



Technology Collaboration Programme on
Demand Side Management Technologies and
Programmes

Fifty Third Executive Committee Meeting
Pre-Meeting Document (PMD) – Part 2
Financial Report

3 – 5 April
Bern, Switzerland



2019-03-13

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IEA Demand Side Management (DSM) Technology Collaboration Programme

FINANCIAL REPORT 2018 AND BUDGET 2019

FINANCIAL MATTERS FOR THE EXCO

ALREADY DECIDED:

This financial report was presented to the Executive Committee in a web meeting on 2019-02-22, and the following decisions were made:

- The ExCo approves that the accrual basis accounting principle is adopted in the Common Fund accounting practice.
- The ExCo approves the financial report for 2018.
- The ExCo approves the budget for 2019, including the principle of “budgeting flexibility”. This budget approval is given with the exception of one budget item, *643 Seed funding*, to be discussed and decided by the ExCo in the spring 2019 physical ExCo meeting (Bern).

FOR DECISION IN BERN EXCO MEETING:

- 1) Should *seed funding* be included in the 2019 budget?
In case of YES:
 - What should be the main principles and criteria for awarding seed fund financing?
 - What should be the budgeted amount for 2019?
- 2) The ExCo approves the Terms of Reference for the IEA DSM Financial sub-committee.

1 Introduction

2018 has been a year of transition for the IEA DSM TCP. Most notably, we are in a one year extension period with a focus on restructuring the TCP before submitting the request for a new term. This restructuring has had consequences of different kinds for the finances and financial work of the TCP. Examples include:

- commissioning of an external review
- engagement of an (interim) Operating Agent of the TCP
- rescaling and restructuring of ongoing ExCo activities
- establishment of a new bank account and transition from USD to Euro as operational currency
- change of supplier of accounting services
- establishment of a new accounting system.

All these transition elements influence the financial management of the TCP, either technically or financially, and imply discontinuities and other “disturbances” that complicate the interpretation of the 2018 financial report. The Financial sub-committee is in line with the ExCo in that these transitions have been necessary, and that the new structures in the financial system will improve the financial management of the TCP in the years that hopefully lie ahead.

This report details the financial development of the TCP during 2018, relates this to the budget, and presents the 2019 budget for the TCP. It also raises some issues of principal character that need to be discussed.

2 Changes in financial management

Before the 51st meeting in Bergen, the ExCo received urgent signals from the former TCP accountant to close the US account. As a response to these signals the Bergen meeting decided that the VC finances should explore possibilities for an updated financial management regime, including:

- transfer of the Common Fund to a new (Norwegian) bank account
- set up a not-for-profit organisation to “host” the new bank account
- hire a new external accountant.

The follow-up of this decision is briefly discussed in the following.

2.1 New DSM account

The efforts to establish a hosting organisation were abandoned due to legal and practical barriers. Instead the Norwegian Contracting Party to the DSM Implementing Agreement (Enova SF) agreed to establish a dedicated DSM account within their existing financial system. This is now the DSM account that holds the IEA DSM Common Fund. The management of this account is regulated by an agreement between the DSM ExCo and Enova SF. The new account is effective from 11. July 2018, this date therefore represents a break in the 2018 report.

The new DSM account represents a transition from US Dollar to Euro as standard currency. We allow 2019 to be a transition year in this respect, e.g. by invoicing to the Common Fund in USD, but from 2020 all transactions will be in Euros.

2.2 New accountant

We have signed a contract with Dalum Regnskap as our new accountant. Their services come at a fixed annual cost of approx. 3300 Euros, and include bookkeeping, bank account management (invoice payments), financial reporting, and similar basic accounting services.

2.3 New account structure

A new system for income- and expenses accounting has been approved and implemented. The system is in line with best practice accounting and is based on a numbered account structure with up to four levels. This allows for a more logical and more accurate financial management, and reporting can be done on different levels of aggregation.

As a principle, our most important service suppliers (Secretary, Operating Agent) are encouraged to invoice in accordance with this structure, which should also add to the precision of the financial management system.

The new account system is introduced by the 2019 budget, see detail below.

