

The Council of Europe

47 Member States
800 million Europeans



HUMAN RIGHTS
DEMOCRACY
RULE OF LAW



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Internal Charge Back of Services: Centralisation vs Decentralisation

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Plan

- **Council of Europe as an international organisation**
- **Directorate General of Administration and Logistics (DGAL) (Corporate services provider)**
- **Decentralisation of the financial management system**
- **Internal Charge Back of Services**
- **Conclusions**

The Council of Europe in brief



- Established in 1949 by 10 states
- Comprises 47 member states
- Based in Strasbourg, France
- An international intergovernmental organisation
- Main bodies:
 - Committee of Ministers*
 - Parliamentary Assembly*
 - Congress of Local and Regional Authorities*
 - European Court of Human Rights*
 - The Commissioner for Human Rights*
 - The Conference on International NGOs*

47 member states



■ Member states □ Candidate state: Belarus

Member states

Albania, Andorra, Armenia, Austria, Azerbaijan, Belgium, Bosnia and Herzegovina, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Georgia, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Liechtenstein, Lithuania, Luxemburg, Malta, Moldova, Monaco, Montenegro, Netherlands, Norway, Poland, Portugal, Romania, Russian Federation, San Marino, Serbia, Slovakia, Slovenia, Spain, Sweden, Switzerland, "the former Yugoslav Republic of Macedonia", Turkey, Ukraine, United Kingdom

