



For IEC use only

CAB/2313/INF

2023-02-13

INTERNATIONAL ELECTROTECHNICAL COMMISSION

CONFORMITY ASSESSMENT BOARD (CAB)

SUBJECT

Treasurer's Meeting (TM) report December 2022

BACKGROUND

At the Treasurer's Meeting on 14 December 2022, the IEC Treasurer and the four Treasurers from the IEC CA Systems discussed financial matters, including the change of approval process of the IEC Statutory Financial Statements for the IEC CA Systems, the 2023 financial timeline and associated issues.

Annex 1 shows the reformatted budget timeline.

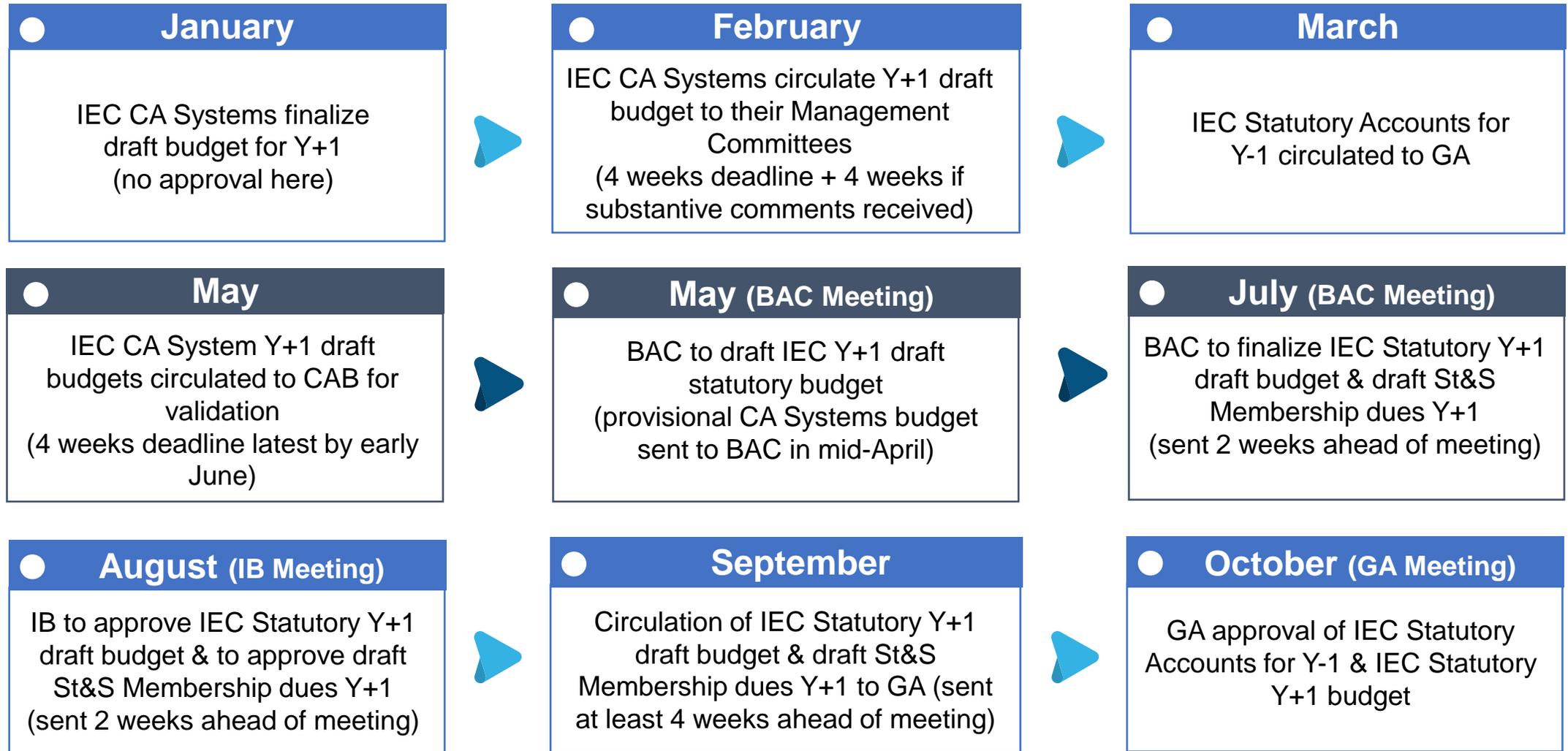
Annex 2 gives the Treasurers meeting report.

