



AMSEP WAPES AMSPE

**World Association of Public Employment Services
Association Mondiale des Services d'Emploi Publics
Asociación Mundial de los Servicios Públicos de Empleo**

The results of the Treasurer's Workshop

May 2013

**Budapest
Hungary**



**Hungarian
National
Labour Office**

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SUMMARY REPORT ON THE RESULTS OF
THE TREASURER'S WORKSHOP
REGARDING THE POTENTIAL IMPROVEMENT OF
THE FINANCIAL PROCEDURES OF
THE WORLD ASSOCIATION
OF PUBLIC EMPLOYMENT SERVICES

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INTRODUCTION TO THE RESULTS OF THE TREASURER'S WORKSHOP



It is a pleasure to share with you the results of our Workshop organised by the Treasurer (*the Director General of the Hungarian National Labour Office*) in Budapest.

As is already known, the World Association of Public Employment Services (WAPES) underwent a major change when it converted to an international non-profit association, named WAPES Support, from a *de facto* international non-profit association, a feature which had characterised the organisation until April 2010. This change process ended on 25 June 2012 in Seoul, South Korea, where the act to adopt the new text of the articles of association and the acceptance of the contribution of assets from the *de facto* association WAPES took place.

The idea behind this event, which was fully financed by the Hungarian Public Employment Service, was to examine the key procedures that should be improved or created for WAPES to comply with the legal requirements resulting from its new status and to make its work as transparent as possible, as should be expected from a professional international world organisation.

In addition to our experience of almost one year as Treasurer, during which time we have worked according to written and non-written rules (nonetheless well-functioning and well-thought out), we relied heavily on the most important messages of the previous Auditors' Reports during our preparation of the event.

This document is divided into two parts: the first summarizes the results of the Workshop itself, making general proposals for new rules of procedure; the other is a comparative study that looks at similar organisations to help position ourselves within the new legal framework (WAPES operates under Belgian law) – particularly when it comes to the division of powers among the three main actors at management level: the President, the Treasurer and the Secretary. The messages contained in the two documents are interrelated, since the hierarchical structure and the rules of procedure (who decides on what and how, etc.) cannot be dealt with or modified separately.

In sharing these documents, the intention is to inform all members of how we consider WAPES should work under Belgian law, and the direction we intend to take during our time as Treasurer.

Sincerely,

A handwritten signature in blue ink, appearing to read 'R. Komáromi'.

Róbert Komáromi
WAPES Treasurer,

Director General of the Hungarian National Labour Office

LIST OF PARTICIPANTS IN THE WORKSHOP

When we first considered this Workshop, we designed it to have only three participants: the President, the Secretary and the Treasurer. Later, following an increase in our budget (as we mentioned earlier, the event was entirely financed by the Hungarian Public Employment Service), we also broadened the pool of participants we were able to invite.

Despite this, we remained unable to invite participants to ensure equal representation of WAPES geographically or at full Managing Board level. However, these were not our most important objectives; we wanted to achieve a mixed working group with members selected in a manner that ensured every area of expertise was represented in Budapest. We needed a senior (former) Vice-President with a long track record in the Association; we wanted to include the authors of the former Audit Report and to highlight their important professional contribution as well as those who will create the next such report; we also invited a current Vice-President and the representatives of the Secretariat, the Presidency and the Treasurer.



Without their contribution and dedicated involvement, the present document could not have been compiled.

THE EXPERTS INVITED

- Ms. Elisabet ARP Director of International Affairs
representing the President Arbetsförmedlingen
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- Ms. Adriana CUDINA Head of the International Relations' Division,
representing one of the Europe Region's Vice-Presidents
Croatian Employment Service
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- Mr. Eamonn DAVERN Head of the International Public Employment Services
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- Ms. Corine PEETERS Senior Policy Advisor, International Affairs,
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- Mr. Günter SCHAUENBERG WAPES expert, former Vice-President
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THE HOSTS IN HUNGARY

- Ms. Natali ECKRICH International Relations Assistant
- Mr. András KALMÁR Assistant to the Head of PES
- Mr. Róbert KOMÁROMI Treasurer, Director General
of the National Labour Office, Hungary
- Mr. Géza KOVÁCS Senior Expert, former Head of International Department
- Mr. László KÖVI Assistant to the Treasurer
- Mr. Sándor SZARVAS Senior Expert, WAPES founder
- Mrs. Nóra VARGA LENGYEL Expert, former Deputy Head of International
Department

CHAPTER I

SUMMARY REPORT ON THE RESULTS OF THE TREASURER'S WORKSHOP REGARDING THE POTENTIAL IMPROVEMENT OF THE FINANCIAL PROCEDURES OF THE WORLD ASSOCIATION OF PUBLIC EMPLOYMENT SERVICES

PREPARED BY
ALEXANDRA KÖVES
AND
ERIKA PAPP

EXECUTIVE SUMMARY

The Hungarian National Labour Office (NLO) was one of the very first members of WAPES (the World Association of Public Employment Services) to provide networking and knowledge-sharing opportunities for the public employment services of the 90 member states since its foundation in 1988/89. This voluntary organisation appoints its management from among its members and, in 2012, Hungary was appointed Treasurer for a term of three years. The role of Treasurer is primarily to handle membership fees and other contributions paid to WAPES for special events; prepare and monitor budgetary plans; participate in making payments; and report to the President, the Managing Board and the General Assembly. The Treasurer is also a member of the primary operative body of WAPES, the Executive Committee.

To fulfil the role of Treasurer at the highest possible level and share insights with those involved or who have been involved in the financial processes of WAPES, the NLO decided to organise from its own resources a Treasurer's Workshop. The two-day event was organised with the aim of discussing and clarifying specific financial management issues to support the transparency and consistency of WAPES under the new circumstances and enable participants to elaborate on a common understanding of certain topics. The Workshop was an opportunity to exchange ideas and find ways of improving operations.

The Workshop itself focused on three main topics. Firstly, discussions were initiated on general financial procedures such as making commitments for buying services; handling incoming applications from member states; ensuring harmony between the strategy of WAPES and the use of the budget. It also involved deliberations on monitoring the implementation of the budget and on how to offer greater transparency for member states. Secondly, the Workshop discussed the topic of membership fees and tried to find solutions to some issues that had arisen recently. The main question in this regard was whether it is possible to improve the method of calculating fees. Thirdly, the event planned to clarify the implementation of the newly introduced supporting tool of WAPES, namely the peer review process. A set of rules were needed for the Peer Review Fund (similar to that of the Cooperation Fund) to refine the use of this tool. These topics were discussed in plenary sessions as well as in smaller simultaneous sections. Although the focus was limited to these issues, the Workshop also raised a number of questions and suggestions that were outside its scope but nonetheless can contribute to the overall improvement of WAPES operations.

The NLO commissioned this current study to serve as a summary of the results of the Workshop. However, this summary is not intended to consist purely of the structured minutes of the Workshop, but is supposed to present in detail the recommendations regarding the relevant financial procedures based on the results of the Workshop. After framing the content with a general description of WAPES and a short overview of the Workshop's discussions, the study presents the revenue and expense side of WAPES and provides an overview of the proposed budget and the budgetary procedure. Financial management procedures are discussed at a later point. As a conclusion, all of the recommendations for the short and long term are summarised.

WAPES currently finances its activities mainly from member fees. Article 30 of the Statutes sets out the most important provisions regarding the calculation of membership fees, taking into account the GDP per capita level of the country; the staffing levels of the Public Employment Service in the given Member State; and the size of the country in terms of inhabitants. Fee levels range from EUR 500 to EUR 15 000. As membership fees are the main source of income, the obligation of contributing to the operation of the organisation is supported by regulating non-payment in the Statutes and in the internal financial regulations. However, as a voluntary organisation, the maximum sanction is limited to being excluded from WAPES. The principles of the calculation of membership fees caused debates in the last years, hence one of the main topics for discussion for the Workshop was to ascertain if there was any way to improve membership-fee-related regulations. However, the Workshop concluded that considerable thought had likely gone into devising the current system, and so only minor modifications were suggested. These include measures such as only raising categories one level at a time when the GDP of member states rises relatively quickly, or that associate members should only pay 50% of the membership fee. The fees to be paid should always be calculated before November to allow member states to include them in their budgets. There were also discussions on other sources of income, such as encouraging non-member states to participate in events for a set fee or to enable external organisations to download WAPES data, also for a fee. There was mutual agreement that in-kind contributions from member states should be acknowledged and publicised.

Regarding the expenses of WAPES, six so-called “cost categories” were identified. The Cooperation Fund has been operational for some time now and is intended to facilitate general bilateral and multilateral cooperation between member states via study visits, experts’ missions and small-scale training seminars. The Event Fund supports events such as regional workshops, and global events such as the world congress and the General Assembly meetings. The Peer Review Fund is relatively new to WAPES. As peer reviews have the potential to become a useful tool in the portfolio of knowledge sharing activities of WAPES, it is important to come up with some basic rules regarding implementation. For this reason, the topic of peer reviews was one of the three main themes of the Treasurer’s Workshop. The Workshop provided an operational definition for this tool and gathered elements that could constitute details of brief guidelines for members on when and how to apply for it. As agreed at the Workshop, applications to the Peer Review Fund should not differ from other funds; therefore, later in the study the application process for all funded activities was devised. The fourth cost category, the Participation Fund, was recommended at the Workshop. This Fund should be a financial tool that enables poorer members to participate in the events organised by WAPES. The category of Operational Costs covers all costs not related to stipends granted to members on the basis of applications and that relate to the operations of WAPES. This includes management- as well as communication-related costs. Workshop participants also suggested the introduction of a Contingency Fund that would serve *ad hoc*, non-foreseeable activities and act as a reserve for the budget. Introducing these cost categories in the budget would make planning and the identification of activities easier.

Regarding the budget structure and budgetary procedure, few changes were recommended. One of the main points raised at the Workshop was that the budget should reflect more accurately the aims and strategy of the organisation. To make that possible, the proposed changes are two-fold: one aiming to structure the budget in a different way, linking it more to the activities, and the other regarding the process of preparing and adopting the budget. The study proposes a budget structure and procedure that also accommodates the expressed wish to have greater involvement of the regional structures and Vice-Presidents in the planning process. The proposed process would start with member states sending their plans to Vice-Presidents who – following consultation with regional advisors and/or regional members – should forward their regions’ proposals to the Secretary. Members are requested to send in major applications before the budgetary process starts (a detailed timetable is also proposed in the study) and the Vice-Presidents would then have the opportunity to use these proposals from members as a basis for their regional budget proposals. The Executive Secretary cooperating with the Treasurer would aggregate regional proposals and the aggregated budget could then be sent to the Executive Committee for discussion. Any interregional aspects can also be discussed in the Executive Committee when all Vice-Presidents are present. The annual budget shall be approved by the Managing Board. This budget is the most detailed as it contains information on both the regions and the specific activities and cost types. The budget that should be approved by the General Assembly is only an extract from this budget, setting only the cornerstones. The study also recommends a set of standard cost types that are to be used for budget planning and accounting purposes. The discussions at the Workshop often pointed out the importance of flexibility regarding any new procedure and related to the budget itself. Flexibility can be achieved by incorporating a dedicated Contingency Fund into the budget and by defining flexible rules related to the modification of the budget. The study also suggests possible rules for modifying the budget.

Another aim of the Workshop was to identify the most important financial procedures. Based on the Workshop discussions, the study identified three basic procedures that are related to the financial commitments of WAPES. The first concerns decisions on financially supporting activities initiated by members: the application procedure. The second relates to procurements, while the third covers payments for the first two.

With regard to the application procedure, the starting point of any activity to be launched with WAPES funding is the preparation of a request by the Member State that includes all information necessary to approve such request. It was agreed at the Workshop that this request would take the form of an application form. The study provides a possible example of such application form. As this application is the basis of a financial decision and a commitment on the part of WAPES, it shall be formulated in a manner that it actually constitutes a type of contractual arrangement between the donor and the beneficiary, stipulating the rights and obligations of both parties. The decision-making process related to approval was also discussed at the Workshop and participants agreed on the fundamentals of the process. Thresholds were defined such that below EUR 1 000, the Executive Secretary alone can take the decision on funding; between EUR 1 000 and EUR 5 000, together with the Treasurer; and above EUR 5 000 with a so-called “no objection” vote of the Executive Committee. The evaluation of applications may take place over three stages: formal, financial and content evaluation.

Procurements at WAPES can take three forms: members procuring services or goods having received financial support from WAPES (e.g. providing catering at a workshop); the WAPES Secretariat procuring services or goods for members rather than transferring the funds directly (e.g. buying travel services for a member to participate in an event); or WAPES centrally procuring certain services or goods (e.g. the creation of a new website). In all three cases, procurement can start when an activity is approved. The procurement process depends on who is effectively realising the procurement. In the first case, procurement is made by the beneficiary from the funds approved for the activity in question, and every beneficiary shall adhere to the rules of procurement applicable in their own country. In the second and third cases, the Secretariat has to make a decision on the type of procedure to be followed (in the case of WAPES it is Belgian law that applies). The approval thresholds in the case of procurements are the same as those of applications.

In the present practice of WAPES, payments in reality actually mean advance payments, as WAPES finances activities up to the maximum approved amount and that amount is transferred to the member state in advance (with the exception of the Secretary making the procurement for the beneficiary). The proposal of the Workshop was that only 70% of the approved budget shall be paid out after the signing of the application form (serving also as a contract) as advance payment, and the remaining 30% after all documents (specified in the contracting terms of the application form) have been sent to the Secretariat by the beneficiary member and approved by verifying their validity. In practice, this means that beneficiaries have to pay 30% of the costs incurred, but this amount will be reimbursed to them following approval of the supporting documents sent for verification. However, at the same time, WAPES has some leverage on receiving proper documentation. There should be a verification of payments that effectively monitors the activities of WAPES by substantially checking the report submitted by the beneficiary following implementation. Verification in financial terms means that all expenses are checked to ensure they are in line with the budget of the activity in the application process and the necessary invoices and supporting documents providing verification are attached (scanned copies would be adequate). Verification in substantial terms means that the activity is evaluated to ensure it was implemented in line with the plans outlined in the application form, and the envisaged outputs and results were achieved. The latter should occur with the involvement of the Vice-Presidents.

As the organisation has committed itself to making its operations more transparent and formally more regulated (partly because of the new organisational form of WAPES), it must be ensured that the new regulations also contain instructions or provide sanctions on non-fulfilment of obligations. Such sanctions are to be applied when members do not implement an activity as foreseen or fail to comply with reporting obligations (including obligations concerning financial documentation). The proposed sanction is that on failing to deliver as agreed and approved in the application form, the entire amount or the non-eligible part of the advance payment shall be repaid to WAPES by the beneficiary member.

In addition to focusing on strictly financial procedures, the Workshop has identified a few other recommendations that can be valuable to the operation of WAPES. Such recommendations concern, for example, changing the triple representation rule that currently exists

in the Statutes to simplify procedures or introducing “no objection voting” in the Executive Committee. (The latter means that the Executive Committee can be consulted on issues on a more frequent basis in writing. The absence of response to the clearly formulated proposals submitted by the Executive Secretary means that they are in agreement with the proposal.) Other general proposals included making greater use of Working Groups or using positive publicity as a tool to encourage members to contribute more to the aims of WAPES and using negative publicity as a tool to discourage members from non-payment or the misuse of funds.

The Treasurer’s Workshop was considered useful by the participants and they have expressed their wish to see more events of this nature in the future.

1. INTRODUCTION

The NLO was one of the very first members of WAPES to provide networking and knowledge-sharing opportunities for the Public Employment Services of the 90 member states since its foundation in 1988/89. This voluntary organisation appoints its management from among its members and Hungary has taken up a number of management roles in the operations of the organisation from the very beginning. It fulfilled the position of European Vice-President between 1990 and 1994; internal auditor between 1994 and 1996; member of the Managing Board during the last six years and the election in Seoul in June 2012 resulted in the appointment of Hungary as Treasurer for a term of three years. This implies that the Director General of the NLO acts as Treasurer, assisted by employees of the NLO.

The role of the Treasurer is primarily to handle membership fees and other contributions paid to WAPES for special events; prepare and monitor budgetary plans; participate in making payments; and report to the President, the Managing Board and the General Assembly. The Treasurer is also a member of the primary operative body of WAPES, the Executive Committee.

In 2012, the legal status of WAPES as a voluntary association changed to an international non-profit organisation (WAPES AISBL – Associations Internationales Sans But Lucratif) with headquarters in Brussels, operating under Belgian law. This meant that the financial and management procedures changed and a sophisticated book-keeping system was also introduced. Although accounting and operations had been transparent and consistent before the establishment of this AISBL, this modification provides further requirements and opportunities to improve financial management.

To fulfil the role of Treasurer at the highest possible level and share insights with those involved or who have been involved in the financial processes of WAPES, the NLO decided to organise from its own resources a Treasurer's Workshop. The two-day event was organised with the aim of discussing and clarifying specific financial management issues to support the transparency and consistency of WAPES under the new circumstances and enable participants to elaborate on a common understanding of certain topics. The Workshop was an opportunity to exchange ideas and find ways of improving operations. Hence, it was a forum for deliberations and under no circumstances could it be regarded as a forum where decisions were made. The discussions, results and recommendations reflected the views of the participating experts, who have had a great deal of past experience with WAPES. Any follow-up action would have to go through the normal decision-making procedures of WAPES.

The Workshop itself focused on three main topics. Firstly, discussions were initiated on general financial procedures, such as making commitments for buying services; handling incoming applications from member states; and ensuring harmony between the strategy of WAPES and the use of the budget. It also involved deliberations on monitoring the implementation of the budget and how to offer greater transparency for members. Secondly, the Workshop discussed the topic of membership fees and tried to find solutions to some issues that had arisen recently. The main question in this regard was whether it

is possible to improve the method of calculating fees. Thirdly, the event planned to clarify the implementation of the newly introduced supporting tool of WAPES, namely the peer review process. A set of rules were needed for the Peer Review Fund (similar to that of the Cooperation Fund) to refine the use of this tool. These topics were discussed in plenary sessions as well as in smaller simultaneous sections. Although the focus was limited to these issues, the Workshop also raised a number of questions and suggestions that were outside its scope but nonetheless can contribute to the overall improvement of WAPES operations.

In preparation for this Workshop, the NLO had commissioned a study that analysed the operations of four international non-profit organisations (AISBL) similar to WAPES to attempt to ascertain if there were any procedures that may provide best practice guidelines for WAPES. The model analysis focused on the existing structure and functioning of similar organisations. The study also examined the tasks and powers of the different bodies and management positions in WAPES and analysed from a legal perspective the internal regulations of WAPES. The final comparative analysis placed the findings of the model analysis and the findings of the WAPES analysis side by side to highlight differences. The study also prepared specific recommendations based on the analysis. These findings and recommendations were also presented at the Workshop.¹

The NLO also commissioned the current study that serves as a summary of the results of the Workshop. However, this summary was not intended to consist purely of the structured minutes of the Workshop, but rather to present in detail the recommendations regarding the relevant financial procedures based on the results of the Workshop. The authors were given the freedom to elaborate on issues raised during the Workshop and recommend solutions if necessary. Hence, this study will rely strongly on the suggestions of the Workshop and will present financial procedures as a whole, filling possible gaps where and when necessary. In this manner, an overview is provided of the financial operations of WAPES, with a specific focus on the three main topics of the Workshop described above.

The Workshop emphasised certain perspectives that should apply to any procedure in WAPES, and the authors of this study wish to adhere to these requirements. In many cases, rules and procedures tend to limit flexibility. There is certainly a trade-off between clear and consistent operational rules that apply equally in all cases and an “anything goes” flexibility that can cover all conditions. As an organisation that is maintained and financed by voluntary members, WAPES must strike a fine balance between being accountable for all of the spending of membership fees on the one hand, and providing easy and flexible access to services and funds of the organisation without being overly bureaucratic. Hence, both the Workshop and this study aim to strike such balance between firm management and red-tape. One of the main tools for this is the laying down of transparent rules for flexibility itself. Another important perspective is to bear in mind that WAPES is an organisation that supports the primary roles of public employment services and therefore cannot expect to be a constant priority among its members. Hence, procedures for cooperation must

¹ For more on this study, see GELLÉR, B.J., 2013, *A fact-finding analysis on the role (rights and obligations) of the Treasurer in INPAs – lessons and suggestions for WAPES*, Budapest: National Labour Office, Hungary.

be kept simple and save administrative resources where possible. Full transparency also entails, however, that it is clear how decisions are made regarding funding of the activities of member states and that these decisions ensure equal opportunities for all. Moreover, it means that once funds have been transferred to member states supporting certain activities, it is in the interest of all member states to receive substantial feedback on the results of those activities.

After framing the content with a general description of WAPES and a short overview of the Workshop's discussions, the study will present the revenue and expense side of WAPES and provide an overview of the budget and budgetary procedure. Financial management procedures will be discussed later in the study. By way of conclusion, all recommendations for the short and long term will be summarised.

2. GENERAL OVERVIEW OF WAPES

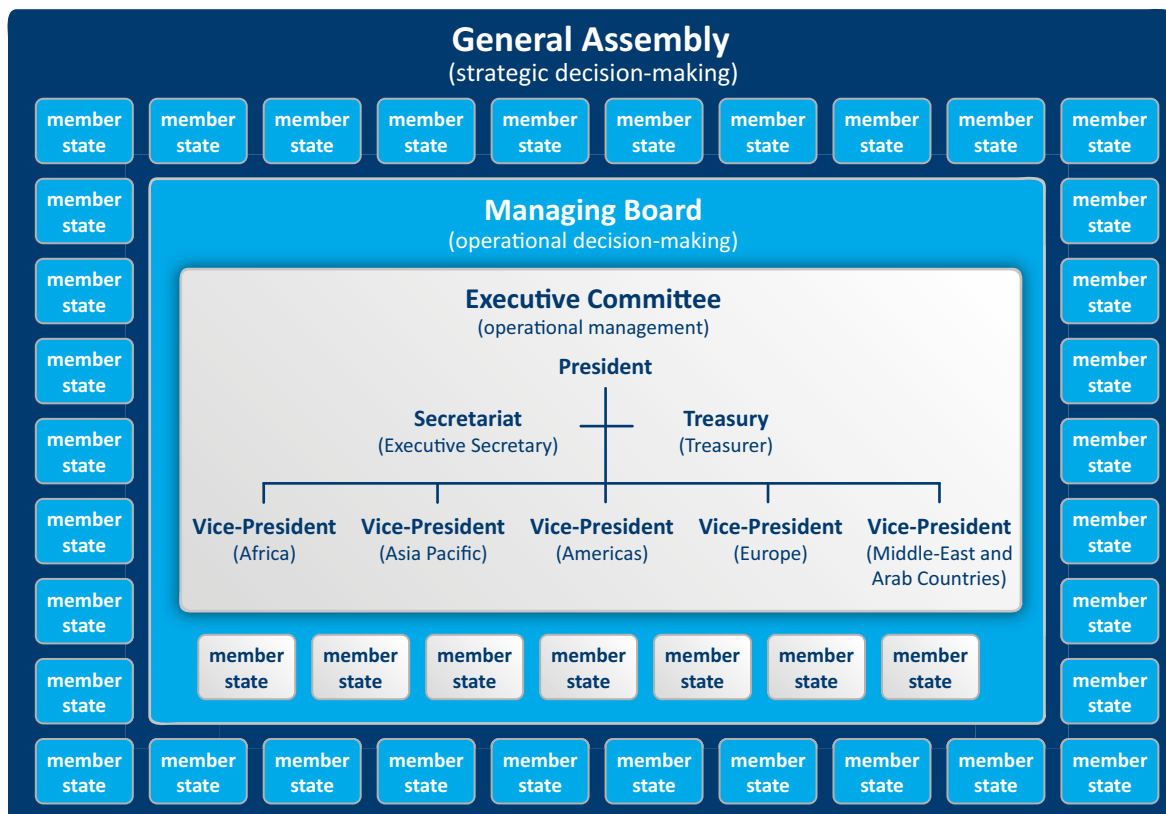
To put the following discussions in context, this chapter provides a brief, general overview of the tasks and structure of WAPES.

As the world-wide association of national public or governmental bodies responsible for activities related to employment management or implementation of labour market policies, WAPES supports knowledge-sharing and capacity-building regarding such policies to enable its members to better deal with employment challenges.

The 2012-2015 WAPES strategy summarises these objectives in the following manner:

“WAPES makes a difference in the rapidly changing world of employment. It aims to be the world reference for public employment services and a global network for benchmarking, meetings and workshops for them. WAPES is based on the values of its members. Those are non-for-profit orientation, transparency, equal opportunities, high quality in service delivery, accessibility, and service-orientation...The vision for WAPES is that it is the only global network for decision-makers in the field of public employment service. Its high rate of participation and its well thought-out management structure allow a significant impact of decisions taken in this network. WAPES adds value in the fields of employment, migration and education by benchmarking within and between world regions and by transferring resources from more developed members to less developed ones.”

The chart below presents the structure of WAPES:



The highest decision-making body that includes all members is the **General Assembly**. Among other things, the General Assembly is responsible for approving and amending Statutes, electing the President, electing members to the Managing Board, electing Auditors, and approving general plans for future activities, the management reports and the accounts. In accordance with Article 12 of the Statutes, the General Assembly meets annually in May or June.

The **Managing Board** takes operational decisions. The Managing Board consists of the main executive office-holders and 16 members elected by the General Assembly for a three-year period. Among other things, the Managing Board is responsible for ensuring effective administration of the association and for carrying out the decisions made by the General Assembly. It proposes the general activity plans and reports on past activities, approves the annual budget, and determines internal operational rules. The Managing Board meets at least once annually. If members of the Managing Board are unable to meet, voting may be organised by post, fax or email.

The **Executive Committee** is appointed by the Managing Board and oversees the activities of WAPES between Managing Board meetings. It comprises the President, the Vice-Presidents, the Executive Secretary and the Treasurer. The **President** is the head of the WAPES operational structure and is responsible for proposing and initiating strategies for the development of the organisation and for ensuring an effective administration at the WAPES Secretariat. The five **Vice-Presidents** represent each of the WAPES regions: Africa, America, Asia & the Pacific, Europe, and the Middle East & Arabic Countries. The Vice-Presidents propose annual activity programmes for the regions they represent and plan the implementation of these programmes. There is an ongoing effort to further reinforce the role of the Vice-Presidents in order to increase regional cooperation. The Executive Secretariat headed by the **Executive Secretary** is based in Brussels, Belgium, and its role is to support the President and the Vice-Presidents and act as the main coordinating body within WAPES. The work of the Executive Secretary is supported by Regional Advisors. The **Treasurer's** main role is to oversee financial operations in managing both incoming contributions and expenses as well as preparing and monitoring the budget. All officers in the WAPES structure are elected for a period of three years.

