



INTERNATIONAL TROPICAL TIMBER COUNCIL

COMMITTEE ON FINANCE AND ADMINISTRATION

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29 November – 3 December 2021
Virtual Session

STATUS OF THE ADMINISTRATIVE ACCOUNT FOR THE FINANCIAL YEAR 2021

[Item 6 of the Provisional Agenda]

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SUMMARY STATEMENT ON THE ADMINISTRATIVE BUDGETS

(As at 14 October 2021)

A. Administrative Budget 2021:

1)	Contributions received up to 1 September 2021		
	- Producers	1,378,871.09	
	- Consumers	<u>3,646,821.00</u>	\$5,025,692.09
2)	Estimated contributions expected before 31 December 2021		\$0.00
3)	Funds authorized by Council for utilization in 2021		\$0.00
	- Bank interest utilized for 2021 Administrative Budget		\$2.00
4)	Less Estimated Expenditures up to 31 December 2021		<u>(\$5,576,520.80)</u>
	Estimated Surplus (Deficit) in 2021:		<u>(\$550,826.71)</u>

B. Contributions to be paid to the Administrative Budgets:

1)	Administrative Budget for the Financial Year 2021		
	- Producers	1,939,198.91	
	- Consumers	<u>139,422.00</u>	\$2,078,620.91
2)	Arrears in Contributions to Previous Budgets (1986-2020)		
	- Producers	6,880,594.97	
	- Consumers	322,043.00	
	- Former Members	<u>1,707,005.72</u>	\$8,909,643.69
3)	Interest charges levied on late contributions		
	- Producers	44,323.54	
	- Consumers	0.00	
	- Former Members	<u>31,043.56</u>	\$75,367.10

Total Arrears and Interest Charges as at 1 September 2021: \$11,063,631.70

4) Less contributions expected before 31 Dec. 2021 \$0.00

Expected Total Arrears and Interest Charges at 31 Dec. 2021: \$11,063,631.70

C. Special Reserved Fund (To be utilized at Council's approval) \$2,500,000.00

D. Working Capital Reserve:

Funds available as at 31 December 2020 \$5,379,966.15

Add - Receipt for prior year assessed contribution \$848,534.28

Less Estimated (Surplus) Deficit in 2021: \$550,826.71

- Amount expended under Decisor 2(LIV) \$1,692.80

- Amount expended under Decisor 8(LV) \$12,243.11

Estimated Balance of Working Capital Reserve (as at 31 December 2021): \$5,663,737.81

E. Interest Income (for hiring Consultants/Contractors) - Financial rule (Rule5.10):

Interest income available as at 31 December 2020 \$234,325.47

Add - Interest earned (during January - August 2021) \$6,546.50

Balance of Interest Income (as at 1 September 2021): \$240,871.97

Administrative Budget for the Financial Year 2021- Current Expenditures

(As of 1 Sep 2021)

Part A. BASIC ADMINISTRATIVE COSTS

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Budget Heading	Approved Allocation	Total Estimated Expenditures for 2021			BALANCE Surplus or (Deficit)
		Actual (Jan. - Aug.)	Estimated (Sep. - Dec.)	Total	
	[A]	[B]	[C]	[D] {B + C}	[C] {A - D}
A. SALARIES AND BENEFITS					
A1. A01 Salaries	2,430,893	\$1,460,267	\$730,134	\$2,190,401	240,492
A2. A02 Tax Refund	[295,271	277,029	\$18,242	295,271	0] */
A3. A03 Post Adjustment	983,640	581,454	\$247,118	828,571	155,069
A4. A04 Rental Subsidy	2,512	0	\$0	0	2,512
A5. A05 Education Grant (incl. Education Travel)	293,244	41,848	\$66,000	107,848	185,396
A6. A06 Dependency Allowance	200,809	112,363	\$56,181	168,544	32,265
A7. A07 Home Leave	96,000	46,952	\$0	46,952	49,048
A8. A08 Language Allowance	0	0	\$0	0	0
A9. A09 Overtime	24,217	9,205	\$0	9,205	15,012
A10. A10 Mobility & Hardship Allowance	5,346	0	\$0	0	5,346
A11. A11 Separation Benefits	90,248	62,812	\$0	62,812	27,436
A12. A12 Removal Costs	29,403	22,670	\$0	22,670	6,733
A13. A13 Repatriation/Recruitment Travel	39,838	0	\$0	0	39,838
Component Total:	<u>\$4,196,150</u>	<u>\$2,337,571</u>	<u>\$1,099,433</u>	<u>\$3,437,003</u>	<u>\$759,147</u>
B. INSTALLATION COSTS					
B1. B01 Assignment Grant	35,963	0	\$0	0	35,963
B2. B02 Lumpsum Benefit	42,428	0	\$0	0	42,428
Component Total:	<u>\$78,391</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$78,391</u>
C. OFFICIAL TRAVEL					
C1. C01 Transportation/Tickets	101,295	0	\$0	0	101,295
C2. C02 DSA & Travel Expenses	54,905	0	\$0	0	54,905
Component Total:	<u>\$156,200</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$156,200</u>
D. SOCIAL SECURITY					
D1. D01 Provident Fund	658,028	354,547	\$285,330	639,878	18,150
D2. D02 Accident/Health Insurance	161,009	41,471	\$20,735	62,206	98,803
D3. D03 Japanese National Scheme	170,714	78,285	\$41,100	119,385	51,329
Component Total:	<u>\$989,751</u>	<u>\$474,303</u>	<u>\$347,166</u>	<u>\$821,469</u>	<u>\$168,282</u>
E. SPECIAL ACTIVITIES					
E1. E01 Consultants	30,822	0	\$20,000	20,000	10,822
E2. E02 Workshops and Meetings	10,158	0	\$0	0	10,158
E3. E03 Other Activities (Legal Advisor)	11,782	0	\$6,000	6,000	5,782
Component Total:	<u>\$52,762</u>	<u>\$0</u>	<u>\$26,000</u>	<u>\$26,000</u>	<u>\$26,762</u>
F. DATA PROCESSING					
F1. F01 Computer Software and Servicing	56,953	17,153	\$39,800	\$56,953	0
F2. F02 Network, Hardware and Supplies	86,299	37,676	\$48,623	86,299	0
F3. F03 Training and Staff Development	6,764	0	\$5,411	5,411	1,353
Component Total:	<u>\$150,016</u>	<u>\$54,828</u>	<u>\$93,835</u>	<u>\$148,663</u>	<u>\$1,353</u>

