



BIML Director's Report on the Management Audits and Actions

This document reflects the actions now being taken at the Bureau to address the items indicated by the previous Management Audit. It is anticipated that a new Management Audit will take place early in 2012.

ACTION PLAN NOW IN PLACE FOLLOWING THE 2010 AUDIT REPORT

1 Budget execution statements

Auditor's Observation (paragraph 13): *the progress initiated in February 2010 with the production of a budget execution statement must be continued. The budget monitoring procedure mentioned in article 14.3 of the financial regulations must be put in place and documented.*

“14.3 The monitoring of the budget approved by the Conference requires the preparation of operational charts which can identify in a timely manner any threat of a material difference between the performance of the budget and the forecasts referred to in Article 15.”

Action taken

Upon the request of the Director, the auditor, Mr. Frederic Fischer, the Administrator and the Account have implemented quarterly reviews of all financial activity at the Bureau. These include a review of the income and expenses with respect to the budget approved by the Conference. Discussions take place regarding each of the sections of this interim report. An analysis of current expense as well as a projection of those expenses for 12 months is completed. An example of this document will be presented at the CIML Meeting.

Formal written procedures will be developed and included in the Financial Regulations to clarify this procedure in section 14.

2 Verification and control of salary calculation

Auditor's Observation (paragraph 21): *entrusting salary calculation tasks to a single person, with no supervision, is a source of financial risks.*

Action taken

The formal written procedures for this item are still being finalized. At this time:

- The previous database used for this purpose is still now in use; an evaluation of this database and possible changes is now under review,
- The Accountant now has access to this database to make changes,
- The Director and the Administrator now review the printed salary bulletins for each agent for content and accuracy. This is for both current agents and for retired agents of the BIML.

Note: During these reviews two errors were found in the calculations used for payment. These were found prior to the salary bulletins being sent to the agents. Corrections were made to the software and each error was documented.

- Changes in the inflation index are reported by the Administrator to the Accountant and the Director. The Accountant then makes the necessary adjustment to the software.
- Each month the Administrator and the Director review the salary index of each agent and the inflation index to determine that no unauthorized change was made or if a change in the index is required per the Staff Regulations. The Administrator also manually checks that each calculation is correct and reports this to the entire BIML staff at regular staff meetings.

Written procedures will be completed as part of the rewriting of the Financial Regulations.

3 Progress of staff on salary grids

Auditor's Observation (paragraph 24): *The practice followed by the BIML does not ensure the regularity of the BIML's remuneration expenses. Irregular increases in remuneration were noted.*

Action taken

Upon his arrival the Director, together with the Administrator, reviewed the history regarding salary adjustments over the past six to eight years. It was clear from this analysis that salary adjustments had been made more often at one year intervals than the normally prescribed two year intervals of the Staff Regulations. While the increases were within the guidelines of the current Staff Regulations, this yearly progress allowed some agents to progress quickly up the steps in the current salary table found in the Staff Regulations. However, the last salary adjustment for all eligible current agents was in 2009. This meant that all eligible agents were due their normal salary increase in 2011. The Director made it clear to all agents that in the future the normal two year cycle would be followed, except in extraordinary circumstances.

4 Additional health insurance

Auditor's Observation (paragraph 29): *I reiterate the observation I made in my report of July 2009: the additional health insurance and its complete funding by the employer must be based in law.*

Action taken

Additional health insurance will continue to be provided to all agents of the BIML, as per the current Staff Regulations:

"the Organization shall do all it can to participate substantially in meeting those expenses that are not covered by Social Security or other insurance policies, incurred by agents undergoing a major surgical operation or whose spouse or dependent children undergo such an operation" [Article XIV of the Staff Regulations].

Additionally, the BIML is now reviewing a subscription for "Health at Work" following the recommendations of the Financial Auditor and the Administrator.

5 Control of travel and accommodation expenses

Auditor's Observation (paragraph 34): *auditing mission expenses reveals irregularities with regard to OIML mission procedures. No supporting documents were supplied for some agents. Their regularity cannot be certified. The procedures in place need to be completed and applied. Each mission must be authorized; mission expenses must be reimbursed in accordance with the rules of the OIML; missions require a mission report to verify that the resources allocated to the BIML are put to good use.*

Action taken

A change in and clarification to the travel policy was implemented in early 2011. This was signed by all current agents of the BIML. This clearly states that each mission must be authorized before

travel can take place, that a complete expense report needs to be filed within a specified period of time and that a report regarding the meeting needs to be completed and submitted with the expense report. In addition, this policy clearly states that ALL air travel will be economy class, unless extraordinary circumstances prevented this. It has also been discussed and is understood that all agents are to only travel when necessary. Also, the best rates should be researched for all travel. If more than one objective can be incorporated into a single mission that would also be a benefit. All anticipated travel is rated as to its priority.

These policies will be monitored through 2011 to determine how effective they are in keeping the travel and accommodation expenses within the guidelines of the budget.