Auditors are also elected by the General Assembly for a term of three years. Although each auditor represents one member of WAPES, they are not part of the operational decision-making structure. They must not be members of the Managing Board, and are only responsible to the General Assembly, to whom they report on their findings regarding the operations of the organisation.

3. SHORT OVERVIEW OF WORKSHOP DISCUSSIONS

In this chapter we provide a short summary of the Workshop discussions; the main proposals, recommendations and important points will be given separately later in this study. The two-day event discussed and attempted to clarify specific financial management issues that would further support the transparency and consistency of WAPES under the new circumstances and enable participants to elaborate a common understanding of certain topics.

The Workshop's programme on the first day – following the Treasurer's opening welcome address – started with the hosting organisation's presentation on the goals of the Workshop, referring also to the findings of the latest audit report. Later, the organisation's former Treasurer gave a short presentation on her experience and the practices they applied during their work and the problems they faced. She also highlighted the need for discussion and stressed the relevancy of the issues raised by the current Treasurer. The representative of the current President expressed her support for the idea of the Workshop and also proposed that the results of the audit report should be built upon. Regarding the budget, the need was stressed to create a closer link between the organisation's strategy and the regional activity plans and budget as well as to be able to follow the results of these activities. The presentation of the former Treasurer was followed by the presentation of the Secretariat on the new financial management system; this has a more advanced accounting and cost-monitoring structure. The Executive Secretary also reflected on the former Treasurer's presentation and summarised her experience with regard to the financial operations of past years, confirming the validity of discussing the finances of the organisation (collection of fees and the difficulties they face regarding financial operations). She also talked about the positive developments of the last years, such as the high level of reserves that the organisation has accumulated; the foundation of WAPES as a significant step forward; and she also mentioned the administrative steps and efforts related to the foundation of the registered non-profit organisation. There were several comments formulating proposals to support the Secretariat's work and that the forms of such support should be elaborated. The role of the Vice-Presidents and regional advisors was discussed and it was proposed that the "job description" of regional advisors could be made clearer.

The final presentation of the morning session was the presentation on the results and findings of the comparative analysis of organisations with structures similar to that of WAPES in international practice. (We do not summarize here the presentation as the study itself is available.) The participants found the presentation useful and a discussion began on the main, brief proposals formulated in the presentation (e.g. General Assembly's role to approve the budget; the role of the Executive Secretary and the Treasurer; division of tasks between them and the chain of fiscal responsibilities). One important finding was that, according to the regulations, triple representation is needed for certain actions, and the common agreement was to adjust it to a more flexible practice. The role of the Managing Board, the Secretariat and the Executive Committee was briefly discussed, and it was agreed that clear regulations should be created and that they should also comply with the current legislation. The proposals mentioned in the presentation for a supervisory body, to look at the execution of the budget to ascertain if money was being spent in accordance

with the aims and purposes, was discussed. It was agreed that an external auditor should be appointed in the future; the importance of having an additional pair of eyes as well as the internal auditors was accepted and agreed upon, but the financing and the form of this has yet to be decided.

The issue of the budget in a broader sense was discussed, and in addition to confirming the need to always adopt the budget in a timely manner, it was suggested that a procedure related to budget modification should also be created. It was mentioned that priorities could be defined regarding the budget and that planning could be more focused in this respect. Another important point was activities financed from the budget, namely the issue of what the benefit of the activities are for all members. During discussions on the budget, the question of membership fees and related problems also arose, but this discussion continued in the afternoon session in a separate working group. Participants also started discussing the proposal regarding the chain of fiscal responsibilities, and there were some questions raised on the terms used in the presentation and the proposal and participants agreed that this topic will also need to be discussed in a later working group. However, a point was raised related to the importance of how the benefits of activities financed by WAPES could be measured, how members profit from and use the knowledge gained from these activities and how it could be turned into knowledge for others. The practice of the peer review was mentioned as a best practice where a tool-kit is created and published following the peer review, making the activity useful for all others. Although currently there is an evaluation form for each activity, it is rarely returned to the Secretariat. The proposal was formulated that more careful and detailed planning is needed and the preliminary activity plans should contain information on how the results of the activity will be beneficial. Moreover, following implementation, an evaluation report should also be prepared. This would assist feedback and improve knowledge exchange. Sanctions may also be applied if there is no feedback from beneficiaries.

In the afternoon session of the first day, the work continued in three separate working groups where certain issues were discussed in greater depth and an attempt was made to formulate proposals, draft operating algorithms and process descriptions for key WAPES procedures. The division of topics of these working groups was:

- Workshop I – the procedure and documentation of making commitments for buying services while ensuring harmony between the plan, the budget, the invoices and the results; the issue of monitoring of spending and offering full transparency for members;
- Workshop II – new and more sophisticated method for calculating fees of member states, introducing new indicators on the basis of which fees are set; and
- Workshop III – procedure for carrying out projects financed from the Peer Review Fund (creation of a peer review manual or set of rules similar to that which currently exists for Cooperation Fund projects).

The second day's programme began with a summary of these three separate working group discussions from the previous day. The first group dealt with budgetary and financial-procedure-related issues and formulated the following proposals:

Proposal #1 – Budget planning

The current budget structure listing the different budget lines (activity types) is good and sufficient for the General Assembly and no changes are necessary. However, the Managing Board should be given a more detailed table, with cost types/headings (staff costs, services costs, travel costs, etc.) for each budget line. For the sake of flexibility, a transfer of no more than 10% between headings and cost categories should be allowed without prior permission. The limit of the use of reserves should be set at 25% of the average annual revenue on the basis of the past three years' average revenues.

Deficit control: the difference between the planned budget and the sum of the annual revenues plus the useable savings should not be more than 20%.

Proposal #2 – Application procedure

The Executive Secretary should develop an application form or template to be used by applicants for the different activities that can also be regarded as a type of contract under Belgian law, including the responsibilities of the beneficiary (e.g. gathering and sending invoices to the Secretariat, obligation of reporting on the activity, etc.) The final reports after implementation should be published in one of the official languages of WAPES. The application forms should first be evaluated by the Executive Secretary and then sent to the Treasurer for comments, before being sent to the Vice-President who approves the substantive content. It is then sent to the Executive Committee that decides whether the activity should be financed or not. This procedure should be different for the following thresholds:

- under EUR 1 000 this rule does not apply; the Executive Secretary decides on the application;
- between EUR 1 000 and 5 000; the Executive Secretary and the Treasurer co-decide;

Timing: Every actor has 30 days to deal with the issue. Consequently, three months will be the normal length of this procedure.

Sanctions: If the beneficiary member does not meet the requirements laid down in the application form (contract), it should repay the grant.

Proposal #3 – Audit

The involvement of an external auditor is necessary in this process. The external auditor should begin with an overall audit regarding finances.

Discussions started on the proposals and participants agreed that it would be better to discuss the proposals of each working group and to formulate joint proposals instantly. The first point concerning the proposal was on the sanctions. All participants agreed that in theory the idea is good, but the details should be refined. An agreement was later reached that 70% should be the advance payment after the application form and the activity are approved, and then 30% can be paid (reimbursed) after all requirements are fulfilled and

documents justifying the expenses are sent to the Secretariat. There was also a lengthy discussion on the application process. The idea that a request should be put forward that is realistic and justified, and that would serve as a contract – making the applicants think about their proposal regarding the costs and benefits – was appealing to all participants. The main concern raised was on obtaining the Executive Committee’s approval as it does not often meet. It was, however, agreed that the Executive Committee could give its approval in writing and, in the event no feedback is received from a member within a given period of time, the approval shall be deemed given. Procurement issues were also touched upon and it was stated that procurement rules adopted by the organisation shall only apply to procurements initiated by the organisation (in other cases the rules and regulations of the member state should apply). In these cases, Belgian law may also apply due to the organisation’s new status. Procurement issues are the responsibility of the Secretariat.

The joint proposals on the topics discussed in Workshop I were as follows:

- Further categories should be introduced in budget planning, budget templates will be sent out to the regions, aggregated by the Vice-Presidents, and sent to the Secretariat and the Treasurer. The budget approved by the General Assembly shall remain the same, the detailed budget will be approved by the Managing Board.
- 10% rule of reallocation between cost categories should be allowed without prior permission (gives flexibility).
- Deficit control and a limit on the use of reserves shall be introduced.
- Application form and process: An application form should be created and published on the website. The form shall be sent to the Executive Secretary first for a formal check, then to the Treasurer for financial evaluation, then to the Vice-President for content assessment and finally to the Executive Committee for approval.
- The involvement of an external auditor is necessary.

The next summary was presented by the working group examining the issue of membership fees. The first conclusion was that the current structure of calculating membership fees is good, and the basic structure should remain the same. The working group put forward the following proposals:

- | | |
|--------------------|--|
| <i>Proposal #1</i> | In the event countries experienced a large increase in GDP within a short period of time (e.g. Argentina and Morocco) and they would have to go up two levels of membership fee, the increase should be only one level at a time (per year). |
| <i>Proposal #2</i> | The proposed fee for associated members is 50% of a full membership fee. |
| <i>Proposal #3</i> | Fees should be calculated in November to allow for proper budgetary calculation, and all information on membership fees (calculation, etc.) should be published on the website. |

- Proposal #4* Question of revenues – member states should not pay for services, but WAPES has a very good selling point – relevant international data on the Public Employment Services (perhaps the only source). Increasing numbers of academics are looking at the subject of Public Employment Services and information is currently free. A proposal is to introduce a code enabling members to download information for free, and external parties (research institutions, non-members) could pay a fee for information, thereby raising additional funds for the organisation.
- Proposal #5* The establishment of a Participation Fund was proposed that would enable individuals to attend inter-regional events.
- Proposal #6* There should be a rule regarding “inactive members” and their debts – debts could be repaid retrospectively.

The discussion of the proposals focused mainly on the calculation of fees and how data is collected on Public Employment Service staff numbers. An additional proposal emerged regarding in-kind contributions and other forms of contributing to the operation of the organisation. Finally, the following joint proposals were formulated:

- The current system of calculating fees should remain largely unchanged.
- If a country’s GDP increases then it should go up one fee level per year; if a country’s GDP diminishes there should be an adjustment at the end of the year.
- Associate membership fees should be 50% of the membership fees of full members.
- A system can be introduced whereby products can be accessed for a charge (members can download information for free) by non-members and where non-members can be charged for attending events.
- Preparation work for the new annual membership fee should be completed around November so that members’ budgets can be set accordingly.
- For re-admitting countries, there should be a statute of limitation whereby debts could be written off beyond a certain period – to be agreed after further discussion.
- Contributions in kind should be recognized.
- Website: fees paid by members and the methodology of calculating the fees should be published.
- Countries in Categories 1, 2 and 3 can sometimes receive assistance to attend events – a Participation Fund should be established. It would be at the Secretariat’s discretion to decide on its use and would not be referred to the Vice-President or the Treasurer.

The programme continued with a summary and discussion of the proposals of Working Group III, reviewing the operation of the peer review. The working group formulated the following proposals on peer review activities:

- Proposal #1* Definition of peer review should be created and published. The suggested definition: A knowledge-sharing activity with concentrated focus on a specific topic with the participation of not more than six countries –

with one host country exchanging experience with others and actively sharing their input between meetings – lasting not less than four months. Guidelines should be elaborated for the peer review process.

Proposal #2 The expected result should be a toolkit for that specific topic, useful for and applicable to many countries. A final report must also be prepared. Both are to be published on the official website.

Proposal #3 The global budget for peer reviews: maximum two peer reviews per year (until more funds are available at a later date) –, one per region, with the proviso that the same region cannot apply the next year (it can be planned in the annual strategic plan but it can also occur on an *ad hoc* basis).

Proposal #4 There shall be an application process for organising peer reviews (detailing the topic, schedule, participants, guidelines for organising, and the budget). If several Public Employment Services in a region would like to initiate a peer review, the Vice-President will decide what to bring to the activity plan and this decision will be approved later by the Managing Board. If several regions request a peer review, the Managing Board will decide, bearing in mind budget and workload constraints.

Proposal #5 Budget for peer reviews: there is EUR 25 000 available for peer reviews in the budget for the current year. It is considered better to give priority to good content; therefore, the same amount of money should be allocated to a peer review as for a workshop (EUR 12 500). Depending on the concept, it might also include travel costs for poorer countries, but the rule is that travel costs should be covered by the participating countries.

The proposals were then discussed. The debate focused mainly on the budget and procedure to be applied to peer reviews. It was noted that the proposed budget is not sufficient for the organisation of a peer review and co-financing might be necessary. It was agreed that the Peer Review Fund can support any type of costs that occur during the project, but the host organisation decides what the budget should cover and what the contribution of participating members should be. Comments also suggested that the application process for peer reviews should be harmonised with the application process agreed upon earlier for other activities. The joint proposals on peer reviews were:

- Peer review is a valuable instrument and we have to find ways to strengthen it; we also need procedures and guidelines to handle it.
- Regions must be encouraged to foresee the use of peer review in the activity plan rather than preparing *ad hoc* requests.
- The Secretariat will describe what a peer review is and inform the Vice-Presidents so that they can take this into account when preparing their activity plans.
- Quality should be given priority over quantity. It is more important for WAPES to have one substantive peer review than to have many peer reviews.

- The Vice-President has a strong role as the individual raising the matter in the activity plan or as a partner in consultation if the idea is raised *ad hoc*.
- The Secretariat has a procedural responsibility to check all the facts in combination with the content check of the Vice-President.
- An application form, guidelines and reporting template need to be created.
- WAPES must be firm in insisting on achieving the expected results.

Participants also agreed on joint proposals as a conclusion to discussions from the first day. These are:

- A Contingency Fund should be established for the financing of unforeseen events.
- The use of working groups should be encouraged.
- Member states should bilaterally agree with WAPES on how they can contribute more to the operations of WAPES.
- Regional advisors' job descriptions, the powers of the Executive Committee and the role of the Secretariat should be clarified.
- The issue of triple representation could be addressed at the next World Congress.

As a closing act, all participants were invited to share their impressions on the Workshop. The overall view was that the Workshop was a useful event, and participants would like to see more events of this nature.

4. THE INCOME OF WAPES: MEMBERSHIP FEES

WAPES currently finances its activities mainly from member fees. Article 30 of the Statutes sets out the most important provisions regarding the calculation of membership fees:

Full members shall pay a membership fee determined by the Managing Board. The amount of the membership fees shall be determined on the basis of the following criteria:

- 1. the Gross Domestic Product (GDP) per capita of the country of the member organisation;*
- 2. the size of the organisation on the basis of the number of its full-time employees;*
- 3. the number of inhabitants of the country of the member organisation.*

The amount of the membership fee must be set for the following six classes:

- Class 1: GDP per capita less than 2 000 dollars*
- Class 2: GDP per capita between 2 000 and 4 999 dollars*
- Class 3: GDP per capita between 5 000 and 7 999 dollars*
- Class 4: GDP per capita between 8 000 and 14 999 dollars*
- Class 5: GDP per capita equal to or higher than 15 000 dollars
(population of less than 30 million inhabitants)*
- Class 6: GDP per capita equal to or higher than 15 000 dollars
(population of more than 30 million inhabitants)*

Member organisations shall be reclassified, whether in an immediately lower or higher class, in the following cases:

- Member organisations having between 100 and 400 employees in the Public Employment Service move into the immediately lower class.*
- Member organisations having less than 100 employees in the Public Employment Service move down two classes.*
- Member organisations having more than 10 000 employees in the Public Employment Service move into the immediately higher class.*
- Member organisations of countries having less than 4 million inhabitants move into the immediately lower class.*
- Member organisations of countries having more than 100 million inhabitants move into the immediately higher class.*

In a federal state, the number of civil servants includes the total number of full-time employees in the federation's various states. In a member country where the Public Employment Service is regionalised, the number of employees includes the total of full-time employees in all the various regions.

The current membership fee levels are (in EUR):

| | |
|-------------|--------|
| Fee Level 1 | 500 |
| Fee Level 2 | 1 000 |
| Fee Level 3 | 3 000 |
| Fee Level 4 | 5 500 |
| Fee Level 5 | 8 000 |
| Fee Level 6 | 15 000 |

As membership fees are the main source of income, the obligation to contribute to the operation of the organisation is supported by regulating non-payment in the Statutes and in the internal financial regulations:

*ARTICLE 31 – PENALTIES FOR THE NON-PAYMENT OF MEMBERSHIP FEES*³

If a full member has not paid its membership fees during a three year period, its exclusion may be pronounced by the General Assembly.

*ARTICLE 02 – EXCLUSION OF AND RESIGNATION BY MEMBERS
(ARTICLE 8 OF THE STATUTES)*⁴

- a) Any member may resign by registered letter addressed to the WAPES President. This resignation will take effect upon receipt of this letter.*
- b) The Treasurer will request that any member owing WAPES membership fees for three years, three months prior to the end of the year for which the third membership fee is due, pay the outstanding amount within a maximum of two months. Failing this, the membership will be suspended. This suspension will be notified by the WAPES President to the member by registered letter. In accordance with article 8 of the Statutes, the General Assembly may then exclude the member.*

*ARTICLE 03 – RE-ADMISSION PROCEDURE
AND THE END OF THE PERIOD OF SUSPENSION*

- a) Any member having resigned from its membership according to the conditions of paragraph 8.1 of the Statutes and which requests to join the association again must justify its request. Membership will be subject to the general admission procedure.*
- b) No request to end the period of suspension will be considered if the member has not paid one third of all amounts still owed to WAPES.*

The principles of the calculation of membership fees have caused some debate and the Treasurer and the Executive Secretary have received comments in the past from member states. Therefore, one of the main topics of discussion for the Workshop was if there was any way to improve membership-fee-related regulations.

³ WAPES Statutes, 2012.

⁴ WAPES INPA 2013, *International Not-for-Profit Association; Proposed Internal and Financial Regulations*.

The organisers sent out several questions concerning this topic to participants in advance to help to focus discussions. These were:

- Can we or shall we check the number of staff within the given Public Employment Service as a basis for calculation? Do we put these data on the portal making use of the “public eye” control?
- Can we generate revenues by selling our products (offering downloadable materials for a charge) instead of a possible fee increase?
- There are countries or organisations that regard themselves as poor regardless of the level of GDP (for example, lack of funding of a given Public Employment Service). Is GDP the only indicator measuring capacity to pay?

RELEVANT ISSUES RAISED AND PROPOSED BY THE WORKSHOP

- Current system of calculating fees should remain largely unchanged.
- If a country’s GDP increases then it should go up one fee level per year; if a country’s GDP diminishes there should be an adjustment at the end of the year.
- Associate membership fees should be 50% of the membership fees of full members.
- A system can be introduced whereby products can be accessed for a charge (members can download information for free) by non-members and where non-members can be charged for attending events.
- Preparation work for the new annual membership fee should be completed around November so that members’ budgets can be set accordingly.
- For re-admitting countries, there should be a statute of limitation whereby debts could be written off beyond a certain period – to be agreed after further discussion.
- Contributions in kind should be recognized.
- Website: fees paid by members and the methodology of calculating the fees should be published.
- Countries in categories 1, 2 and 3 can sometimes receive assistance to attend events – a Participation Fund should be established. It would be at the Secretariat’s discretion to decide on its use and would not be referred to the Vice-President or the Treasurer.

The aim was to discuss if any adjustment is necessary for the calculation of membership fees to make them fairer.

There were no major modifications proposed for the calculation of member fees; however, it was proposed that parts of the regulations need refining. The issue of rules relating to non-payments was also discussed. It was agreed that some provisions should be made to allow member countries that are behind with their fees to repay their debts within an agreed time frame and parts of the debt might even be written off. The regulations should also contain some sanctions regarding non-payment. Based on the deliberations, we propose that the financial regulations – in addition to the above proposals – should be amended by the rules regarding non-payment:

- Countries in arrears should be notified of the amount of membership fees due.
- If the member state has debts exceeding one year, a formal decision should be made on the member state not being entitled to receive any financing from WAPES funds.
- If the member state has debts exceeding three years, a decision on renouncement should be made by the General Assembly.
- A country wishing to repay its debts could pay in three equal instalments over a three-year period.

While the focus was earlier on membership fees as the main source of income, the evolution of the organisation called for the search for other sources of income. Article 27 of the Statutes refers to other, current sources of income:

WAPES is a financially self-sufficient organisation. It is financed by the membership fees of member institutions, income from its publications and technical services, grants, donations and legacies, interest on bank accounts, if applicable, and any subsidies that it may receive.⁵

During the Workshop, the point was made that there were earlier efforts and initiatives to find alternative methods of funding the organisation. The three major sources of possible additional income identified and proposed are:

a) Income from products and events of the organisation

There was agreement on the proposal that – as the organisation has valuable expertise – the results of the different operations could be published on the new website and these materials could be made available to non-members only against a certain fee. This principle can also be applied to events organised by WAPES where non-members could also attend by paying a fee. The detailed regulations are to be elaborated.

b) Members' contributions beyond their membership fees

The organisation of the Treasurer's Workshop – which was not financed from WAPES funds – provided a good example of how member states could contribute to the organisation's goals. This inspired participants to discuss what forms of contribution member states could provide, and how these contributions could be formally acknowledged. There was mutual agreement that the organisation of such events or other forms of in-kind contributions should be somehow acknowledged. Volunteering as another type of contribution should also be acknowledged, particularly regarding the administrative operation of the organisation (e.g. supporting the Secretariat's work), but other forms of volunteer action can also be taken into account. Another form of member states' contribution is when a richer country finances certain activities from its own resources (in the form of co-financing certain professional activities partially or entirely). It must be noted here that this already often occurs, but these instances are not published or acknowledged in any form.

⁵ WAPES Statutes, 2012.

To encourage such volunteer undertakings, in the long term it may be advisable to have simple bilateral agreements between WAPES and members to ascertain the voluntary roles a member state is willing to accept and to publish these agreements. (It is also possible that in the long-run, waiving the debts of non-payers could be conditional upon the member state taking up additional voluntary tasks.) Voluntary and in-kind contributions help WAPES to assess the cost benefit ratio of countries. This system would also help to keep costs at bay as voluntary and in-kind contributions could also reduce overall costs if and when necessary. They can also support an overloaded Secretariat in performing certain administrative tasks.

These proposals do not only provide additional funds for the organisation to broaden its activities, but can also provide a valid answer to the comments regarding the benefits of being a member of WAPES.

5. GENERAL COST CATEGORIES OF WAPES

WAPES also provides financial support for different types of cooperation and knowledge-sharing activities. Over the years, the terminology for these financial support schemes has been developing, and although it is clear that those involved in day-to-day operations have a common cognitive understanding of what may constitute which Fund, it is perhaps advisable to define and standardise these concepts. These definitions and the sets of basic rules regarding them can help to provide an overall framework for the operations, the application processes and also for budgetary planning. Based on discussions during the Workshop and the overview of the available documentation, this study proposes the following six cost categories for WAPES:

1. Cooperation Fund
2. Event Fund
3. Peer Review Fund
4. Participation Fund
5. Operational Costs
6. Contingency Fund

5.1. COOPERATION FUND

The Cooperation Fund has been operational for some time and already has guidelines and a set of rules established. This Fund is intended to facilitate general bilateral and multilateral cooperation between members through study visits, experts' missions and small-scale training seminars. According to the 2009 to 2012 audit report, this Fund has proven to be a very valuable tool in supporting exchange and technical assistance between WAPES members.

5.2. EVENT FUND

WAPES supports a number of larger-scale events to bring members together. This Fund supports all such events, including the following:

Regional Workshops

Each year, with the support of the Executive Secretariat, a number of members come together to organise Regional Workshops. In some years, there is only one workshop per region, while in others there are two workshops. These events provide opportunities for Public Employment Services to exchange experience and ideas with their international partners on specific labour-market-related issues. WAPES currently contributes a maximum of EUR 12 500 towards the organisation of workshops that cannot cover more than 50% of the overall cost of the event. The remainder is financed either by the hosting member or by the participants (e.g. by covering their own travel and/or accommodation expenses). Currently, the maximum amount of EUR 12 500 is transferred to the hosting member in advance as soon as the Managing Board approves the workshop. Once the event has been organised,

the host country is expected to send the Executive Secretariat the final costs together with scanned copies of the relevant invoices. If the share of WAPES is less than EUR 12 500, the member must reimburse the difference.

(Despite the regional focus of these workshops, members from other regions are welcome to participate. However, this is not covered by the EUR 12 500 but from other budget lines. The proposal is to cover these costs by the Participation Fund. See below for more detail.)

Global events

Apart from the regional activities, WAPES also organises events at a global level. The biggest event of this kind is the WAPES World Congress (WWC) organised every three years to provide a forum for all members, other non-member Public Employment Services as well as organizations and persons closely involved with PES-related issues. These congresses generally cover topics that are pressing at the time and concern PES offices worldwide, providing an opportunity to share ideas and network at a global level. (The congress is generally organised in parallel with the General Assembly.)

General Assembly meetings

Article 12 of the Statutes prescribes that the General Assembly should meet on an annual basis. However, in practice the General Assembly meets every three years at the WAPES World Congress, and unless the Managing Board deems it necessary, the General Assembly is held in writing in the two intermediate years according to the procedure defined in the provisions of Article 15 of the Statutes.

5.3. PEER REVIEW FUND

The concept of peer reviews is relatively new in WAPES. As it has the potential to become a useful tool in the portfolio of the knowledge-sharing activities of WAPES, it is important to come up with some basic rules regarding its implementation. This is the reason why the topic of peer reviews was one of the three main themes of the Treasurer's Workshop.

A possible definition of a peer review is *“a knowledge-sharing activity with concentrated focus on a specific issue raised by the host country with the participation of not more than six countries that together actively share inputs in achieving the final result of a toolkit”*. The expected outcome is a toolkit in the specific topic of the peer review that is useful and applicable to many countries. This toolkit must be made available to all members by uploading it to the WAPES website. A peer review process may consist of meetings, site visits and other events, but differs from the Cooperation Fund and Event Fund in the fact that it is more a project-type process where participating countries must also work on the development of the toolkit between meetings. Peer reviews should last at least four months but not longer than 10 months.

