



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

56 CIML Addendum 7.6a
16 CONF Addendum 10.3a

2021-07-12

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Policy on the OIML Operating Reserve Fund
(Information document)



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Policy on the OIML Operating Reserve Fund
(Information document)

1 Introduction

This document explains the rationale and provides supporting information for the OIML Operating Reserve Fund Policy [Addendum 7.6b to the CIML Working Document and Addendum 10.3 to the Conference Working Document] that has been submitted to the International Committee of Legal Metrology (CIML) for approval and submitted to the Conference for endorsement.

2 Background

At its 15th Meeting, the International Conference on Legal Metrology (“the Conference”) requested the CIML to consider the policy it should adopt towards the Operating Reserve and the purpose for which it should be used, and to report on its recommendations to the 16th Conference in 2020¹. The matter of the Operating Reserve was elaborated on further at the 55th CIML Meeting².

3 Rationale

Although the Operating Reserve is referenced in OIML B 1:1968 *OIML Convention*, the Organisation has not had a formal Operating Reserve Policy.

The total cash balance (including the operating funds and reserve funds) of the Organisation fluctuates due to the day-to-day operations of the Organisation, and the often untimely and unpredictable nature of the contributions from OIML Members and other small debtors. This uncertainty in the timing of the payment of OIML Member contributions, and the possibility of an emergency situation, could lead to an unforeseen shortfall of available funds.

An Operating Reserve Fund Policy for the Organisation is therefore needed to ensure an adequate level of funds is maintained to support the Organisation’s day-to-day operations.

¹ See Conference Resolution 2016/3

² See CIML Resolution 2020/5



56 CIML Addendum 7.6a
16 CONF Addendum 10.3a

2021-07-12

4 Analysis of funds received

The average total cash balance of the Organisation over the four-year financial period 2017–2020 was 8.8 months of the average annual operating expenditure, ranging from a low of 7.4 months to a high of 10.5 months.

5 Payments

An analysis of the payment behaviour of OIML Member States over the financial period 2017–2020 shows that the average delay in payment has ranged from a low of 5.5³ months in 2020 to a high of 7.1 months in 2018.

While every effort is made to collect Member contributions in a timely manner, including recovering debt through diplomatic channels and national institutions, any increase in the delay in payment of Member contributions would pose an inherent risk to the day-to-day operations of the Organisation.

6 Target minimum Operating Reserve

Based on the analysis above, the target minimum Operating Reserve Fund is proposed to be set at six months of the average recurring operating expenditure of the Organisation, which has taken into consideration the average delay time in Member payments.

7 Impact and risk

The lack of an Operating Reserve Fund Policy could impact on the operational and strategic management of the Organisation. It could also impact on the commitments that the OIML can provide to its various stakeholders and the Organisation's capacity to plan and invest in strategic and long-term initiatives.

8 Recommendation

It is recommended that the OIML Operating Reserve Fund Policy is approved by the CIML and endorsed by the Conference.

³ As of 1 May 2021. Note that this delay will increase as 2020 payments remain incomplete.