

**Revised**

**TRILATERAL RECONCILIATION  
OF THE JOINT ALMA OBSERVATORY'S  
OPERATIONS COSTS**

- I. COSTS OF INTERNATIONAL STAFF MEMBERS (ISM<sub>s</sub>) WORKING AT THE  
JOINT ALMA OBSERVATORY**
  
- II. COSTS OF THE EXECUTIVES' ADMINISTRATIVE SUPPORT TO THE  
JOINT ALMA OBSERVATORY**

This document provides the reference guidelines for trilateral reconciliation of the costs of International Staff Members (ISM) working at the Joint ALMA Observatory (part I) as well as of the costs of the Executives' administrative support to the Joint ALMA Observatory (part II), implementing Art. 13 *Reconciliation and Balancing* of the trilateral *Management Agreement concerning ALMA Operations* (November 2016).

It complements the *Trilateral Agreement on the Reconciliation of ALMA Operations Costs* (June 2010) and supersedes the previous bilateral arrangements for reconciliation of ISM costs.

This revised agreement replaces the previous version as of 01 April 2019.

## **I. Trilateral Reconciliation of the Costs of International Staff Members (ISM) working at the Joint ALMA Observatory**

### **1. General**

The Executives' accountants shall prepare the cost reports for JAO quarterly reconciliation as described below with regards to the costs of ISM. JAO quarterly reconciliation reports are subject to approval by the Heads of Administration.

### **2. Cost reporting and reconciliation**

- 2.1 The list of ISMs is maintained by the JAO in compliance with the provisions of Annex 1 (*Definition of staff subject to cost reconciliation, Joint ALMA Observatory*). The list shall be provided for the reconciliation reports, together with the ISM's corresponding FTE figures and the cost data. Costs are reported as a total sum corresponding to the FTEs (Full Time Equivalent) of the period. No individual remuneration data shall be disclosed in the cost reconciliation reports.
- 2.2 Reported costs shall be fair and consistent between the Executives, i.e. composed by similar cost elements to the extent possible. Reported costs shall consist of basic salary components (salaries and bonuses), allowance and grant components (allowances, grants and benefits) and social security components (medical insurance, unemployment and pension related costs). The detailed cost elements are not required to be reported individually. Other staff related costs such as removal costs, home leave flights, language training, medical checks, are reported and reconciled with JAO Chilean Running Costs (CRCs), which is outlined in [Annex 2](#).

No administrative overheads shall be included.

2.3 According to Article 13.3 of the Trilateral Management Agreement, the ISM cost reconciliation shall be based on the principles of fairness and equitable sharing of resources and risks. As such, the ISM costs shall be calculated and reported using (a) Actual Cost; (b) Estimated Cost; and (c) Fixed Cost, as indicated in Annex 2.

*(a) Actual Cost*

As for the line items which have been agreed to be reported as Actual Cost, the Executives shall report its actual cost.

*(b) Estimated Cost*

As for the line items which the collection of real data would be impracticable or would significantly delay the reporting process, HAAG has agreed that those line items shall be reported as Estimated Cost, and the Executives shall report its good faith estimate of such cost.

As for the time being, the Estimated Cost shall be used to calculate the Social Security of NAOJ ISM. The Estimated Cost shall be as close as possible to real costs, and computed using a well-defined and stable reporting system. Estimated Cost shall be reviewed/ adjusted at least once a year with the latest available actual data.

*(c) Fixed Cost (or Standard Cost)*

Fixed cost (or standard cost) may be used to report Family Allowance and Education Grant in place of actual cost, in case the collection of data would be impracticable or would delay too much the reporting process.

With this method, the fixed cost used shall correspond to the allowance or grant paid by the Executive to its entitled staff members considering each individual family situation.

The fixed cost (or standard cost) shall be reviewed/ adjusted at least once a year with the latest available actual data. Changes in the family situations shall be reviewed/ adjusted every month.