ACTION

Comments are not requested from members of CAB, but comments can be given, if necessary, using the [CAB commenting system](#), no later than **2023-03-10**.

CAB Secretariat

2023 Timeline for Statutory Budget



* Months in the slides indicate the timeframe of the entire calendar month



TM/7A/RM (confirmed)

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2023-01-31

INTERNATIONAL ELECTROTECHNICAL COMMISSION

TREASURER'S MEETING (TM)

SUBJECT

Confirmed report on the Treasurer's Meeting (TM) held on 2022-12-14 in Geneva, Switzerland

BACKGROUND

The following is the **confirmed report** from the TM on its meeting held on 2022-12-14.

ATTACHMENT

1. Presentation for Treasurer's Meeting

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Present

Mr J. Cops, IEC Treasurer

TM members

Mr S. Barrowcliff, IECEE treasurer

Mr G. Alsenas, IECRE treasurer (*online*)Mr J. Xu, IECEX treasurer (*online*)

Mr W. Bowman, IECQ treasurer

Secretariat

Mr P. Metzger, Secretary-General & CEO

Mr. W. Zeitz, IECEE & IECRE Executive Secretary

Mr C. Agius, IECEX & IECQ Executive Secretary

Mr P. Potter-Lesage, Chief Financial Officer (CFO)

Ms F. Vieira, Head of Finance

TM Secretariat

Ms K. Fraga, TM Secretary

Mr L.T. Zhao, TM Secretariat Administrator

Guests

Mr P-A. Selva, Incoming IEC Treasurer

Mr S. Paulsen, Vice-President & Chair of CAB (agenda items 1,2)

ITEM 1 *OPENING OF THE MEETING*

ITEM 1.1 *APPROVAL OF THE DRAFT AGENDA, TM/4/DA*

1. The Chair opened the second TM meeting, welcoming all participants and informing that confirmed TM meeting reports will be shared with the IEC Board (IB), after a two-week commenting period. The agenda was approved with no changes.

ITEM 1.2 *MATTERS ARISING SINCE LAST MEETING ON 24 MAY 2022, TM/3A/RM*

2. In introducing the agenda, the Chair informed participants of the updates from the New Revenue Generation Group (NRG) and the discussions relevant to the IEC CA Systems from the BAC December meeting. At the invitation of the Chair, the CFO provided updates on IEC CA Systems reserves. Discussion took place on the reserves and designated funds. It was noted that the IEC CA System members are generally hesitant about investing their reserves in the future for growth. The treasurers underlined the need to encourage members to shift their mindset. The CFO introduced the Treasurer's Memorandum and explained that the presentation of the document will follow the "one IEC" principle more closely next year.

Action 2/2022: The Secretariat to develop a procedure on how to create, use and manage designated funds for the IEC CA System treasurers.

3. The Head of Finance updated the participants on the implementation of the ERP system, which had gone live on 3 October 2022 as planned, with no interruption to normal business activities. All relevant business units, including the IEC CA Systems, were now successfully issuing invoices within the system. Additional support, updates, and adjustments were being provided to ensure smooth operations, leading to full stabilization of the system. Other activities, including the reporting on Power BI, will be integrated into the ERP system in 2023. For the moment, the weekly management reports will continue to be provided pending their automatic creation in the ERP system. The CAB Chair and future IEC Treasurer also introduced the newly established CAB working group, which aims to explore ways to fund the new schemes and new CA activities. The first meeting of the working group will take place in the first quarter of 2023 and the future Treasurer is a member of the group.

