



LDAC EXTRAORDINARY FUND (Voluntary and mandatory reserve fund under Spanish law)

Approved by the Executive Committee on 10 December 2020

As a result of a new approach adopted since 2015 by DG MARE in their way of calculating the final amount allotted to Advisory Councils for the financial management of their annual operating grants¹, it might happen that at the end of each financial year, the AC terminates the exercise with a small surplus. This is related to the method of calculation applied, explained by the fact that the membership fees are included in the beginning but not at the end of the financial year in the non-profit calculation. Such additional resources are meant to work in benefit of the ACs allowing them to have their own resources that can be subsequently used, according to the guidance provided by the Commission, either in the following year or in future years to cover non-eligible costs¹ (i.e. not linked to the actions funded under the present contract).

The LDAC has already received some surplus funds in the last few years, and has actually an outstanding balance of around EUR 150.000.

For that reason, the LDAC Executive Secretary instructed any incoming amount for the surplus to be earmarked since the outset in a separate bank account.

The proposal herewith is to create a provisional contingency fund under the supervision of the Secretary that can be used to cover a number of well-established unforeseen and force majeure situations and that is accountable and subject to the prior and express written authorisation of the LDAC Chair and/or Executive Committee.

The situations that have been identified as “unforeseen” or “force majeure” situations are:

- Natural disasters, unintentional accidents or health and safety alerts:
 - Fire, flooding, earthquake or any natural or human disaster affecting the Secretariat premises and altering its normal activity.
 - Declaration of state of alarm and/or sudden interruption of work due to public health or security measures set by a public authority (E.g. riots, strikes, outbreaks such as COVID-19 pandemic...);
- Costs related to human resources and liability with LDAC staff
 - Legal procedures and court cases linked to (fair/unfair) dismissals; negotiation of redundancies packages; occupational hazards; long-term sick leaves; etc.
- Situations of insurance liability related to accidents in a workplace/meeting place abroad affecting the members;

¹ Vid. Art 6.14 of the Guidelines for EU Financial Regulation – operational grants

- Temporary liquidity (i.e. cash flow) problems related to expected not received income from donors (e.g. delay in receiving annual contribution of Spanish Administration) or due payments for running of externally funded research projects (e.g. H2020, FP7...)
- Situations of insolvency or liquidation of the organisation due to different factors such as change of host country and/or secretariat;

PROPOSAL FOR DECISION OF THE EXECUTIVE COMMITTEE

- 1. To endorse and sanction the adequacy and relevancy of the above-mentioned extraordinary circumstances for the use of contingency fund.**
- 2. To set up a written protocol to guarantee proper use of this fund.**

A suggested procedure could be:

- **The Executive Secretary will have the obligation to report to the Executive Committee on the occurrence or existence of any of the above-mentioned circumstances within the shortest reasonable delay.**
 - **An extraordinary meeting of the Executive Committee (either face-to-face or virtual) will be called ensuring there is sufficient quorum to authorize the use of funds to cover the cost associated to the unforeseen and force majeure situations mentioned before.**
 - **In case of emergency where it is not possible to call an Executive Committee meeting, it will be the LDAC Chair and/or First and Second Vice Chair of the GA/ExCom who will have the ultimate responsibility to decide on the use of this fund, providing a written authorization to the Executive Secretary to execute these funds for the exact amount.**
 - **The Secretariat will keep a record of all invoices and supporting documentation at their premises for a minimum period of 5 years. These documents will be made available by request of any public authorities or auditors designated or appointed by the European Commission, Members or Member States to verify correct use of the funds.**
- 3. The Secretariat to inform once a year in a public and transparent manner on the balance and use of the contingency fund. This could be done as part of the annual report from the Secretariat on finances, which takes place at the General Assembly each year.**