

CERN Finance Committee

363rd Meeting on 14 March 2018

Report to the Council

All Member States were represented and all Associate Member States but one were represented.

APR: The FC expressed appreciation for the many positive achievements in 2017, as reflected in the Annual Progress Report.

Status of Payments of Contributions: 44.7% of the current year's contributions had been received to date, compared with 36% at the same point in 2017 and 47% in 2016.

The Czech Republic, Sweden and Slovenia have settled their 2018 contributions in full.

Cash position forecast is good; no short-term loans would be required in 2018 provided that there were no delays in the payment of contributions.

The Cumulative Budget Deficit is at lower level than forecasted.

The FC took note of the presentation by the Director-General outlining the scientific, technical and financial principles and constraints governing the preparation of the 2019-2023 Medium-Term Plan as a continuation of the 2018-2022 Plan, the main pillars of the scientific strategy for the period and examples of the issues and challenges under consideration by the Management.

PFGB:

- Report by the Chair: The cumulated returns of the Fund since 31 Dec 2011 exceed the prorated objective by 14,73 percentage points as at 31 Dec 2017.
- Report by the CEO: return YTD in 2017 was 6,93 %

Audit Committee: Report by the Chair

LHC Matters

Reports by:

- the Director for Accelerators and Technology
- the Director for Research and Computing

The FC took note

- of the report by the Head of the Site and Management Buildings (SMB) department, on the status of the consolidation and renovation of site infrastructure and buildings, the associated planning and budget frameworks, the methodology for determining the strategy and priorities for new buildings and extensions, and the objectives of the CERN Masterplan 2030.
- of the report by the head of the Knowledge Transfer group in the IPT department, on CERN's knowledge transfer activities in 2017.
- of the presentation by the head of the IPT department covering expenditure on supplies, services and utilities in 2017 and the latest industrial return figures for the Member and Associate Member States (Procurement).
- of the report by the Chair of the ILO Forum, on the issues examined at the Forum's meeting on 13 March 2018 and plans for future discussions and training later in the year.
- of revised versions of the General Conditions of CERN Invitations to Tender and of the General Conditions of CERN contracts (revised Document).

The FC approved unanimously 10 Contract Adjudications; among them two civil engineering work contracts (High Luminosity LHC, Points 1 and 5) of strategic importance.

FINANCE COMMITTEE
Three-Hundred-and-Sixty Fourth Meeting
Geneva – 12 and 13 June 2018

All Member States and all Associate Member States but one represented

A presentation of the Enterprise Risk Management (ERM) framework should be scheduled for the September meeting.

CERN I 2017

The Committee unanimously decided to recommend that the Council approve the 2017 Annual Progress Report.

The Committee unanimously decided to recommend that the Council:

- approve the 2017 Financial Statements set out in document CERN/FC/6225-CERN/3356 and
- grant discharge to the Director-General.

CERN Pension Fund in the year 2017

The Finance Committee took note:

- of an increase in the Fund's net assets to 4.26 BCHF as at 31.12.2017 and an improvement in the funding ratio to 41.5% according to IAS 26 and 75.9% according to the best-estimate assumptions;
- of the presentation and the External Auditors,
 - highlighting their unqualified audit opinions on the Financial Statements and on compliance with the relevant rules and regulations; and
 - explaining their continued emphasis of matter regarding the Fund's technical deficit;
- of the status of implementation of the Management's response to previous recommendations and noting that no new observations had been formulated for the 2018 financial year;
- of the statement of the Head of Administration thanking the External Auditors for their work on the Annual Reports and Financial Statements of both CERN and its Pension Fund;

The Committee unanimously decided to recommend that the Council:

- approve the Financial Statements of the CERN Pension Fund for the 2017 financial year; and
- grant discharge to the Pension Fund Governing Board.

The Committee further congratulated the CERN Management and the Pension Fund Management Unit on the positive results reflected in the documents.

CERN Audit Committee

The Committee took note of the report by the Chair of the Audit Committee.

TREF

The Committee took note of the report by the Chair of TREF.

Staff Rules - Modification

The Committee unanimously decided to approve the proposed amendment to Article R II 5.01 of the Staff Regulations, for entry into force on 1 July 2018.

- The DG may in exceptional circumstances and in the interest of the Organization to extend of other staff members with senior managerial responsibilities (recruited by the Council, Art. S II 1.01) beyond the age limit;
- within DG's organizational structure;
- no to go beyond 31 Dec 2020.

Status of Payment of 2018 Contributions

The Committee took note

- of a record 95% of the current year's contributions had been received to date, compared with 83% and 79% at the same point in 2017 and 2016 respectively;
- of the statements by the Austrian, Romanian, Serbian, Slovakian and Ukrainian delegations regarding the settlement of their contributions;
- of the statement by the Director-General thanking the Member and Associate Member States for their continued commitment to the Organization.

Cash Position

The Committee took note of

- the cash position and the cash-flow estimates for 2018 and
- that no short-term loans would be required in 2018 according to the current forecast.

Cumulative Budget Deficit

The Finance Committee

- took note of the Report on the development and outlook of the CBD until 2027
- voiced appreciation to the Management for its continuous efforts to keep the cumulative budget deficit under control.

LHC matters

The Committee took note of reports on the LHC.

Medium-Term Plan 2019 – 2023 and the Draft Budget 2019

The Committee decided, by 21 votes in favour and with one abstention (Austria), to recommend that the Council:

- approve the overall strategy for the reference period as outlined in Chapter I of the document and elaborated upon in the Appendices (Chapter IV.1);
- approve the 2019 Draft Budget in 2018 prices set out in Chapter III of the document.

The Finance Committee further took note of the Resources plan for the years 2019 to 2023 (Chapter II) of the document.

Budget 2019: Scale of Contributions

The Committee unanimously decided to recommend that the Council approve the scale of contributions for 2019.

Cost Variation Index 2019

- For information: indexation 1,7 %.

Science Gateway Project

- For Information.

CERN Pension Fund

The Committee took note of the report by the CEO covering the latest macroeconomic and market trends and the future outlook, the recent evolution of the Fund's risk compared to the risk limit, the evolution of the Fund's monthly and cumulative return and net asset value since 2012 and the 2018 strategic asset allocation.

The Committee expressed satisfaction with the Fund's positive long-term investment performance.

Contract Adjudications

- 14 Contract Adjudications were approved; total value 26.7 MCHF.