



Draft Revision of the OIML Financial Regulations

Explanatory note

The Draft Revision of the OIML Financial Regulations is submitted to OIML Members with a view to having it presented for the approval of the 12th OIML Conference in Berlin.

This Revision answers a number of needs which have been discussed on various occasions:

- the need to modernize the OIML accountancy system in order to present correctly the assets and to introduce analytical accounts;
- the need to align the OIML financial reports with international standards, so that they can be easily understandable for all Members;
- the need to use modern accountancy software at the BIML, permitting better financial management.

The Draft Revision of the Financial Regulations has been discussed at the Presidential Council, which approved its general principles. It was then submitted to an accountant in order to make it comply fully with international standards and with normal practice in other International Organizations. This resulted in the present draft.

The following comments should be made about certain articles in this draft.

Article 2 - Replacement of Gold Francs by Euros

The Gold Franc is the monetary unit specified by the OIML Convention. The Gold Franc was tied to the French Franc by a conversion factor periodically published by the Banque de France.

However, the conversion factor was last published in 1969, and since this time, the French Franc has been replaced by the Euro, while many powers of the Banque de France have been transferred to the European Central Bank. It is thus proposed to conclude from this that references to Gold Franc should be read as being references to the Euro, as set forth by the European Regulation No. 974/98 of 3 May 1998.

Article 3 - International Accounting Standards

The IPSAS (International Public Sector Accounting Standards) are clearly the correct standards to be used by International Organizations such as the OIML. These standards are used, for example, for the accountancy of the OECD, and many countries now require the implementation of these standards.

Article 4 – Fixed assets

Fixed assets were previously fully depreciated at the date of their purchase, which did not reflect their economic value and did not allow for their correct management. In addition, this led to erratic

expenses; high expenses when fixed assets were acquired and low expenses in other years, instead of spreading their cost over a reasonable period.

Article 6 – Revenue and expenses for specific actions

The OIML may decide to undertake actions totally or partially financed by other partners (BIPM, UNIDO, WTO, etc.). As an example, a joint Seminar may be organized and the OIML may have to manage a specific budget for which reimbursements will be made afterwards. This will be covered by ad-hoc analytical accounts (see Article 14.2).

The OIML may also meet costs and/or receive payments relating to specific activities taking place during the following or the previous year. Appropriate accounts will allow the allocation of revenue and expenses to the year where the action is realized.

Article 7 - Amounts due to the Organization and advance payments received

The existing Financial Regulations did not allow the correct presentation of the assets and liabilities of the Organization. In particular:

- some assets were in fact doubtful assets (arrears due by some countries or due by countries who have resigned from the OIML), and had to be compensated by provisions;
- some assets were not recorded (amounts due by Corresponding Members, loans to personnel); and
- some liabilities were not correctly recorded (advance payments received).

Article 8 - Recording of revenue

Article 8 clarifies how different revenues are recorded (when establishing invoices or when receiving payments).

Articles 9 to 12 - Liabilities

The concepts of “Working Capital”, “Reserve Fund”, etc., which appeared in the old Financial Regulations, were confusing and did not comply with modern accountancy terminology. Looking carefully at their definitions and at the rules for their use, they were not capital and reserves as exist in the liabilities, but should have been specific financial assets which the Director of the Bureau was either authorized or not authorized to use. This was quite confusing for Member States when looking at the Convention and at the OIML Financial Reports and these concepts have been deleted in this Draft.

In this Draft Revision of the Financial Regulations, the Reserves are an item in the assets and liabilities accounts, into which the financial results are added. The annual results are kept in a “carry over” account, and the Conference makes the decision to transfer the results of the financial period to the Reserves (Article 9). This is much more in line with the Convention.

Therefore liabilities will be composed of:

- Short term liabilities (for example advance payments received); and
- Long term liabilities, namely Provisions, which represent expenses that the Organization is liable for or has to face in the future (for example OIML pensions, works on the premises, etc.).

The Reserves, which represent the value which should be distributed to Member States in the case of dissolution of the Organization, are the difference between the total assets and these liabilities.

This is shown in Articles 10 to 12, and in Annex 3 of the Draft.

Article 13

This article reproduces provisions of the existing Financial Regulations.

Article 14

The precautions which were taken in the existing Financial Regulations to prevent the Director from making imprudent expenses are replaced by those in this Article, which say that:

- cash flow management must be appropriate;
- analytical accountancy shall allow the evaluation and follow-up of the costs of the main missions of the Bureau; and
- the follow-up of the implementation of the budget shall be appropriately organized.

Compliance with these requirements may be easily assessed by the CIML President at any moment when the Bureau is using modern accountancy software (see also Article 18).

Article 16

This article gives details on what has to be adopted by the Conference:

- elements of revenue (base contributory share, Corresponding Members' subscriptions, unit prices of services and publications, etc.); and
- global expenses for the financial period.

Article 18

Instead of financing exceptional expenses from the "Reserve Fund" with the approval of the CIML President, it seemed much clearer to say that exceptional expenses must be agreed upon by the CIML President when they exceed 15 000 € and to say that the President may ask the Director to take any necessary measures to prevent an unacceptable deficit.

Article 20

This Article obliges the BIML Director to establish formal procedures for the financial management and accountancy of the Bureau, in line with the Financial Regulations (such a manual does not yet exist).