for in the preliminary 2015 Budget ExMC/881/CD, agreed during the 2013 ExMC Fortaleza meeting (ExMC/902/RM).

1.5 6400 + 6010 (Certificate fees Equipment Scheme)

No change is proposed to that provided for in the preliminary 2015 Budget ExMC/881/CD, agreed during the 2013 ExMC Fortaleza meeting (ExMC/902/RM).

1.6 6410 + 6420 (Services Scheme + Personnel Scheme)

No change is proposed to that provided for in the preliminary 2015 Budget ExMC/881/CD, agreed during the 2013 ExMC Fortaleza meeting (ExMC/902/RM).

1.7 Item 6900 (Other Income)

No change is proposed to that provided for in the preliminary 2015 Budget ExMC/881/CD, agreed during the 2013 ExMC Fortaleza meeting (ExMC/902/RM).

1.8 Item 6950 (Assessment fees Administration)

No change is proposed to that provided for in the preliminary 2015 Budget ExMC/881/CD, agreed during the 2013 ExMC Fortaleza meeting (ExMC/902/RM).

2. EXPENDITURE SUMMARY

There are no major changes in expenditure foreseen compared with the Approved 2014 Budget and the decisions from the ExMC 2013 Fortaleza meeting.

In line with prudent financial management, the budget is subjected to constant on-going review during the operational year, noting that provision is made for downward adjustment of certain items should income levels fall below budget predictions.

2.1 Item 40000 Personnel costs

No change is proposed to that provided for in the preliminary 2015 Budget ExMC/881/CD, agreed during the 2013 ExMC Fortaleza meeting (ExMC/902/RM).

2.2 Item 47100 (Office Equipment)

No change is proposed to that provided for in the preliminary 2015 Budget ExMC/881/CD, agreed during the 2013 ExMC Fortaleza meeting (ExMC/902/RM).

2.3 Items 47200 (IECEX Secretariat Office)

No change is proposed to that provided for in the preliminary 2015 Budget ExMC/881/CD, agreed during the 2013 ExMC Fortaleza meeting (ExMC/902/RM). This covers the leasing and operating costs of the IEC Sydney office of the IECEX Secretariat.

2.4 Item 47900 (Misc Legal and audit)

No change is proposed to that provided for in the preliminary 2015 Budget ExMC/881/CD, agreed during the 2013 ExMC Fortaleza meeting (ExMC/902/RM). This is fairly static no significant increase is expected and includes auditing of IECEX financial accounts and records

2.5 Item 47920 (Website maintenance)

No change is proposed to that provided for in the preliminary 2015 Budget ExMC/881/CD, agreed during the 2013 ExMC Fortaleza meeting (ExMC/902/RM).

2.6 ITEM XXX (Contribution to IEC Geneva Office costs)

As discussed during the ExMC Fortaleza 2013 meeting, the introduction of "Contribution to IEC Geneva Office Costs" covers use by IECEX of IEC Central Office Services including:

- IT Department
- Communications and Promotions Department
- Publishing Department
- Printing Department
- Finance Department
- Others

2.7 Item 48000 (Publicity and Promotion)

No change is proposed to that provided for in the preliminary 2015 Budget ExMC/881/CD, agreed during the 2013 ExMC Fortaleza meeting (ExMC/902/RM).

2.8 Item 48500 (Special Events)

No change is proposed to that provided for in the preliminary 2015 Budget ExMC/881/CD, agreed during the 2013 ExMC Fortaleza meeting (ExMC/902/RM).

2.9 Item 49000 (Travel and Meeting expenses)

No change is proposed to that provided for in the preliminary 2015 Budget ExMC/881/CD, agreed during the 2013 ExMC Fortaleza meeting (ExMC/902/RM).

Travel and meeting costs are associated with travel and accommodation of the Secretariat staff and also meeting costs where applicable.

Where possible, travel of the Secretariat is coordinated with that of other IEC activities, eg IECQ, to share in travel costs in line with the direction of Central Office, e.g. attendance at CAB meetings (2 per year) plus CAB WG meetings etc.

2.10 Item 48500 (Resources for Special Projects)

No change is proposed to that provided for in the preliminary 2015 Budget ExMC/881/CD, agreed during the 2013 ExMC Fortaleza meeting (ExMC/902/RM).

2.11 Item 48200 (Special Event)

No change is proposed to that provided for in the preliminary 2015 Budget ExMC/881/CD, agreed during the 2013 ExMC Fortaleza meeting (ExMC/902/RM).

3.0 Item 50000 (Contribution to the IECEX General Reserve)

A total of CHF 49'627 is provided for the year 2015 any additional surplus (if achieved) will be included as part of the overall contribution to the General Reserve ,

It is noted that as part of risk management, that the IEC Management and CAB have determined that all IEC Conformity Assessment Systems maintain a level of General reserve to equate to 3 years operating costs.

Annex A: Proposed updated 2015 budget for the IECEX (Column D)

Annex B: Breakdown of annual dues

- Figures for Country, ExCBs and ExTLs are based on On-Line Document OD 001 (version Feb 2014). ExCBs + ExTLs include both accepted and candidate Bodies, as per established practice.
- A member country pays the dues for at least 1 ExCB and 1 ExTL this applies even when they are not yet defined or even when there are no applicant or accepted ExCB or ExTL in that country.
- Dues apply to Applicant ExTLs and ExCBs, even if not yet assessed or accepted by ExMC
- The Total dues per country (last column) will be invoiced to the national Member Body, unless the Member Body informs the Secretariat of alternative arrangements. .

