



**TERMS OF REFERENCE FOR THE LEVEL AND USE OF THE RESERVE
FUND**

One strong Federation – One strong voice

Geneva, 20 Jan 2021

Terms of Reference for the Level and Use of the Reserve Fund

FICSA ExCom, having considered input from experts, i.e. comptrollers or directors of finance in UN organizations, as well as the practices of some FICSA Member Associations/Unions, and having noted that the FICSA reviewer highlighted again during auditing of FICSA's accounts, that the level of reserves is too high and Council should prepare guidelines on how to use the reserves, and after reviewing the trend of last five year FICSA budget figures, propose the following **recommendation** to the 74th FICSA Council:

- A separate and dedicated fund called FICSA Reserve Funds to be created. This is in addition and separate to the existing dedicated funds that FICSA has (listed above).
- The fund shall be provisioned to cover 18 months of FICSA operations as indicated in its program budget, on a three years average, i.e. the average budget amount over the last three years of FICSA program budget plus an additional 50%.
- This would ensure that in case that FICSA ceases to exist, it can cover all the current liabilities as budgeted in the present year budget (but not funded until all members pay their dues), plus any outstanding liabilities from the past year.
- The reserve fund should also include any other known short and long-term liabilities that FICSA may incur, that is not stated in the annual program budget, and the Executive Committee can utilize up to a maximum of 25% of the reserves for unforeseen emergencies not covered by any other article of the financial rules upon by unanimous agreement of the Executive Committee. The circumstances which required such action shall be communicated to the Council at its next regular session.
- For 2021, the recommended level of this fund should be:

Budget 2018	Budget 2019	Budget 2020	Average over last 3 years	Average over last 3 years + 50%
CHF 696,020	CHF 648,578	CHF 485,285	CHF 609,961	CHF 914,941.50

As of 31 December 2020, FICSA has a total of cash in hand and in banks in the amount of CHF 1,268,699

Cash in hand and in banks, 31 Dec 2020	CHF 1,268,699
1. Termination Indemnity Fund	CHF 174,063
2. Legal Defence Fund	CHF 60,000
3. Staff Development Fund	CHF 6,026
4. Training Fund	CHF 25,000
5. Reserve Fund	CHF 914,941.50
Fund Balance	CHF 88,668.50

FICSA Council is invited to note that after the creation and update of the above funds, the fund balance of **CHF 88,668.50** is available and not earmarked for any purpose. This can be used to offset the dues of upcoming years if this is the decision of the Council, to cover the rebates / discounts as per Article 2 (about CHF 25,000), or for other purposes or expenditure as it deems necessary. Amendments to the Financial Rules to establish this fund is listed in [Annex I of CRP 2](#).