2.4 The financial sub-committee

To complete the overhaul of the financial management system, the ExCo decided in the 2018-12-12 teleconference to set up a dedicated sub-committee for financial matters. The sub-committee consists, in addition to the VC Finances, of Maria Bürgermeister-Mähr, François Brasseur and Simone Maggiore. This Financial sub-committee shall aid the VC for finances in preparing financial matters for ExCo decision. Final terms of reference for this committee is to be decided at the April 2019 ExCo meeting. See full text in appendix.

3 Financial performance 2018

The table below is a summary of the financial performance during the past year. The budget reference for 2018 is the (revised, Euro-version) budget presented to the 52nd ExCo meeting in autumn 2018 (London), and subsequently approved.

We note that the common fund shrunk by 34.700 Euros during 2018 (the budget was an increase by 14.700). Two countries less than budgeted paid the annual fee, explaining half the reduction. The balance of the common fund (DSM account) as we enter 2019, is 166.004 Euros.

The main “disruption” compared to the budget is the expenses to the external review, and the subsequent commissioning of an (interim) Operating Agent. These expenses amount to 81.500 Euros. One implication of this is that the OA has covered some activities previously performed by other suppliers. Together with variations in activity level on some of these, this restructuring of the governance of the TCP has had implications for several other budgeted items, including:

- *Secretary work load* for ExCo support and ExCo communication is reduced by approx. 18.700 Euros, parts of this covered by OA.
- *Advisor services* are 12.325 Euros below budget, also partly due to less demand by the Executive Steering Committee (ESC).
- *The ExCo reserve fund* has not been drawn from during 2018 (budgeted: 16.600 Euros).
- *Information activities* (reporting, newsletter, web, brochures) are all less costly than budgeted, saving almost 7.000 Euros.
- *Financial expenses* are 5.100 Euros lower than we expected. Much of this is due to the fact that the costs of the new accountant not will start running until 2019.

In total this means that our loss (“negative profits”) for 2018 was € 34.703 Euros, € 49.401 lower than the € 14.699 budgeted profits (see table 1 below).

Table 1: IEA DSM budget and actual financial performance in 2018.

	BUDGET 2018		ACCOUNT 2018, Euros		
	USD	Euro	Actual	Deviation	Rel. dev.
Income, annual payments	182 000	154 139	126 453	- 27 686	-18,0 %
Operating expenses					
- ExCo support	- 60 000	- 49 800	- 35 210	14 591	-29,3 %
- ExCo communication	- 5 000	- 4 150		4 150	
- Advisor	- 30 000	- 24 900	- 12 575	12 325	-49,5 %
- Seed funding	-	-		-	
- ExCo reserve fund	- 20 000	- 16 600		16 600	
- Reviewer/interim OA		-	- 81 484	- 81 484	
Sum operating expenses	-115 000	- 95 450	-129 269	- 33 818	35,4 %
Information Activities					
- Annual report	- 10 000	- 8 300	- 7 695	605	-7,3 %
- Spotlight newsletter	- 20 000	- 16 600	- 14 704	1 896	-11,4 %
- Website	- 10 000	- 8 300	- 7 992	308	-3,7 %
- DSM brochure/task flyers	- 5 000	- 4 150		4 150	
Sum information expenses	- 45 000	- 37 350	- 30 391	6 959	-18,6 %
Sum oper. & Inform. expenses	-160 000	- 132 800	-159 660	- 26 860	20,2 %
Financial expenses					
- Accounting fees	- 5 000	- 4 150		4 150	
- Annual license renewal	- 1 000	- 830		830	
- Bank service charges	- 2 000	- 1 660	- 1 496	164	-9,9 %
Sum financial expenses	- 8 000	- 6 640	- 1 496	5 144	-77,5 %
Total expenses	-168 000	- 139 440	-161 156	- 21 715	15,6 %
Net profits (Comm. Fund addition)		14 699	- 34 703	- 49 401	

FINANCIAL SUMMARY	USD	EURO
2018-01-01 Opening balance Common Fund	236 985	200 707
Net profits 01-01 to 07-10	82 286	69 690
2018-07-11 New account opening balance Common Fund	319 271	270 397
Net profits 07-11 to 12-31	-	- 104 392
2018-12-31 Closing balance Common Fund	-	166 004

As mentioned in the introduction, 2018 has been an extraordinary year for the IEA DSM TCP. The spending of some of the common fund is the result of a strategic decision by the ExCo – investing in an improved strategic position on the road to a rebirth of the DSM TCP in 2020.