ITEM 2 *GROWING IEC CA SYSTEM INCOME WORKSHOP*

4. The workshop comprised three breakout groups (1. IEC CA System treasurers, 2. IEC Finance, and 3. CA System executive secretaries and guests). The workshop reviewed the current business model and identified future business opportunities as well as the related governance changes that would be needed to implement them. Conclusions of and/or discussions during the workshop were as follows:

- The IEC CA Systems were originally established and continue today to operate on the basis of cost recovery; participants felt that this could and should evolve to provide a significant source of revenue for the Organisation as a whole but that such a decision was the prerogative of the IEC Board.
- Members (including certification bodies and test laboratories) are the primary stakeholder and are resources within the IEC CA Systems.
- Flexibility may need to be built into the current technology-driven approach for the scope of the CA Systems as emerging activities indicated an increasing need for horizontal topics (i.e., net-zero verification of carbon footprint declaration), further implying that IEC CA Systems could explore new topics and new certification methods, extend the current scope beyond individual business units for horizontal topics, re-evaluate the lifecycle, and enhance internal harmonization

- Potentially a matrix model could be designed to allow Members from one IEC CA System to participate in activities of another. Potentially the IEC CA Systems could be unified on the membership level (including the voting/non-voting membership types), and consider a new pricing strategy.
- There are concerns about the sustainability of the current funding model for the future; the cost of continuing to have four separate infrastructures should be assessed against the added value that this brings and alternative solutions. The potential to have one budget and one set of membership dues in the future was also discussed, and some participants felt that a unification of the IEC CA System membership dues would make sense.
- Discussion took place on how to increase the number of members, the position in the market, the challenge of increasing prices, and the length of time it takes to develop new services for the market. Participants highlighted the competition in the industry and the possibility of going beyond the current electrotechnical scope for CA services.
- A change of mindset among both the Members and the stakeholders is needed to become more service and development oriented.
- The differing operational resource levels and methods/practices among the CA System Secretariats were noted as possible inhibitors to growth.
- The current customer base should be broadened (to include consortia for example).
- Participants discussed the benefits of simplifying the overall financial structures of the current business models and providing more agility to the systems for new activities to grow.

5. The Chair concluded that the results of the workshop would serve as the input for the IB Task Force Long-Term Sustainability as well as the CA new working group, and TM participants may be invited to the meetings to continue the discussions to ensure consistency.

ITEM 3 *1 IEC: 2022 STATUTORY ACCOUNTS, TM/6/INF*

6. The Chair advised that the IEC Board had recommended that IEC produce one set of audited accounts for 2022; next year there would therefore be one set of statutory accounts and financial statements. At the invitation of the Chair, the CFO introduced the structure of Statutory Financial Statements, explaining how the visibility of the IEC CA Systems and the Guarantee Fund, as well as Standards & Services, will remain. A final note to the accounts will be added, with a matrix summarizing detailed information for 2022 and the previous year. Individual balance sheets and income & expenditure statements for each business unit will be attached as an appendix. Each IEC CA System can extract the appendix and provide a separate document with notes and explanations for their respective systems.

Action 3/2022: IEC CA System treasurers to inform their respective IEC CA Systems about the new IEC Statutory Financial Statements and the process.

7. According to the IEC CA System Basic Rules, currently the IEC CA System Management Committee shall consider and approve the audited accounts which will be submitted to CAB for validation. However, the current IEC Statues require the General Assembly to approve the IEC Statutory Financial Statement. In this context, IEC CA System Basic Rules are recommended to be adjusted to reflect new IEC Statues.

Recommendation 1/2022: The TM recommends that the IEC Board instruct CAB to update the IEC CA System Basic Rules to clarify that the IEC CA System Management Committees shall not approve the audited accounts.