CONCLUSIONS AND RECOMMENDATIONS OF THE WORKSHOP REGARDING PEER REVIEWS:

- Peer review is a valuable instrument and WAPES must find ways to strengthen this instrument. Procedures are also needed to manage it.
- We should encourage regions to foresee the use of peer review in the activity plan rather than using *ad hoc* requests – the Vice-President must have a strong role as the individual encouraging the planning of such activities.
- We request the Secretariat to describe what a peer review is and to inform the Vice-Presidents so that they can take this into account when making their activity plans.
- It is more important for WAPES to have one substantive peer review than to have many peer reviews.
- When assessing proposals for peer reviews, the Secretariat has a procedural responsibility, while the Vice-Presidents have the responsibility to check the substantive content.
- An application form, guidelines and reporting templates need to be created.
- WAPES must be firm in insisting on achieving the expected results.

It is important to create short guidelines for members, detailing what peer reviews are and when and how to apply. (The study deals with the application process for all funded activities including peer reviews in later chapters.) As peer reviews can be relatively costly undertakings, as a rule of thumb, one region should be able to organise only one peer review in each three-year period. However, if other regions are not willing to take up the opportunity of running peer reviews, a region can be given the opportunity to organise more of them, but never in consecutive years and never via the same country. If there are a number of peer review applications from the same region, it is the Managing Board that decides which to select based on the recommendation of the Vice-President of the given region. (See more on this in the chapter on applications.) Generally, on the issue of peer reviews, WAPES must place quality before quantity. It is better to have fewer peer reviews with a higher budget than many smaller ones with lower budgets but less output.

The Peer Review Fund can support any type of cost that occurs during the project, but it is the host organisation that decides what the budget should cover and what the contribution of participating members should be. Although there is no preset financial limit on peer reviews – unlike in the case of workshops – it is suggested that WAPES should request contributions for at least 30% of the total costs (it is 50% in the case of workshops). If the organisation of a final conference with the participation of many other members is deemed necessary to disseminate the results and present the toolkit, the Event Fund can cover such conference under a separate application.

5.4. PARTICIPATION FUND

Point 17 of the Financial Regulations states the following: *“Members facing financial difficulties can, after paying all current membership fees, request subsidies from WAPES to enable them to participate at the sessions of the WAPES General Assembly or World Congress. The President will make decisions in relation to subsidies. A subsidy may cover travel costs (Economy class tickets), accommodation and meal costs, if these expenses are not financed by other means. Subsidies will only be accorded to one delegate per member country, and exclusively if this delegate is the only party representing the country in question. The amount of the subsidy is limited to a total equivalent to three times the annual membership fee for the lowest category and applied the year of the General Assembly in question. The subsidy must not exceed the effective expenses incurred by the beneficiary”.*

The Participation Fund should be a financial tool to enable members to participate in the events organised by WAPES (regardless of whether it is an event financed by any of the other Funds). It is an annual budget that incorporates the provision of such subsidies as well as the previously known “interregional funds” that serve the purpose of enabling participants from other regions to join regional workshops.

5.5. OPERATIONAL COSTS

The category of Operational Costs covers all costs not related to stipends granted to members on the basis of applications and related to the operations of WAPES. This includes management as well as communication-related costs.

Management costs cover staff costs; seconded staff costs; bank charges; legal fees; and all other costs relating to the operation of the Executive Secretariat. They also cover outsourced activities, such as consultancy and financial auditing. Communication costs cover all expenses related to the Website, technical support for online events, promotional materials and other PR-related issues.

5.6. CONTINGENCY FUND

Workshop participants suggested the introduction of a Contingency Fund that would serve for *ad hoc*, non-foreseeable activities and act as a reserve for the budget. This study suggests that each year, 25% of all other foreseen costs in the budget should be allocated to the Contingency Fund. The Contingency Fund could be used for any justifiably unforeseen activity in any other cost category. Following a decision, the reserves contained in the Contingency Fund can be transferred to any other cost category. The decision on unforeseen and unbudgeted activities and the use of the Contingency Fund should lie with the Executive Committee.

6. THE BUDGET

The budget structure of the organisation is composed of the income and expenses related to the operation of the organisation. WAPES already has a procedure on the preparation of the budget, but with proposed changes to the operation of the organisation, it may be relevant to look at the existing structure and procedure of adopting the annual budget as there may be room to make operations even more coherent.

RELEVANT ISSUES RAISED AND PROPOSED BY THE WORKSHOP

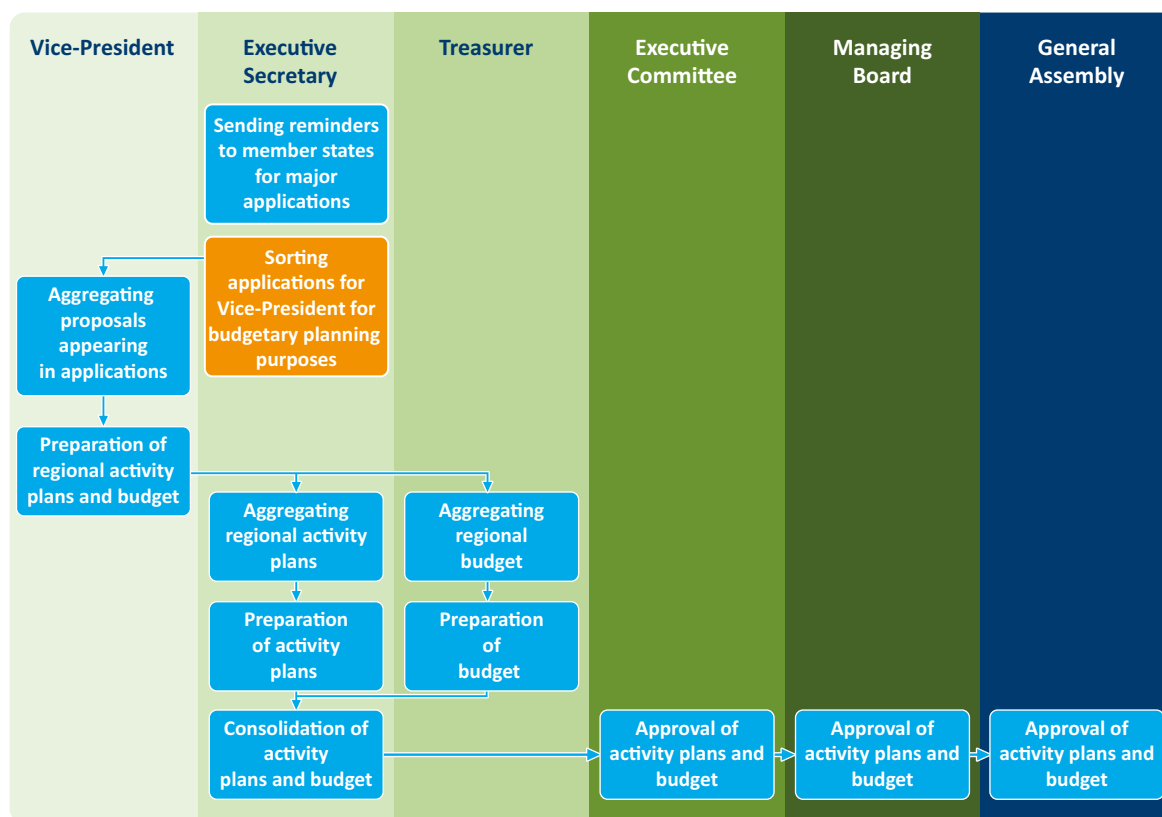
- The budget should reflect the strategy of the organisation more accurately.
- A more structured budget could help the work of the Vice-Presidents, the Secretariat and the Treasurer (however, the budget approved by the General Assembly does not necessarily need to be more detailed than it is now).
- Vice-Presidents should be given more responsibility regarding the specific activities of the organisation (as proposed by the Strategy of WAPES, 2012 to 2015).
- Priority should be given to flexibility over formality regarding all internal financial rules and regulations (including budget preparation and modification).

One of the main points raised at the Workshop was that the budget should reflect the aims and strategy of the organisation more accurately. To make that possible, the proposed changes are two-fold: one aiming to structure the budget in a different way, linking it more to the activities, and the other regarding the process of preparing and adopting the budget.

The current budget structure does not provide detailed information on the different activities envisaged for the upcoming year. This is due mainly to the nature of the activities financed by WAPES – events and exchange of ideas and good practices between member states upon request. This already limits how the budget can be planned in advance, although the process can be fine-tuned in a way that it is linked more to activities and to also have greater involvement from member states, Vice-Presidents and regional structures. Taking into account the discussions and suggestions of the Workshop, we formulated a proposal regarding the process of adopting the annual budget and a new budget structure that reflect these expectations.

If the link must be made between activities and budget, it is important to know as much as possible in advance what members are planning to do during the year. To avoid red tape, we decided to use the applications of members to receive financing for certain activities; this also serves as an input into the budgetary process (this applies especially to events and peer reviews). The application procedure is detailed in the upcoming chapter, but it is important to note here that the activity proposals that occur in the applications can serve as good basis for budget planning.

The overall procedure would be structured as follows:



As shown in the flowchart, the new system of budget planning could also accommodate the wish to involve regional structures and Vice-Presidents to a greater extent and to give them more responsibility by involving them in the planning process. The proposed process would begin with member states sending their plans to the Vice-Presidents who, following consultation with regional advisors and/or regional members, should forward their region's proposal to the Secretary. Members are requested to send in major applications before the budgetary process begins (a detailed timetable is proposed later) and the Vice-Presidents then have the opportunity to use these proposals from members as a basis for their regional budget proposals. (We will see below that the suggested application form is in line with the proposed budget format so that it can be easily aggregated.) The Executive Secretary, cooperating with the Treasurer, would aggregate regional proposals and the aggregated budget could then be sent to the Executive Committee for discussion. Any interregional aspects can also be discussed in the Executive Committee where all Vice-Presidents are present. The Executive Committee would decide on the budget proposal and the annual budget will be approved by the Managing Board, as stipulated in Article 20 of the Statutes (Point 1). The budget approved by the Managing Board is the most detailed as it contains information on both the regions and the specific activities and cost types. The budget that should be approved by the General Assembly is only an extract from this budget, setting out only the cornerstones of the budget. (This is especially important because – in case it is needed – major budget modifications can, in theory, only be approved by the same body that approved the original. If the General Assembly approves too many details, the

modification becomes too complicated.) Therefore, this procedure is the framework of the budgetary structure that we propose below. (This structure covers expense planning as income planning does not involve such coordination.)

First, we recommend – in addition to using the cost categories described above – setting the standard cost types used for budget planning and accounting purposes. These must be in line with the accounting system at one end and also with activities at the other (see strategic priorities in Chapter 7). Our recommendation for standard cost types would be:

- travel costs
- premises and arrangement costs (including accommodation)
- translation/interpretation
- communication (including marketing, website, media)
- experts/services
- staff costs (including daily allowances) – only for general budget planning
- other operational costs (bank charges, stationery, representation) – only for general budget planning

These cost types could be used to create a regional budget structure where the cost types can be matched with the different activities. In this way, all activities within every Fund (even management and general operations) would fit into this structure.

In line with the proposals formulated at the Workshop, the focus here is on the synergy of the budget with the strategic goals set by the organisation, so preference should be given to activities that build on and help to achieve these strategic goals. This could be realised by inviting member states and regional advisors to be more active in the formulation of the budget. At present, a given year's budget (expense side) is mainly determined by certain rules not necessarily included in the Financial Regulations (such as two workshops/regions per year) and the previous year's expenses. This system does not place a strategic approach in focus and only gives a framework for activities to be financed from the WAPES budget. The strategic approach can be strengthened if the budget is built on activities planned as far as possible in advance and if these activities are more closely related to strategic goals. This cannot be done by the Secretariat or the Treasurer, as this process should start with member states planning the type of activities they wish to organise or would like to see financed from the WAPES budget. Therefore, we propose that the budget structure adopt a bottom-up approach where member states initiate activities to be financed in the next budgetary period (through the application process as mentioned above). We have to repeat here that this would not apply to activities where the need cannot be planned a year ahead (these *ad hoc* activities can be financed from the Cooperation, Participation or the Contingency Fund, depending on its nature).

This is a proposed example of how the regional budget could look like when Vice-Presidents need to plan annually (obviously one activity falls into only one Fund). The only cost categories that apply regionally are the Peer Review Fund and the Events Fund; hence, these are the only cost categories that have to be planned by the Vice-Presidents:

| Cost categories | Peer Review Fund | Events Fund |
|--|------------------|-------------|
| Details | | |
| Activity 1 | | |
| Cost type 1 (<i>Travel costs</i>) | | |
| Cost type 2 (<i>Premises and Arrangements</i>) | | |
| Cost type 3 (<i>Translation</i>) | | |
| Cost type 4 (<i>Communication</i>) | | |
| Cost type 5 (<i>Experts/services</i>) | | |
| Total (Activity 1) | | |
| Activity 2 | | |
| same as Activity 1 | | |
| Activity 3 | | |
| same as Activity 1 | | |
| Activity 4 | | |
| same as Activity 1 | | |
| Total (cost categories) | | |

Based on these regional budgets and expanded by central operational costs and proposed costs for non-regional funds, the proposed detailed budget to be discussed by the Executive Committee and approved by the Managing Board could look like this:

| Cost categories | Cooperation Fund | Participation Fund | Peer Review Fund | Events Fund | Contingency Fund | Operational Costs |
|---|------------------|--------------------|------------------|-------------|------------------|-------------------|
| Details | | | | | | |
| Region 1 | | | | | | |
| Activity 1 | | | | | | |
| Cost type 1 (<i>Travel</i>) | | | | | | |
| Cost type 2 (<i>Arrangements</i>) | | | | | | |
| Cost type 3 (<i>Translation</i>) | | | | | | |
| Cost type 4 (<i>Communication</i>) | | | | | | |
| Cost type 5 (<i>Experts/services</i>) | | | | | | |
| Total (Activity 1) | | | | | | |
| Activity 2 | | | | | | |
| Activity 3 | | | | | | |
| Activity 4 | | | | | | |
| Total (Region 1) | | | | | | |
| Region 2 | | | | | | |
| same as Region 1 | | | | | | |
| Region 3 | | | | | | |
| same as Region 1 | | | | | | |
| Region 4 | | | | | | |
| same as Region 1 | | | | | | |
| Region 5 | | | | | | |
| same as Region 1 | | | | | | |
| General operations | | | | | | |
| Cost type 1 (<i>Travel</i>) | | | | | | |
| Cost type 2 (<i>Arrangements</i>) | | | | | | |
| Cost type 3 (<i>Translation</i>) | | | | | | |
| Cost type 4 (<i>Communication</i>) | | | | | | |
| Cost type 5 (<i>Experts/services</i>) | | | | | | |
| Cost type 6 (<i>Staff costs</i>) | | | | | | |
| Cost type 7 (<i>Other</i>) | | | | | | |
| Total (General operations) | | | | | | |
| Total (Cost categories) | | | | | | |

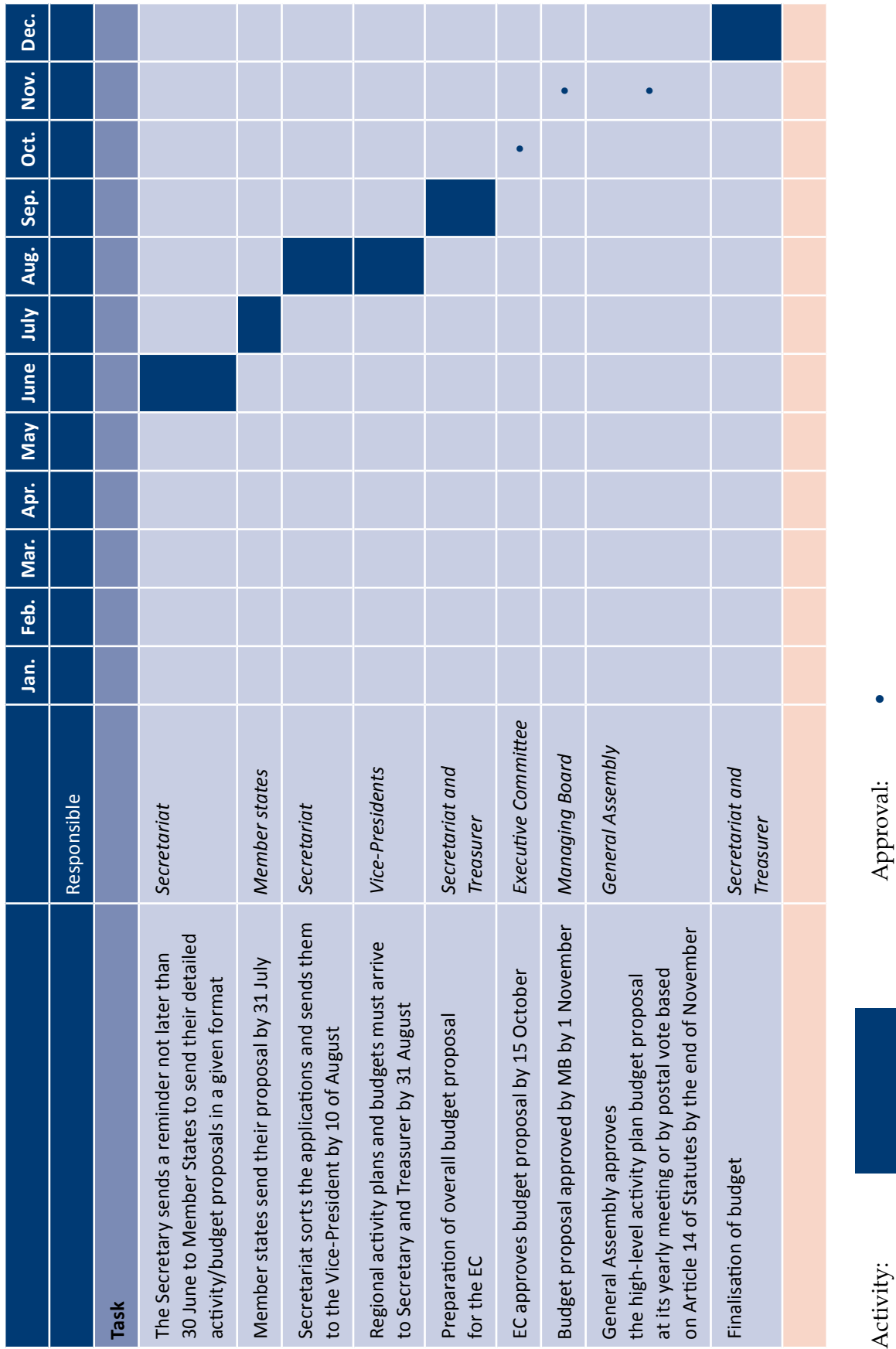
The above budget structure is sufficiently detailed to provide enough information on the organisation's activity plan for the following year, but this level of detailed budget plan does not have to be approved by the General Assembly, so – as the Workshop proposed – the General Assembly would still approve a less detailed plan of future activities (including an overview of expenses and funding) than that currently used. Here, we propose two options. The first option contains only those cost categories with a list of activities only as indicative:

| Cost category | Allocated budget (in euro) |
|--------------------|----------------------------|
| Cooperation Fund | |
| Participation Fund | |
| Events Fund | |
| Activity 1 | |
| Activity 2 | |
| Activity 3 | |
| Activity 4 | |
| Activity 5 | |
| Activity 6 | |
| Peer Review Fund | |
| Activity 1 | |
| Activity 2 | |
| Activity 3 | |
| Contingency Fund | |
| Operational Costs | |
| Total | |

Alternatively, the General Assembly – for legitimacy reasons – can also see the regional share of funds. (This version may entail more complications as it may involve more vehement discussions as well as making the modification of the budget during the year more complicated.)

| Cost categories | Cooperation Fund | Participation Fund | Peer Review Fund | Events Fund | Contingency Fund | Operational Costs | Total (Regions) |
|--------------------------------|------------------|--------------------|------------------|-------------|------------------|-------------------|-----------------|
| Region 1 | | | | | | — | |
| Region 2 | | | | | | — | |
| Region 3 | | | | | | — | |
| Region 4 | | | | | | — | |
| Region 5 | | | | | | — | |
| General operations | | | — | — | | | |
| Total (Cost categories) | | | | | | | |

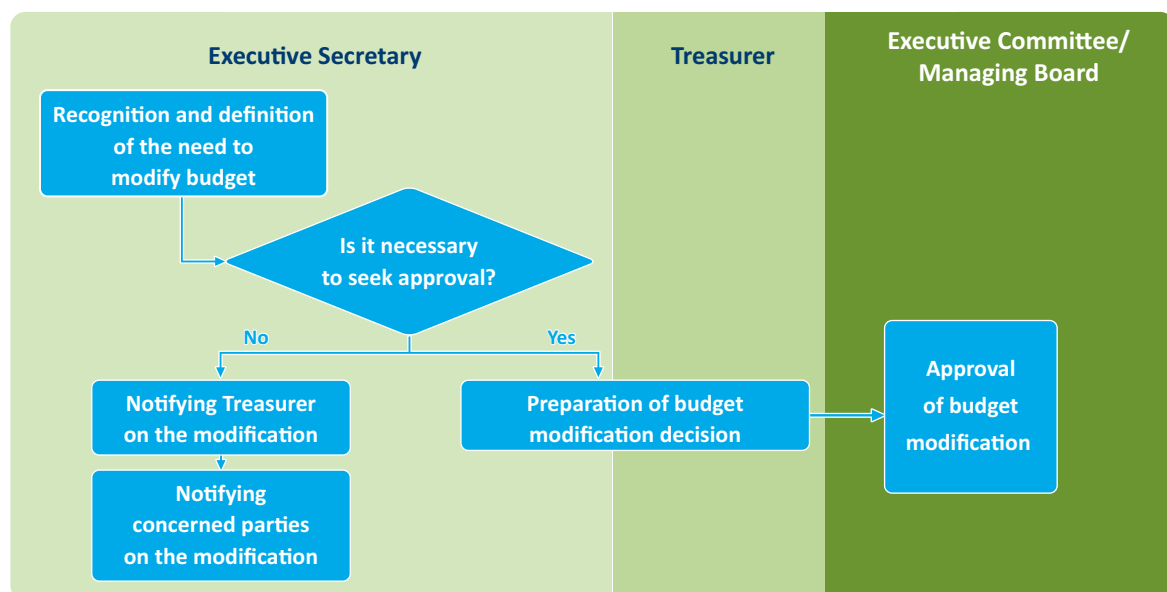
The following Gantt chart shows the proposed timetable of the new budgetary process:



The discussions at the Workshop often pointed out the importance of flexibility regarding any new procedure and particularly those related to the budget itself. Flexibility can be achieved by incorporating a dedicated Contingency Fund into the budget and by defining flexible rules related to the modification of the budget. As mentioned above, the rules to be applied for the modification of the budget are partly limited by the procedure of adopting the budget and the bodies involved, but the fact that the General Assembly approves only high-level budgets and activities complemented by automatic mechanisms can provide sufficient flexibility. The proposed set of rules regarding modification attempts to both incorporate the principle of involving the bodies that originally proposed and passed the budget and being flexible and not too bureaucratic. The following table summarizes the possible rules for modifying the budget:

| Type of modification | Limit | Authoriser |
|---|---|---------------------|
| Reallocation within activities among cost types | No limit | Secretary |
| Between activities within regions | No limit | Secretary |
| Reallocation between regions | below 20% of the original total amount of the region | Executive Committee |
| Reallocation between regions | above 20% of the original total amount of the region | Managing Board |
| Reallocation between cost categories ⁶ | below 20% of the original total amount of the cost category | Managing Board |
| Reallocation between cost categories | above 20% of the original total amount of the cost category | General Assembly |

The simple procedure for modifications would look like the following:



⁶ Reallocation from the Contingency Fund is a different matter. Any use of the Contingency Fund should be approved by the Executive Committee.

The envisaged process of budget preparation incorporates the proposal formulated at the Treasurer's Workshop and has more advantages compared to the present procedure:

- the organisation will have a transparent and detailed budget and activity plan passed by the beginning of the fiscal year
- the Vice-Presidents and regional structures will have greater responsibility and an even better overview of regional and inter-regional activities
- it will be easier to monitor the budget and activities during the year
- the Secretariat can plan its activities earlier than previously and better prepare for peaks in workload

7. FINANCIAL PROCEDURES

One of the aims of the Workshop was to identify the most important procedures and this study is intended to present a simplified description of these identified procedures. Based on Workshop discussions, we identified three basic procedures that we are going to present in this chapter. These procedures are all related to the financing commitments of WAPES. The first concerns decisions on providing financial to activities initiated by members. This we named the application procedure. The second relates to procurements. Procurements can cover three cases: firstly, due to WAPES needing certain goods or services (e.g. the creation of a new Website); secondly, members who have received financial support from WAPES in procuring services or goods (e.g. providing catering at a workshop); and thirdly when the WAPES Secretariat procures services or goods for members rather than transferring the funds directly (e.g. buying travel services for a member to participate in an event). The third procedure covers the payments for the first two.

7.1. APPLICATION PROCEDURE

The starting point of any activity to be launched with WAPES funding is the preparation of a request by a member state that includes all of the information necessary to approve such request. It was agreed at the Workshop that this request would take the form of an application form. The information given in the application form must enable the decision-makers to decide upon the financing of the activity, i.e. all information on the planned and detailed budget of the activity, a detailed timetable, justification of the activities and tasks planned and the presentation of how these are in line with the organisation's strategies and priorities. The application form should contain all of this information in a structured manner that allows those making a decision on acceptance to easily make a decision on approval. It was stressed by the participants of the Workshop that the application form should not necessarily be a long and complicated document, although it is not a simple financial request; the application form must absolutely support decision-making both in terms of financial and professional content. This also means that the approval of these applications will not only be a formal act: decision-makers will evaluate the justification of costs and the activities. As this application is the basis of a financial decision and commitment on the part of WAPES, it shall be formulated in a way that it constitutes a type of contractual arrangement between the donor and the beneficiary, stipulating the rights and obligations of both parties (prevailing law shall be Belgian law as the country of registration of the organisation is Belgium).

