

## Explanatory notes to IACA's Budget 2021

The explanatory notes provide a commentary on IACA's Budget 2021.

### Budget format

Under Financial Regulations of IACA, the Budget contains appropriations for expenditures, fundamental to the existence of IACA and its institutional mandate as well as the implementation of activities in the Work Programme (budgeted activities) which are not covered by extra-budgetary funding. As projected income, it includes on the one hand the target amount of voluntary contributions required to cover these appropriations, and, on the other, the projected service revenues as well as miscellaneous income.

Extra-budgetary resources mean financial resources received to fund specific projects and activities outside the scope of the Budget. The post-cost result/balance and the project support costs related to extra-budgetary activities are listed in the Budget as revenue.

The Budget is structured in chapters. Separate sub-chapters are included for further clarity and ease of reference.

In principle, appropriations are disbursement authorizations for 2020 only, therefore they do not reflect the deferred income or liabilities accrued in previous financial years. Deferred income and liabilities are outlined in the end year financial statement.

Based on the request by IACA's auditors, accounting of acquisitions is accrual-based and not cash-based, which means that instead of cash outflow the depreciation in the respective budget year is reflected in the document.

The financial statements of IACA's accounts, including all documentation related to extra-budgetary resources are examined by external auditors.

### Budget level

The amounts of the draft budget 2021 are based on audited expenses of 2020 and assumptions for the year 2021. Furthermore, changes due to the global pandemic are taken into consideration and, in addition to traditionally offered hybrid and/or face to face activities, IACA has restructured its activities to online delivery.

Annual inflation adjustment of 2 % which affects salaries and other budget lines has been included in the proposed budget.

For purchases of goods and services VAT refunds can be requested for invoices of at least € 73. Therefore, the budgeted amounts are without VAT (net).

## Organizational structure and staff costs

The secretariat is composed of the following six departments under the supervision of the Dean:

- Academic Programmes Department
- Research Department
- Training and Capacity Development Department<sup>1</sup>
- Strategic Partnerships and External Relations Department<sup>2</sup>
- General Management Department
- Legal Department

In addition, following two posts are introduced under the office of the Dean, working in coordination with all six departments and reporting directly to the Dean:

- Associate Dean for Research and Academic Affairs
- Senior Advisor for Development and Institutional Relations.

Currently at IACA, 15 out of 30 posts of the Budget 2021 are filled. It is foreseen to gradually recruit all remaining vacant posts. Filling them will be done according to operational needs and availability of financial resources.

Staff engaged in implementing extra-budgetary activities will be financed by extra-budgetary resources. Therefore, the related staff costs are not included in the budget. Currently one out of three posts financed through extra-budgetary resources is filled.

Given the financial situation of IACA and the lack of clarity as to the amount of voluntary contributions which will be received in 2021, IACA Secretariat needs flexibility in managing the staff costs category. In some cases, it might prove more cost-efficient and practical to implement specific activities by hiring external service providers, individual contractors, etc., rather than by filling the vacancies.

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<sup>1</sup> To reflect the purpose and activities of IACA under the Agreement for the Establishment of the International Anti-Corruption Academy as an International Organization, Article II.1, the Programmes and Activities Department name was changed to Training and Capacity Development Department

<sup>2</sup> Department Strategic Partnerships and Projects was renamed to Strategic Partnerships and External Relations Department

## NOTES TO PARTICULAR BUDGET LINES

### REVENUE

In case the amount of revenues including voluntary contributions is below the level foreseen in the Budget 2021, the prioritization of the expenses would be necessary based on operational requirements.

#### 1. Voluntary contributions

This budget line outlines the amount of voluntary contributions necessary to fulfill the appropriations.

#### 2. Fees from academic and standardized programmes

This budget line includes the programme and application fees for IACA's academic programmes (MACS and IMACC and a programme developed in cooperation with the United Nations Institute for Training and Research - UNITAR) and tuition fees for other IACA's budgeted activities, particularly:

- Summer Academy, trainings on Anti-Corruption in the Infrastructure Sector and Power of the Pen, as well as the Alumni Reunion (planned to be delivered *in situ*);
- several fully online trainings, including Open Online Trainings (43), "Best of" series (2), Massive Open Online Courses (3), and Regional Summer Academy in Brazil, and four certifications (planned to be delivered fully online);
- Executive Diploma training developed in cooperation with the UNITAR (planned to be delivered in a hybrid format).

Discounts for programme, application, and tuition fees due to IACA's preferential treatment scheme for contributing Parties are considered to amount to € 174,300.00.

It is assumed that the MACS and IMACC 2019 (hybrid) classes, and the MACS and IMACC 2020 (fully online) classes, will continue in the year 2021 with their studies, as explained in Chapter 8 of the Budget document.

