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CERN LIBRARIES, GENEVA



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EUROPEAN ORGANIZATION FOR NUCLEAR RESEARCH

DRAFT REPORT

FROM CHAIRMAN OF FINANCE COMMITTEE TO COUNCIL

1. Since the first meeting of Council, the Finance Committee Working Party has met on two occasions and the Finance Committee once. The following business has been transacted, and requires Council approval.
2. The Budget for 1955, drafted by the Administration, has been carefully scrutinized, revised and is finally approved for presentation to the Council, as Paper CERN/FC/2 Rev.

The Committee must draw attention to the fact that on the basis of such data as are now becoming available it seems clear that, due to several causes, the total expenditure envisaged during the 7-years construction period will substantially exceed the figure of 120 million Swiss francs reported to Member States in CERN/GEN/5. It may be several months at least before more reliable estimates can be produced, but it should be at least realised at this stage that the 1955 Budget now recommended includes expenditure for the current year or commitments in respect of future years at a level which implies also acceptance of a higher 7-years total cost.

There is a closely related point : the Committee feel that this Budget should be supported by an up to date statement as complete as possible of the total of the capital investments foreseen as being required during the construction and equipment of CERN.

The Committee therefore recommend that a revised statement of the total estimated costs should be annexed to each annual Budget in order to give to Member States a chance of estimating to what extent they need increase their national contributions to allow CERN to face its financial liabilities.

Since however the Administration will not have the most essential data for this exercise until the large contracts for 1955 have been placed, it is recommended that this provision should be fully applied only in the Budgets from 1956 onward.

3. The Financial Rules, as revised by the Administration on the basis of the rules approved ad interim by the first meeting of Council, were discussed and approved by the Working Party and the Finance Committee for presentation to the Council, as Paper CERN/80 Rev.2.
4. The Staff Regulations and Rules, based on those agreed ad interim by the first Council meeting but considerably amended by the Administration, were discussed by the Working Party and finally approved by the Finance Committee for presentation to the Council, as Paper CERN/114 A & B.
5. The reimbursement of expenses of members of the various committees and sub-committees of Council was considered and recommendations were made by the Working Party to the Finance Committee and are now recommended to the Council in Paper CERN/FC/28.
6. A Paper on the constitution of a working balance was recommended by the Working Party to the Finance Committee and is now presented to the Council as Paper CERN/FC/29.
7. The following pieces of business were recommended by the Working Party to the Finance Committee, and decided by the Finance Committee under its powers as laid down in the Financial Rules. They are now reported to the Council for information :
 - a) A Paper on Contracts Procedure was presented to the Working Party and later in a form revised in the light of the discussion, to the Finance Committee for their approval. Its main features were :
 - i) That while competitive tendering would remain the principal and preferred method of placing contracts, certain modified procedures could be used where technical and administrative requirements made them necessary.
 - ii) Any case, of a value of 5,000 francs or more, in which full competitive tendering was not used should be brought to the attention of the Director of Administration.
 - iii) Periodic reports should be presented to the Finance Committee on the contracts placed and procedures used during the period.
 - iv) In suitable cases of competitive tendering, there should be a certain streamlining of the procedure for drawing up tender lists. Any such case should be reported to the Committee.

- b) A proposal to place a contract with the British firm of Metropolitan Vickers for the linear accelerator for the Proton Synchrotron, to a value of 2,000,000 Swiss francs, without competitive tendering, and with the development portion of the contract on the basis of cost actually incurred plus percentages for overheads and profits was discussed by the Working Party and submitted to the Finance Committee. It was explained that the development work was based upon work already being done by the Harwell Atomic Energy Research Establishment in co-operation with Metropolitan Vickers, that Harwell would not be able to co-operate in this way with any other firm, and that to place the contract with any other firm would therefore cause a delay of six to twelve months. In the light of these circumstances, the Finance Committee approved in principle and as an exceptional measure the placing of the contract without competitive tendering, subject to a further submission to the Finance Committee Working Party of the main terms of the contract as finally negotiated with Metropolitan Vickers, and to the Working Party being satisfied that the technical and practical background still justify the placing of a non-competitive contract.
- c) The Working Party agreed ad interim and recommended to the Finance Committee, who approved it in turn, a minor transfer of appropriations for 1954 between the STS and Administration Divisions.
- d) The Working Party discussed a Paper by the Administration pointing out that the present arrangements for a Provident Fund were not regarded as sufficient to exempt Swiss members of the staff from the requirements to contribute towards the Swiss Old Age Pension arrangements. The Working Party agreed ad interim, and to recommend to the Finance Committee :
 - i) That CERN should reimburse to Swiss members of the staff (and at once and retrospectively to those members leaving the employment of CERN), the 2 % employer's contribution to the Swiss A.V.S., when this was required of them by the Swiss authorities.

- ii) That, without any commitment by CERN, the Administration could put in hand a study of the requirements, possible mode of operation, and cost of a Staff Pension Scheme.

These decisions were approved by the Finance Committee.

- e) The Working Party agreed and the Finance Committee approved that the lower limit of inventory should be 100 francs per item.
- f) The Working Party agreed that the policy should be followed of taking out commercial insurance against all normal risks to plant and buildings. The Committee approved this policy and as part of the Budget an estimate of the corresponding cost in 1955.

J. Willems