Observers

Canada, Holy See, Japan, Mexico, USA

The Council of Europe's main goals

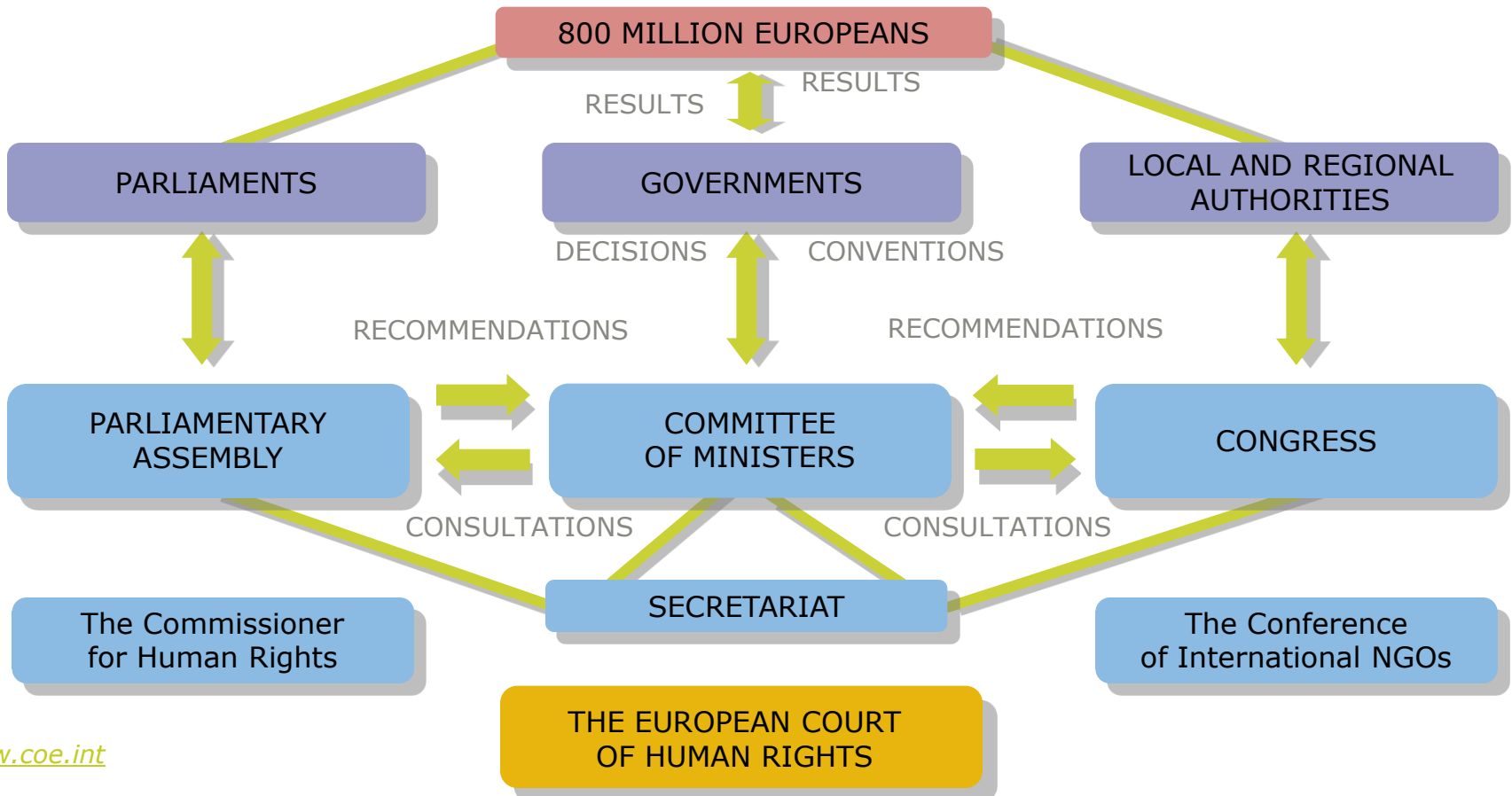


- **Safeguarding human rights, democracy and the rule of law**
- **Promoting social and economic rights**
- **Combating racism, xenophobia and intolerance**
- **Promoting cultural diversity in Europe**
- **Finding common solutions to society's problems**
- **Developing democratic citizenship through educational, youth, sport and heritage initiatives**



How it works?

- Dialogue between the Council of Europe's main bodies
- The Secretariat is divided into directorates covering main activities
- Results take various forms: conventions, recommendations, conferences and reports



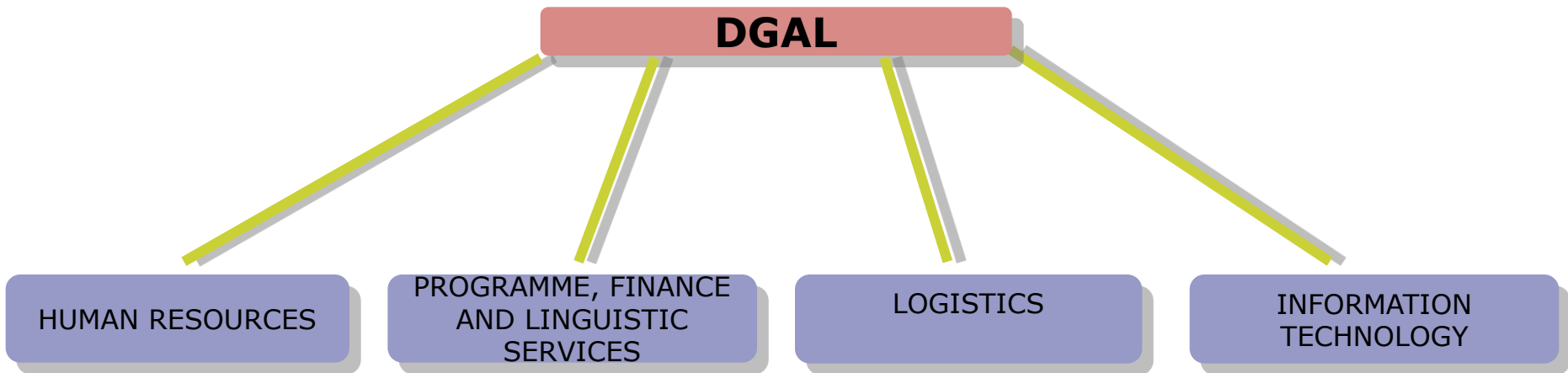


The Secretary General



- Manages the Secretariat and co-ordinates the activities of the Organisation
- Holds responsibility for the strategic planning and the administration of the Council of Europe's operational programme
- Is elected for a five-year term by the Parliamentary Assembly
- The post is currently held by Thorbjørn Jagland (Norway), who took office in 2009