We prepared a simple proposal for the possible layout of the application form:

APPLICATION FOR WAPES FINANCIAL SUPPORT

| | |
|----------------------------|--|
| Applicant member | |
| Cooperating members | |
| | |
| | |
| | |
| | |

| | | | |
|--------------------------------|--------------------|--|--|
| Type of funding | Cooperation Fund | | |
| (please tick the relevant box) | Participation Fund | | |
| | Peer Review Fund | | |
| | Events Fund | | |
| | Contingency Fund | | |

Description of activity (not longer than one page)

The description should contain not only the list of activities but also the proposed timing and expected results. Please also describe how the expected outcome will support the applicant and the cooperating members.

| Proposed budget (requested for support by WAPES) | in EUR | Details (if necessary) |
|--|--------|------------------------|
| Cost Type 1 (Travel) | | |
| Cost Type 2 (Arrangements) | | |
| Cost Type 3 (Translation) | | |
| Cost Type 4 (Communication) | | |
| Cost Type 5 (Experts/services) | | |
| Total | | |

| Own contributions | in EUR | Details (if necessary) |
|--------------------------------|--------|------------------------|
| Cost Type 1 (Travel) | | |
| Cost Type 2 (Arrangements) | | |
| Cost Type 3 (Translation) | | |
| Cost Type 4 (Communication) | | |
| Cost Type 5 (Experts/services) | | |
| Total | | |

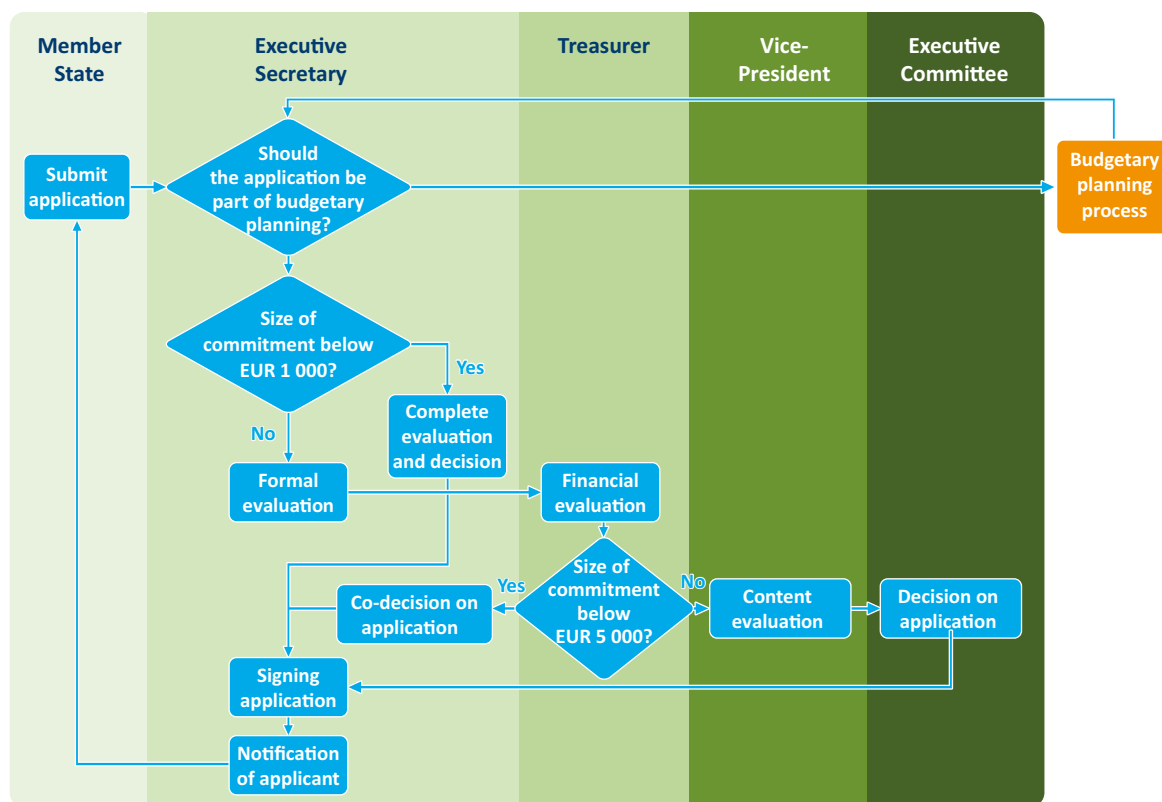
Description of in-kind contributions

| |
|--|
| |
|--|

By signing this application I hereby agree with the contracting terms of WAPES.

| | |
|-----------------------------|--|
| Name | |
| Date | |
| Signature | |
| Approved on behalf of WAPES | |
| Executive Secretary | |
| Date | |

The decision-making process related to approval was also discussed at the Workshop and participants agreed on the fundamentals of the process. The following chart presents the agreed process:



The definition of thresholds applied in the process needs to be specified. The particular thresholds (e.g. EUR 1 000; EUR 5 000) shall always relate to the entire activity to be financed under one application form and are not related to cost types (this will be more important for procurement processes and is explained further in that section).

The evaluation of a proposal can take three stages with the following main general questions:

1. Formal evaluation: Are all the necessary documents available for taking the decision on approving the application? Is the proposed timing of the activity in line with the other activities of WAPES? Compared to other applications, do the budget items appear to reflect market prices?
2. Financial evaluation: Is it possible to finance the application from the approved budget? If not, would it be possible to modify the budget to incorporate the funding of the activity?
3. Content evaluation: Are the proposed activities in line with the general strategy of WAPES? Are the proposed outcomes in line with the strategy and in proportion to the requested budget? Are the costs proposed in the budget justified by the activities planned in the application?

It is necessary to involve the Executive Committee in decisions to legitimise financial support to members. However, there was consent among participants that formalised procedures must not be too complicated, bureaucratic and lengthy. As the Executive Committee does

not meet regularly, this procedure would be unnecessarily long if approvals were to be made at meetings. Hence, it was suggested that such approvals should be in writing based on a so-called “no objection voting” system. This means that once the suggestion is sent to the Executive Committee members by the Executive Secretary, the members have a certain time limit for feedback, questions or objections. If no such correspondence occurs within the time limit (e.g. 10 working days), the member is perceived to have voted in favour of the proposal.

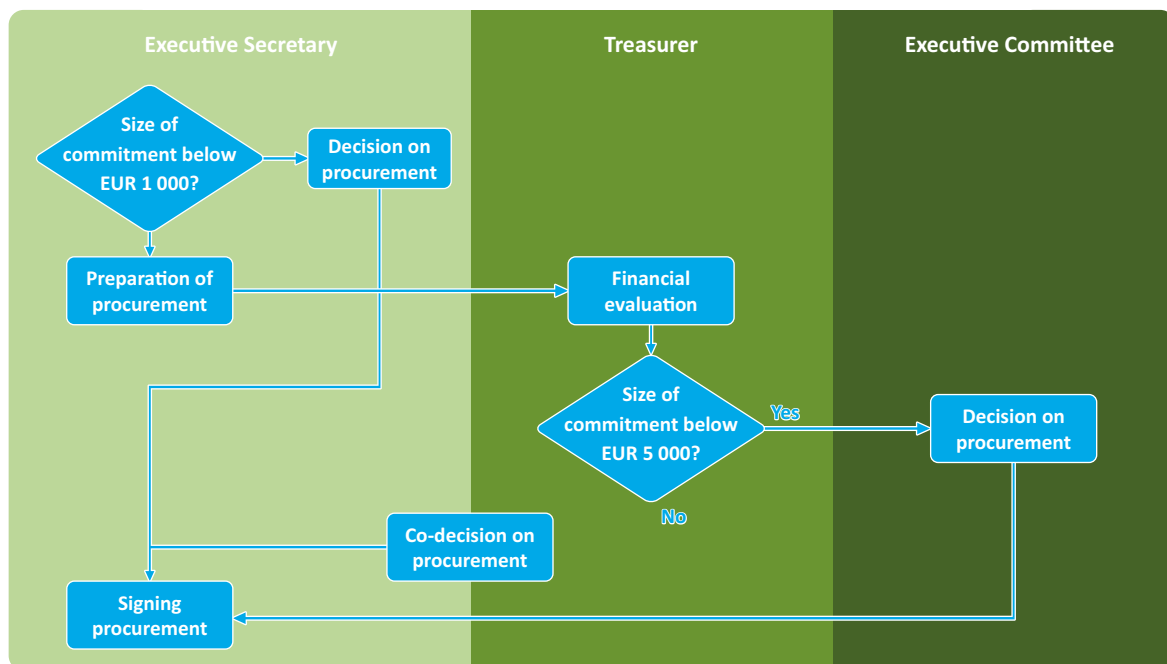
7.2. PROCUREMENT PROCEDURE

As mentioned above, procurement can take three forms:

1. Members procuring services or goods having received financial support from WAPES (e.g. providing catering at a workshop)
2. WAPES Secretariat procuring services or goods for members rather than transferring the funds directly (e.g. buying travel services for a member to participate in an event)
3. WAPES centrally procuring certain services or goods (e.g. the creation of a new Website);

In all three cases, procurement can begin when an activity is approved (i.e. it is planned in the budget or approved through the application procedure). The procurement process depends on who effectively realises the procurement. In the first case, procurement is made by the beneficiary of the funds approved for the activity in question and every beneficiary shall adhere to the rules of procurement applicable in their own country.

In the second and third cases, the Secretariat has to make a decision on the type of procedure to be followed. First, it must be decided if there are any special legislative rules to be applied to the procurement of the organisation (in our case, Belgian law governs



the operation of the organisation). If there are no such special provisions to be applied, the Secretariat will follow the internal regulations related to procurement. The basic procedure was also outlined at the Workshop as follows:

The thresholds in the case of procurement relate to the individual procurement. (If there are several procurement procedures of the same type, they can be procured at the same time so as not to generate additional work for the Secretariat and to rationalize its workload.)

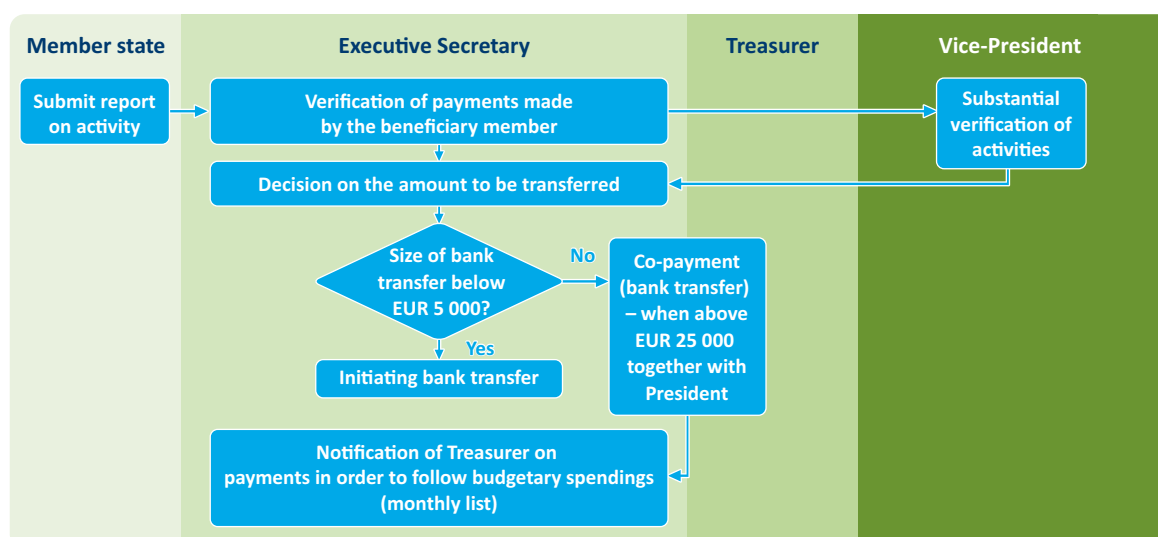
The more formalised procurement process will mean additional work for the Secretariat, and to minimise this, in the long term it could be considered if the organisation should set up framework agreements to select service providers for a certain period for recurring costs.

7.3. PAYMENTS

Under the term “payments”, we distinguish between two types of processes: one is the payment made by WAPES to member states to cover the expenses of an activity, and the other is the verification of payments that were made by the beneficiary member to cover the costs of its proposed activities.

7.3.1. PAYMENT PROCEDURE

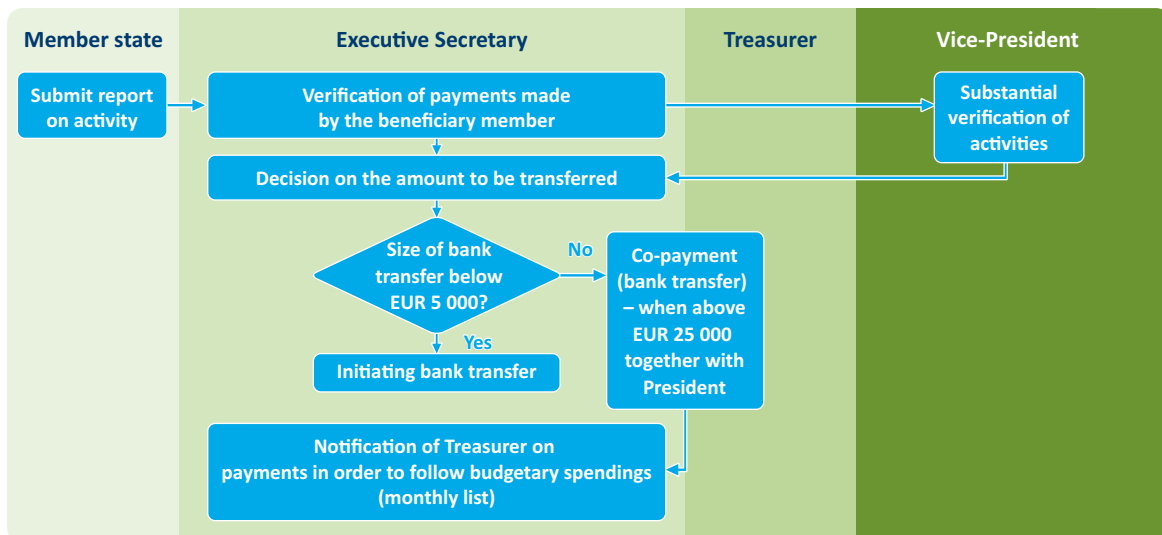
The present practice of WAPES is that payments in reality mean advance payments, as WAPES finances activities up to the maximum approved amount; that amount is transferred to the member state in advance (with the exception of the Secretary making the procurement for the beneficiary). The proposal of the Workshop was that only 70% of the approved budget shall be paid following signing of the application form (serving also as a contract) as advance payment, and 30% after all documents (specified in the contracting terms of the application form) have been sent to the Secretariat by the beneficiary member and approved by verifying their validity. This in practice means that beneficiaries have to pay 30% of the costs incurred, but this amount will be reimbursed following verification of the supporting documents. However, at the same time, WAPES has some leverage on receiving proper documentation. The process – as agreed at the Workshop – is shown in the following chart:



7.3.2. VERIFICATION OF PAYMENTS

Payment verification is the act when, following implementation, the beneficiaries submit the relevant documentation connected to the implementation. Verification is also the first step of monitoring WAPES activities, for it does not only involve the checking and approval of invoices but also a substantive checking of the report that shall be submitted by the beneficiary following implementation. Verification in financial terms means that all expenses are checked to ensure they are in line with the budget of the activity in the application process and the necessary invoices and supporting documents are attached (scanned copies are adequate). Verification in substantial terms means that the activity is evaluated to ensure it was implemented in line with the plans outlined in the application form, the envisaged outputs or results were achieved, what these outputs and results are and how they will be utilized, and what the benefits are. This evaluation is performed based on the report on the implementation to be prepared and submitted by the beneficiary.

The process is shown in the following chart:



(It was suggested at the Workshop that further evaluation could be undertaken regarding a given year's activities as a whole, either by a supervisory board to be established or by an external expert.)

Following completion of verification, the actual payment can be initiated. This procedure is outlined in Article 15 of the Internal and Financial Regulations:

“In addition, the following rules apply for banking operations:

- a) opening bank accounts: Executive Secretary and Treasurer;*
- b) for expenses representing less than EUR 5 000, the Executive Secretary is responsible;*
- c) for expenses or investment between EUR 5 000 and EUR 25 000, the approval of the President or the Treasurer is required;*
- d) three signatures are required for expenses above EUR 25 000;*

e) authorised signatories cannot approve costs incurred by their person. In such cases the countersignature of one of the other authorised signatories is needed.⁷

No major changes were proposed to this procedure, therefore, we would only propose amending the present regulations in a manner that these thresholds should apply to the entire operation, including pre-financing, and that the Treasurer should receive regular, monthly information from the Secretariat on budgetary spending.

7.3.3. SANCTIONS

As the organisation has committed itself to making its operations more transparent and formally more regulated (partly because of the new organisational form of WAPES), it must be ensured that the new regulations to be put in place will contain instructions or sanctions on non-fulfilment of obligations. Such sanctions were proposed regarding the non-payment of membership fees in the relevant chapter, but should also be applied to cases when member states do not implement an activity as foreseen or fail to comply with reporting obligations (including obligations concerning financial documentation).

Should a member state fail to deliver as agreed and approved in the application form, the proposed sanction is that the entire amount or the non-eligible part of the advance payment shall be repaid to WAPES by the beneficiary member. As outlined in the payment process above, 30% of payments are retained for adjustments, and no reimbursement can be made until all documents are approved in the verification process. If there are expenses that are not justified or the necessary supporting documents are missing, the amounts relating to those missing documents will not be eligible for payment.

⁷ Article 15, WAPES INPA 2013, *International Not-for-Profit Association; Proposed Internal and Financial Regulations*.

8. RECOMMENDATIONS

| Topic | Recommendation | Details | Task | Time-frame | Proposal of the Workshop |
|-------------|--|---|--|-------------|--------------------------|
| Application | Make results of WAPES activities more visible | The proposal was formulated that more careful and detailed planning is needed and preliminary activity plans should contain information on how the results of the activity will be beneficial to the participants. In so doing it becomes clearer how WAPES contributes to knowledge-sharing. | Introduce new application form that contains the description of expected results | short-term | Yes |
| | Introduce final reports after events | WAPES currently receives little feedback on the substance of results that were achieved through WAPES funding. Receiving feedback through a brief, final report would ensure that funds were used for the correct purposes as well as – if published on the Website – providing information to all members. | Draw up the format of the final report Request final report from each member using WAPES funds | short-term | Yes |
| | The application form should also serve as a contract | The contractual terms should be clear when member states apply for funding. By signing the application form, the member state accepts the terms of the agreement with WAPES. By accepting and signing the application form, WAPES also automatically accepts the terms of the agreement. | Draft contractual terms Include the note on automatically accepting the terms on the application form | short-term | Yes |
| | Introduce simple formal, financial, and content evaluation of applications for WAPES funds | | Propose application procedure to Managing Board | short-term | Partly |
| | Introduce thresholds for application and procurement procedures | | Propose application procedure to Managing Board | short-term | Yes |
| | Use external auditor | Auditing of accounts is organised by the Secretariat according to prevailing law. The proposal agreed at the Workshop was that an external auditor could be involved to perform audits on a regular basis. | Explore options of using external auditors | medium-term | Yes |

| Topic | Recommendation | Details | Task | Time-frame | Proposal of the Workshop |
|--------|--|---|--|------------|--------------------------|
| Budget | Create closer links between organisational strategy and budget | | Propose new budget format and procedure to Managing Board | short-term | Yes |
| | Establish Participation Fund | Countries in Categories 1, 2 and 3 can receive assistance to attend events; a Participation Fund should be established to cover this. | Introduce Participation Fund in the budget and publish how to use it | short-term | Yes |
| | Establish Contingency Fund | Workshop participants suggested the introduction of a Contingency Fund that would serve for <i>ad hoc</i> , non-foreseeable activities and act as a reserve for the budget. This study suggests that each year, 25% of all other foreseen costs in the budget should be allocated to the Contingency Fund. | Propose new budget format and procedure to Managing Board | short-term | Yes |
| | Introduce cost categories in the budget | Standardising cost categories and setting basic rules can assist in providing an overall framework for operations, the application process and for budgetary planning. Six categories are proposed: Cooperation Fund; Event Fund; Peer Review Fund; Participation Fund; Operational Costs; Contingency Fund. | Propose new budget format and procedure to Managing Board | short-term | No |
| | Use standard cost types in budgetary planning | Recommendations for standard cost types: travel costs; premises and arrangement costs (including accommodation); translation/interpretation; communication (including marketing, Website, media); experts/services; staff costs (including daily allowances); other operational costs (bank charges, stationery, representation). | Propose new budget format and procedure to Managing Board | short-term | No |
| | Involve Vice-Presidents more in budgetary planning | In the recommendations for budgetary procedure, members are requested to send major applications before the budgetary process begins (a detailed timetable is proposed later) and the Vice-Presidents then have the opportunity to use these proposals from members as a basis for their regional budget proposals. | Propose new budget format and procedure to Managing Board | short-term | Partly |
| | Regulate the modification of the budget, trying to keep it as flexible as possible | | Propose new budget format and procedure to Managing Board | short-term | Partly |

| Topic | Recommendation | Details | Task | Time-frame | Proposal of the Workshop |
|----------------|---|---|---|------------|--------------------------|
| Membership fee | Enable just one category raises in membership fee changes | If a country's GDP rises significantly, the membership fee should only change one category per year. If GDP drops, the membership fee category should drop accordingly. | Propose the change to the Managing Board | short-term | Yes |
| | Associate membership fee should be 50% of regular membership fees | | Propose the change to the Managing Board | short-term | Yes |
| | Charge non-members for attending WAPES events | | Publish the opportunity on the Website | short-term | Yes |
| | Notify members of their upcoming membership fee before November to enable them to plan | | Calculate membership fees before November and send letters to members | short-term | Yes |
| | Notify countries of the amount of membership fees due | | Introduce in internal regulations | short-term | No |
| | Cease funding of non-paying Member States | If the member state has debts exceeding one year, a formal decision should be made about the member state not being entitled to receive any financing from WAPES funds. | Introduce in internal regulations | short-term | No |
| | Introduce payment option by instalments | A country wishing to repay its debts could do so in three equal instalments over a three-year period. | Introduce in internal regulations | short-term | No |
| | Introduce simple bilateral agreements on the voluntary tasks a Member State is willing to undertake | To encourage volunteer undertakings, in the long term it may be advisable to have simple bilateral agreements between WAPES and members to ascertain the voluntary roles the member state is willing to offer. This system could help keep costs lower as voluntary and in-kind contributions could also reduce overall costs if and when necessary, and can also support an overloaded Secretariat in performing certain administrative tasks. | Prepare survey to ascertain which countries are willing to contribute voluntarily to WAPES and the activities they are willing to undertake | short-term | Partly |

| Topic | Recommendation | Details | Task | Time-frame | Proposal of the Workshop |
|-------------|--|---|--|-------------|--------------------------|
| Payments | Retain 30% of funds when reimbursing members to ensure that all documents are duly submitted | | Propose changes to Managing Board | short-term | Yes |
| | Use sanctions more widely | Sanctions were proposed regarding the non-payment of membership fees and also to be applied when member states do not implement an activity as foreseen or fail to comply with reporting obligations. The proposed sanction is that upon failure to deliver, the entire amount or the non-eligible part of the advance payment shall be repaid to WAPES. | Propose changes to Managing Board | short-term | Yes |
| Peer review | Clarify peer review rules | | Prepare and publish peer review guidelines | short-term | Yes |
| Procedures | Avoid triple representation | Article 22 of the Statutes states: "Subject to the general power of representation of the Managing Board in accordance with Article 21 a, all documents and procedures binding the Association must be signed by the President and the Treasurer and the Executive Secretary, acting jointly, and without the obligation to justify their powers to third parties." This means that all contracts (and commitments including applications) should be signed by three parties. This should be limited to two for greater efficiency. | Propose this modification to the next General Assembly | medium-term | Yes |
| | Introduce "no objection voting" in the Executive Committee | "No objection voting" means that the Executive Committee can be consulted on issues on a more frequent basis in writing. The absence of response to the clearly formulated proposals submitted by the Executive Secretary means that they are in agreement with the proposal. | Propose this change to the Internal Regulations to the next Managing Board | short-term | Yes |

| Topic | Recommendation | Details | Task | Time-frame | Proposal of the Workshop |
|-------------|--|--|--|-------------|--------------------------|
| Procurement | Use a list of approved suppliers and framework contracts | To make procurement easier and more transparent, a global list of approved suppliers can be drawn up or framework contracts could be signed. | | long-term | Yes |
| | Use positive publicity as a tool to encourage members to contribute more to WAPES aims, and negative publicity to discourage members from non-payment or misuse of funds | | Publish voluntary contributions on Website Publish list of non-payers on Website | medium-term | Yes |
| General | Make more use of working groups | Article 07 d. of the Statutes states: "Working groups may be created at the General Assembly for each of the issues on the agenda, at the proposal of the President or at least half of the members. These working groups will report on the results of their works to the General Assembly, which will consider these results in view of adoption." This opportunity has not really been used in the past, even though many tasks could be delegated to them. | Create a list of potential topics that could be delegated to working groups Recruit members to the working groups | medium-term | Yes |
| | Make the "job description" of regional advisors clearer | Regional advisors can contribute significantly to the work of the Secretariat. However, to make full use of this potential, it is advisable to clearly define their tasks. | Draft job description | short-term | Yes |

CHAPTER II

A FACT-FINDING ANALYSIS OF THE ROLE
(RIGHTS AND OBLIGATIONS)
OF THE TREASURER IN
AN INTERNATIONAL NON-PROFIT ASSOCIATION
– LESSONS AND SUGGESTIONS FOR WAPES

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TULLIUS KFT.

SUMMARY

Tullius Kft. was contracted to examine the task of the Treasurer in the international non-profit association WAPES in light of Belgian law (place of registration), international law, and the Statutes and Internal and Financial Regulations of WAPES. The division of powers between the President, the Treasurer and the Secretary – as well as the practical operation of the internal rules – was to be analysed. The question was posed as to whether new or adapted rules might be necessary to guarantee greater transparency, clarity and legality in the functioning of WAPES. The issue arose as to how the organisation's professional and financial matters could be taken over from the preceding Managing Board in a manner that provides for a smooth transition. Finally, the mandate covered a comparative analysis of the functioning of WAPES in light of other international non-profit organisations (INPAs).