ITEM 4 *COST CONTRIBUTION AND DIRECT COSTS FROM INDIVIDUAL BUSINESS UNITS*

8. The Chair recalled that the current agreed cost contribution model would expire in 2025 and require a new assessment of cost contribution and direct costs. The current model could be

perceived as compartmentalization of various cost elements within the IEC, which is not aligned with the one IEC vision. It was agreed that further discussion ahead of the budget planning process for 2025 would be needed regarding the indirect cost contribution from the IEC CA Systems. The treasurers recommended changing the terminology from cost contribution to “management fee”, which is a fixed amount set by the holding organization, as takes place in the corporate world. For 2023, the budget for IT projects (including projects for the IEC CA Systems) has been approved as part of the Standards and Services budget. From 2024 onwards, new IT projects that are requested by CA Systems should be covered by the budget of the relevant IEC CA System directly.

ITEM 5 *GOVERNANCE SYSTEM – 2024 BUDGET TIMELINE, TM/6/DC*

9. Based on the discussion at the last TM, the Secretariat proposed a simplified budget creation timeline for the 2024 budget. Certain timeframes are considered challenging in view of the overall budget process, for example, the four-week CAB validation period and four additional weeks for substantial comments on the respective CA system levels. Furthermore, the budget preparation process starts early without much agility. Treasurers recommended raising the budget timeline challenges to the board for their consideration. It was also agreed to streamline the process by using a 1 IEC format for the presentation of the initial draft budget to BAC in April.

Recommendation 2/2022: TM recommended that the IEC Board require CAB to align with the two-week commenting period used by the IEC Board for financial matters. Regarding the current rule allowing the IEC CA System Management Committees to re-open a document for vote for an additional four weeks if substantial comments are received, the TM recommended that the IEC Board seek input from the Governance Review and Audit Committee on good governance practices

ITEM 6 *IEC GLOBAL IMPACT FUND*

10. At the invitation of the Chair, the Director of Membership, Affiliates & Capacity Building updated participants on the IEC Global Impact Fund (GIF), informing that the first project was launched on 11 November 2022 with a call for expression of interest, the GIF Officer is in place and Operational Documents are under development. The actual financial contribution will be assessed based on the 2022 results and calculated during the financial closing period. She also issued an open invitation to attend IEC CA System Management Committee meetings or relevant working group meetings to ensure the IEC CA Systems were fully involved and benefitting from the initiative.

ITEM 7 *ANY OTHER BUSINESS*

[*Secretariat note: There was no other business*]

ITEM 8 *CLOSE OF MEETING*

11. The Chair closed the meeting, thanking the participants for their participation and the Secretariat for its support.

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Jo Cops
Treasurer of the IEC

IEC Treasurers' Meeting
14 Dec 2022

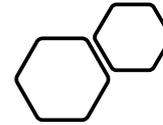


IEC Capital & Reserves - detail at 31 Dec 2021

BALANCE SHEET AS AT 31 DECEMBER 2021 - IEC
(with comparative figures for 2020)

	2021	International Electrotechnical Commission Geneva			2020
		Allocation/Use Net 2021	Allocation 2021	Use 2021	
Capital & Reserves	48'227'965	5'104'288	5'854'039	(2'749'750)	48'123'078
Free Capital	18'120'781	(1'284'588)	715'411	(2'000'000)	17'405'370
Capital Fund IEC Standards & Services	9'339'881	0	0	0	9'339'881
Capital Fund IEC CA Systems	8'780'920	(1'284'588)	715'411	(2'000'000)	8'085'608
Capital Fund IECEE	4'138'312	(1'818'832)	383'168	(2'000'000)	5'755'144
Capital Fund IECEX	2'274'126	192'329	192'329	0	2'081'797
Capital Fund IECQ	524'859	80'719	80'719	0	443'980
Capital Fund IECNE	(158'217)	59'195	59'195	0	(215'412)
Designated Funds	23'943'811	3'878'828	4'828'378	(749'750)	20'088'883
Designated Funds IEC Standards & Services	21'843'811	1'878'828	2'828'378	(749'750)	19'788'883
Reserve for Operational & Financial Risk	2'903'871	626'378	626'378	0	2'277'493
Reserve for Fluctuation of Investment Portfolio	1'300'000	0	0	0	1'300'000
Reserve for Equipment Depreciation & Renewal	1'768'350	(79'452)	0	(79'452)	1'847'802
Reserve for Standards Development & Business Platform	2'010'896	(8'70'298)	0	(8'70'298)	2'681'194
Reserve for General Meeting	800'000	0	0	0	800'000
Reserve for Strategy / Masterplan	5'110'148	1'000'000	1'000'000	0	4'110'148
Reserve for Innovation & Digitalization	7'750'346	1'000'000	1'000'000	0	6'750'346
Designated Funds IEC CA Systems	2'300'000	2'000'000	2'000'000	0	300'000
IECEE Reserve for risks on surcharges	0	0	0	0	0
IECEE Development and implementation of new services	1'000'000	1'000'000	1'000'000	0	0
IECEE Development and support of IECEE infrastructure	1'000'000	1'000'000	1'000'000	0	0
IECEX Reserve for Innovation & Promotion	300'000	0	0	0	300'000
Guarantee Fund	9'182'872	612'260	512'258	0	8'660'722