4 BUDGET 2019

The budget for 2019 has been worked through in several rounds both in the ESC and in the financial subcommittee. In its present shape it represents what the committee believes to be a good balance between the activities perceived necessary to complete the transition process toward a relaunch of the TCP in 2020. In addition to the necessary operational expenses it also includes expenses of an investment character, e.g. for rebranding and new website (the latter in case the TCP is extended). The overview table below shows that we budget with a financial loss – that is a *reduction* of the Common Fund – at 11.960 EUR in 2019. We look more closely at some of the items in the budget below the overview table. (For the fully detailed budget, see appendix).

Table 2: Budget 2019

PROFIT/LOSS		
Total income		145 000
Operating expenses	-	109 960
Extraordinary expenses	-	45 000
Financial expenses	-	2 000
Total expenses	-	156 960
Profit/loss (net contribution to Common Fund)	-	11 960
ASSETS - COMMON FUND		
10 Balance of Common Fund		
- Balance 01. January		166 004
- Budgeted annual result (profit/loss)	-	11 960
- Balance 31. December		154 044
Net increase/decrease Common Fund	-	11 960
3 INCOME		
30 Member payments	145 000	145 000
6 OPERATING EXPENSES		
60 Facilitation of ExCo and ESC meetings	40 360	109 960
61 IEA Reporting	14 148	
62 Legal issues	4 350	
63 Outreach/liaising	5 900	
64 Research support	11 700	
65 Webinars - DSMU	3 590	
66 Website - Social media	14 200	
67 Newsletter	2 330	
68 Other support functions	10 082	
69 Account management	3 300	
7 EXTRAORDINARY EXPENSES		
70 Development of profile for the relaunched TCP	45 000	45 000
8 FINANCIAL EXPENSES		
80 Bank services	2 000	2 000

4.1 Income

We have issued invoices to the Common Fund for 2019 as shown in the table below. Only members considered “certain payers” have been invoiced. The budgeted income at 171.000 USD is therefore considered certain. In Euros this translates to around 145.000, and depends on the development of the USD to EUR exchange rate.

Table 3: 2019 invoices to Common Fund

Invoice #	Country/Sponsor	Amount, USD
001-19	Ireland	11 000
002-19	Switzerland	11 000
003-19	Australia	11 000
004-19	Belgium	11 000
005-19	International Copper Association	6 000
006-19	Finland	11 000
007-19	Italy	11 000
008-19	Korea	11 000
009-19	Netherlands	11 000
010-19	New Zealand	11 000
011-19	Norway	11 000
012-19	Nova Scotia	11 000
013-19	Sweden	11 000
014-19	United Kingdom	11 000
015-19	Austria	11 000
016-19	USA	11 000
	SUM (USD)	171 000
	SUM (EUR) – (1 USD = 0,85 EUR)	145 350

4.2 Main expenses

There are three “categories” of expenses in the budget: the large ones, the extraordinary ones, and those of the ordinary ones that need commenting. We look at them in that order.

4.2.1 Large expense: Work hours

A main expense for our TCP is the purchase of services from external suppliers, in 2018 most notably from the ExCo secretary, the external reviewer/interim Operating Agent, the ExCo Advisor, and the newsletter editor. The 2019 budget includes a detailed “bottom-up” breakdown of work hours to be supplied by external suppliers. This is summarized in the table below.

Table 4: Hours of services 2018 and 2019

Service purchased, number of hours	Actual	Budget
	2018	2019
Secretary	717	530
Reviewer	768	0
Operating Agent	93	512
Newsletter editor	185	0
ExCo Advisor	115	0
Sum	1878	1042

Note that no services will be purchased from the newsletter editor and the Advisor in 2019. Note also that the expenses for our review was a one-off purchase in 2018 (768 hours). The 93 hours to the (interim) Operating Agent refer to the period after mid-November when this service had been commissioned. Purchased services in 2019 will primarily be from the secretary and the interim Operating Agent.