The study's structure mirrors the requirements laid down in the scope.

The first part of the study contains specific questions that were suggested to be added to the agenda of the WAPES workshop at the end of May 2013. The questions tend to develop concrete ideas regarding the functioning of WAPES. The set of questions was, on the one hand, inspired by the WAPES founding documents (Statutes, Internal and Financial Regulations, Executive Committee and Managing Board meeting reports and other papers) and, on the other hand, are backed up by the second part of the study on best practice revealed during the examination of the structure and functioning of other INPAs.

The second part of the study is divided into three sub-parts. The first sub-part is a concise comparative presentation of WAPES and the examined INPAs, thematically divided on the basis of (i) organisation and structure; (ii) financial issues; and (iii) the division of powers (task and liabilities) issues between the President, the Treasurer and the Secretary General. The second sub-part is a detailed description of the systems of the selected INPAs on a case-by-case basis, including an analysis of the legal background, the Statutes and other guidelines. The last sub-part summarises the responses given by INPAs to the email questionnaire that deals in more detail with the practice and opinion of the responsible persons concerned.

PART I – CONSIDERATIONS FOR WAPES

WAPES has a detailed organisational structure and Internal and Financial Regulations are foreseen to enhance professional operation. The study examined the status of the Treasurer, his rights and obligations. From this perspective, several questions arose for consideration; issues that either follow from the best practice of other INPAs or from the regulatory framework of WAPES.

Our main concern was that it might be useful to embed the existing practices of WAPES in written internal rules, and that the most detailed regulation of issues be targeted, thus guaranteeing legal certainty and clarity of rights and responsibilities for all stakeholders (members, decision-making bodies and the executive).

1. SCOPE OF POWERS (ORGANISATIONAL) ISSUES

The General Assembly elects the members of the Managing Board, the President and the Vice-Presidents. The Managing Board elects the Treasurer from among its members. The Treasurer is not a Vice-President.

Question 1: In some INPAs the Treasurer is also a Vice-President. Would it bring advantages if one of the Vice-Presidents were to be the Treasurer? One aspect would be that in this case the Treasurer could also be assigned to chair meetings and could take over financial tasks (e.g. Article 21 second paragraph point c) about grants) if necessary.

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The above-mentioned elected persons (President, Treasurer, Vice-Presidents) might delegate their rights and obligations to a person of their choice – by registered letter addressed to the WAPES Managing Board – who occupies an appropriate position in a Public Employment Service. Delegation can be withdrawn any time by ordinary letter (Point 23). Pursuant to Point 26 Sub-point i), providing management support and improving the skills of the Executive Secretary are the joint responsibility of (currently) Synerjob and the Public Employment Service of the President.

Question 2: From an organisational point of view, delegation of powers to any person in a Public Employment Service does not appear to generate imbalance; however, as regards the President, it can possibly have a diverse effect on the work of the Secretariat. Therefore, the Secretariat is backed up jointly by Synerjob and the Presidency, a delegation of powers by the President to another Public Employment Service member might cause problems (e.g. it is then difficult to define which is then the Public Employment Service of the President? As a result, rights were delegated but de iure the person was elected President). Would it be advisable to regulate this situation more precisely in the Internal Regulations? For example, the Presidents can only delegate their rights and obligations to the Public Employment Service of which they are Director?

The Internal Regulations lay down rules for the delegation of powers. However, there are no rules regarding the verification of substitution and the rights of substitutes or assistants. For example, the Treasurer is (at present) the Director General of the Hungarian Public Employment Service; however, in his daily activities he is assisted by his colleagues from the Hungarian Public Employment Service. The same appears to apply to the Swedish President and his staff. This is a long-established routine (a quasi “Treasury” and “Presidency” operates). From the Reports (minutes) of the meetings of the Executive Committee and the Managing Board, it follows that it is not only one person who acts as the “Treasurer”, but several persons represent the country that was appointed Treasurer. Between 2010 and 2012, it was exactly three persons who made declarations and gave guidance as Treasurer. (All of these persons represented The Netherlands.) In the minutes they are referred to as the ‘Treasury’.

As of 1 January 2013, WAPES faced a new situation where, based on the Statutes, a specific person is appointed Treasurer / President and – as described above – such person can delegate their rights and obligations to any other person active within a Public Employment Service. The Treasury as such does not appear in any of the documents. The Presidency sometimes appears (e.g. in Point 26 of the Internal Regulations). From the point of view of national Public Employment Services, this “working together” has a firm legal basis in the statutes of the Public Employment Service concerned. However, from the point of view of WAPES, these assistants are – legally – not treated, if they have a role, it would be useful to define it. It appears necessary to attribute the right to take part in sessions and the right of consultation.

Question 3: It might be suggested to include in the Internal Regulations that the Treasurer / President might appoint persons as his assistants by registered letter addressed to the WAPES Managing Board that forms the Treasury / Presidency and that is entitled to take part in the meetings of the Executive Committee and the Managing Board with the right of consultation. Alternatively, the proper authorisation of the persons acting as Treasurer / President shall be checked and expressly indicated in the minutes.

The Executive Committee is composed of the President, the Vice-Presidents, the Treasurer and the Executive Secretary. The Executive Secretary is not a member of the Managing Board but is appointed by Synerjob and confirmed by the President and subsequently by the Managing Board. According to Point 10, Sub-point c), the Executive Secretary participates in all the work of the Managing Board. A similar issue to that of Q3 arises with regards to the rights of the Secretary.

Question 4: The cited Point 10, Sub-point c) refers to the participation of the Executive Secretary in the work of the Managing Board. In practice it also entails that the Executive Secretary participates in meetings. Therefore, pursuant to Point 14 Report, Sub-point a), the President drafts the reports on the Managing Board sessions in coordination with the Executive Secretary. Would it be advantageous to include in the internal rules that they participate in the meetings and all the work of the Managing Board with the right of consultation?

The Secretariat is composed of the Executive Secretary, an administrative employee and the regional advisors. In some organisations the Secretary is the employee of the Association and not financed by a member.

Question 5: Would it be pragmatic to consider that the resources of WAPES be allocated to finance the Secretary General's wages instead of distinct members?

2. DECISION-MAKING PROCESS

The responsibility of the President is to chair the meetings of the General Assembly, the Managing Board and the Executive Committee. This responsibility can be delegated to a Vice-President. Following a pre-determined period after each meeting, the report on the meeting becomes final. Reports are available to members and transparency is guaranteed. Pursuant to the Statutes, the General Assembly is held annually but with the personal presence of the members only once in three years. The Managing Board meeting and Executive Committee meeting are held with the personal presence of the members once annually. The main decision-making bodies are the General Assembly and the Managing Board. Consultations of the Managing Board can be held and opinions can be adopted in writing by a simple majority of votes of all members. Based on legality, the active participation of the Managing Board (main decision-making body) shall be fostered.

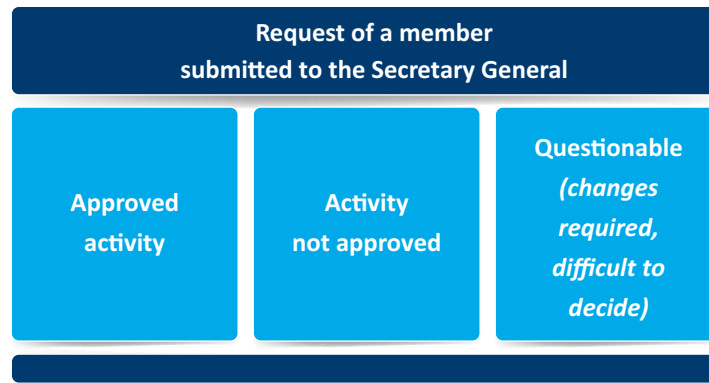
Question 6: Would it be necessary that decisions can be also made in writing, taking into account the frequency of Managing Board meetings? It is striking that the General Assembly can take decisions in writing (Point 8: Consultation in writing, Sub-point b)) while the Managing Board does not have this entitlement. It might be advantageous to work out this possibility to guarantee more flexibility. An option is to add the following to Point 13: Consultation in writing: Decisions will be valid only if approved by a majority of accredited members.

The General Assembly approves the general plans for future activities, the Managing Board is empowered to approve specific activities (Statutes, Article 20, Points k)-m) and, logically, expenses can only be incurred when executing the approved activities). It is possible that new activities will be necessary and it is doubtful whether expenses would be incurred in connection with an approved activity during a fiscal year. If the case is urgent (which is the usual case), who shall have the right to decide and in what procedure? What are the specific deadlines for this approval? If rules are absent, the decision-making process becomes *ad hoc* and unpredictable. Most importantly, decisions might be taken at a level that is not appropriate (e.g. the President, the Treasurer or the Secretary because the situation demands immediate action, although they do not have that decision-making power).

Question 7: It is suggested to consider whether concrete procedures might be necessary to cover new or not-so-well-defined activities to establish clarity and legal certainty for the members and also for the executive bodies. (This could be included in the section on consultation in writing, for example.)

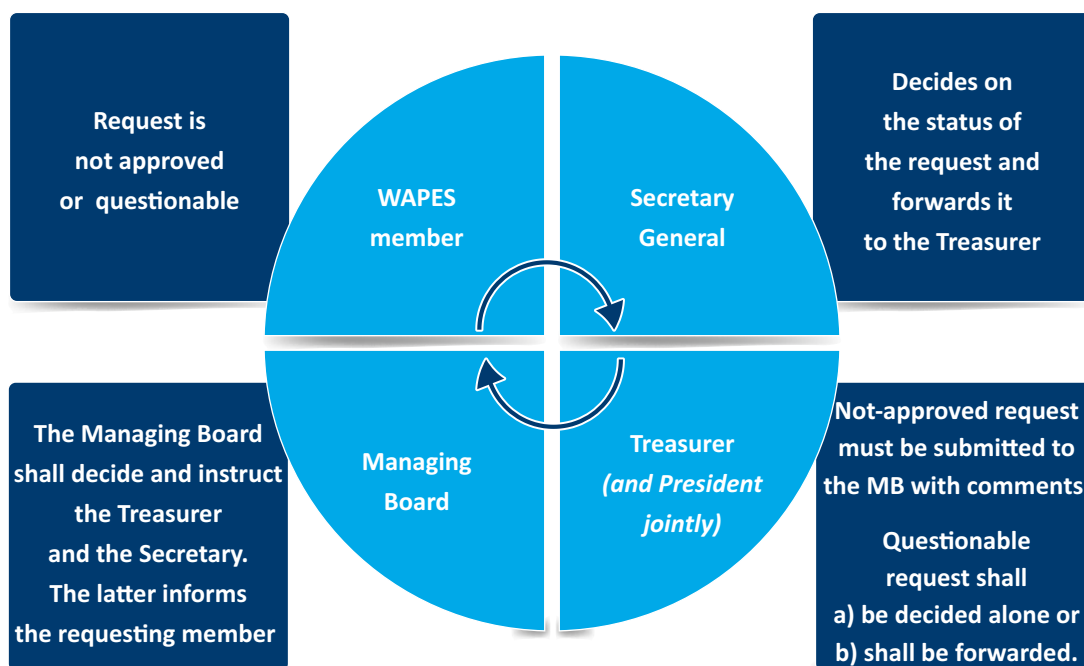
The following charts show possible scenarios and procedures.

The request of the member can be categorised in (at least) three groups: formerly approved by the Managing Board, formerly not-approved and questionable.



The approved activity is subject to regular procedures; the Secretary General collects the documents justifying the completion of the activity, the costs are validated and paid (see to this end Point 3. of Part III: Financial aspects).

If the request is not approved or questionable, a complete decision-making process would be adequate.



In the case of formerly not-approved requests, the Treasurer shall examine the request, make accompanying notes and suggestions and forward it to the Managing Board. The Managing Board decides and the request is qualified as “approved” in the regular procedure.

The group of questionable requests presents the greatest problem. It appears that there are cases where the Treasurer and President decide jointly (e.g. if the request regards the restructuring of costs, changing of dates within the same fiscal year or changing details). The instances when the Treasurer and the President can decide on their own shall be specified. All other cases shall be forwarded for decision to the Managing Board (e.g. increase of the budget).

3. FINANCIAL ASPECTS

3.1. GENERAL

As a general remark, it would not appear to cause problems that the President, the Treasurer and the Secretary are geographically divided and located in different countries. The daily management of financial issues is best placed with the Secretariat and shall remain under Belgian law. As a result, the reporting obligations shall also occur under Belgian law. The hiring of an accountant registered to practice in Belgium is thereby a necessary and appropriate pre-requisite of the lawful functioning of WAPES (as is the present case). (References to points are to the points of the Financial Regulations.)

In WAPES, examining the Statutes literally, the approval of the annual budget lies with the Managing Board (Article 20, Point l), while in some organisations it is the General Assembly. The solution granting this right to the General Assembly creates greater transparency, and thereby all members actively participate in decision-making. It also appears that the practice of WAPES tends to follow this option.

Question 8: Would it be appropriate to amend the Statutes in a way that the Managing Board prepares the annual budget (by changing the wording in Article 20 Point l) of the Statute, to submit the annual budget to the General Assembly while the General Assembly approves the annual budget (by making the wording of Article 10 Point g) of the Statute more precise)?

3.2. EXTERNAL REPRESENTATION

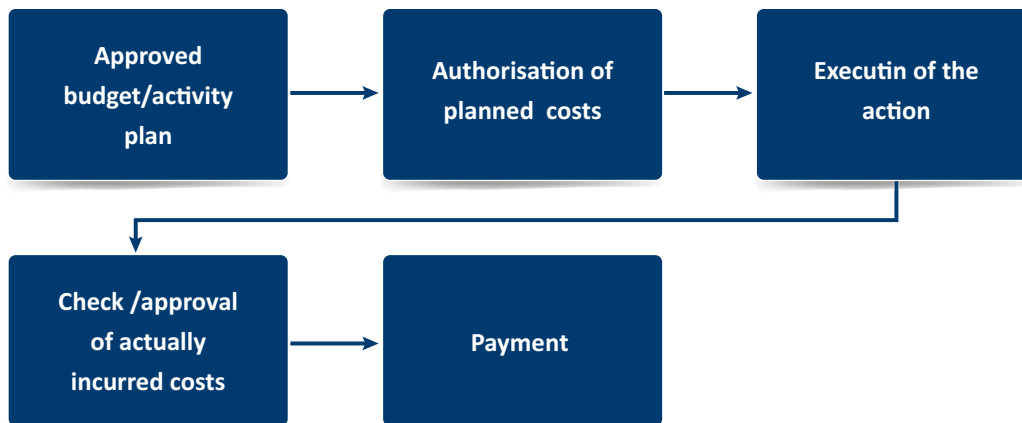
According to Article 22 of the Statutes, all documents and procedures binding the Association must be signed by the Chair, the Treasurer and the Executive Secretary, acting jointly.

In the financial regulations, Article 15 states that “The signatures of the President of the Managing Board, the Executive Secretary or the Treasurer commit WAPES financially. From a financial point of view, three signatures are required for obligations with regard to third parties (the Executive Secretary, President and Treasurer). ... etc”.

Question 9: It seems that external representation (i), decisions on commitments vis-à-vis not third parties; (ii) and concrete payment issues (authorisation of making the payment and the technical act of the payment, the initialization of the bank transfer); (iii) are treated together in one single point in the Financial Regulations. Would it not be clearer to separate these issues into separate points?

3.3. COMMITTING WAPES VIS-À-VIS NOT THIRD PARTIES

Generally, it can be said that the establishment of a coherent system is intended. There has to be a procedure for all stages in the following chain of responsibilities: approved budget/



activity plan – authorisation of planned costs of the specific action – execution of the action – checking the actual incurred costs and approval – payment (bank transfer).

With regard to prior authorisation, Point 15 states that the signatures of the President of the Managing Board, the Executive Secretary or the Treasurer commit WAPES financially; moreover, Point 19 states that “Each assignment carried out on behalf of WAPES, or in the context of an activity included in the programme, will be approved by the President or, failing this, by one of the Vice-Presidents, the Executive Secretary or Treasurer prior to execution”.

It appears (referring to Point 15) that either the President, the Secretary or the Treasurer can commit WAPES financially. In Point 19 the Vice-Presidents are included, even – taking into account the order of listing – foregoing the Secretary or the Treasurer. Cardinal issues occur: What does “failing this” mean? Is the order of listing a hierarchical order? The main problem is embodied in the fact that these two points, read together, do not provide clear guidance regarding who shall decide. Lacking a clear division of powers, responsibility for the decision also cannot be localised. (The threat is similar to that in Q7 regarding decisions that might be passed at an inappropriate level.)

Question 10: It appears that the issue of committing WAPES financially vis-à-vis not third parties as it appears in the Internal Regulations necessitates further specifications. It appears that the rules on who is responsible (Secretary, Treasurer, President or the Managing Board itself), what the circumstances are when this order changes (delegation of powers), and what a person is responsible for (thresholds) when not third parties are involved, could be specified in greater detail.

With regard to Q10, the following scheme might be set up. The Secretary (Secretariat) alone is empowered to commit WAPES up to EUR 1 000. Between EUR 1 000 and 5 000, the Secretary and the Treasurer are jointly empowered to commit WAPES. Between EUR 5 000 and 25 000, three persons (Secretary, Treasurer and President) are jointly required to commit WAPES. Above EUR 25 000 it shall be the Managing Board that commits WAPES financially. These thresholds are taken as a yearly aggregate between the same parties and under the same legal title.

Additionally, not only a prior authorisation system shall be operational, which is a designated system for preliminary assessed costs, but the verification of costs upon completion of the activity shall also take place. It is a complex challenge; therefore, first of all the professional content of the activity shall be assessed and when the activity deserves financial support, the specific amount shall also be set. The criteria for completion of the program shall be clarified in the Internal Regulations.

Question 11: At present, no controlling mechanism appears to be regulated which would provide a point of reference for approval of the specific activity on a case-by-case basis. It shall comprise both professional criteria and financial justification, e.g. detailed reports of the activity, signed registration sheets, photos, PowerPoint presentations, contracts (evidence of tenders if such were required), copies of invoices paid, indication of VAT liability – to rule out double payment – or any other document that shows that the grant has been utilised for the agreed aims.

On the other hand, procedural rules shall guarantee that the reporting and final approval are subject to deadlines.

Based on the meeting reports of the Executive Committee and the Managing Board, Cooperation Fund rules are in effect. It is possible that these existing rules can form a basis for further consideration.

3.4. EXECUTING THE COMMITMENT TAKEN OVER BY THE RESPONSIBLE PERSON(S) OR BODY.

Point 15 regulates payment issues in a manner that below EUR 5 000 it is the Secretary that can authorise payment; up to EUR 25 000 the Secretary and the Treasurer; and above this threshold the President, the Treasurer and the Secretary jointly. It is worth recalling that this only deals with the approval of the payment itself (not the approval of the commitment). If the stated rules are regarded as usual practice, they shall be retained with some suggested modifications.

Question 12: Clarity could be enhanced by wording changes e.g. the following rules apply to approval of the payments in executing existing commitments through banking operations. It is suggested to specify the three persons in Point d) (President, Secretary and Treasurer).

A distinct issue is the responsibility of the cashier. There has to be a specific person, either within the framework of the Secretariat or the accountant hired under Belgian law, who has the express obligation to technically effect and administer the approved bank transfers and to collect the invoices and other documents that justify the legality of the financial transactions (e.g. the authorisation document signed by the responsible person, reports on the activities, the original approval for commitment). Taking into account the present structure of WAPES, this could be either the Secretary, the internal administrator or the accountant.

Question 13: It is suggested to specify the above-mentioned issue in a separate point in the Financial Regulations; namely, to name the person and the obligations concerned.

3.5. APPROVAL OF BUDGET, RESOURCES

As indicated earlier, the right to approve the annual budget could be attributed to the General Assembly rather than to the Managing Board.

In turn, the budget planning aspect could be strengthened. It is clear that the Managing Board prepares the budget; however, when we examined the budget plans of the last several years, it was rather limited to main lines (e.g. seminars, Website, etc.). We suggest that the budget planning for the forthcoming year takes place in the autumn of the current year, and should be construed in a more detailed manner. It is advantageous if the budget is approved by 31 December at the latest. We find it very practical to introduce the rule of systematic quarterly checks. In accordance with the above, the circle of persons participating in the preparation of the budget should be widened.

Question 14: It is worth considering whether the planning of the budget might follow a more structured system. It has two aspects, the professional and the financial. It is proposed to involve all members of the Executive Committee in the preparation (in accordance with Article 21 first point c) of the Statute), most importantly the Vice-Presidents, who are in the best position to have an overview of the needs and possibilities of their region. The budget could follow a regional expenditure plan. It is also worth considering including the Secretary and the Vice-Presidents (in cooperation with the Secretary and the Vice-Presidents) in this new point.

A serious issue is monitoring. The present situation in WAPES is that two auditors are appointed whose appointment is rooted in an express obligation under Belgian law for INPAs. They are responsible for monitoring the financial situation and the legality of transactions. In our view, not only the legality of financial transactions should be controlled but also whether the financial resources were spent in accordance with the aims of the Association. It appears that the practice indeed tends to follow this approach.

Question 15: It is suggested to consider the extension of Article 25 of the Statutes in the spirit of the above, such as "The Auditors ... must report ... on sound financial management of WAPES' affairs and whether the operation of WAPES is in accordance with the aims and purposes of the Association and whether the finances conform with these".

In this new situation of having a new Executive Committee, it is useful to consider the necessity of a smooth take-over of tasks and funds. During this process a well-defined competence could be attributed to a special body. This could be completed either by establishing a specific monitoring body with timely limited competencies (when the Executive Committee is changed) or as a regular monitoring body. Accordingly, a formal Supervisory Board could be set up with the two Auditors and one independent expert appointed by the new Executive Committee.

Question 16: A special Supervisory Board could be set up with the participation of the two auditors and an independent expert who could take part in facilitating a smooth transition of tasks and funds.

According to the Financial Regulations, the Treasurer plays an active role in the collection of membership fees: the Treasurer calculates the membership fees and informs the members of the amount that has to be paid during the first quarter of the fiscal year. No mention is made of whether the Treasurer is required to undertake further steps to ensure the payment of membership fees. With regard to other sources of income (subsidies, donations and legacies), such additional sources have to be approved by the President in coordination with the Executive Committee and must be disclosed at the next General Assembly.

Question 17: In general, no detailed rules are in place as to how resources are secured in concreto. In the case of external funds, the right to approve lies with the President, and we face the question of whether further clarification might be necessary. It appears that, in accordance with the rules on external representation (Article 22 of the Statutes), not only the President but also the Treasurer and the Secretary shall be involved in this process.

PART II – ANALYSIS OF SELECTED INPAs UNDER BELGIAN LAW

As a foreword, some preliminary remarks are made on the method of data collection. Upon beginning the assignment, it soon became clear that the fact-finding analysis should focus on INPAs registered under Belgian law. The legal setting – namely Belgian law¹ – fundamentally determines the rights and obligations and, based on this, no definitive conclusions were to be awaited from INPAs registered under other laws. Consequently, the first decision was to analyse only those INPAs that were registered in Belgium.

Secondly, from the dozens of INPAs registered under Belgian law the following selection criteria were endorsed: (i) relatively high number of members; (ii) relatively sophisticated internal structure; and (iii) countries (associations, bodies etc. representing a country) shall be members or the coverage of members is worldwide. The following INPAs were selected:

- IFRRO (International Federation of Reproduction Rights Organisations)
- EPCA (European Petrochemical Association)
- CMFE (Community Media Federation Europe)
- FIDE (International Federation for European Law)

Thirdly, the concrete methodology of the research was two-phased. During the first phase the literal (textual) analysis of the documents at hand was conducted, meaning that the statutes, guidelines, annual reports and other publicly available documents were reviewed. In the second phase, empirical interviews were carried out. Taking into account the findings of the first phase, personalised questions were prepared for each of the above-mentioned organisations. These questions – together with a letter of support prepared by Tullius Kft. and signed by Mr Róbert Komáromi, Director General of the NLO, Hungary – were sent by email and discussed in writing and/or by telephone.

Fourthly, the results of the two-phased research were thematically evaluated and divided into three points: (i) a summary of the comparative analysis; (ii) results of the textual research by association; and (iii) case studies.

¹ *Belgian Law of 27 June 1921. regarding on non-profit associations, international non-profit associations and foundations; Article 50.*

1. RESULTS OF THE COMPARATIVE ANALYSIS OF EXAMINED INPAs

1.1. DIVISION OF POWERS BASED ON ORGANISATIONAL STRUCTURE, DECISION-MAKING RIGHTS

Non-profit organisations established under Belgian law are legal persons and the regulations fundamentally control the establishment of the decision-making organisational system and financial matters. In general, INPAs established according to Belgian law and examined here follow a somewhat different but essentially similar structure.

A common criterion is that the General Assembly is the cardinal decision-making body, the totality of members, and elects the other decision-making body, the Board of Directors/ /Managing Board. The latter is the body that makes the most significant operative decisions and guarantees the operation of the organisation based on the aims accepted by the General Assembly.

At the level of implementation the picture is a little more diverse; two basic solutions were identifiable. The first is that the Presidency is elected from the members of the multi-person Board of Directors; the Presidency is formed by the President and Vice-Presidents themselves (usually at least two Vice-Presidents; however, their number can increase in proportion to the size of the Board. For instance, at IFRRO there are two Vice-Presidents). In this case, the Treasurer becomes member of the Presidency, and is also a Vice-President. Hence, in such cases one Vice-President is the Treasurer. In this system the Presidency is the executive body, assisted by the Secretariat. The second solution is that there is no separate Presidency in the Board of Directors. Two separate solutions have also been established in this system. According to one (CMFE), the President, Vice-Presidents, Treasurer and Secretary are elected from the members of the Board of Directors, and the tasks of the Board of Directors are divided among them. However, they do not form a named “body”. The so-called Executive Committee, as a named body, can be found in other systems (EPCA, WAPES). In the case of EPCA, the members are the President, Vice-Presidents and the Treasurer. As for WAPES, the Executive Secretary is also a member of the executive committee. This body is liable for managing the Board’s affairs between sessions of the Board of Directors; therefore, this is the body of daily management. WAPES is organised according to the latter solution, where the Managing Board consists of a President, six Vice-Presidents and a Treasurer, but there is no Presidency, although there is an executive committee that includes the Executive Secretary. It is interesting that in the investigated associations with such systems the Secretary is not a member of the Board of Directors. According to the EPCA Statutes, this position could be a member.