ERP Go-Live
Monday 3 October 2022
... on schedule as planned

Fabienne Vieira
 Head of Finance IEC

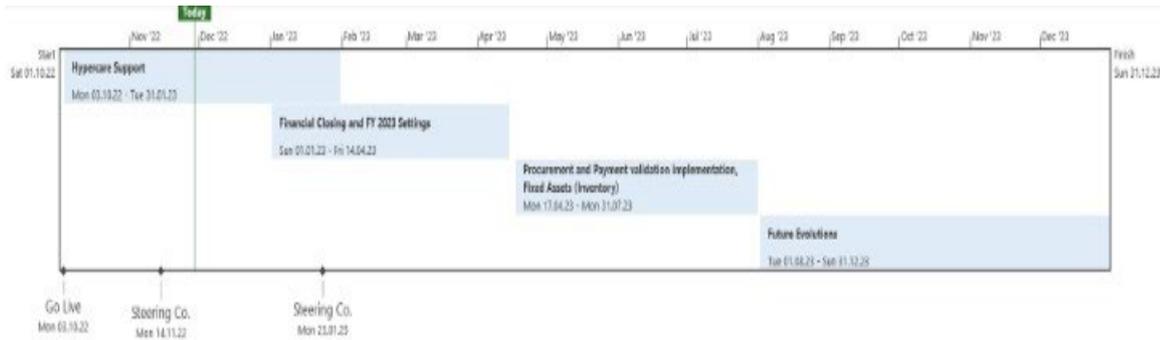
GRAC 2
 01 December 2022



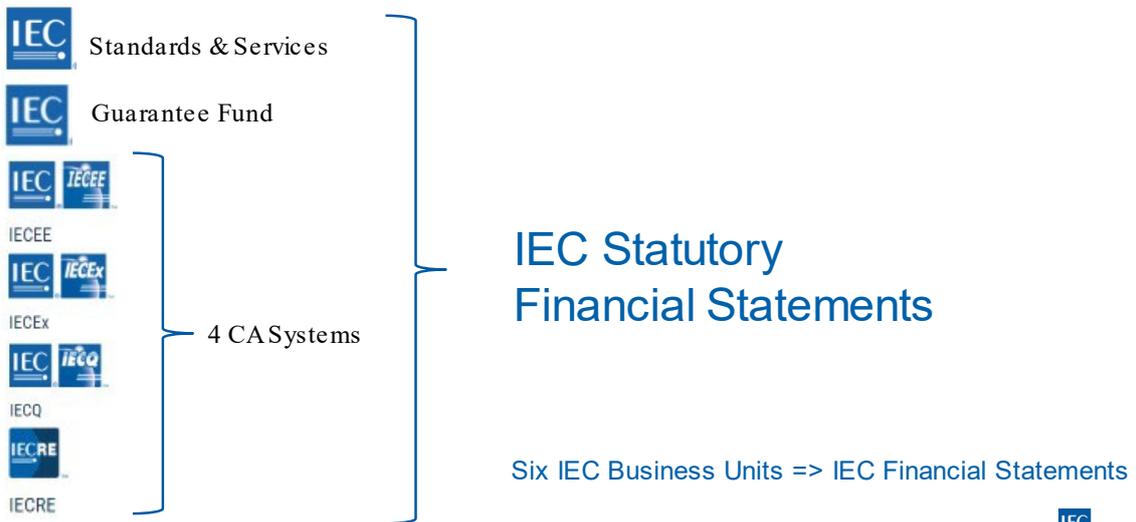
Backward timeline (2021-2022)