The total volume of services purchased from these two suppliers in 2019 is estimated to 1042 hours, split on 530 hours for secretary and 512 hours for OA. These hours include work previously undertaken by the newsletter editor and advisor (Table 4). Budgeted hours for OA represent an upper limit, see ToR for interim Operating Agent. Secretary hours are estimated on the basis of long experience and expected cooperation with the OA. Compared with 2018, the number of secretary work hours is reduced by 187.

4.2.2 Extraordinary expenses

Another budget item that deserves attention is 70 – *Extraordinary expenses*. This includes external purchases for “701 Facilitation of renaming process” (5.000), “702 Rebranding/visual profile” (10.000) and “703 New website” (30.000). These are all expenses to position the TCP for an effective relaunch. The last item (new website) will not be commenced unless the TCP is extended.

The budgeted cost for these extraordinary items is based on tenders received for similar services, obtained by the Chairman. A competitive procurement process will be used to find the suitable suppliers of these services.

4.2.3 Ordinary expenses – comments on specific budget items

605 – Travel costs meeting

This budget entry covers meeting travel expenses for Operating Agent and Secretary, primarily to ExCo meetings. It also covers travel expenses for the Chair, if needed. The Chair has travel budgets in his ordinary occupation, however these are not necessarily available for IEA DSM related travel.

The budget estimate is based on 3 x 4000 EUR, reflecting that one ExCo meeting in 2019 may be outside Europe.

65 – Webinars – DSMU

The DSMU content development and follow-up, which used to be the responsibility of the ExCo Advisor Hans Nilsson, is hereafter to be performed by the OA. Promotion of the webinars will still be performed by the Secretary. Total costs related to DSMU are estimated to 3.950 EUR.

661 Website technical development & maintenance

We do not plan to invest in the old website, however it must be maintained, served and kept running until the future of the TCP is decided. The 8.000 EUR budgeted to this is based on the cost level of the current contract.

67 – Newsletter

The contract with KM Group to produce the Spotlight newsletter has been terminated. We aim in the future for a more cost-efficient production and distribution of our news outreach, where the Operating Agent will be responsible for the contents. The redesigned newsletter will probably be based on an email platform, however the final design will be decided as part of the communications strategy. A total cost of 2.330 EUR has been budgeted.

68 – Other support functions

“682 Other OA functions” covers estimated work related to Communications strategy (3 days), preparing relaunch of the TCP (2,5 days), and one-off meetings/conferences (2 days). Budget 5.850 EUR.

“683 Payable expenses” is a buffer budget item to cover various expenses related to OA and secretary that are not anticipated at the time of budgeting. Budget 4.000 EUR.

4.3 Effects on Common Fund

The financial health of our TCP is tied to the long run development of the Common Fund. As mentioned in the introduction, 2018 has been an extraordinary year for the IEA DSM TCP. The ExCo decided to spend part of the Common Fund as an investment in a process to improve our strategic position toward a potential relaunch of a “new” DSM TCP in 2020. The 2018 account shows a 34.700 EUR drawdown of the Common Fund.

The 2019 budget reflects the necessary completion of this restructuring process. The financial effect is estimated to sum to a further reduction of the Common Fund in the order of 12.000 EUR.

If our restructuring process turns out successful (i.e. the TCP is extended), we will enter 2020 with a comfortable 154.000 EUR balance on our Common Fund, and a more finetuned governance system that should allow for a sustainable budgeting in the years to follow.

4.4 Other financial/budgetary issues

The budgeting process has revealed some important issues that the Financial sub-committee wishes to lift up to the ExCo for awareness raising and discussion; where necessary also decision. We wish to present three such issues in this report.

4.4.1 Budgeting flexibility

The current budget is developed on the basis of the best available knowledge of the TCP’s needs and of the expected framework conditions for 2019. These internal needs and the external framework conditions could change during the year, and these changes might require adjustments of the activities of the TCP. These changes could be redistributions within the budgeted accounts, or necessary additions to budgeted activities.

