



ORIGINAL: ENGLISH

2 June 2018

**EXECUTIVE COUNCIL TO THE
INTER-AMERICAN INSTITUTE FOR GLOBAL
CHANGE RESEARCH
Forty-fifth meeting
Antigua, Guatemala, 19 June 2018
Agenda item 6**

Report of the Financial and Administrative Committee

1. This document has been prepared by the United States of America as Chair of the IAI Financial and Administrative Committee (FAC).

Background

2. The Terms of reference of the FAC include the following responsibilities:
 - a) *Review and approve terms and conditions of IAI Directorate staff salaries and benefits;*
 - b) *Review and approve policies for cost of living and merit increases;*
 - c) *Recommend to EC changes to member country contributions;*
 - d) *Review financial accounts and cash flow against approved Core Budget, Programmatic Budget and Other Funds;*
 - e) *Review draft Core Budget prior to presentation to EC and CoP;*
 - f) *Review and approve changes to IAI administrative and financial procedures and manuals; and*
 - g) *Other duties as assigned by the Executive Council.*

Report of the Financial and Administrative Committee

3. In light of the above, the *Report of the FAC*, which is attached as an annex to this document, provides information on administrative and financial matters related to the IAI, its Directorate and activities.

Recommendation

4. The Executive Council is invited to take note of this report.

Annex

Report of the Financial and Administrative Ad Hoc Committee

Review of IAI 2018-2019 Core Budget Request

The Financial and Administrative Committee (FAC) operates as a committee of the Executive Council, providing advice to the IAI and EC on administrative and financial matters. Open to all member countries, the FAC presently is composed of an individual from the United States. The FAC received and has reviewed the IAI's core budget request for the coming fiscal year, and recommends that the Executive Council forward it to the Council of the Parties for approval.

Budget

The FAC found the budget request to be responsive to the evolving nature of IAI operations, and the proposed expenses reasonable and appropriate. The budget proposes no increase in country contributions for the coming year with expenses roughly steady at about \$1,400,000. The FAC is supportive of IAI's proposal to move toward use of the United Nations pay scale, but notes that in the present budget environment this may not be possible. Dialog on options for implementation is continuing.

Audit Report

The Auditors' report covering fiscal year 2016-17 gave an unqualified opinion that the IAI's financial statement presented fairly in all material respects the financial position of the IAI. Staff are commended for again receiving an unqualified audit opinion.

Country Contributions

As an international organization, the IAI relies on the voluntary contributions of its members to support day-to-day operations and oversee research activities. IAI staff will present more information on the status of contributions and arrears.

FAC Charter

The FAC is a subcommittee of the Executive Council. Membership on the FAC is established by country instead of by individual, and all countries are invited to participate. Typical duties include reviewing budget documents, audit reports, and working with the IAI on administrative matters such as refining procedures and operating manuals, thus individuals with a financial and management background are most frequently identified to participate. Most FAC business is

conducted via e-mail and telephone although in person meetings are sometimes held; in the case of in person meetings, each country is expected to accommodate the cost of attendance.

The current FAC charter expires at the conclusion of the first Executive Council meeting in 2018. A proposed renewal charter is attached.

William Smith, FAC Chair

FINANCIAL AND ADMINISTRATIVE AD HOC COMMITTEE

Expires at the conclusion of the first meeting of the Executive Council in 2020

Charter: The Financial and Administrative Ad Hoc Committee (FAC) is charged with acting on behalf of the Executive Council in matters related to planning, preparation and implementation of IAI financial, administrative and project management issues. These responsibilities include:

- Review and approve terms and conditions of IAI Directorate staff salaries and benefits;
- Review and approve policies for cost of living and merit increases;
- Recommend to EC changes to member country contributions;
- Review financial accounts and cash flow against approved Core Budget, Programmatic Budget and Other Funds;
- Review draft Core Budget prior to presentation to EC and CoP;
- Review and approve changes to IAI administrative and financial procedures and manuals; and
- Other duties as assigned by the Executive Council.

Composition and Mode of Operation: Membership is open to all EC member countries and is for a two-year period, with the IAI Financial Officer as a member *ex-officio*. The members of the Financial and Administrative Ad Hoc Committee elect the Chair. The Charter and membership will be reviewed every two years.

The FAC will interact regularly with the IAI Directorate through the Director. If such consultations identify an issue regarding which the FAC and the Directorate cannot agree, the issue will be referred to the Executive Council or to the Bureau, whichever is most timely. The Financial and Administrative Ad Hoc Committee will report to the Executive Committee at each EC meeting.

FAC members typically pay the costs associated with attending meetings of the FAC. However, the Directorate may, based on need and availability of funds, support expenses for the attendance at Financial and Administrative Ad Hoc Committee meetings.

Current Membership: United States, and IAI Financial and Administrative Officer (*ex officio*)