*/ Applied to Japanese Staff only, and payable by Japan. This item is not included in the budget total.

Budget Heading	Approved Allocation	Total Estimated Expenditures for 2021			BALANCE Surplus or (Deficit)
		Actual (Jan. - Aug.)	Estimated (Sep. - Dec.)	Total	
	[A]	[B]	[C]	[D] {B + C}	[E] {A - D}
G. OTHER COSTS					
G1. G01 Communications	36,980	30,176	\$600	30,776	6,204
G2. G02 Publications	30,010	0	\$20,603	20,603	9,407
G3. G03 Transport	47,819	20,753	\$10,376	31,129	16,690
G4. G04 Library	12,995	7,246	\$0	7,246	5,749
G5. G05 Supplies	31,826	15,991	\$8,426	24,417	7,409
G6. G06 Hospitality	15,701	1,853	\$5,000	6,853	8,848
G7. G07 Bank Charges	24,312	9,129	\$4,564	13,693	10,619
G8. G08 Audit	166,187	166,187	\$0	166,187	0
G9. G09 Miscellaneous	6,416	338	\$500	838	5,578
Component Total:	\$372,246	\$251,672	\$50,070	\$301,741	\$70,505
H. COUNCIL MEETINGS					
H1. H01 Costs not met by Host Country	8,801	0	\$0	0	8,801
H2. H02 Council Session Outside Japan **/	200,000	86,310	\$113,690	200,000	0
Component Total:	\$208,801	\$86,310	\$113,690	\$200,000	\$8,801
I. COSTS MET BY JAPAN					
I1. I01 Office, equipment, utilities	**/	**/	**/	**/	**/
I2. I02 Council Meetings	**/	**/	**/	**/	**/
I3. I03 Initial Travel	**/	**/	**/	**/	**/
I4. I04 Removal Costs	**/	**/	**/	**/	**/
I5. I05 Supporting Staff	**/	**/	**/	**/	**/
Component Total:	**/	**/	**/	**/	**/
J. CONTINGENCY RESERVE	--	--	--	--	--
Component Total:	--	--	--	--	--
K. ALLOCATION FROM WORKING CAPITAL ACCOUNT	--	--	--	--	--
GRAND TOTAL:	\$6,204,317	\$3,204,684	\$1,730,193	\$4,934,877	\$1,269,440

**/ Paid directly or reimbursable by Japan based on actual expenditures.

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***/ The Council, in its Decision 7(XLVI), decided that "the costs for convening a Council session outside Headquarters, covered by the Administrative budget, in any two-year period shall be budgeted equally between the two years and shall not exceed US\$400,000 in total". The actual expenses incurred under this item will include additionally, the amount reported in the previous year in the amount of US\$200,000.