Forward timeline (2023)



1 Set of IEC Financial Statements



Indirect costs* => contribution + Direct costs

- CAB Secretariat
- Communication & Web
- Finance & Accounting
- HR & General Services (Only IECEE and IECRE)
- IT Maintenance and Lifecycle Development of existing systems
- IT Infrastructure (Only IECEE and IECRE)
- Sales Back Office (not significant enough to be taken into consideration at the time)

Annual contribution calculated

Direct costs (excluding IT projects) such as payroll, rent, various office expenses, travel and meetings are re-invoiced to the systems on a monthly basis .

* Review 2020 based on 2019 figures



IEC Standards & Services IT project budget 2023

Project ID	St&S IT budget 2023: Project name	Category	Estimation CHF	%
IT_025	IECEE - Peer Assessment System v2	Digitalization	584'000	13%
IT_030	CA Systems Websites - IECQ	Digitalization	139'500	3%
IT_031	IEC/ISO Data Exchange	Digitalization	46'250	1%
IT_032	ERP PM	Digitalization	58'500	1%
IT_035	Customer Relationship Management (CRM)	Digitalization	235'000	5%
IT_039	API and Data Feeds	Digitalization	87'000	2%
IT_042	Bi: NC Participation Dashboard	Digitalization	55'500	1%
IT_045	myIEC v2	Digitalization	92'500	2%
IT_046	IEC Advanced Search	Digitalization	109'500	2%
IT_047	IEC.Questi onnaire & other docs not related to projects	Digitalization	85'000	2%
IT_048	Patents Database	Digitalization	47'000	1%
IT_049	Online standards development (OSD)	Digitalization	676'050	15%
IT_050	Database standards	Digitalization	185'000	4%
IT_034	NRG projects	Innovation	42'500	1%
IT_056	2023 Innovation pilots, proving concepts of SG12	Innovation	400'000	9%
IT_038	Cybersecurity	Risk	210'000	5%
IT_041	Performance Parameters	Risk	55'500	1%
IT_026	Back Office IECs	Technical debt	71'250	2%
IT_027	CA Voting System IECs	Technical debt	42'500	1%
IT_028	CA Voting System IECQ	Technical debt	42'500	1%
IT_029	Back Office / Online Certificate System (IECQ)	Technical debt	531'100	12%
IT_033	new IEC Website	Technical debt	242'500	6%
IT_037	ERP Human Resources	Technical debt	50'000	1%
IT_043	Expert Management System	Technical debt	297'500	7%
	Total		4'986'150	100%
	CA Systems		1'410'850	32%