In general, Treasurers are members of the decision-making and executive committees of non-profit organisations established under Belgian law. They are members of the Board of Directors / Presidency, either as Vice-President or as Treasurer and are therefore members of the elected decision-making body. Furthermore, they are also members of the body responsible for the executive tasks of the board, which is also formed by members of the Board of Directors (fully or partly, through the Presidency or executive committee). WAPES

also follows exactly the same structure: the Treasurer is a member of the Board of Directors and the executive body, meaning the tasks of a Treasurer are complex.

1.2. FINANCIAL MATTERS

Article 53 of Belgian law on non-profit organisations deals with financial matters. It lays down the obligation of the administrative body to determine the previous year's accounts and to suggest next year's accounts, while the governing body must approve the accounts and the draft budget. The basic regulations of associations must not deviate from this. As the General Assembly is the leading decision-making board of international organisations established in Belgium, accepting the accounts of previous years is always within the competence of every examined body. In the case of EPCA, IFRRO and CMFE, the budget is also approved by the General Assembly, while with regard to WAPES, approving the annual budget is the task of the Board of Directors. Of course, the Board of Directors then proceeds in power of decision-making.

In accordance with Article 53 of the already quoted Belgian law, the executive committee as an executive body may carry out preparatory work in connection with budget and accounting, thereafter decision-making entitlements that are connected to implementing programs are accepted by the General Assembly (WAPES)/Board or Directors (EPCA). On the one hand, it presents the plan, it implements the accepted plan, and finally prepares the annual Management Report on implementing the plan towards the General Assembly. As a general rule, the Treasurer as a member of the Board of Directors, vindicates the tasks in its name. This means that the task of a Treasurer in the Board of Directors and Executive Committee is to deal with financial matters. Belgian law states that accounting (simple or double) must conform to Belgian law, and also that members are obliged to choose one or two auditors (who must not be members of the Board of Directors), but it is not written that a Treasurer must be appointed. This is a rule that comes from the Statutes passed through a standard internal procedure (WAPES/EPCA).

In boards with several persons the tasks of the Presidency or the Board of Directors are to approve decisions that have already been prepared for them and to approve the submission of documents for further approval to the General Assembly. In addition, they also have representative tasks, such as promoting the association. Those members of the Board of Directors who are not members of the executive committee generally do not participate in daily administration. Between sessions of the Board of Directors, the executive committee is responsible for carrying out the tasks. Generally, of those who are both members of the Board of Directors and the Executive Committee, it is mainly the Treasurer who is required to perform the day-to-day administration. In the examined bodies the Executive Secretary is not a member of the Board of Directors and therefore has only an executive function (WAPES, EPCA).

The most significant executive body is the Secretariat. In the examined organisations the Secretariat possesses a permanent seat and personnel. (There was one exception, FIDE, which is a significant organisation with a high number of members; however, it does not have an organised inner structure.) The seat of the Secretariat is either the same as the seat

of the President's organisation (the State), (CMFE, Dutch Presidency/Secretary, FIDE, Danish Presidency and Secretary) or – and this is the majority solution – is in Belgium (WAPES, EPCA, IFRRO, CESES). However, according to the examined constitutions, the Secretary could be a member of the Board of Directors (for instance, IFRRO, EPCA, WAPES) and therefore a person elected by the General Assembly, but in practice is always an outside person elected by the Board of Directors. A special internal process could also be ratified (e.g. WAPES). In the case of WAPES, the Executive Secretary is not a member of the Board of Directors; however, its person is ratified by it. It must be noted that – at the time of examination – none of the organisations used the opportunity to appoint the Executive Secretary from their respective members.

1.3. COLLABORATION BETWEEN THE SECRETARIAT AND THE TREASURER

As has already been referred to, the General Assembly approves the annual financial accounts, the annual management report and the activity plan for the forthcoming year and (either the General Assembly or the Board of Directors) approves the following year's program and the attached budget. The task of implementation is attributed to the executive bodies which in the case of WAPES is the Executive Committee; to set it up is the mandatory task of the Board of Directors. The Statutes of WAPES define exactly the competences of the executive bodies. The most significant aspects to highlight are Points i) and I) of the Statutes, pursuant to which the preparation of activities and determining its financial resources are the tasks of the Executive Committee.

The execution of tasks can occur in a manner that the Treasurer himself carries out all of the daily tasks. However, it is typical that managing financial matters as a daily routine is carried out by the Secretariat, while decision-making lies within the competence of both the Executive Secretary and the Treasurer. This generally originates from the constitution (e.g. IFRRO/WAPES). In this case, budget planning, preparation of financial accounting and payments (transfers) are the tasks of the Secretariat; moreover, the execution of tasks may also belong to them. In this approach, the preparation of the budget is more the task of the Secretariat; the Treasurer rather approves (signatory) and monitors. This division of powers either clearly comes from the Statutes or not at all; however, in this case it is based on internal procedures or on the decisions of the Board of Directors, which are available to the members. The organisational system of WAPES is transparent, based on its Statutes and the Internal Regulations, and the members have a complete view of its operations.

In our survey, one of the key questions was exactly how the tasks of the Treasurer and Executive Secretary are related in practice. Here we examined how the division of powers is established and whether only one of these persons is competent or a mixed system operates (whether the entitled person is defined until a certain threshold or for types of transaction, which is in one case within the competence of the Treasurer, in other cases the Executive Secretary or the Board of Directors). We touched upon key areas, including the financing of staff and material costs (entering into operational contracts and decisions on their financing) and assuring the cost of participating in programs. The tasks of a Treasurer are more significant in preparing the budget and the annual accounts. The Treasurer is generally assisted by an accountant who prepares the accounting according to Belgian law.

2. ANALYSIS OF THE STATUTES AND FINANCIAL RULES OF OTHER INPAs

2.1. INTERNATIONAL FEDERATION OF REPRODUCTION RIGHTS ORGANISATION

2.1.1. THE ESTABLISHMENT AND THE OBJECTIVES OF IFRRO

The International Federation of Reproduction Rights Organisations (IFRRO) is a non-governmental, independent non-profit association. It is governed by the provisions of Title III of Belgian law of 27 June 1921 on non-profit associations, non-profit international associations and foundations (Articles 46 to 58) (Law on NPMIA).

IFRRO was established on the basis of the fundamental international copyright principles embodied in the Berne and Universal Copyright Conventions. Its purpose is to facilitate, on an international basis, the collective management of reproduction and other rights relevant to copyrighted work through the cooperation of national Reproduction Rights Organisations (RRO).

IFRRO began in 1980 as a working group of the Copyright Committee of the International Publishers Association and the International Group of Scientific, Technical & Medical Publishers (STM). In May 1984, this working group became an informal consortium called the International Forum for Reproduction Rights Organisations. In April 1988 in Copenhagen, IFRRO became a formal federation eligible to speak on behalf of its constituents before various international bodies, such as WIPO, UNESCO, the European Community and the Council of Europe.

Through its members, IFRRO supports creators and publishers alike and provides a common international platform for them to foster the establishment of appropriate legal frameworks for the protection and use of their works.

IFRRO works to develop and increase public awareness of the need for effective RROs and to support the joint efforts of publishers, authors and other rights holders to develop rights management systems worldwide. To accomplish its mission, IFRRO fosters the development of studies and information-exchange systems; relationships between, among and on behalf of members; and effective methods for conveyance of rights and fees among rights holders and users, consistent with the principle of national treatment.

2.1.2. THE STRUCTURE OF IFRRO

2.1.2.1. MEMBERSHIP AND MEMBERSHIP CATEGORIES

According to Article 4 of the Statutes of IFRRO, there are four membership categories: RRO Members, Associate RRO Members, Provisional RRO Members and Creator and Publisher Association Members.

The compulsory annual membership fees are approved by the General Meeting of IFRRO and are adjusted annually according to the Belgian cost-of-living index.

| Membership Fees and Votes | | | |
|---|----------------------------------|------------|-----------------|
| Grouping | Annual Domestic Collection (EUR) | Fees (EUR) | Number of votes |
| RRO Members | Less than 0.4 m | 800 | 1 |
| | 0.4 m – 0.8 m | 2 600 | 7 |
| | 0.8 m – 4 m | 9 000 | 8 |
| | 4m – 8m | 15 000 | 10 |
| | 8 m – 16 m | 27 000 | 11 |
| | 16 m – 24 m | 40 000 | 13 |
| | More than 24 m | 55 000 | 14 |
| Associate RRO Members | Less than 0.4 m | 800 | 1 |
| | 0.4 m – 4 m | 1 600 | 5 |
| | 4 m – 16 m | 9 000 | 8 |
| | 16 m – 24 m | 15 000 | 10 |
| | More than 24 m | 27 000 | 11 |
| Creator and Publisher Association Members | N/A | 800 | 1 |

2.1.2.2. STRUCTURE

General meeting

The General Meeting is the governing body of IFRRO. The number of votes is proportional to the level of annual membership fees.

Powers of the General Meeting:

- Examines and approves the annual report of the Board and the audited accounts of the Association, as well as its budget proposal.
- May pass guidelines on the general matters of IFRRO.
- Elects the Presidency and other members of the Board of Directors, of the Nominating Committee and of the Membership Committee.

Board of Directors

The Board of Directors is the executive body of IFRRO. The members of the Board of Directors meet three times on average in a fiscal year. The Board of Directors manages and controls the activities and assets of IFRRO. It delegates daily management to the Head of the IFRRO Secretariat. It can also decide to delegate daily management to its President or to one or several representatives whose powers it shall determine.

The Board of Directors is made up of eight members, from which three make up the Presidency. Members of the Board of Directors are elected for a term of two years and may be re-elected with the restrictions detailed in Article 11 Para 7.

Presidency

The Presidency consists of the President and two Vice-Presidents.

The members of the Presidency are authorised to represent IFRRO and act in its name between meetings of the Board of Directors. They shall act in compliance with the decisions of the General Meeting and of the Board of Directors and shall not be required to justify to third parties the powers conferred on them for this purpose.

The President and the Vice-Presidents (acting jointly) are authorised to give written powers in turn to other members of the Board of Directors and/or the Head of the IFRRO Secretariat to exercise these powers.

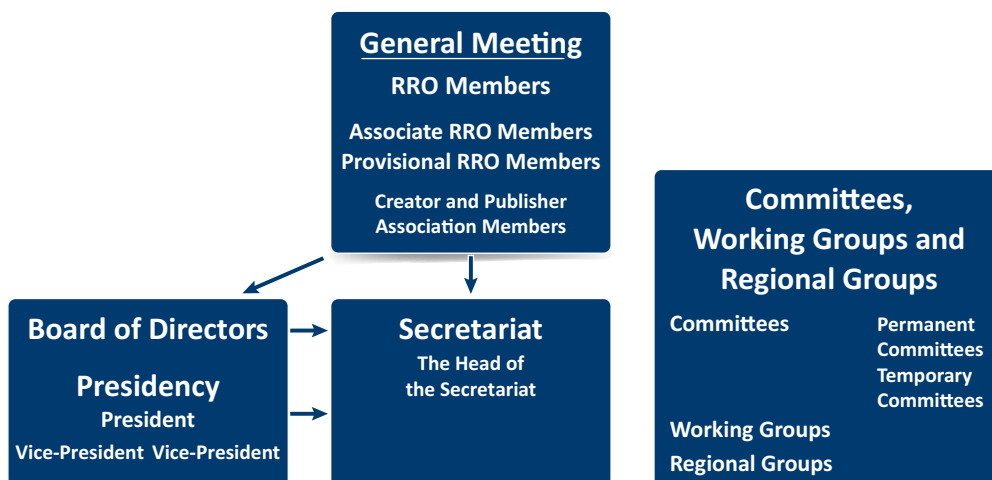
The President shall chair meetings of the Board of Directors. The President shall ensure the execution of decisions made by the Board of Directors and shall provide general direction to the work of the Head of the IFRRO Secretariat.

Secretariat

The Head of the IFRRO Secretariat is the general secretary (also referred to as the chief executive officer (CEO)). According to Para 4, under the direction of the President, and in keeping with instructions given by the Board of Directors and within the limits of the budget of the Organisation, the Head of the IFRRO Secretariat represents IFRRO at meetings and external events, implements the decisions of the Board of Directors and is responsible for the operation of the Secretariat and its staff. In addition, in consultation with the President, the Head of the IFRRO Secretariat submits proposals to the Board of Directors to meet the needs of the Association.

This provision of the Statute is further specified by Article 13 as “the members of the Presidency are authorised to represent IFRRO and act in the name of the Organisation between meetings of the Board of Directors. They ... shall not be required to justify to third parties the powers conferred on them to this purpose” and “The President shall, *inter alia*, [] provide general direction for the work of the Head of the IFRRO Secretariat”.

The Membership Committee and the Nominating Committee are Permanent Advisory Committees of IFRRO without affecting the competence of the General Meetings, the Board of Directors and the Secretariat.



2.1.3. REPRESENTATION

All acts with respect to the daily management of IFRRO, including the execution of decisions taken by the General Assembly or the Board of Directors, are signed by the Head of the IFRRO Secretariat. The Head of the IFRRO Secretariat shall report to the Board of Directors. The Board of Directors can also decide to delegate daily management to its President or to one or more representatives whose powers it shall determine.

Acts binding IFRRO, except for special proxies, are signed by the President and the Vice-Presidents (acting jointly). IFRRO can be validly represented in court as both plaintiff and defendant by its President and the Vice-Presidents (acting jointly).

2.1.4. BUDGET AND ACCOUNTS

2.1.4.1. COST OF MEMBERSHIP

Each member shall bear its own costs relating to its membership. The Presidency and the members of the Board of Directors are honorary appointments without financial remuneration or reimbursement for expenses incurred in attending meetings.

2.1.4.2. BUDGETS AND ACCOUNTS

The fiscal year begins on 1 July and closes on 30 June of the following year.

The annual accounts for the past financial year and the budget for the coming year are established by the Board of Directors annually and are then submitted to the General Meeting for approval at its next meeting.

The accounts shall be certified by an external auditor residing in the country of IFRRO's seat and approved by the General Meeting. IFRRO's income consists of the fees of its members and may be supplemented by other sources of funding. IFRRO's expenses shall correspond to the budget and accounts approved by the General Meeting.

According to Article 53 Para 1 of the Law on NPMIA, "each year, the administrative body shall establish the financial statements for the previous accounting period in accordance with this article, as well as the budget for the following accounting year. The general management body shall, at its next meeting, approve the annual statements and budget".

The regulations on the financial reports of IFRRO correspond to the provisions of the Law on NPMIA. It is within the power of the General Meeting to approve the annual reports of the Board of Directors, including annual financial reports. According to Article 51 Para 2 of the Law on NPMIA, IFRRO's annual financial statements shall be kept on file at the Clerk's Office of the Commercial Court. (This file also contains the Articles of Association and any changes to them, the coordinated text of the Articles of Association following their modification, etc.)

IFRRO may keep simplified accounting records, including cash transactions and accounts (Article 53; Para 2).

The budgets of IFRRO are based on the assumption that the Board of Directors may apply for grants and loans not specified in the budgets from members or outside sources for special projects, and that such grants and loans may be used in accordance with the purposes of IFRRO, as expressed in the Statutes, by the General Meeting or the Board of Directors. These grants and loans may carry terms as agreed to by the Board of Directors and the person or entity making the grant or loan.

According to Article 51 Para 3 of the Law on NPMIA, decisions relating to IFRRO's liquidation shall be published at the expense of the interested parties in the Annexes of the Belgian Official Journal.

2.1.4.3. EXTRAORDINARY EXPENDITURE ON BEHALF OF THE ASSOCIATION

In the event that the President, the Vice-Presidents, a member of the Board of Directors or any other person employed by IFRRO assumes responsibilities beyond the usual context of their duties on behalf of IFRRO, the Board of Directors can authorise reimbursement of that person from IFRRO's funds, insofar as that compensation is expressly recorded in IFRRO's financial reports.

2.1.4.4. IFRRO FUNDS

The Board of Directors may establish funds for specific purposes that are recorded in a separate account in IFRRO's budgets and accounts.

Funds of IFRRO:

- Development Fund with the purpose of allocating and/or lending funds needed for the establishment and development of new RROs and to finance special projects that meet IFRRO’s objectives in keeping with the decisions of the Board of Directors.
- Enforcement Fund with the purpose of supporting direct costs incurred in pursuing litigation linked to the enforcement of copyright and related rights relevant to the text and image-based sector in areas directly related to collective administration by RROs and in cases that have a transnational impact.

The second Vice-President acts as Fund Administrator with the assistance of the Secretariat and is responsible for making payments approved by the Board of Directors. The second Vice-President also reports on the situation of the Funds at each Board meeting and at each General Meeting.

The Funds consist of voluntary contributions of members or third parties. The Board of Directors and contributors shall agree on the conditions and/or limits for the use of those contributions. Following approval by the Board of Directors, contributions allocated for specific purposes, in the form of grants or loans, cannot be allocated to purposes other than those authorised without the express written agreement of the contributor. Funds transferred by members to IFRRO as contributions to IFRRO’s Funds will on the date of transfer become IFRRO’s property and reimbursement will not be possible, unless otherwise decided by the Board, on the basis of a motivated request from the contributor.

Contributions not allocated for specific purposes can be used at the discretion of the Board of Directors in compliance with the objective stipulated in Article 18 of the Statutes (Budget and Accounts).

Any IFRRO Fund shall be under the general supervision of the Board of Directors, with day-to-day responsibility resting with the Fund Administrator and administrative assistance provided by the Secretariat as required. The Fund Administrator’s reports to the Board of Directors and to each General Meeting shall include sufficient detail to permit thorough discussion of the progress of each activity to which the Funds’ money is dedicated. The Funds’ accounts shall be separately certified by the Chartered Accountant of IFRRO.

2.2. EUROPEAN PETROCHEMICAL ASSOCIATION

2.2.1. THE ESTABLISHMENT AND THE OBJECTIVES OF EPCA

The European Petrochemical Association (EPCA) is an international non-profit association that serves a global network for the chemical business community consisting of producers of chemicals and their service providers. In this industry segment, EPCA is the platform to meet, exchange information and transfer learning and is a think tank challenging the approach of “business as usual”. EPCA represents over 680 member companies from 53 different countries with a total aggregate turnover exceeding EUR 4.2 trillion.

EPCA's objective is to bring petrochemical business people together, provide and exchange information, and promote projects of interest to the petrochemical industry.

EPCA's aim is not to make profits for the distribution of financial advantages to its members. Profits, if any, will be used to serve EPCA's objectives. EPCA will be run, within its corporate strategy, in such manner that it can cover its present and future costs and build such reserves as are necessary in accordance with good management practice, the regulations and the very nature of its activities.

2.2.2. THE STRUCTURE OF EPCA

2.2.2.1. MEMBERSHIP AND MEMBERSHIP CATEGORIES

EPCA is composed of Full Members and Associate Members.

Full and Associate Members are legal entities duly established and existing in compliance with the laws and practices of their country of origin. The admission of members becomes effective at the date of payment of their annual contributions.

Full membership is granted by the Board of Directors to legal entities exercising their activities in Europe in the petrochemical field. Each full member shall be entitled to one vote at General Meetings.

Associate membership is granted by the Board of Directors to legal entities that, in the opinion of the Board of Directors, can contribute to the achievement of EPCA's objectives. These legal entities include non-European producers, transport and storage companies, engineering and construction companies as well as companies providing consultancy services to the chemical industry and their service providers.

Associate Members are not entitled to vote in General Meetings except for decisions relating to the dissolution or winding-up of EPCA and the repartition of the assets remaining after the payment of all EPCA's debts in the event of its liquidation.

Contributions are payable, under penalty of exclusion, within three months. Fees covering the cost of participation at meetings shall be fixed by the Board of Directors.

2.2.2.2. STRUCTURE

General Meeting

The General Meeting is the EPCA's supreme governing body.

According to Article 5.1 of the Statutes, the General Meeting has the power to:

- 1) Appoint the members of the Board of Directors
- 2) Fix the annual contribution (membership fee)
- 3) Approve the accounts and budget

- 4) Final discharge of Board members and Secretary General of their financial administration
- 5) Modify the Statutes, except for the modification of the location of EPCA's seat (modified by a decision of the Board of Directors)
- 6) Dissolution or winding up of EPCA and the transfer of assets remaining after payment of all debts

Ordinary and Extraordinary General Meetings shall be differentiated.

The Ordinary General Meeting shall be convened annually between 1 September and 31 October, on a date and at a place determined by the Board of Directors.

The election and dismissal of the members of the Board of Directors and the approval of accounts and budget shall automatically be entered on the agenda of the Ordinary General Meeting.

An Extraordinary General Meeting can be convened at any time either by the Board of Directors or by a number of Full Members representing at least one tenth of the total membership.

Board of Directors

EPCA is managed by the Board of Directors comprising no more than 18 natural persons elected by the General Meeting from the representatives of Full or Associate Members. Each director is entitled to one vote.

The Board of Directors shall itself decide how it shall convene and shall draw up its own rules of procedure. The members of the Board of Directors are elected for a period of three years. Their mandate is renewable and they can be dismissed at any time by the General Meeting.

The Board is competent for any acts that are not expressly reserved to the General Meeting, provided, however, that it is bound to enforce the instructions, injunctions and decisions that may be adopted by the General Meeting.

The Board of Directors meets at the dates and the places fixed by the preceding Board or at the request of its President. It may be convened if at least one third of the directors request it. The Secretary General shall send notice of Board meetings at least five days prior to the meeting. Notices will be sent by ordinary mail, fax, email, web communication or any other means of written communication.

The Board of Directors is vested with the most extensive powers to make any act of management and of disposal considered necessary or useful for the performance of EPCA's objectives.

In particular, the Board:

- Develops EPCA's strategy & policy
- Selects the venue of the Annual Meeting
- Sets the program for the Annual Meeting
- Sets the Annual Meeting fee
- Sets the accounts, budget and membership fees
- Approves new EPCA members
- Determines the uses and sources of funds
- Determines the composition of EPCA's Board

The Board of Directors elects a President, one or two Vice-Presidents and one Treasurer from among the directors. Such persons are elected for a term of three years, renewable.

The Board of Directors appoints one Secretary General from among the members of the Board or outside the Board.

Executive Committee

The Board of Directors elects a President, one or two Vice-Presidents and a Treasurer from among the directors. The President, the Vice-Presidents and the Treasurer are appointed for a term of three years renewable.

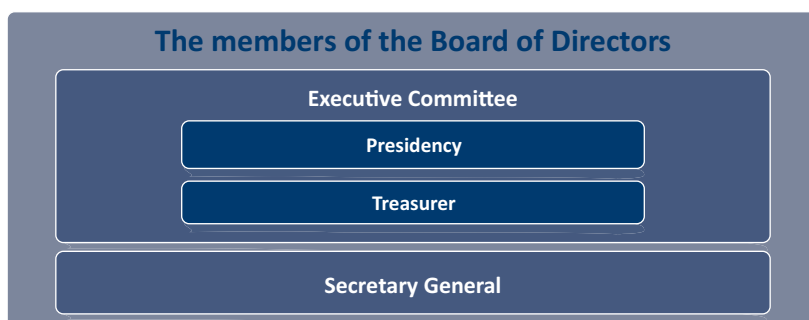
The President chairs the General Meeting and meetings of the Board of Directors.

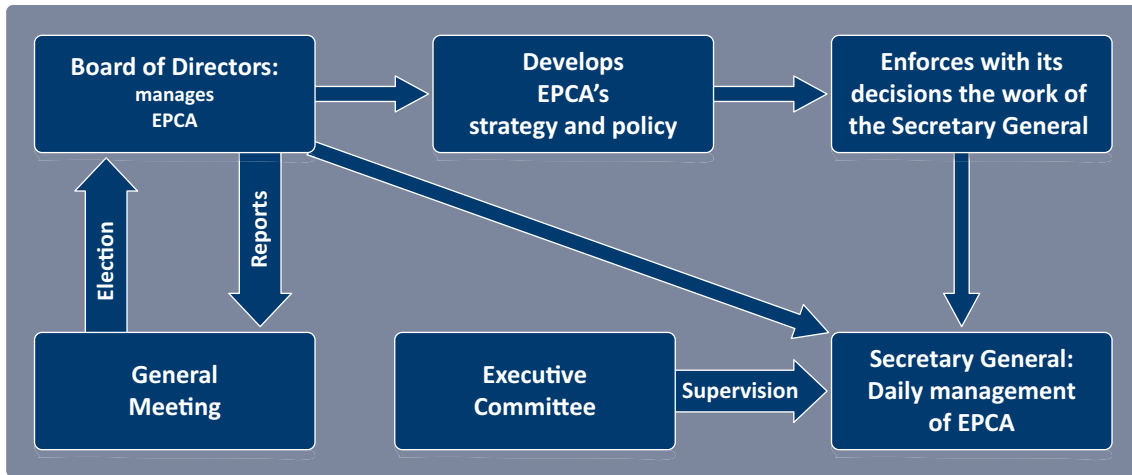
The President, the Vice-Presidents and the Treasurer form the Executive Committee, the powers of which are determined by the Board of Directors.

Secretary General

The Secretary General shall be appointed by the Board of Directors from among its members.

The Secretary General is empowered with the daily management of EPCA under the supervision of the Executive Committee and with the enforcement of the decisions of the Board of Directors and of the Executive Committee.





2.2.3. LEGAL REPRESENTATION

In all acts, documents and before the courts, EPCA shall be validly represented by two members of the Executive Committee or by the Secretary General and one member of the Executive Committee, without having to justify their powers.

For daily management operations, personnel issues and for the representation of EPCA before authorities, other associations, member companies or courts, the Secretary General may act alone.

A register recording the identity of persons entitled to represent EPCA is held at EPCA's seat.

2.2.4. BUDGET AND ACCOUNTS

The corporate year and the bookkeeping year begin on 1 January and end on 31 December of each year. The Board of Directors submits the annual accounts and the budget of the next year for the approval of the next General Meeting. The General Meeting may decide to constitute a reserve fund and to fix the amount and the frequency of contributions that the members have to pay.

According to the Annual Report of 2012, on 31 December 2011, EPCA's net assets were EUR 5 197 392.85. According to the Annual Report, the most significant sources of incomes in 2011 were compulsory member fees and an exceptional financial income caused by investments maturity with payment of capitalized returns.