Part B. CORE OPERATIONAL COSTS

Budget Heading	Approved Allocation	Total Estimated Expenditures for 2021			BALANCE Surplus or (Deficit)
		Actual (Jan. - Aug.)	Estimated (Sep. - Dec.)	Total	
O. COMMUNICATION AND OUTREACH					
O1. O01 Publications (including TFU)	195,000	57,377	\$133,360	190,737	4,263
O2. O02 Outreach (conferences, side events, booths)	155,000	3,385	\$62,402	65,787	89,213
O3. O03 ITTO Website	85,000	30,054	\$40,060	70,114	14,886
Component Total:	\$435,000	\$90,816	\$235,823	\$326,638	\$108,362
P. EXPERT MEETINGS BY COUNCIL					
P1. P01 Expert Meetings/Workshops	110,000	21,562	\$0	21,562	88,438
P2. P02 Other Meetings as Decided by Council	0	0	\$0	0	0
Component Total:	\$110,000	\$21,562	\$0	\$21,562	\$88,438
Q. POLICY WORK					
Q1. Q01 Action Plan	0	0	\$0	0	0
Q2. Q02 Guidelines, Manuals, Studies, etc.	0	0	\$0	0	0
Component Total:	\$0	\$0	\$0	\$0	\$0
R. STATISTICS, STUDIES & INFORMATION					
R1. R01 Market Information Services (MIS)	210,000	143,650	\$64,570	208,220	1,780
R2. R02 Market Discussion	35,000	0	\$0	0	35,000
R3. R03 Relevant Market Studies	0	0	\$0	0	0
R4. R04 Work on Statistics	20,000	7,382	\$10,167	17,549	2,451
Component Total:	\$265,000	\$151,032	\$74,737	\$225,769	\$39,231
S. ANNUAL REPORT & BIENNIAL REVIEW					
S1. S01 Annual Report	30,000	651	\$29,349	30,000	0
S2. S02 Biennial Review	60,000	23,837	\$13,837	37,674	22,326
S3. S03 Promotion of Exchange of Views	0	0	\$0	0	0
Component Total:	\$90,000	\$24,488	\$43,186	\$67,674	\$22,326
GRAND TOTAL:	\$900,000	\$287,898	\$353,746	\$641,644	\$258,356

ADMINISTRATIVE BUDGET GRAND TOTAL:	\$7,104,317	\$3,492,582	\$2,083,939	\$5,576,521	\$1,527,796
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Annex 1: Disclosures required by the Financial Rules

List of payments greater than \$100,000 subject to Bid and Tender process and to be reported to the CFA (Financial Rules, Annex6, 3.1.i)

Amount of payment	Description
N/A	N/A

List of sole suppliers subject to CFA endorsement (Financial Rules, Annex6, 3.1.m)

Name of Supplier	Description
Brainweb	Developer and web hosting service provider for the Online Project Monitoring System
Diverta	Developer and web hosting service provider for ITTO's homepage
Utmost	Fund management company for ITTO's provident fund
Grant Thornton Taiyo	Developer of ITTO's accounting system
Triforce	Maintenance company for ITTO's accounting and approval systems
Hakon Holm Grafisk ApS	Printing company with capabilities for designing and printing in ITTO's official languages and can distributes products globally to ITTO member countries at a competitive price.
Sumitomo Denko	Developer and web hosting service provider for ITTO's electronic approval system.
Design One	Design company which has been providing design and layout services for ITTO publications, such as Policy series, Technical series, TFU, annual reports and others, giving a unified look.
Increase Corporation	Japanese design and Public relations company which provides design and PR solutions for Japanese audience.
Sarre et Al	Writing and editing services specialize in forestry topics.
CIG	Interpreting and translation service provider
Pacifico Yokohama	Venue for the International Tropical Timber Council

List of bad debt write offs subject to approval by the Council through the CFA (Financial Rules, Annex6, 4.9)

Amount of write off	Description
N/A	N/A

Banks and financial institutions approved by the Council: (Financial Rules, Annex2, Appendix1)

- MUFG Bank, Ltd.
- Citibank
- Bank of Yokohama
- HSBC
- Daiwa Securities Group

Matters related to the Administration of the Administrative Account (Financial Rules, Rule 5)

Treatment of past provident fund management fees charged to staff

The Administrative budget subheading D1. "Provident Fund" is utilized for the establishment and operation of a Provident Fund under ITTO Staff Regulation 5.1, and accordingly, allocations are made for the Organization's share of the Provident fund and all operational fees involved in the management of the fund including transaction costs, as detailed in the explanatory memorandum of the budget document.

In early 2017, it was discovered that transactional costs related to the equity portion of the Provident Fund, that should have been charged to the Administrative budget subheading D1. "Provident Fund", had been deducted from the fund owned by the individual staff members. The fund management company, Generali Worldwide (currently Utmost Worldwide), informed the secretariat that a total of \$47,216.49 had been deducted from the staff member's funds during 1 May 2002 to 31 December 2016 but it would not be possible to attribute the amounts to each staff member.

Transactional costs from 1 January 2017 have been allocated appropriately to the correct subheading but a decision to reimburse staff members for past costs had not been taken due to this item not being included on the CFA agenda by previous management. As there are sufficient funds under D1. "Provident Fund" in 2021 due to the position of the Executive Director and Director of Forest Management being vacant for most of the year, it is proposed that the reimbursement of \$47,216.49 be made using this subheading in 2021. The proposed allocation of funds would be to reimburse existing staff that were members of the Provident Fund equity portion as at 1 January 2017 according to the proportion of the fund held by each member at that time. All details will be reported in the 2021 financial statements.