In addition, four new classes will start in 2021, each for 15 students: one MACS and one IMACC programme will be delivered in the hybrid format, while the other two will be delivered in a fully online format. In cooperation with the UNITAR, IACA has developed a joint master's degree programme, with implementation of first two modules in 2021.

Furthermore, internal credit notes, which are budgeted as expenditures for the budgeted activities are added as income in this budget line. As the same amount is reflected as appropriation (expenditure), this way of presenting does not influence the overall budget amount but provides a full picture of expenditures for IACA's activities. Examples for internal credit notes are seminar fees, coffee breaks, and costs for the use of seminar rooms.

### 3. Revenue from IACA's extra-budgetary resources

This budget line includes the balance and internal credit notes of extra-budgetary resources. Internal credit notes are issued, *inter alia*, for project support costs, costs for the use of seminar rooms, seminar fees, coffee breaks, and for technical support (for online programmes/trainings).

The revenues from extra-budgetary resources are budgeted based on the experience of former years. Any additional financial resources received from extra-budgetary activities in the course of the financial year will be reflected in the budget report.

## APPROPRIATIONS

### 1. Chapter DEAN REMUNERATION

For the Budget 2021, a remuneration equivalent to AC1 of IACA's salary scale was assumed, taking into consideration inflation rate of 2% and accident insurance.

### 2. Chapter STAFF COSTS

For all posts the dependency rate of IACA's salary scale was budgeted. Accident insurance is calculated with 1.2 % of the maximum contribution base of € 5,370 (estimation) which is € 64.44 per month. No further social insurance contributions or allowances are foreseen in IACA's staff rules.

As currently only 15 posts out of 30 are filled, the recruitment for the vacant positions is planned gradually over the year. This is reflected in the Budget document by showing reduced yearly amounts, taking into consideration only those months for which we expect to have positions filled:

#### 2.1. *Associate Dean for Research and Academic Affairs, AC 3*

As this post is planned to be filled only from May 2021, the yearly salary is adjusted to cover months from May to December 2021.

#### 2.2. *Academic Programmes Department*

##### *Academic Programmes Coordinator, AC6*

As this post is planned to be filled only from July 2021, the yearly salary is adjusted to cover months from July to December 2021.

#### 2.3. *Research Department*

##### *Head of Research, AC5*

As this post is planned to be filled only from April 2021, the yearly salary is adjusted to cover months from April to December 2021.

*Researcher, AC7*

As this post is planned to be filled only from February 2021, the yearly salary is adjusted to cover months from February to December 2021.

*Researcher, AC7*

As this post is planned to be filled only from August 2021, the yearly salary is adjusted to cover months from August to December 2021.

*2.6. External Relations and Strategic Partnerships Department*

*Advocacy and Communications Officer, Editor AD7*

As this post is planned to be filled only from April 2021, the yearly salary is adjusted to cover months from April to December 2021.

*2.7. General Management Department*

*Finance Officer IPSAS AD7*

As this post is planned to be filled only from April 2021, the yearly salary is adjusted to cover months from April to December 2021.

*Human Resources Officer, AD7*

As this post is planned to be filled only from April 2021, the yearly salary is adjusted to cover months from April to December 2021.

*Information and Technology Officer AD9*

As this post is planned to be filled only from April 2021, the yearly salary is adjusted to cover months from April to December 2021.

**3. Chapter GOVERNANCE/COOPERATION and NETWORKING/ADVOCACY**

The service level agreement provides IACA with two offices at the VIC and related services such as conference support, incl. conference facilities.

The IACA Agreement foresees at least one annual meeting of each Advisory Board (ISAB and IAAB). It is foreseen that the organization covers the participants' travel and accommodation costs. The participation of IACA's Board of Governor (BoG) members in the meetings of the Board is usually financed by the respective governments. However, this budget line should allow for their support, should this be necessary. In light of the global Covid-19 pandemic, at least some of these meetings will be organized virtually and therefore the budgeted amount for 2021 is lower compared to the one from the adopted Budget 2020.

Missions and conference participations will also depend on developments in regard to the global Covid-19 pandemic.

## 4. Chapter ADMINISTRATION and LOGISTICS

### 4.1. ADMINISTRATION *Students and participants care:*

For students and participants of the trainings and programmes implemented at the Academy, coffee breaks are provided. Expenditures in this regard for coffee, milk, fruits, etc. cannot be allocated to the activities. Therefore, the appropriation is foreseen in this budget line and credited via internal credit note to the respective activities.

### 4.2. FINANCE and REPORTING *Bookkeeping and financial consulting:*

IACA's bookkeeping incl. the establishment of the end year financial statement is outsourced. Currently Austrian accounting standards are applied. In case the Board of Governors decides to apply International Public Sector Accounting Standards (IPSAS), an additional € 25,000 are needed for this transfer. This amount is included in this Budget line.