In 2011, office expenditure increased in a non-recurring manner due to higher taxes payable on the aforementioned income from investments maturing as well as the creation of a reserve for well-established and likely future personnel costs.

According to the decision of the General Meeting of 3 October 2011, the following membership fees were set out (in EUR):

| Full Members | Associate Members |
|--------------|-------------------|
| EUR 2 500 | EUR 1 000 |

2.3. COMMUNITY MEDIA FORUM EUROPE

2.3.1. THE ESTABLISHMENT AND THE OBJECTIVES OF CMFE

The Community Media Forum Europe (CMFE) is an international non-profit association established on 9 February 2010 and governed by the Belgian law of 27 June 1921 on non-profit associations, international associations and non-profit foundations.

The objectives of CMFE are:

- Strengthening awareness of the alternative media sector (non-profit community media) within the media landscape at European level
- Establishing a platform for continuous dialogue and discussion between non-profit community media organizations and the European institutions
- Promotion of cultural diversity, freedom of expression and democratization of communication
- Recognition of the alternative media sector (non-profit community media) at European level

2.3.2. THE STRUCTURE OF CMFE

Membership

Members can be physical persons or legal entities, legally founded according to the laws and customs of their country of origin.

Members of the association are:

1. Founding members
2. Members approved by the Board of Directors
3. Affiliate members that are accepted as such by the Board of Directors

General Assembly

The general assembly consists of all members. The General Meeting is convened by the Board of Directors at least once annually.

Exclusive powers of the General Assembly are:

- Modification of the Statutes
- Appointment and dismissal of members of the Board of Directors and, if necessary, commissioners
- Determination of election procedure
- Discharge to be granted to members of the Board of Directors and, where applicable, commissioners
- Approval of the budget and annual accounts
- Voluntary dissolution of CMFE

- Verification of the exclusion of a member
- Adoption of internal regulations
- Determination of membership fees
- Decision in cases where the Statutes so require

At the annual General Meeting, three members not having a mandate in the Board of Directors will be appointed to monitor the financial reports of the Treasurer. They will prepare a report containing their comments before the next General Assembly.

Board of Directors

CMFE is managed by the Board of Directors. The Board of Directors consists of 3 to 15 directors who are appointed by the General Assembly. The Board of Directors possesses the most extensive capacities to act in the name of CMFE and to perform all acts of management, administration and provision which are in CMFE's interest, subject to the powers of the General Assembly.

Generally, the Board of Directors lays down the policy to be followed and the means to be applied to pursue the activities of CMFE to achieve its goals.

The Board of Directors elects from among its members, for one term which cannot exceed the duration of their mandate, a President, one or more Vice-Presidents, a Treasurer and a Secretary.

The members of the Board of Directors, exercising their function in a collegial way, represent CMFE in judicial and extra-judicial actions, either as an applicant or respondent.

The Board of Directors is responsible for:

- Adopting the organization's budget, preparing the financial reports and presenting the verified financial statements for adoption at the General Assembly
- Organizing the process of appointment of members of the Board of Directors and, where applicable, commissioners
- Admission and suspension of members

2.3.3. BUDGETS AND ACCOUNTS

CMFE's financial year begins on 1 January and ends on 31 December. The annual accounts for the previous year and the budget for the current year are prepared by the Board of Directors and submitted for approval at the next General Assembly.

At the annual General Meeting, three members, not having a mandate in the Board of Directors, will be appointed to monitor the financial reports of the Treasurer. They will prepare a report containing their comments before the next General Assembly.

It is within the power of the General Assembly to approve the budget and annual accounts. The Board of Directors adopts the organisation's budget, prepares the financial reports and presents the verified financial statements for adoption at the General Assembly.

2.3.4. REPRESENTATION

The Board of Directors, exercising its function in a collegial way, represents the association in judicial and extra-judicial actions, either as an applicant or respondent.

Without prejudice to the capacity of representation of the Board of Directors and with the exception of special proxies, CMFE is duly represented in judicial and extra-judicial actions, including its proceedings with the administration, by the President and, within the limits fixed by the Board of Directors, by those persons assigned the management of the day to day operations. When there are several such persons, each exerts its power of representation separately.

The President and, in his absence, two members of the Board of Directors acting jointly, are entitled to accept, on a provisional or definitive basis, the responsibilities given to CMFE and to carry out all the necessary formalities.

2.4. INTERNATIONAL FEDERATION FOR EUROPEAN LAW

The International Federation for European Law (FIDE) is an impartial, non-profit international association set up in accordance with the Belgian law of 25 October 1919 on international associations with scientific objectives.

FIDE focuses on the research and analysis of European Union law and EU institutions, and their interaction with the legal systems of the Member States of the European Union.

FIDE unites the national associations for European law of Member States and candidate countries, as well as Norway and Switzerland. It provides legal scholars and practitioners with a common forum to address current issues of interest in European law and in the interaction between EU and national law.

FIDE was established for an unlimited term to:

- Promote the objectives of the member associations, in particular by organising common events and by encouraging contact and the exchange of information
- Bring together lawyers who are interested in European law and the laws of the European countries
- Study together the solutions to the legal problems which occur in all areas due to the evolution of the structures and institutions of the European Community
- Raise awareness of the importance of these problems to all those interested

2.4.1. STRUCTURE

Membership

The national associations, created for the same purpose, in states that become members of the European Union, shall be admitted as members of FIDE.

Other international or national associations the activities of which are devoted principally to the study and development of the law and institutions of the European Community may be admitted by the executive committee as associate members of FIDE.

General Meeting

FIDE's General Meeting is made up of the representatives of the member associations and takes place at least once every three years. General Meetings shall take place at the request of the executive committee or at the request of at least a third of the member associations.

Reports on the management of the Executive Committee, as well as the financial and moral situation of FIDE, shall be heard at the general meeting.

The accounts of the fiscal year shall be approved and questions on the agenda shall be considered.

Notifications to attend must be addressed to the President from the member associations at least one month in advance, indicating the place and the agenda of the General Meeting. The agenda shall be established by the Executive Committee. The proceedings shall be valid irrespective of the number of delegates present or represented, except in the event of modifications to the Statutes or dissolution of FIDE.

Executive Committee

FIDE is managed by the Executive Committee made up of representatives of the member associations. Every association shall appoint three of its members at each meeting of the Executive Committee as its representatives. The Executive Committee meets at least once a year where it shall:

- Decide on the General Meetings of the member associations and shall determine the agenda
- Suggest subjects to be examined by member associations
- Organise all events
- Decide on the publications and as a general rule take all decisions and initiatives in conformity with the interests of FIDE

The Executive Committee shall ensure the execution of the decisions of the General Meetings and is vested with the most extensive powers to carry out or authorise all acts that are not reserved for the General Meetings of FIDE.

Expenses shall be authorised and FIDE shall be represented both in law and in ordinary affairs by the President or by a member appointed to that effect.

Presidency

The Executive Committee elects from its members the President of FIDE. The Presidents of each of the national associations are Vice-Presidents of FIDE. The President may be assisted by a Secretariat and shall determine its composition.

The President shall be authorised by the Executive Committee to alienate all property and securities belonging to FIDE as thought necessary.

The President shall, on behalf of the Executive Committee, be in charge of fulfilling all formalities laid down by the law of the headquarters of FIDE.

2.4.2. THE RESOURCES OF FIDE

The resources of FIDE are contributions of the member associations; this shall be fixed annually by the Executive Committee on the proposal of the President and shall be proportional to the number of delegates participating in the General Meetings, by which the national association can be represented by virtue of Article 16 of the Statutes.

FIDE is financed from subsidies that enable it to fulfil its objectives.

FIDE alone is responsible for all resources; the member associations and their members are under no circumstances responsible for the obligations incurred by FIDE.

3. CASE STUDIES

3.1. CASE STUDY 1

3.1.1. ORGANISATION

As to the general management system of the association, in general the annual general meeting (AGM) authorises the Presidency to carry out the activities during a fiscal year. According to Article 13 of the Statutes, “The members of the Presidency are authorised to represent and act in the name of the Organisation between meetings of the Board of Directors. They shall act in compliance with the decisions of the General Meeting and of the Board of Directors and shall not be required to justify to third parties the powers conferred on them to this purpose”. Moreover, “The President shall, *inter alia*, [] provide general direction for the work of the Head of the Secretariat”, meaning that the Secretariat is responsible for executing the accepted work program.

The Secretariat is a permanent establishment. The Chief Executive (Head of Secretariat, CEO) has three main tasks:

1. Representing the association
2. Implementing the decisions of the Board and, if necessary, submitting proposals
3. Running the Secretariat itself

The CEO is responsible for maintaining the documents on site.

The CEO is the Head of the administration and is responsible for managing the daily routine regarding the association. In general, the Board of Directors meets three times during a fiscal year.

3.1.2. INCOME

On the income side: membership fees shall compulsorily be collected from members who can donate on a voluntary basis, for instance to the Development Fund or the Enforcement Fund. Income is placed in bank accounts. The official bank account of the association is in Belgium. The Presidency, the CEO, the General Counsel, the Deputy Secretary General and the Office Administrator are entitled to access the bank account. There are moneywise thresholds for access. The association operates through electronic banking. With regard to how often the responsible person checks the status of income, at CEO and Treasurer level this occurs monthly, and daily with regard to the operational level (Office Administrator).

If a member does not pay the membership fee a reminder is sent by email. The association keeps a record of these reminders.

Belgian law applies to financial transactions. If an activity is carried out outside Belgium, there are cases when Belgian law does not apply.

The CEO is authorised to prepare invoices.

3.1.3. SPENDING

According to Articles 1 and 2 of the Statutes: “§1. Subject to Article 8, the Board of Directors manages and controls the activities and the assets of the Association.

§2. It delegates daily management to the Head of the ... Secretariat. It can also decide to delegate daily management to its President or to one or several representatives whose powers it shall determine”.

According to Article 9, “The President and the Vice-Presidents (acting jointly) are authorised to give written powers in turn to other members of the Board of Directors and/or the Head of the ... Secretariat to exercise these powers”.

According to Article 6 of the guidelines, “the Second Vice-President acts as Fund Administrator with the assistance of the Secretariat. (S)he is responsible for making payments as approved by the Board of Directors and reports on the situation of the Funds at each Board Meeting and each General Meeting”.

Daily management is delegated to the CEO according to Article 16. The CEO also has other powers, e.g. entering into contracts and approval of certain expenses. Typical expenses include salaries of staff, material costs (paper, telephone, maintenance costs etc.), and all costs that are typical for an international association, including travel costs, meeting and conference costs.

To have a payment approved, two signatures are always required, both for authorising an invoice to be paid and for the execution of the payment itself. This is carried out jointly by the Treasurer and the CEO up to a certain threshold, by joint decision by two members of the Presidency (one must be the second Vice-President who is also the Treasurer) and the CEO, and otherwise by the Board. For example, any member can submit a request for the resources of the Development Fund, and there are established rules for applications available electronically to members from the members-only Website. The travel of members may be approved by the Board or by the Treasurer if so mandated.

The Secretariat, and within the Secretariat the Office Administrator, collects the invoices.

3.1.4. BUDGET PLANNING, APPROVAL, ACCOUNTING

According to Article 13, “The Second Vice-President shall, *inter alia*, act as ... Treasurer and Development Fund Administrator and report to the General Meeting on all financial matters concerning the Association”.

Budget planning is the responsibility of the CEO and Treasurer. The budget is approved by the AGM at the recommendation of the Board of Directors. The CEO is responsible for its preparation, it is submitted to the Board of Directors with the approval of the Treasurer, and the Board of Directors recommends it for approval to the AGM.

The Presidency shall inform the General Meeting of the status of affairs of the budget normally once each year. The audited accounts are submitted to the General Meeting for approval. The accounts of the fiscal year shall be submitted to the Belgian fiscal authorities.

The association employs a Belgian accountant to arrange the accounts; they are audited by an auditor, approved by the AGM and subsequently submitted to the authorities by the accountant on templates provided and following the procedures established by the Belgian authorities.

To illustrate the most important issue, namely the relationship between the CEO and the Treasurer, the following examples were given to describe the division of tasks between them.

The CEO is responsible for the preparation of documents that form the basis of decisions. The Treasurer approves or recommends to the Board, depending upon the mandate and specific issue. The CEO is responsible for the execution and the Treasurer controls it. As an example, the monthly management accounts (MMA) are prepared by the Secretariat under the leadership of the CEO. When the CEO is satisfied that the MMA are in good order they are forwarded to the Treasurer with the CEO's accompanying notes. The Treasurer controls and may request further explanation, information or that specific activities be carried out. The Treasurer ensures that the tasks are executed according to the instructions and procedures. The Treasurer presents the MMA to the Board and the audited year-end accounts to the Board and the General Meeting.

3.2. CASE STUDY 2

3.2.1. ORGANISATION

The Executive Committee authorised one member association at the last Congress to carry out the activities (the Presidency). The secretariat of the member association is run by a law firm that also holds the secretariat of the member Association of European Law. The Faculty of Law at a university in the member association's capital city has entered into a partnership with the Association of European Law regarding the forthcoming congress and will act as co-host.

The organization is managed by the Board of the President of the Association of European Law, supported by the Secretariat. The Congress is managed jointly by the President of the Association of European Law and the Faculty of Law at the capital city of the Association. A contract has been entered into with a professional congress organizer that aids the joint hosts regarding all practicalities regarding the Congress. The board of the President of the Association of European Law meets when decisions regarding the national organization, the international association or the Congress calls for it. The board meetings are attended by administrative staff from the Faculty of Law and the professional congress organizer. Records are kept of these meetings. In principle, the records are for internal use. However, upon request from the member states, the records can be forwarded.

3.2.2. INCOME

All national associations that hold membership of the international association pay a membership fee. Fundraising is a significant task concerning the Congress as the costs regarding the congress are covered by: 1) membership fees; 2) participation fees; 3) grants from various funds; and 4) sponsorship from companies, organisations and publishing houses, etc. The task is undertaken by the Board of the President of the Association of European Law and the funds raised by the Board are administered by the Board.

Each Presidency opens an account for the collected membership fees. The secretariat of the President of the Association of European Law has access to the bank account in its country. Internet access is given. The professional congress organizer has opened an account for the collection of participation fees and administers such account. If needed, bank transfers will be made from the President of the Association of European Law to the professional congress organizer to cover expenditure regarding the Congress. The responsible person checks the status of income on a weekly basis or as often as necessary.

If a member does not pay the membership fee an email is sent to the member to encourage them to pay. If payment does not occur the member may be denied the opportunity to hand in a national report to be used in the Congress proceedings. This happens very rarely.

The legal system of the country of the association holding the Presidency governs financial transactions. Interestingly, the association holding the Presidency always keeps the bills and invoices, etc. itself. Invoices are not handed over from one Presidency to another. The same applies to funds.

In this sense, the international association as such does not have its own distinct resources. The Board of the President of the Association of European Law issues the invoices concerning member fees and pays invoices from suppliers in connection with the Congress.

3.2.3. SPENDING

According to Article 13 of the Statutes, "It (the executive committee) shall authorise the President to alienate all property and securities belonging to the Federation as thought necessary. The expenses shall be authorised and the Federation shall be represented both in law and in ordinary affairs by the President or by a member appointed to that effect".

In accordance with this point, the President has to approve expenses of all kinds. Moreover, the President enters into contracts in collaboration with the board of the President Association of European Law. The usual types of cost are: salary of the professional congress organizer and support given by student workers at the Faculty of Law and the organisations/companies "behind" the board members. All others work on a voluntary basis. Material costs regarding the meetings of the executive committee of the associations (one meeting per year). Material costs regarding the Congress. There are also travel costs. The members of the executive committee cover their own travel costs (both to the meetings of the committee and the Congress). The travel expenses of specially invited speakers are

covered. The decision of who is to be offered this possibility is made by the Board of the President Association of European Law. If anyone should request a refund for their travel costs, the request is handled by the President in collaboration with the Treasurer.

3.2.4. BUDGET PLANNING, APPROVAL, ACCOUNTING

According to Article 18, "Reports on the management of the executive committee, as well as the financial and moral situation of the Federation, shall be heard at the general meeting. The accounts of the fiscal year shall be approved, and questions on the agenda shall be considered".

The Presidency holds responsibility for budget planning; it is not approved by an Executive Committee. The Presidency holds responsibility for financing; it is not approved by an Executive Committee. The Presidency holds responsibility for the budgets, etc. The accounts of the Congress are audited when all invoices have been paid. The invoices are kept by the Secretariat.

ANNEXES

1. PRESENTATION ON THE FINDINGS OF THE COMPARATIVE STUDY

A FACT-FINDING ANALYSIS OF THE ROLE (RIGHTS AND OBLIGATIONS) OF THE TREASURER IN INPAs

LESSONS AND SUGGESTIONS FOR WAPES

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Objectives of the analysis

- Examination of the task of the Treasurer in the international non-profit association WAPES in the light of international law and WAPES' Statutes and Internal and Financial Regulations
- Studying the division of powers between the President, the Treasurer and the Secretary, and studying the practical operation of the different organs
- Comparative analysis of the functioning of WAPES in light of other international non-profit organisations (INPAs) – best practice

Why

WAPES has a detailed organisational structure and internal and financial regulations are present to enhance professional operation

Is there room for improvement?

- It might be useful to put existing practice within WAPES into written internal rules
- If possible, WAPES should strive for a detailed regulatory structure, since this guarantees legal certainty and the clarity of rights and responsibilities for all stakeholders (members, decision-making bodies and the executive)

Applied methods

- **Model analysis**: analysing the existing structure and regulations of similar organisations
- **Structural analysis**: looking at the tasks and powers of the different organs and agents within WAPES based on the rules of organisational theory
- **Legal analysis**: evaluation of WAPES' internal regulations from an external, internal and model-dependent legal point of view
- **Comparative analysis**: comparing the results of the last three examinations with the findings of the model analysis

METHOD OF DATA COLLECTION

1) ANALYSIS OF SELECTED INPAs

- fact-finding analysis should focus on international non-profit associations (INPAs) registered under Belgian law

2) Principles of Selection

- a) relatively high number of members
- b) relatively sophisticated internal structure
- c) possibly countries (associations, bodies etc. representing a country) shall be members or the coverage of members is worldwide

The following INPAs were selected:

- IFRRO (International Federation of Reproduction Rights Organisations)
- EPCA (European Petrochemical Association)
- CMFE (Community Media Federation Europe)
- FIDE (International Federation for European Law)

3) Actual Method of Data Collection

- a) literal (textual) analysis of the documents at hand (statutes, guidelines, annual reports and other publicly available documents)
- b) empirical interviews (via email and telephone)

4) Thematically evaluated data

divided into three points:

- summarised results of the comparative analysis
- results of the text research by association
- case studies

International Federation of Reproduction Rights Organisation (IFRRO)

IFRRO was established on the basis of the fundamental international copyright principles embodied in the Berne and Universal Copyright Conventions

In 1988 in Copenhagen, IFRRO became a formal federation eligible for speaking on behalf of its members before various international bodies such as WIPO, UNESCO, the European Community and the Council of Europe

IFRRO through its members supports creators and publishers alike and provides a common platform for them to foster the establishment of appropriate legal frameworks for the protection and use of their works internationally.

Membership and membership categories:

National RRO Members

Associate RRO Members

Provisional RRO Members

Creator and Publisher Association Members

| Grouping | Annual Domestic Collection (EUR) | Dues (EUR) | Number of Votes |
|---|----------------------------------|------------|-----------------|
| RRO Members | Less than 0.4 m | 800 | 1 |
| | 0.4 m - 0.8 m | 2 600 | 7 |
| | 0.8 m – 4 m | 9 000 | 8 |
| | 4 m – 8 m | 15 000 | 10 |
| | 8 m – 16 m | 27 000 | 11 |
| | 16 m – 24 m | 40 000 | 13 |
| | More than 24 m | 55 000 | 14 |
| Associate RRO Members | Less than 0.4 m | 800 | 1 |
| | 0.4 m – 4 m | 1 600 | 5 |
| | 4 m – 16 m | 9 000 | 8 |
| | 16 m – 24 m | 15 000 | 10 |
| | More than 24 m | 27 000 | 11 |
| Creator and Publisher Association Members | N/A | 800 | 1 |

IFRRO Structure

General Meeting

The General Meeting is the governing body of the Association. The number of votes is proportional to the level of the annual membership fees.

- Powers of the General Meeting:
 - examines and approves the annual report of the Board and the audited accounts of the Association, as well as its budget proposal
 - it may pass guidelines on general matters of IFRRO
 - it elects the Presidency and the other members of the Board of Directors

Board of Directors

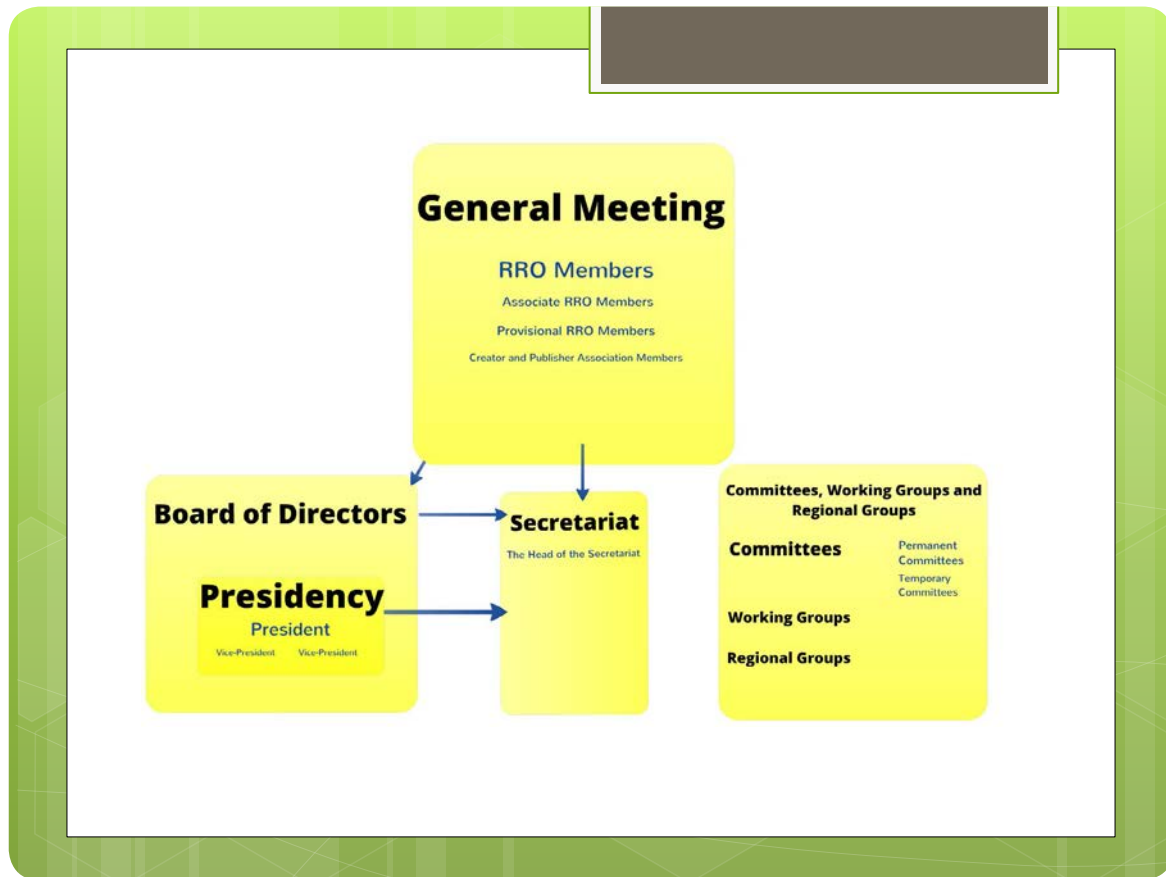
- The Board of Directors is the executive body of the Association. The Board of Directors meets **three times on average in a fiscal year**
- The Board of Directors manages and controls the activities and the assets of IFRRO
- It delegates daily management to the Head of the IFRRO Secretariat. It can also decide to delegate daily management to its President or to one or several representatives whose powers it shall determine

Presidency

- The Presidency consists of the President and two Vice-Presidents
- The members of the Presidency are authorised to represent IFRRO and act in the name of the Association between meetings of the Board of Directors
- The President and the Vice-Presidents (acting jointly) are authorised to give written powers in turn to other members of the Board of Directors and/or the Head of the IFRRO Secretariat to exercise these powers
- The President shall chair meetings of the Board of Directors. The President shall ensure the execution of decisions made by the Board of Directors and shall provide general direction for the work of the Head of the IFRRO Secretariat

Secretariat

- The Head of the IFRRO Secretariat is the General Secretary
- Under the direction of the President, in keeping with instructions given by the Board of Directors and within the limits of the budget of the Organization, the Head of the IFRRO Secretariat
 - represents the organization at meetings and external events
 - implements the decisions of the Board of Directors
 - is responsible for the operation of the Secretariat and its staff
 - in consultation with the President, submits proposals to the Board of Directors to meet the needs of the Association



Representation

- All acts with respect to the *daily management* of the Association, including the execution of decisions taken by the General Assembly or the Board of Directors, are signed by the *Head of the IFRRO Secretariat*. The Head of the IFRRO Secretariat shall report to the Board of Directors
- The Board of Directors can also decide to delegate daily management to its President or to one or several representatives whose powers it shall determine
- Acts *binding the Association*, except for special proxies, are signed **by the President and the Vice-Presidents (acting jointly)**. The Association is validly represented in court as both plaintiff and defendant by its President and the Vice-Presidents (acting jointly)

Budget and planning

- The **Second Vice-President acts as Fund Administrator (Treasurer)** with the assistance of the Secretariat and is responsible for making payments as approved by the Board of Directors, and reports on the situation of the Funds at each Board meeting and each General Meeting
- Every year, the annual accounts for the past financial year and the **budget for the coming year are established by the Board of Directors. They are then submitted to the General Meeting at its next meeting for approval**
- The accounts shall be certified by an external auditor residing in the country of the seat of the Association and approved by the General Meeting

Funds

- The Funds consist of voluntary contributions of members or third parties. The Board of Directors and contributors shall agree on the conditions and/or limits for the use of those contributions. After approval by the Board of Directors, contributions allocated for specific purposes cannot be allocated for purposes other than those authorised without express written agreement from the contributor
- Contributions not allocated for specific purposes can be used at the discretion of the Board of Directors in compliance with the objectives
- **Any IFRRO Fund shall be under the general supervision of the Board of Directors, with day-to-day responsibility resting in the Fund Administrator and administrative assistance provided by the Secretariat as required**
- The Fund Administrator's reports to the Board of Directors and to each General Meeting shall include such details as will permit thorough discussion of the progress of each activity to which the Funds' money is dedicated