### **3. Cost reconciliation currency**

The currency to be used for the purpose of cost reconciliation, like for the JAO budget, is the Chilean Peso (CLP). Values in foreign currencies are converted to CLP based on actual/ historical exchange rates. The Executives may agree between themselves different currencies for payments resulting from the cost reconciliation process.

## Annex 1

# Definition of staff subject to cost reconciliation, Joint ALMA Observatory

The purpose of this annex is to compile the relevant extracts from the TMA (Trilateral Management Agreement) defining the JAO staff positions subject to cost reconciliation between the three Executives. This document has been prepared by the HRAG (Human Resources Advisory Group, July 2017) and revised by the Working Group of the HAAG on JAO staff cost reconciliation (January 2018), taking into account the comments from the Executives' legal advisors.

### **Background:**

In line with the ALMA Trilateral Management Agreement ("TMA") all JAO Staff positions shall be designated as either (i) a LSM position or (ii) an ISM position, in accordance with the criteria developed jointly by the Executives in coordination with the JAO (Art. 10.3, second part of the TMA).

As such, any cost related to the staff/personnel not defined as either a LSM or ISM, regardless of his/her title (e.g. visitors, in-kind contributor, seconded personnel, or an Executives' staff) shall not fall within the scope of JAO Staff cost/reconciliation proceedings.

### **(i) JAO LSM (Local Staff Members)**

Subject to Article 1 of the TMA, LSM is defined as *"all employees recruited and employed to work for the Joint ALMA Observatory under Chilean contracts of employment, but not those employees hired by one of the Executives under Chilean contracts of employments to perform functions exclusively for one of the Executives, such as, but not limited to, contracting and procurement, accounting and legal matters, etc."*

In furtherance to the foregoing, Article 10.14 of the TMA provides that *"[s]ubject to Article 11.4 of the ALMA Agreement, AUI in its role as the NSF Executive is the sole employer of LSM"* and Article 10.16 of the TMA provides that *"[t]he cost of LSM will be shared among the Executives and shall be included in the JAO Budget"*.

**(ii) JAO ISM (International Staff Members)**

Subject to Article 1 of the TMA, ISM is defined as “*all employees, other than Local Staff, employed by one of the three Executives under contractual terms and conditions established by the relevant Executive, assigned to work for the JAO in Chile*”, and Article 10.7 to 10.13 of the TMA provides for a detailed recruitment and assignment process for an ISM.

More specifically, (a) Article 10.7 to 10.12 provides for the Executives’ joint recruitment process for an ISM position and (b) Article 10.13 provides for a special process which needs to be taken in case an Executive assigns a member of its staff to work at the JAO under special circumstances.

Therefore, it is understood and agreed that:

- (a) other than the ISM who qualifies as a special exception pursuant to Article 10.13, all personnel having an ISM position needs to go through the Executives’ joint recruitment process as described in Article 10.7 to 10.12;
- (b) any other personnel who is working or stationed at JAO without complying with the above procedures shall not qualify as an ISM and shall not be subject to cost reconciliation as an ISM cost; and
- (c) with regards to ISM personnel working in JAO positions before the date of implementation of the *Trilateral Reconciliation of the Costs of ISM Working for the JAO*, the list of pre-existing positions subject to cost reconciliation requires approval by the ALMA Director and the Executives (ALMA Directors’ Council).

**Conclusion:**

Based on the above, the scope of the Staff working for the JAO and subject to cost reconciliation shall be:

- (i) LSM, who is employed only by AUI;
- (ii) ISM assigned by the Executives following the Executives’ joint recruitment procedure as described in Article 10.7 to 10.12; and
- (iii) ISM assigned to the JAO by one of the Executives, subject to the approval of the ALMA Director and prior agreement among all Executives – if the agreement defines that that the costs shall be shared/reconciled.