## 5. Chapter CAMPUS MAINTAINANCE AND OPERATIONAL COSTS

### *Operating costs under the facility agreement*

A company of the Federal State of Lower Austria owns the campus and has rented it to IACA. Based on a funding agreement between IACA and Austria the rent is paid by the Republic of Austria. However, the organization has to pay operating cost in the amount of (currently) € 17,000 gross per month for general maintenance of the building. These costs are not static but are likely to increase over the years, due to wear and tear.

## 8. Chapter ACADEMIC PROGRAMMES

Appropriations for the following modules in the year 2021 are foreseen:

MACS 2019 class Module VI, VII, and defence and graduation

IMACC 2019 class Module VI, VII, and defence and graduation

MACS 2020 online class: Module II, III, IV, V

IMACC 2019 online class: Module II, III, IV, V

MACS 2021 hybrid class: application phase and Module I

IMACC 2021 hybrid class: application phase and Module I

MACS 2021 online class: application phase and Module I

IMACC 2021 online class: application phase and Module I

IACA & UNITAR Master in Anti-Corruption and Diplomacy programme: application phase and Modules I and II

IACA one-year online Master in Anti-Corruption Compliance: application phase and Module I

### **8.1. TEACHING EXPENSES**

The sub-chapter teaching expenses includes following expenditures: Remuneration and travel and accommodation costs for lecturers, supervisors, external evaluators, and defence committee members and other related costs to the syllabus.

### **8.2. NON-TEACHING EXPENSES**

The sub-chapter non-teaching expenses includes the following expenditures: Transportation for students, board, promotion of IACA's academic programmes, awards, expenses for the graduation ceremony, etc.

### **8.3. ONLINE ACADEMIC PROGRAMMES**

The sub-chapter Online Academic Programmes includes the following expenditures:

8.3.1. Teaching expenses (lecturers remuneration, video recordings)

8.3.2. Non-teaching expenses (technology, marketing)

### **8.4. ACADEMIC PROGRAMME IN COOPERATION WITH UNITAR**

This academic degree programme will be implemented in cooperation with the United Nations Institute for Training and Research (UNITAR). It is a one-and-a-half-year master's degree programme in anti-corruption and diplomacy, delivered in a hybrid format, combining face to face implementation and eLearning methods.

The sub-chapter teaching expenses includes following expenditures: Remuneration and travel and accommodation costs for lecturers, supervisors, external evaluators, and defence committee members and other related costs to the syllabus.

### **8.5. INTERNAL EXPENSES – internal credit notes**

Internal credit notes are issued for teaching material, seminar fee, use of seminar rooms, coffee breaks, technical support (with online programmes), etc. These amounts are reflected in the revenue as well and therefore, are not influencing the total budget amount but provide a full picture of the activities' costs.

## **9. Chapter STANDARDIZED PROGRAMMES**

Under sub-chapters 9.1. and 9.4., IACA's annual Summer Academy and the annual Alumni Reunion are foreseen as standardized budgetary activities in the year 2021. In addition, the Chapter 9.2. includes the trainings on Anti-Corruption in Infrastructure Sector, and Power of the Pen.

The sub-chapter 9.3. includes all new online open trainings and certifications as indicated under the Revenue part of the Budget.

## GLOSSARY

This glossary contains short descriptions of terms used in the Budget and which are not self-explanatory:

“Advocacy” means outreach and marketing.

“Work Programme” means the work programme developed by the Dean, considered by the Board of Governors and approved by the Assembly of Parties. The Work Programme is based on IACA’s mandate and an outline of IACA’s activities under the Budget as well as outside the scope of the Budget. What is foreseen as budgeted activities is mirrored by appropriations for expenditures in the Budget. Expected income generated from these activities, as well as required Voluntary Contributions are stated on the income side of the Budget.

“Appropriations” means the aggregate of the expenditure authorizations for a fiscal year for purposes approved by the Assembly under the Budget.

“Budget” means the budget of the Academy, consisting of the Appropriations for expenditures, fundamental to the existence of IACA and its institutional mandate, including the implementation of budgeted activities, as well as all expected income to cover these Appropriations.

“Chapters” means major sub-divisions of the Appropriations within the Budget.

“Deferred income” is, in accrual accounting, money received for goods or services which have not yet been delivered. According to the revenue recognition principle, it is recorded as a liability until delivery is made, at which time it is converted into revenue.

“Extra-Budgetary Resources” means financial resources received to fund specific projects and activities outside the scope of the Budget.

“Project” means a temporary extra-budgetary undertaking agreed with a donor under a project arrangement and consisting of one or a series of activities to produce results and achieve a planned specific objective which is fully financed by Extra-Budgetary Resources.

“Project support costs” is a percentage charged on all extra-budgetary projects and activities’ direct costs, designated to cover the indirect costs of an extra-budgetary project or activity.

“Voluntary Contributions” means cash contributions to the Budget.