



55th CIML Meeting - Working Document

Addendum

55 CIML Addendum 5b

2020-09-28

Item 5: Report by the CIML President

Report on the internal review of BIML salary costs



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Report on the internal review of BIML salary costs

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1 Introduction

At the request of the CIML President, Mr Alan Johnston, CIML Past President and Dr Bobjoseph Mathew, CIML Second Vice-President, agreed to undertake a review of the BIML salary costs over the last 10 years and to make recommendations for the future.

2 Terms of reference

- 1) To analyse, in close cooperation with the BIML Director, the financial situation and development, including the salaries of BIML staff, of the Organisation over the past 10 years.
- 2) To draw the necessary conclusions, especially with the evolution of staff costs.
- 3) To make proposals for the future, based on OIML B 7:2013 *BIML Staff regulations*, subclause 9.1, and if possible, based on a benchmark with other intergovernmental organisations operating in France.

3 Acknowledgements

The team would like to thank the BIML Director and staff for their cooperation and support during this review, particularly during the COVID-19 pandemic.

4 Analysis of BIML salary costs over the last 10 years

A review of the BIML salary costs, including the benefits paid to various staff members over the past 10 years, was undertaken to determine whether the correct INSEE index (French National Institute for Statistics and Economic Studies) had been properly applied and, as the INSEE index in OIML B 7:2013 ended in December 2015, the indexes used since that date were identified. A review of individual employee contracts was not undertaken.

5 Analysis of the proposed future OIML budget

An analysis of the proposed future budget figures provided by the BIML Director was also conducted.



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6 Benchmarking BIML salaries with other international organisations operating in France

A copy of the ‘United Nations Common System of Salaries, Allowances and Benefits’ was obtained. While the document is very comprehensive and provides base salaries, it does not provide actual numbers used to calculate total salary costs. For example, it identifies a base salary for an Under-Secretary General, the third ranking senior official in the UN, at approximately 150 000 USD. However, the total salary is made up of a base salary plus a post adjustment system based on the location of the position. These post adjustment system figures are not identified in the document, making a comparison very difficult.

The team has been advised that the International Bureau of Weights and Measures (BIPM) has hired an outside firm, International Service for Remunerations and Pensions (ISRP), to conduct a salary review for their organisation.

7 External auditor

It has been suggested the contractual agreement with the current external auditor be reviewed within the next two years, given the length of time the current auditor has been auditing the OIML finances.

8 Findings and conclusions

- 1) The review of BIML salaries and benefits indicates that the INSEE index has been correctly applied during the last 10 years.
- 2) The source of the salary indexes from 2015 to 2019 has been identified and was correctly applied. INSEE indexes were used in all cases to determine salaries during this period.
- 3) One minor financial matter was identified. According to OIML B 7, subclause 10.6 *Family benefits*, Family benefits shall be: family allowance (10.6.1), or transport allowance (10.6.3). According to the information provided by the BIML Director, all BIML employees receive the transportation and connection allowances, including those receiving Family benefits, which in 2020 are estimated to be approximately 400 EUR per employee.
- 4) Considering the information provided on the future budget of the OIML, the forecast is reasonable, based on OIML B 7 and other planned operational expenses. This forecast indicates that the present budget situation is not sustainable and justifies the need to increase Member contributions to cover projected future costs. The impact of COVID-19 on the future budget has not been factored into this review.
- 5) More detailed salary information is required to benchmark BIML salaries with other international organisations operating in France.



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9 Recommendations

- 1) An annual review/audit of salaries (and other operational expenses if not already in place) should be undertaken by the CIML President. The President could appoint two members of the Presidential Council (PC) as an Audit Committee to undertake this review or, as the European Association of National Metrology Institutes (EURAMET) does, two delegates from Member States. This review should take into account the past and current years expenditures and future year projections.
- 2) A policy on the Operating Reserve should be developed in order to establish parameters as to the minimum and maximum funding levels required in the reserve to cover major unexpected expenditures or a reduction of anticipated income (e.g. delisting of an existing major OIML Member State contributor or the non-payment of certificate registration fees by OIML Issuing Authorities or manufacturers).
- 3) Consider hiring an outside firm to conduct a salary benchmark study of BIML salaries. The OIML could hire the same outside firm the BIPM has engaged to conduct their salary review or ask the BIPM to share their benchmarking study conducted by ISRP, as it would likely provide the detailed salary information necessary to benchmark BIML salaries. Depending on the results of a salary benchmarking study, and future decisions made by the CIML on salaries, revisions to OIML B 7 could be considered. In the short term, the wording in Annex 2, *Salaries* in OIML B 7 should be updated to identify the source of the indexes used to calculate BIML salaries, as the current link in Annex 2 refers to an INSEE (French National Institute for Statistics and Economic Studies) report “Monthly Consumer Price Index - Base 1998 - All Households-France-Overall” which was discontinued in 2015.
- 4) A review of the contractual arrangement with the current external auditor should be undertaken within the next two years and consideration be given to issuing a Request for Proposal (RFP) to other accounting firms when the contract with the current external auditor expires in two years.