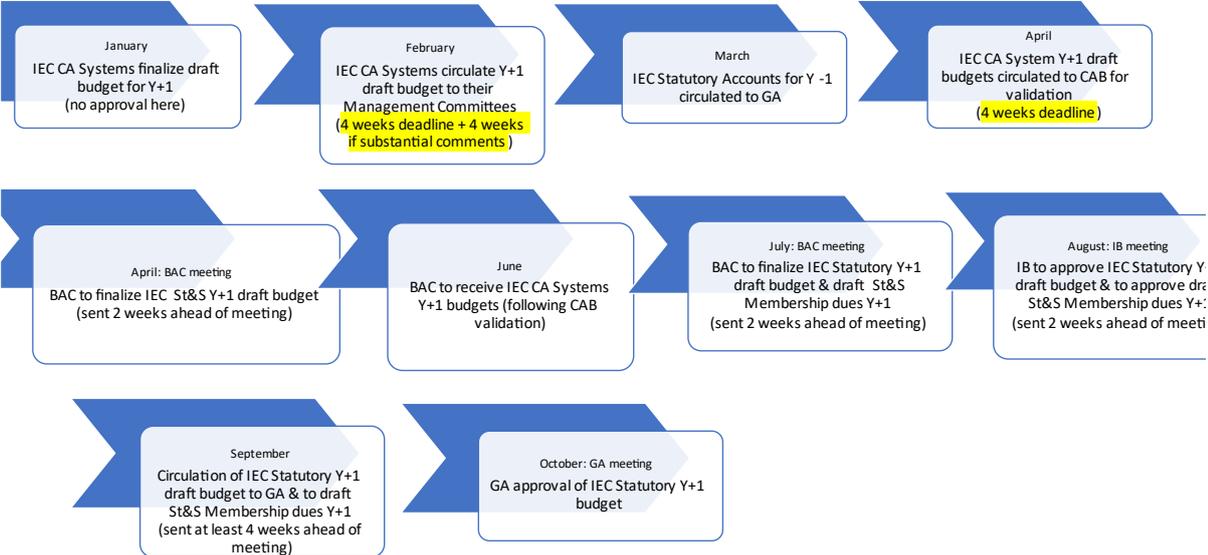
IEC Standards & Services IT project budget 2023

CA Systems Projects

Project ID	St&S IT budget 2023: Project name	Category	Estimation CHF	%
IT_025	IECEE - Peer Assessment System v2	Digitalization	584'000	13%
IT_030	CA Systems Websites - IECQ	Digitalization	139'500	3%
IT_026	BackOffice IECEX	Technical debt	71'250	2%
IT_027	CA Voting System IECEX	Technical debt	42'500	1%
IT_028	CA Voting System IECQ	Technical debt	42'500	1%
IT_029	BackOffice/ Online Certificate System (IECQ)	Technical debt	531'100	12%
Total			4'386'150	100%
CA Systems			1'410'850	32%



Timeline for 2023



Estimated Contributions to Global Impact Fund

(estimated on 2021 figures per annum)

IEC Foundation Project Initial Funding							
End-2021 Figures	Capital Fund	Designated Reserves	Capital & Reserves	%	Contribution	Adjusted * Contribution	% to GIF
IEC-St&S + GF	18'502'834	21'643'611	40'146'445	1%	401'464	CHF 400'194	81.30%
IECEE	4'138'312	2'000'000	6'138'312	1%	61'383	CHF 61'189	12.43%
IECEX	2'274'126	300'000	2'574'126	1%	25'741	CHF 25'660	5.21%
IECQ	524'699	-	524'699	1%	5'247	CHF 5'230	1.06%
IECRE **	(156'217)	-	(156'217)	1%	(1'562)	CHF 0	0.00%
IEC total GIF	25'283'754	23'943'611	49'227'365	1%	492'274	CHF 492'273.65	100.00%

* Adjusted to account for IECRE (negative equity)
 Actual amounts to be deducted from the corresponding Capital Funds (Designated Reserves & Guarantee Fund are not impacted)
 ** IECRE effective contribution = 0

The final GIF contribution will be assessed on the figures as calculated during the financial closing period for 2022 during Q1 2023 on the final 2022 results



Estimated Contributions to Global Impact Fund - effects

(to be applied to C&R during 2022)

BALANCE SHEET AS AT 31 DECEMBER 2021 - IEC

	International Electrotechnical Commission Geneva		
	2021	Global Impact Fund	2021 C&R less GIF
Capital & Reserves	49'227'365	492'274	48'735'091
Free Capital	16'120'781		
Capital Fund IEC Standards & Services	9'339'861	400'194	8'939'667
Capital Fund IEC CA Systems	6'780'920	92'079	6'688'841
Capital Fund IECEE	4'138'312	61'189	4'077'123
Capital Fund IECEX	2'274'126	25'660	2'248'466
Capital Fund IECQ	524'699	5'230	519'469
Capital Fund IECRE	(156'217)	0	(156'217)