ANNEX A					
		A	B	C	D
	INCOME	2013 End of Year Accounts CHF	2014 Approved Budget CHF	2015 Draft ExMC/881/CD agreed in Fortaleza 2013 CHF	2015 Final Proposed Draft Budget CHF
6000	National Dues	248,250.00	250,000	265,000	259,250
6020	Other Participation Fees (Application)	13,000.00	20,000	20,000	20,000
6110	Publications (Include IECEX Bulletin)	8,049.00	7,000	7,000	7,000
6200	Interest, Miscellaneous	3,600.00	4,000	2,000	2,000
6400	Certificate Fee Equipment Program	692,675.00	720,000	800,000	800,000
6010	Certificate Fee Surcharges	32,500.00	50,000	50,000	50,000
6410	Certificate Fee Services Program	48,750.00	80,000	70,000	70,000
6420	Certificate Fee Certified Persons Scheme	34,050.00	60,000	60,000	60,000
6900	Other Income	10,050.00	50,000	50,000	50,000
6950	Assessment Fees Administration	1,370.00	2,000	2,000	2,000
	Total	1,092,294.00	1,243,000	1,326,000	1,320,250

	EXPENDITURE	CHF	CHF	CHF	CHF
40000	Personnel Costs (Salaries, Insurance + Pensions) – Total	698,390.00	720,000	785,000	785,000
47100	Office Equipment + Stationery	6,477.00	10,000	10,000	10,000
47200	Serviced Office facilities Rent Equip etc	67,211.00	90,000	95,000	95,000
47900	Miscellaneous, legal audit	4,506.00	10,000	10,000	10,000
47920	Website Maintenance and Development	6,298.00	7,500	10,000	10,000
XXXXX	Contribution to IEC Geneva Office costs	0	0	0	75,623
48000	Publicity + Promotion	13,158.00	60,000	60,000	60,000
48200	Special Event	0.00	0	45,000	45,000
49000	Travel + Meeting Expenses	121,176.00	130,000	140,000	140,000
48500	Resources for special projects	23,586.00	40,000	40,000	40,000
49500	Extraordinary Expenses		0	0	0
Total Operating Costs		940,802.00	1,067,500	1,195,000	1,270,623
50000	Portion allocated to build IECEX Reserves	138,000.00	175,500		49,627
	Total Year Budget Expenditure	1,078,802.00	1,243,000		1,320,250
	End of year surplus	13,492.00			
Total end of year contribution to General Reserves		151,492.00			

IECEX General Reserve as At 31 December 2013 = **CHF 1'151'475**

*Items in Column C, shown in red text, are those that while endorsed during the 2013 ExMC Fortaleza meeting, have now been adjusted by the Treasurer and Secretary following review during Feb 2014, Refer to **Overview** and Notes for further explanation .

*Items shown in Red Text are the adjustments made by the Treasurer and Secretary to the forecasted draft 2015 budget agreed in Fortaleza, (doc ExMC/881/CD) following receipt of the end of year 2013 accounts.

Annex B – Annual Dues Split

	Country ID	Data as per IECEx OD 001				Country Contribution	Additional ExCBs	Additional ExTLs				
		Number ExCBs	Number ExTLs	Number ExCBs	Number ExCBs							
		IECEx 02	IECEx 02	IECEx 03	IECEx 05					5,250	1,250	1,000
		Equipment	Equipment	Services	Persons					Dues Split		
1	AU	4	4	3	0	5,250	7500	3000	15,750			
2	BR	2	1	1	0	5,250	2500	0	7,750			
3	CA	3	5	0	1	5,250	3750	4000	13,000			
4	CN	1	5	0	0	5,250	0	4000	9,250			
5	CZ	1	1	0	0	5,250	0	0	5,250			
6	DK	1	1	0	0	5,250	0	0	5,250			
7	FI	1	1	0	0	5,250	0	0	5,250			
8	FR	2	2	1	2	5,250	5000	1000	11,250			
9	DE	8	7	2	1	5,250	12500	6000	23,750			
10	GB	5	6	2	2	5,250	10000	5000	20,250			
11	HR	1	1	0	0	5,250	0	0	5,250			
12	HU	1	1	0	0	5,250	0	0	5,250			
13	IN	1	2	0	0	5,250	0	1000	6,250			
14	IT	3	3	0	0	5,250	2500	2000	9,750			
15	JP	1	1	0	0	5,250	0	0	5,250			
16	KR	3	3	1	0	5,250	3750	2000	11,000			
17	MY	0	0	1	1	5,250	1250	0	6,500			
18	NL	2	2	1	1	5,250	3750	1000	10,000			
19	NO	1	1	1	1	5,250	2500	0	7,750			
20	NZ	0	0	0	0	5,250	0	0	5,250			
21	PL	2	1	0	0	5,250	1250	0	6,500			
22	RO	0	0	0	0	5,250	0	0	5,250			
23	RU	1	1	0	0	5,250	0	0	5,250			
24	SI	1	1	1	0	5,250	1250	0	6,500			
25	SG	0	0	0	0	5,250	0	0	5,250			
26	ZA	2	2	0	0	5,250	1250	1000	7,500			
27	SE	1	1	0	0	5,250	0	0	5,250			
28	TR	0	0	0	0	5,250	0	0	5,250			
29	CH	1	1	0	0	5,250	0	0	5,250			
30	US	3	5	1	0	5,250	3750	4000	13,000			
31	ESP	0	0	0	0	5,250	0	0	5,250			
							0	0	0			
									0			
TOTALS		52	59	15	9	162,750	62,500	34,000	259,250			