The travel expenses for the past four years will be reviewed to better understand the budget necessary to meet the mission of the BIML. This analysis along with information from the proposed OIML Strategy will be used to determine the budget for the next budget cycle.

At the time of writing this report, July 11, 2011, it is not yet clear exactly how well the BIML is adhering to the current travel and accommodation budget. The Director has been on several missions to meet with Members and attend meetings to become acquainted with the organizations involved with the OIML. As we approach the CIML Meeting in October, more data will be available and an accurate projection for the yearly spending on this budget item will be clearer. The Director will provide the CIML with additional information on this item.

6 Loans and recovery of reimbursements

Observation (paragraph 41): *Although recovery of the amounts owed by deduction from the salaries of the beneficiaries has eliminated nonpayment, other procedures to manage the loans have not changed and invite the same criticisms as last year. The size of the loans granted plus the very low return on the OIML resources thus tied up for a purpose that does not comply with the company objects again invites reservations regarding the use made of OIML resources.*

Action taken

At this time, all loans are being paid off via automatic salary deduction. A report on the current status of loans will be presented at the CIML Meeting.

No new loans have been issued in the past several years. Current loans are now being paid off according to a predetermined schedule.

The Director has clearly stated to the BIML agents that no new loans will be issued until there is a clear and acceptable policy regarding this topic. There are some issues related to the method of employment contracts of the BIML and the banking system in France that may require agents to obtain either a loan or a guarantee on a loan in order to make large purchases or even to rent an apartment. It is the opinion of the Director that some form of guarantee by the BIML for a loan must be created for agents of the BIML. This will however, require legal advice to ensure that all aspects of such an arrangement are covered. Specific work will take place on this topic while the Staff Regulations are being rewritten.

7 OIML Retirement scheme - eligibility

Auditor's Observation (paragraph 50): *The OIML retirement scheme is non compulsory. According to the rules for OIML employees, BIML agents must without fail be affiliated to a basic compulsory scheme, which is not the case for the two agents affiliated to the OIML pension.*

According to the rules for employees, the agents may benefit from the OIML regime if certain conditions are fulfilled. However, these conditions are not fulfilled by one Assistant Director. The situation of this agent has resulted in a financial risk for the OIML due to the nonpayment of any contributions to the general social security scheme for old-age insurance. The amount of the contributions not paid to the social security is €50 K.

Observation (paragraph 58): *I reiterate my recommendation expressed in my July 2009 report to terminate the OIML retirement scheme, which is not sustainable for the OIML budget. Pensions would be paid to the current retired agents until completion, whereas specific solutions would have to be found for the two beneficiary employees.*

I would point out that according to my analysis, the two participating agents ought not, for different reasons, to benefit from the OIML pension. One of them ought to be affiliated to the social security old age scheme, the other to the retirement scheme for French civil servants.

Action taken

One participating agent is no longer active in the OIML pension system.

This item has been discussed; however, at the time of this writing, no final decisions have been made. A proposal will be completed for the 2012 Conference.

8 OIML retirement scheme - accounting

Observation (paragraph 62): *The OIML must determine the accounting model to be used to value the property on the Rue Turgot. If the cost model is used, the IPSAS 17 standard recommends the inclusion, in a note to the financial statements, of the fair value of the tangible fixed assets.*

Action taken

The requirements of IPSAS have been fully implemented into the accounts of the OIML. These are part of the presentation on the current financial status of the OIML.

The Financial Regulations will be amended to reflect these changes.

9 OIML Translation Center

Observation (paragraph 67): *the translation centre no longer exists as an extra-budgetary fund, translation costs now being charged to the general budget. However, the BIML continues to send out requests for funds to the Member States. The amounts paid by the Member States are no longer used. They sit in an unremunerated bank account, which had a balance of €86 K at the end of 2009.*

It is recommended, in order to make good use of OIML resources to clear the translation centre bank account. Failing this, an extra-budgetary account should be opened, with forecast expenditure and revenue, and a report on the execution of the budget such that the use made of the funds can be monitored.

Action taken

A proposal is being submitted to the CIML regarding clarification of the use of funds in the BIML Translation Center.

10 Credit cards

Observation (paragraph 71): *as a result of financial risks linked to failures in internal control of the BIML and irregularities noted (use of bank cards to settle personal expenses), it is recommended that bank cards be cancelled. When travelling, agents can be paid advances on mission costs in accordance with the financial regulations, or be repaid when they return.*

Action taken

In the opinion of the Director the issuance of a credit card to agents who regularly travel is mandatory. Booking of airline tickets, hotel rooms, etc. requires a credit card. Carrying large sums of cash, or requiring an agent to put business expenses on a personal credit card is neither safe, efficient, nor effective. This item will be discussed with the management auditor to clarify what exactly the problem appears to be.

The use of all credit cards is monitored by the Administrator and the Accountant, and if necessary the Director. It is the belief of the Director that this monitoring and control is acceptable.

Additional clarification on this topic will be included in the revised Staff Regulations.

Respectfully submitted by

Stephen Patoray

BIML Director