## Annex 2

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### Comparison of (ISM) Staff costs by Executive

(average, kUSD, 2015 to 2017)

Conversion rates (OECD)			
1 USD =	2015	2016	2017
EUR	0.900	0.904	0.887
JPY	121.00	108.80	112.18
CLP	654.30	676.54	648.68

Group	Cost element	ESO			NAOJ			AUI		
		2015	2016	2017	2015	2016	2017	2015	2016	2017
Basic Salary	Basic Salary	89.3	94.0	96.2	39.4	39.3	38.1	97.6	92.1	95.1
	Bonus				14.6	14.9	14.4			
	Overtime				1.4	1.4	1.3			
	Exceptional Performance Award	0.1	0.0	0.3						
		89.4	94.0	96.5	55.3	55.5	53.9	97.6	92.1	95.1
Allowances and Grants	Expatriation Allowance	18.4	17.7	19.5	34.3	35.6	34.6	16.7	17.0	23.0
	Mountain Allowance	9.2	9.6	8.9						
	Family Allowance	8.3	7.1	6.5	35.6	32.3	31.3	0.1	0.1	0.1
	Education Grant	6.8	7.4	5.5	23.8	22.4	21.7	3.8	3.1	4.0
	Installation Grant	3.2	1.2	0.0					4.0	
	Termination Indemnities	2.3	0.0	0.8						
	Unemployment Benefit	1.4	0.9	0.2						
		49.6	43.9	41.4	93.7	90.3	87.6	20.6	24.2	27.1
Social Security	Pension Cost	42.3	41.4	38.6	10.0	13.5	13.1	19.2	18.9	19.9
	Retirement Allowance				8.1	7.7	7.5			
	Health Insurance	6.1	6.1	6.1	5.0	5.2	5.0	23.2	22.8	24.0
	Unemployment Insurance				1.0	0.9	0.9			
		48.4	47.5	44.7	24.1	27.3	26.5	42.4	41.7	43.9
<b>Total ISM staff costs (kUSD, average)</b>		<b>187.3</b>	<b>185.5</b>	<b>182.6</b>	<b>173.1</b>	<b>173.1</b>	<b>167.9</b>	<b>160.6</b>	<b>158.0</b>	<b>166.1</b>
	<b>(MCLP)</b>	<b>122.6</b>	<b>125.5</b>	<b>118.4</b>	<b>113.3</b>	<b>117.1</b>	<b>108.9</b>	<b>105.1</b>	<b>106.9</b>	<b>107.8</b>
Estimated cost										
Fixed cost										
<i>Other staff related costs handled as CRC (running costs):</i>										
	Home Leave Tickets									
	Spanish Language Training									
	Removal Cost									
	Annual Medical Check									

## **II. Trilateral Reconciliation of the Costs of the Executives' Administrative Support (\*) to the Joint ALMA Observatory**

**(\*) Administrative support provided by the Executives in the areas of contracts, procurement, invoice processing, accounting and payment.**

### **1. General**

The cost of the Executives' Administrative Support (contracts, procurement, invoice processing, accounting, payment) which are provided for the JAO in Chile shall be reported and reconciled as an administrative fee under the Chilean Running Costs (CRC) reconciliation process.

### **2. Cost reporting**

2.1 The costs of the Executives' Administrative Support which are provided to the JAO in Chile shall be based on the direct costs of the staff providing such administrative support to the JAO. No administrative overheads shall be included.

The reconciliation shall be conducted on an FTE basis which shall be fair and consistent between the Executives and for the JAO.

2.2 The FTE effort for each Executive shall be agreed between the Executives and the JAO in the context of the JAO annual budget process. The agreed FTE effort represent ceiling amounts.

For 2018, the FTE efforts set to be charged to the JAO budget are:

NRAO-AUI: 3 FTEs

ESO: 3 FTEs

NAOJ: 2 FTEs

**NRAO/ AUI**

**Associate Director for Administration**

**Date**

**ESO**

**Director of Administration**

**Date**

**NAOJ**

**Head of Administration**

**Date**

**ALMA**

**Head of Administration**

**Date**