Directorate General of Administration and Logistics (DGAL)



Objective of the financial management decentralisation

- To give the Secretariat greater discretion in budgetary and programme management, with increased accountability to the Committee of Ministers for results achieved

Decentralised financial system

- **Eliminating prior approval of commitments by the Financial Controller**
- **Establishing an Internal Audit, exercising ex post facto supervision**
- **Delegating responsibilities from the Secretary General to Commitments Officers and sub-delegating to Cost Centre Managers**
- **The Secretary General answerable to the Committee of Ministers who approves the yearly budget**

Results Based Budgeting

- **Logical consequence of the decentralisation of responsibilities in resources management**
- **It is a system of management-by-objectives based on setting goals and contributing activities, allocating resources, and monitoring performance against pre-established criteria, presented for the yearly budget exercise in the Logical Framework Matrix (Logframe) showing:**
 - ☞ **Expected Results, Performance Indicators and Sources of Verification**
- **Each Logframe has a cost and budget attached to it**

Introduction of the recharging of central services since 2000 budget?

- Translation, Interpretation, Document production and distribution
- Total volume of expenditure on these services depends on the requests made by departments. They finance these charges from the appropriations included within their budgets
- On no account can a service budget have a negative balance at the year end
- In practice, this means that the «prices » charged for the services correspond to their real cost
- Commitments are recorded by both the consumer department, in order to cover the expenditure, and the supplier department, in order to provide the service

Interpretation

- **Guiding principle: each department pays the real cost of the services it uses**
- **The cost charged to each department is therefore the budgetary cost for freelance interpreters or an average daily cost for the permanent in-house interpreters**
- **Each quarter a sum equivalent to 5% of the direct costs allocated to cover the administrative support structure for interpretation is added to the above amount. This 5% may be adjusted.**

Translation

- **There is an average cost per page and each department is charged for the number of pages translated on its behalf multiplied by the average cost per page.**
- **Each month the Finance Department bills the consumer departments on the basis of statistics concerning the number of pages translated by the Translation Department.**

Documents production and distribution

The documents budget is divided into three main heads:

1. Document production

Each department is monthly charged for the number of pages produced on its behalf multiplied by the average cost per page.

2. Mail

Billings for mail can be divided into postage and carriage and the mail section's staff costs.

→ Postage and carriage are billed on the basis of actual consumption

→ Staff costs are billed on the basis of the number of kilos handled by the mail service.

3. Distribution

This service deals with all handling, storage, packaging and distribution of documents and publications. The distribution section's costs (primarily related to staff) are billed to the user departments on the basis of the number of kilos handled by the distribution service.

Conclusions

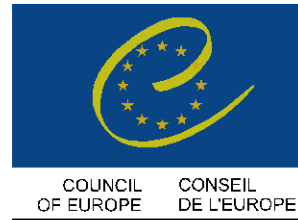
- **The introduction of recharging had most importantly resulted in a reduction in demand for these services, apart from interpretation.**
- **The reductions in demand had in turn an adverse effect on the unit cost of these services, as many of their costs are fixed in nature.**
- **According to the rules of an yearly budgeting, it was not possible to carry over surpluses or deficits on these budgets at the year end.**

Consequently, expenditure on these budgets were recharged even if the resulting unit cost was greater than initially provided for in the budgets of the consumer departments.

After 10 years experience, we are planning to evaluate and re-examine our policy and rules for recharging corporate services and reducing overheads.

Thank you for your attention!

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