



56th CIML Meeting - Working Document
16th Conference - Working Document

56 CIML Addendum 7.6b
16 CONF Addendum 10.3b

2021-07-12

56th CIML Meeting – Agenda Item 7.6
16th Conference – Agenda Item 10.3

Policy on the OIML Operating Reserve Fund
(Policy document)



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Policy on the OIML Operating Reserve Fund
(Policy document)

1 Authority to establish a reserve

The authority to establish a reserve for the Organisation is contained in Article XXIV of OIML B 1:1968 *OIML Convention* (“the Convention”).

2 Purpose

The purpose of this Operating Reserve Fund Policy for the Organisation is to build and maintain an adequate level of net current assets to support the Organisation’s operations in the event of unforeseen shortfalls. The Operating Reserve Fund may also be used for essential emergency expenses.

The Operating Reserve Fund is not intended to replace a permanent loss of funds or eliminate an ongoing budget gap. The Organisation intends for the Operating Reserve Fund to be used and replenished within a reasonable period of time. This Operating Reserve Fund Policy will be implemented in conjunction with the other financial policies of the Organisation, and is intended to support the delivery of the objectives contained in the OIML B 15:2011 *OIML Strategy* and the BIML work program.

3 Definitions and goals

The Operating Reserve Fund is defined as the designated fund set aside by the International Conference on Legal Metrology (“the Conference”). The minimum amount to be designated as operating reserves will be an amount sufficient to maintain ongoing operations and programs for a set period of time, measured in months. The Operating Reserve Fund will be reviewed and adjusted in response to internal and external changes, taking into account the average delay in payment of Member contributions.

The target minimum Operating Reserve Fund is equal to six months of average recurring operating costs of the Organisation.



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4 Accounting for reserves

The Operating Reserve Fund will be recorded in the accounting system and the annual accounts as the “Designated Operating Reserve”. The Operating Reserve Fund will be funded and available in cash or cash equivalents. Operating reserves will be managed with the general cash and investment accounts of the Organisation.

5 Funding of reserves

If there is a budget surplus at the end of the financial period the Conference may direct that the Operating Reserve Fund will be funded with some or all of the surplus. The Conference may also direct that a specific source of income be set aside for the Operating Reserve Fund. Examples may include one-time gifts or bequests, property sales, special grants, or special appeals.

Should the Operating Reserve Fund fall below three months of the average recurring operating costs of the Organisation an alert will be issued by the CIML President to OIML Members highlighting the potential need to request additional funds in accordance with Article XXV of the Convention.

6 Authority to use the Operating Reserve Fund

In accordance with Article XXV of the Convention, authority for the use of Operating Reserve Fund is delegated to the BIML Director in consultation with the President of the International Committee of Legal Metrology (CIML).

The BIML Director in consultation with the CIML President will identify the need for access to the Operating Reserve Fund and confirm that the use is consistent with the purpose of the reserves as described in this Operating Reserve Fund Policy. Determination of need requires analysis of the sufficiency of the current level of operating funds and reserve funds, the availability of any other sources of funds before using the Operating Reserve Fund, and an evaluation of the time period for which the funds will be required and replenished.

The use of the Operating Reserve Fund will be reported to the CIML and the Conference at their next scheduled meetings, accompanied by a description of the use of funds.

7 Reporting and monitoring

The BIML Director and CIML President are responsible for ensuring that the Operating Reserve Fund is maintained and used only as described in this Policy. Upon approval of the use of the Operating Reserve Fund, the BIML Director will maintain records of the use of funds and plan for replenishment.



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The BIML Director will provide updates to the CIML President on progress to restore the Operating Reserve Fund to the target minimum amount, and a report will be given to the CIML at their next scheduled meeting.

The BIML Director and the CIML President will discuss on an annual basis what additional risk factors might be considered for the Organisation and their impact on operating reserve levels.

8 Review of policy

This Policy will be reviewed by the BIML Director and the CIML President every year, or sooner if warranted by internal or external events or changes. Changes to the Policy will be recommended to the CIML for approval.