The Financial sub-committee wishes to keep open the possibility of revising the budget during the budget year, in case unforeseen circumstances make such a revision necessary. Proposed revisions are to be approved by the ExCo.

4.4.2 Seed funding

Seed funding is a payment from the Common Fund to a prospective task Operating Agent to finance work in the concept development phase of a proposed task. If the task commencement is formally approved by the ExCo, and ordinary task funding is secured, the seed money is repaid to the Common Fund. If the task proposal does not pass the subsequent ExCo approval, the seed money is not to be repaid.

Before budgeting with seed funding in the 2019 budget, the Financial sub-committee would like to raise a principal discussion in the ExCo on (i) whether or not the ExCo should be offering seed funding from the Common Fund, and if yes: (ii) criteria for awarding seed money and (iii) proposed amount to be budgeted for 2019.

The seed fund has been used three times in the past to provide up-front financial resources to cost-shared Task Operating Agents. Tasks 24 and 25 both received seed funding from the Common Fund which was repaid upon the receipt of contributions from Task participants. Seed funding was provided to one Task that did not proceed (on multiple benefits of industrial energy efficiency) and in this case the funding was lost.

The main benefit of seed funding to the TCP’s programme of Tasks is that it enables a wider group of potential OAs to offer their services by providing liquidity to Operating Agents prior to reception of Task funds. The main risk is that the funds do not get repaid. Given that this risk is linked to the non-agreement of sufficient Task participants to fund the Task, an argument could be made that seed funding should be supplied by those contracting parties already planning to participate in the Task. This would

reduce the likelihood of seed funding being allocated to projects that do not end up going ahead. Even if this principle was to be followed, the broader ExCo might still wish to allocate a proportion of the seed funding from the Common Fund, for example in the case where more participants are needed to ensure that the Task is feasible and there is interest from enough countries to mean that the likelihood of a positive outcome is high.

The discussion above of the pros and cons of seed funding begins with the assumption that an Operating Agent is in place and that work needs to be undertaken prior to the commitment of funds by Task participants. This is not necessarily the case; where the ExCo is considering running a Task on a particular issue, seed funding might be allocated to an organisation to run a small feasibility study which could report at the next ExCo meeting (see below).

At the ExCo Teleconference in February 2019, delegates asked for information on how other TCPs handle the issue of seed funding. At the point at which this paper was written, no other examples from other TCPs had been found. The closest approximation to the DSM TCP seed fund can be found in the Energy Efficient End-Use Equipment (4E) TCP. 4E runs ExCo projects using resources from their Common Fund, some of which are feasibility studies for future potential Tasks. In this model, an ExCo delegate may propose a topic for a new Task feasibility study. The delegate proposing the study needs to demonstrate some financial commitment to the project in addition to any in-kind support. The ExCo debates the merits of the project and decides on the allocation of funds based on the proposal’s ranking against selection criteria, the amount requested and the availability of ExCo funds.

Important differences between the DSM TCP and the seed fund and the 4E ExCo projects:

DSM TCP seed fund	4E Projects
Funds paid back if full Task goes ahead	Funds not paid back (expenditure as opposed to lending)
Funds paid to a specific Operating Agent	Funds allocated to a project after which invitations to tender are issued
Operating Agent receiving funds will be the Operating Agent for the Task	Organisation receiving funds will not necessarily be the organisation performing operating agent role

4.4.3 Accounting principle

Historically, and continued in 2018, the IEA DSM bookkeeping has followed the *cash principle*. This implies that a financial transaction is recorded in the books at the time when the transaction appears in the bank statement. This also means that a transaction that originates is one period, may be recorded in a different. The best example is the ExCo Secretary’s December invoice, payment for services performed in December month, which typically will appear in the books in January the following year.

In the budgeting process, however, we quantify and value all activities we anticipate during the actual calendar year. This means that there is a difference in principles applied for budgeting and accounting. This difference implies that there is a mismatch between budget and actual (realized) accounts, which could make comparison between the two difficult.

Just to illustrate, let us look at the effect this difference has on the 2018 financial result. In the table below, the major transactions that would have had to be corrected for, are included.