European Petrochemical Association

- It serves as a global network for the chemical business community consisting of producers of chemicals and their service providers. In this industry segment, EPCA is the platform to meet, exchange information and transfer learning
- EPCA represents over 680 member companies from 53 different countries with an aggregate turnover exceeding EUR 4.2 trillion

Structure of EPCA

General Meeting

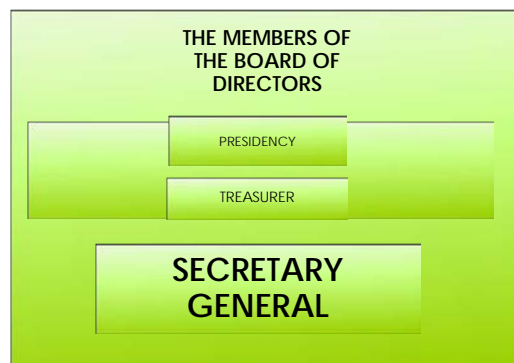
- 1) appoints the members of the Board of Directors
- 2) fixes the annual contribution (membership fee)
- 3) approves the accounts and the budget
- 4) final discharge of Board members and Secretary General of their financial administration
- 5) modifies the Statutes, except for the modification of the location of the seat of the Association (modified by decision of the Board of Directors)
- 6) dissolution or winding up of the Association and transfer of assets remaining after payment of all debts

Board of Directors

- The Board of Directors is vested with the most extensive powers to undertake any act of management.
- In particular:
 - the Board develops the EPCA strategy & policy
 - selects the venues of the Annual Meeting
 - sets the program for the Annual Meeting
 - sets the Annual Meeting fee
 - sets the accounts, budget, membership fees
 - approves new EPCA members
 - determines the uses and sources of funds and the EPCA Board composition

Executive Committee

- The Board of Directors elects a President, one or two Vice-Presidents and one Treasurer from among the directors who are elected for a term of three years renewable
- ***The Secretary General shall be appointed by the Board of Directors from its members***



Representation

- In all acts, documents and before the courts, the Association shall be validly represented by **two members of the Executive Committee or by the Secretary General and one member of the Executive Committee, without having to justify their powers**
- For *daily management* operations, personnel issues and for representation of EPCA before authorities, other associations, member companies or courts, **the Secretary General may act alone**

Budget and accounts

- The Board of Directors submits the annual accounts and the budget of the **next year for the approval of the next General Meeting**
- According to the Annual Report of 2012, on 31 December 2011, EPCA net assets were EUR 5 197 392.85. According to the report, the most significant sources of incomes in 2011 were the compulsory membership fees and exceptional financial income created by investments maturing with payment of capitalized returns
- In 2011, office expenditure increased in a non-recurrent way due to higher taxes payable on the aforementioned income from investments maturing as well as the creation of a reserve for well-established and nearly certain future personnel costs

Community Media Forum Europe

- **Objectives** of CMFE are:
- Strengthening awareness of the alternative media sector (non-profit, community media) within the media landscape at European level
- Establishing a platform for continuous dialogue and discussion between non-profit community media organizations and the European institutions
- Promotion of cultural diversity, freedom of expression and democratization of communication
- Recognition of the alternative media sector (non-profit community media) at European level

General Assembly

- Exclusive Powers of the General Assembly are:
 - modification of the Statutes
 - appointment and dismissal of members of the Board of Directors and, if necessary, commissioners
 - determination of election procedure
 - discharge to be granted to members of the Board of Directors and, where applicable, commissioners
 - **approval of the budget and annual accounts;**
 - voluntary dissolution of the association
 - verification of the exclusion of a member
 - adoption of internal regulations
 - determination of membership fees
 - decision in cases where the Statutes so require

- The **Board of Directors** is responsible for
 - **adopting the organization's budget**, preparing the financial reports and presenting the verified financial statements for adoption at the General Assembly
 - organizing the process of appointment of members of the Board of Directors and, where applicable, commissioners
 - admission and suspension of members
 - the members of the Board of Directors, exercising their function in a collegial way, represent the association in judicial and extra-judicial actions, either as an applicant or respondent
- The **Board of Directors elects from among its members**, for one term, which cannot exceed the duration of their mandate, **a President, one or more Vice-Presidents, a Treasurer and a Secretary**

Budget and accounts

- Each year, the annual accounts for the previous year and the budget for the current year are prepared by the Board of Directors and submitted for approval at the next General Assembly
- At the annual General Meeting, **three members, not having a mandate in the Board of Directors will be appointed to monitor the financial reports of the Treasurer.** They will write a report containing their comments before the next General Assembly
- It is the power of the **General Assembly to approve the budget and annual accounts.** The members of the Board of Directors adopt the organisation's budget, prepare the financial reports and present the verified financial statements for adoption at the General Assembly

International Federation for European Law

- The Federation was established for an unlimited term with the following aims:
- To promote the objectives of the member associations, in particular by organising common events and by encouraging contact and exchange of information
- To bring together lawyers who are interested in European law and the laws of the European countries
- To study together the solutions to the legal problems which occur in all areas due to the evolution of the structures and institutions of the European Community

General Meeting

- The General Meeting of the Federation is made up of the representatives of the member associations and takes place at least once every three years. General Meetings shall take place at the request of the Executive Committee or at the request of at least a third of the member associations
- Reports on the management of the Executive Committee, as well as the financial and moral situation of the Federation, shall be heard at the General Meeting
- **The accounts of the fiscal year shall be approved and questions on the agenda shall be considered**

Executive Committee

- The Federation is managed by the Executive Committee made up of representatives of the member associations. Every association shall appoint three of its members at every reunion of the Executive Committee as its representatives. The Executive Committee meets at least once a year where it shall:
 - Decide on the General Meetings of the associations and shall determine the agenda
 - Suggest subjects to be examined by associations
 - Organise all events
 - Decide on the publications and as a general rule take all decisions and initiatives in conformity with the interests of the Federation

Presidency

- The executive committee elects from among its members the President of the Federation. The Presidents of each of the national associations are as of right Vice-Presidents of the Federation. The President may be assisted by a Secretariat and shall determine its composition
- The President shall be authorised by the Executive Committee to alienate all property and securities belonging to the Federation as thought necessary
- The President shall be, on behalf of the Executive Committee, in charge of fulfilling all formalities laid down by the law of the headquarters of the Federation

Findings

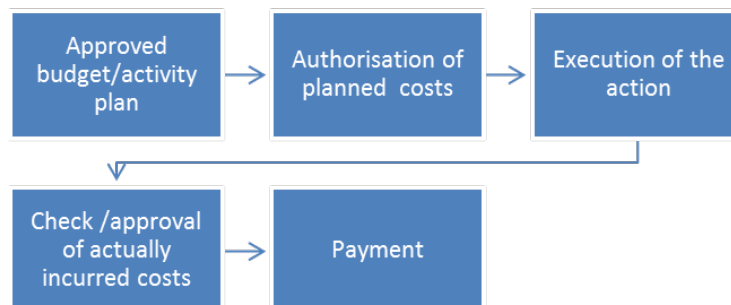
- The examined INPAs have a similar structure, but significant differences can be detected
- Larger organizations are more and better structured, while smaller ones have a simple structure
- Procedures and responsibilities differ, but general schemes can be described
- **WAPES has an elaborate system compared to other INPAs**

Decision-making

- The General Assembly/Meeting is the cardinal decision-making body, the totality of members, and it elects the other decision-making body, the Board of Directors/Managing Board
- The Board of Directors is vested with the most significant operative decision-making power, which guarantees the operation of the organisation based on aims accepted by the General Assembly
- The Treasurer is a member of the Board of Directors. In EPCA/CMFE the Secretary is also a member of the Board of Directors

- **Executive bodies**
- More structured organisations have an Executive Committee comprising the President, the Vice-Presidents, the Treasurer and the Secretary General
- Those members of the Board of Directors who are not members of the Executive Committee usually do not participate in daily administration. Between sessions of the Board of Directors, the Executive Committee is responsible for carrying out the tasks
- In FIDE it is the President alone (national association) who is responsible for executing the Federation's objectives

Chain of fiscal responsibilities



AREAS OF FISCAL MATTERS

| | | | | | | |
|---|--|--|------|--|--|-----------------------------|
| I. Budget | | II/A. Entering into financial commitments | | II/B. Fulfilling financial commitments (authorises payment) Was it in accordance with the approved purpose? | | III. "House-keeping" |
| Planning | | | | | | |
| Submission | | | | | | Opening bank accounts |
| Approval | | | | | | Managing cash |
| Approval of annual fiscal report | | Approved purpose | | Was it within the approved financial limits? | | Managing petty cash |
| | | Approved amount level | | | | |
| | | | If | | | |
| | | | not? | | | |

ALLOCATION OF AREAS OF FISCAL MATTERS

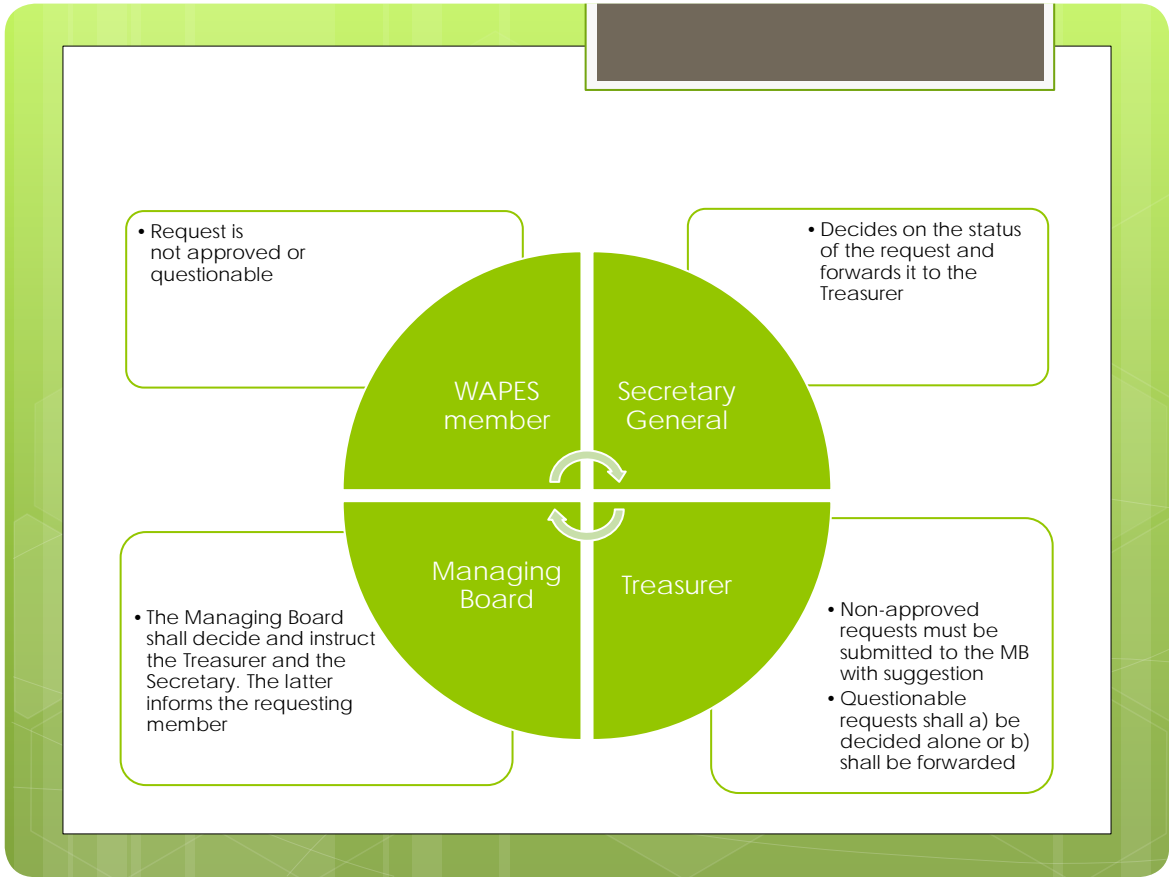
| APPROVAL | | | | | | |
|-------------------------------------|------------------|---|-----------|----------------|-----------|-----------|
| General Assembly | | | President | Vice-President | Treasurer | Secretary |
| 1. Approval of budget | Preparation | | | | X | X |
| 2. Approval of annual fiscal report | Submission to EC | | | | X | |
| | Submission to MB | X | | | X | |
| | Submission to GA | X | | | | |

"HOUSE-KEEPING"

| | President | Other member of the EC | Treasurer | Secretary |
|---------------------------------|-----------|------------------------|-----------|-----------|
| Bank account (closing, opening) | (X) | (X) | X | |
| Withdrawal EUR 5 000 | | | x | X |
| WD EUR 25 000 | (x) | (x) | X | |
| WD above | MB | | | |
| Petty cash up to EUR 1 000 | | | | X |

Request of a member

| | | |
|-------------------|-----------------------|--|
| Approved activity | Non-approved activity | Questionable (changes required, difficult to decide) |
|-------------------|-----------------------|--|



2. PRESENTATION – A FACT-FINDING ANALYSIS OF THE ROLE (RIGHTS AND OBLIGATIONS) OF THE TREASURER IN INPAS

A FACT-FINDING ANALYSIS OF THE ROLE (RIGHTS AND OBLIGATIONS) OF THE TREASURER IN INPAS

QUESTIONS AND ANSWERS

Balázs J. GELLÉR,
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Points of departure

- WAPES has a detailed organisational structure and internal and financial regulations are foreseen to enhance professional operation
- It might be useful to put existing practice within WAPES into written internal rules
- If possible, WAPES should strive for a detailed regulatory structure, since this guarantees legal certainty and the clarity of rights and responsibilities for all stakeholders (members, decision-making bodies and the executive)

Topics

Scope of powers and issues

Decision-making process

Financial aspects

Q1 Treasurer as Vice-President

Question 1

- In some INPAs the Treasurer is also a Vice-President. Would it bring advantages if one of the Vice-Presidents were to be the Treasurer?

Pro – contra

- The Treasurer could chair meetings and could take over financial tasks (e.g. Article 21. Para 2 Point c) about grants) if necessary.

Q2 Delegation of power by the President

Question 2

- The President might delegate his/her rights and obligations to any person of his/her choice who occupies an appropriate position in a PES. (IFR Point 23).

Pro - contra

- The Secretariat is backed up jointly by Synerjob and the Presidency, a delegation of power by the President to another PES member might cause problems.

- Would it be advisable to regulate this situation more precisely in the Internal Regulations? (e.g. *The President can only delegate his/her rights and obligations to the PES of which s/he is the Director?*)
- What is the proper form of delegation in general? (e.g. power of attorney (GA, S. 16.4.), registered letter (IFR 23.a)) or in the membership application (as IFR 1. e)?

Q3 Presidency / Treasury defined accordingly

Question 3

- Presidency and Treasury are not defined in the rules. Assistants are – legally – not treated. If they have a role, it would be useful to define this role. It seems necessary to attribute the right to take part in sessions and the right of consultation.

Pro – contra

- This is an existing practice. Alternatively, the proper authorization of the persons acting as Treasurer/President shall be checked during each meeting of the MB or EC and expressly indicated in the minutes.

- It might be suggested to include in the Internal Regulations that *the Treasurer /President might appoint persons as his assistants, by registered letter addressed to the WAPES Managing Board, who are entitled to take part in the meetings of the Executive Committee and the Managing Board with the right of consultation.*

Q4 Right to take part and right to consultation for the Secretary

Question 4

- Shall the Executive Secretary be given the right to take part in meetings and the right to consultation?

Pro – contra

- The Executive Secretary participates in all of the works of the Managing Board. In practice it also entails that s/he participates in the meeting. Pursuant to Point 14. a) of IFR, the President drafts the reports on the MB sessions in coordination with the Executive Secretary.

Q5 Secretary as employed by WAPES

Question 5

- Would it be pragmatic to consider that the resources of WAPES be allocated to finance the Secretary General's salary?

Pro – contra

- The Secretariat is composed of the Executive Secretary, an administrative employee and the regional advisors. In some organisations the Secretary General is the employee of the association and not financed by a member.

Q6 Coherent decision-making process

Question 6

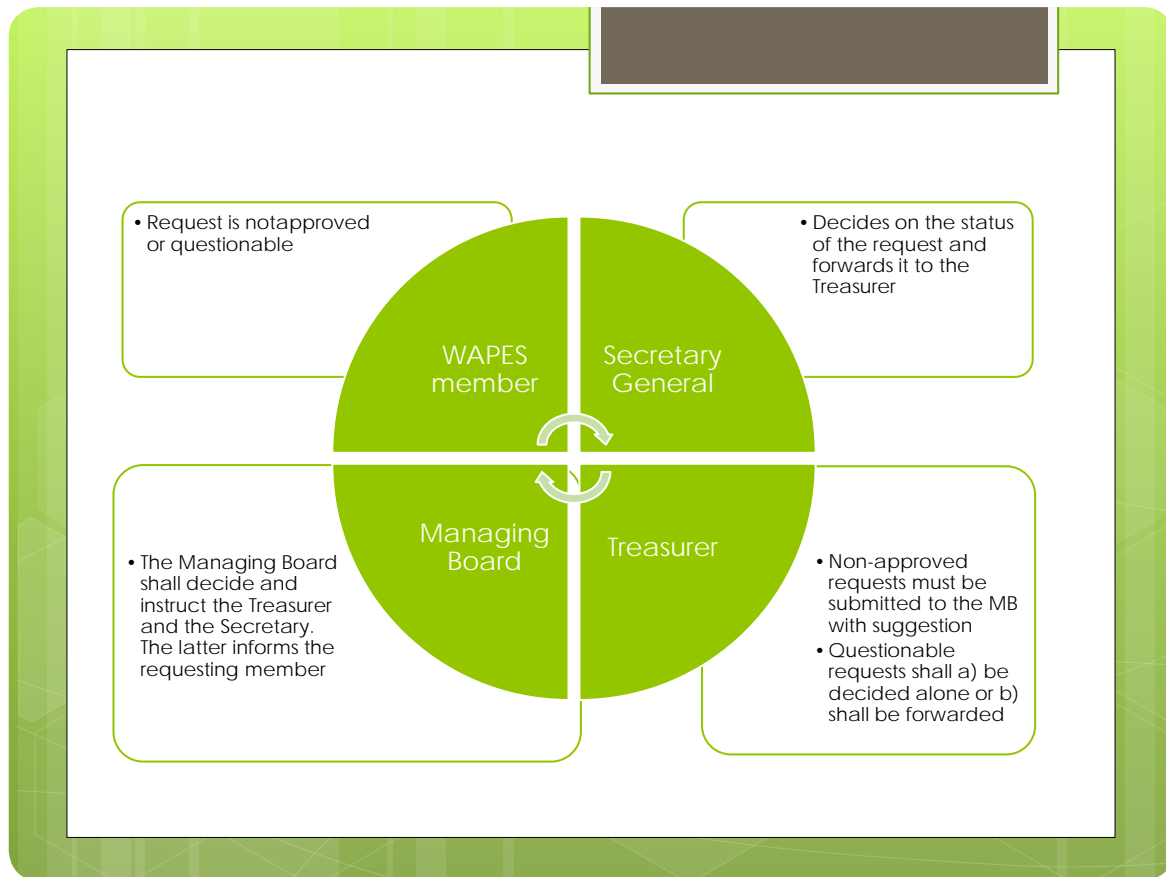
- It is suggested to consider whether concrete procedures might be necessary to cover new or poorly defined activities.

Pro – contra

- It would provide greater clarity and legal certainty for the members and the executive bodies.

Request of a member

| | | |
|-------------------|-----------------------|--|
| Approved activity | Non-approved activity | Questionable (changes required, difficult to decide) |
|-------------------|-----------------------|--|



Q7 Approval of the budget

Question 7

- The approval of the annual budget lies with the Managing Board, albeit general practice and requirements of transparency and democracy would require that the General Assembly approves the budget.

Pro – contra

- It would provide transparency and thereby all the members would actively participate in the decision-making.

Q8 External representation

It seems that external representation

- (i) decisions on *commitments* not vis-à-vis third parties
- (ii) concrete payment issues (authorisation of making the payment and the technical act of the payment, the initiation of the bank transfer)

are treated together in one single point in the Financial Regulations. Would not it be clearer to separate these issues?

Q9 Committing WAPES vis-à-vis not third parties

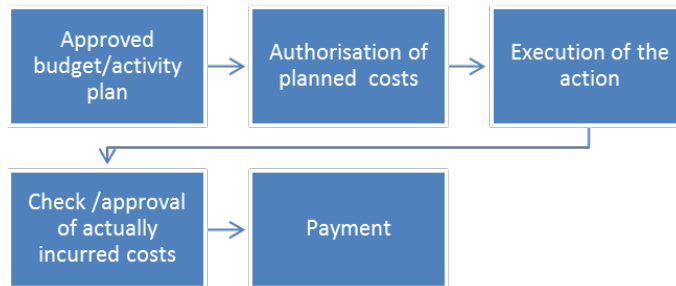
Question 9

- It seems that *the issue of committing WAPES financially not vis-à-vis third parties* as it appears in the Internal Regulations necessitates further specification. E.g. what is the usual order, what are the circumstances when this order changes (delegation of powers), and what is a person responsible for (thresholds).

Pro – contra

- Lacking a clear division of powers, responsibility for the decision cannot be localised (decisions might be passed at an inappropriate level).

Chain of responsibilities



AREAS OF FISCAL MATTERS

| I. Budget | | II/A. Entering into financial commitments | | II/B. Fulfilling financial commitments (authorises payment) Was it in accordance with the approved purpose? | | III. "House-keeping" |
|----------------------------------|--|---|------|--|--|---|
| Planning | | | | | | |
| Submission | | | | | | |
| Approval | | | | | | |
| Approval of annual fiscal report | | Approved purpose | | Was it within the approved financial limits? | | Opening bank accounts Managing cash Managing petty cash |
| | | Approved amount level | | | | |
| | | | If | | | |
| | | | not? | | | |

ALLOCATION OF AREAS Of FISCAL MATTERS

| APPROVAL | | | | | |
|-------------------------------------|------------------|-----------------------|----------------|-----------|-----------|
| General Assembly | | President | Vice-President | Treasurer | Secretary |
| | | 1. Approval of budget | Preparation | | |
| 2. Approval of annual fiscal report | Submission to EC | | | X | |
| | Submission to MB | X | | X | |
| | Submission to GA | X | | | |

"HOUSE-KEEPING"

| | President | Other member of the EC | Treasurer | Secretary |
|---------------------------------|-----------|------------------------|-----------|-----------|
| Bank account (closing, opening) | (X) | (X) | X | |
| Withdrawal EUR 5 000 | | | x | X |
| WD EUR 25 000 | (x) | (x) | X | (x) |
| WD above | MB | | | |
| Petty cash up to EUR 1 000 | | | | X |

Prior authorisation

- As regards Q9, the following scheme might be set up. Up to EUR 1 000 the Secretary (Secretariat) is empowered to commit WAPES alone. Between EUR 1 000 and 5 000 the Secretary and the Treasurer are jointly empowered to commit WAPES. Between EUR 5 000 and 25 000, three persons (Secretary, Treasurer and President) are jointly entitled to commit WAPES. Above EUR 25 000 it shall be the Managing Board that commits WAPES financially. The thresholds are taken as a yearly aggregate, between the same parties and under the same legal title.

Q10 Verification of costs

Question 10

- The verification of costs upon the completion of the activity shall take place. It is indeed a complex challenge because first the professional content of the activity has to be assessed and when the activity deserves financial support, the concrete amount must be evaluated.

Pro – contra

- E.g. detailed report of the activity, signed registration sheets, photos, power point presentations, contracts (evidence of tenders if tender was needed), copies of the bills paid, indication of VAT liability – in order to rule out double payment – or any other document that shows that the grant has been utilised for the aims concerned.

Q11 Payment of costs

Question 11

- o Il Expenses Point 15 regulates the payment issues in a way that under EUR 5 000 it is the Secretary who can authorise payment, up to EUR 25 000 the Secretary and the Treasurer and above this threshold the President, the Treasurer and the Secretary jointly.

Pro – contra

- o It is suggested to specify the three persons in point d) (President, Secretary and Treasurer).

Q12 Responsibility of the cashier

Question 12

- o There has to be a concrete person, either within the Secretariat or the accountant hired under Belgian law, who has the express obligation to technically effect and administer the approved bank transfers, to collect the invoices and other documents that justify the legality of the financial transactions.

Pro – contra

- o It is suggested to specify the above-mentioned issue in a separate point in the Financial Regulations, namely, to name the person and the obligations concerned.

Q13 Budget planning

Question 13

- The budget planning aspect could be strengthened. The circle of persons participating in the preparation should be more extensive. The budget could follow an expenditure plan by region.

Pro – contra

- It is proposed to involve all members of the Executive Committee in the preparation, most importantly the Vice-Presidents who are in the best position to have an overview of the needs and possibilities of their region.

Q14 Monitoring

Question 14

- At present two auditors are appointed. Not only the legality of financial transactions should be controlled but also whether the financial resources were spent in accordance with the aims of the Association.

Pro – contra

- It seems that the practice indeed tends to follow this approach.

- It is suggested to consider the extension of Article 25 of the Statutes in the spirit of the above: "The Auditors ... must report ... on sound financial management of WAPES' affairs *and whether the operation of WAPES is in accordance with the aims and purposes of the association and whether the finances conform with these.*"

Q15 Supervisory Board

Question 15

- A formal Supervisory Board could be set up with the two Auditors and one independent expert appointed by the new Executive Committee to ensure a smooth transition of tasks and funds.

Pro – contra

- In this new situation of having a new Executive Committee, it is useful to consider the setting up of a Supervisory Board with well-defined competences.

Q16 Sources of income

Question 16

- In general, no detailed rules are in place for how resources are secured *in concreto*. In cases of external funds, the right for approval lies with the President. We face the question of whether further clarification might be necessary.

Pro – contra

- It seems that, in accordance with the rules on external representation (Article 22 of the Statutes), not only the President but also the Treasurer and the Secretary shall be involved in this process.

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