Table 5: Comparison cash and accrual basis principle

2018 Financial result (cash principle)	- 34 703
Belgium annual payment 2018, received 2019	9 554
Secretary Dec. 2017 invoice, paid 2018	3 091
Secretary Dec. 2018 invoice, paid 2019	- 2 729
OA Dec. 2018 invoice, paid 2019	- 4 147
KMGroup (Newsletter), 2017-004 invoice, paid 2018	5 980
Corrected result (accrual basis principle)	- 22 954

We note that with these corrections, the 34.703 EUR loss is reduced to 22.954 EUR, better illustrating the actual operation of the TCP during 2018.

Just to point at the obvious, the accounting principle does of course not affect the long term development of the balance of the Common Fund.

The main benefit of accounting on an accrual basis, is that budgets and accounts are aligned in time, the accounts will show the actual financial performance of the relevant period, and the monitoring and possible corrective action becomes easier.

The Financial sub-committee proposes that the accounting practice for the IEA DSM Common Fund is changed to being in accordance with the accrual basis principle, and that this is to be implemented with the 2019 accounting period.

IEA DSM Technology Collaboration Programme - budget 2019

2019-02-15

All amounts in EUR

				Note
PROFIT/LOSS				
Total income		145 000		(1)
Operating expenses		- 109 960		
Extraordinary expenses		- 45 000		
Financial expenses		- 2 000		
Total expenses		- 156 960		
Profit/loss (net contribution to Common Fund)		- 11 960		
ASSETS - COMMON FUND				
10 Balance of Common Fund				
- Balance 01. January		166 004		
- Budgeted annual result (profit/loss)		- 11 960		
- Budget adjustment (item 9)		-		(2)
- Balance 31. December		154 044		
Net increase/decrease Common Fund		- 11 960		
3 INCOME				
30 Member payments		145 000		
31 Interest		-		
32 Other income		-		
6 OPERATING EXPENSES				
60 Facilitation of ExCo and ESC meetings		40 360	(3)	EUR 97,5 Hours OA
601 <i>Preparing meetings</i>	6 590			EUR 58 Hours Secr.
6011 <i>Secretary</i>	4 640			
6012 <i>OA</i>	1 950			20
602 <i>Participating in meetings</i>	17 110			
6021 <i>Secretary</i>	5 800			
6022 <i>OA</i>	11 310			116
603 <i>Minutes and follow-up meetings</i>	3 100			
6031 <i>Secretary</i>	2 320			
6032 <i>OA</i>	780			8
604 <i>Chair updates</i>	1 560			16
605 <i>Travel costs meeting</i>	12 000		(4)	
61 IEA Reporting		14 148		88
611 <i>Annual report</i>	6 220			
6111 <i>Secretary</i>	2 320			
6112 <i>OA</i>	3 900			40
612 <i>Other IEA reporting</i>	7 928			
6121 <i>Secretary</i>	3 248			
6122 <i>OA</i>	4 680			48
613 <i>Technical support and related expenses</i>				
62 Legal issues		4 350		
621 <i>Support entry/exit of contracting parties to the IA</i>	1 450			
622 <i>Task legal documentation</i>	1 450			25
623 <i>Task participation plans</i>	1 450			25
63 Outreach/liaising		5 900		40
631 <i>Outreach, network</i>	1 560			16
632 <i>Outreach, new members</i>	2 340			24
633 <i>Outreach, travel/expenses</i>	2 000			
64 Research support		11 700		120
641 <i>Task initiation</i>	6 240			64
642 <i>Task guidance</i>	5 460			56
643 <i>Seed funding</i>				

65	Webinars - DSMU		3 590		16	35
	651 Content development (OA)	1 170		(5)	12	
	652 Webinar host follow-up (OA)	390			4	
	653 Webinar promotion (secr.)	2 030				35
	654 Other payable expenses					
66	Website - Social media		14 200		16	80
	661 Website technical development and maintenance (ext.)	8 000		(6)		
	662 Website contents	5 040				
	6621 Website contents (secr.)	3 480				60
	6622 Website contents (OA)	1 560			16	
	663 Social media contents	1 160				
	6631 Social media contents (secr.)	1 160				20
	6632 Social media contents (OA)	-				
67	Newsletter		2 330		12	20
	671 Newsletter contents	1 170		(7)		
	6711 Newsletter contents (secr.)	-				
	6712 Newsletter contents (OA)	1 170			12	
	6713 Newsletter contents (other supplier)					
	672 Newsletter, distribution	1 160				20
	673 Newsletter, expenses	-				
68	Other support functions		10 082		60	4
	681 Other secretariat functions	232				4
	682 Other OA functions	5 850		(8)	60	
	683 Payable expenses	4 000				
				Σ hrs	512	530
69	Account management		3 300			
	691 Accountant, annual fee	3 300				

7 EXTRAORDINARY EXPENSES 45 000

70	Development of profile for the relaunched TCP		45 000			
	701 Facilitation of renaming process	5 000				
	702 Rebranding - visual profile etc.	10 000				
	703 New website	30 000				

8 FINANCIAL EXPENSES 2 000

80	Bank services		2 000			
	801 Payment fees	-				
	802 Other financial expenses	2 000				

9 BUDGET ADJUSTMENTS? - (1)

OA Dec. 2018 invoice, paid 2019 (EUR 4144)	-
Secretary Dec. 2018 invoice, paid 2019 (EUR 3088)	-

NOTES:

- (1) Annual member payments: 16 x 11000 + 1 x 6000 USD. Exchange rate 1 USD = 0,85 EUR is used in budget.
- (2) This item may be used to correct from cash to accrual basis accounting principle. This will affect transactions that are invoiced in one period (year), and paid/received in a later. Until further notice the cash principle is used.
- (3) Number and distribution of hours for secretary based on invoiced hours 2018, adjusted for OA work programme. Hours for OA based on ToR w/upper limit approved by ExCo. OA will invoice in Euro, thus no exchange rate risk. Secretary invoices in SEK and converts to Euro. Slightly high hourly rate used to reduce exch. rate risk.
- (4) Meeting travel expenses for Chair, OA and Secretary. Estimate: 3 x 4000 EUR
- (5) This item reflects that OA in 2019 replaces Advisor as responsible for the contents of the DSMU.
- (6) If TCP is extended, new web is needed w/new name/brand. Some of this expense may be moved to 2020 budget.
- (7) Newsletter redesigned: OA responsible for contents + more cost efficient distribution ("email" type).
- (8) Includes: OA - Comm. Strategy 3 days, prepare launch 2,5 days, one-off meetings/conferences 2 days



Finance Sub-Committee Terms of Reference

Purpose

The purpose of the IEA DSM Finance sub-committee (FSC) is to support and guide the Vice-Chair Finance in executing the financial functions of the TCP and ensure that the financial governance of the TCP is in the best interest of the ExCo.

Composition

The Finance sub-committee shall consist of up to four members of the Executive Committee (ExCo). The sub-committee is appointed by the ExCo and includes and is chaired by the Vice-Chair finance.

Duration

A member of the Finance sub-committee is elected for a period of two years. Re-election is permissible.

Work tasks

The members of the Finance sub-committee shall, collectively:

- Review and approve, or suggest revisions to, the DSM TCP's budget, accounts/financial reports and financial guidance documents prior to their distribution to ExCo members ahead of ExCo meetings.
- Report on the sub-committee's activities at ExCo meetings, raising any unresolved issues and making recommendations for changes in the approach to the TCP's financial management if appropriate.
- Work together with and give guidance on financial/budgetary matters to other ExCo sub-committees or agents when relevant, e.g. in tendering processes.

The Vice-Chair finance coordinates the sub-committee's work, updates the relevant documents with the agreed changes, and prepares the relevant reports/documents for the ExCo. The Vice-Chair finance answers to the ExCo on behalf of the sub-committee.

Members

As of January 2019, members of the Finance sub-committee include: Even Bjørnstad (Norway, Vice-chair Finance), Maria Bürgermeister-Mähr (Austria), François Brasseur (Belgium) and Simone Maggiore (Italy).

Change in financial governance

In the event that a third party actor (e.g. an Operating Agent) is contracted to manage the DSM TCP's finances, the sub-committee shall review the financial documents produced by this actor.