

**AMNESTY
INTERNATIONAL**



Global Reserves Guidelines

AMNESTY INTERNATIONAL MEMBERS ONLY

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SUMMARY

These are the guidelines for all AI entities on the definition of liquid financial reserves; measurement of financial risk; and the setting and monitoring of a suitable target for reserves. The guidelines provide practical instructions to help entities establish their own risk assessment and reserves policies. In addition, to help the movement assess the global total level of reserves, the paper sets out required annual reporting on the management of reserves by each entity, to the Finance and Audit Committee for monitoring on behalf of the International Executive Committee.

DISTRIBUTION

This paper is being made available to all section and structure chairs and directors.

RECOMMENDED ACTIONS

Please circulate this document within your section or structure.

Global Reserves Guidelines



Amnesty International

Global Reserves Guidelines

Final (12 October 2012)

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Global Reserves Guidelines

1. Executive summary

This paper introduces **guidelines** for all AI entities on the definition of liquid financial reserves; measurement of financial risk; and the setting and monitoring of a suitable target for reserves. The guidelines provide practical instructions to help entities establish their own risk assessment and reserves policies. In addition, to help the movement assess the global total level of reserves, the paper sets out **required annual reporting** on the management of reserves by each entity, to the Finance and Audit Committee for monitoring on behalf of the International Executive Committee.

2. Background and aims

The aim of Global Reserves Guidelines is to ensure that the movement:

- holds adequate financial reserves to ensure operational stability;
- does not hold excessive reserves, ensuring that donor funds are being used for our intended purposes; and
- supports AI entities in assessing their risks and adopting reserves policies according to their needs.

The IEC considers these guidelines necessary to enable a consistent and transparent approach to reserves management across the Amnesty movement. There is a need to ensure that temporary financial difficulty does not lead to an unplanned reduction in international human rights work; and that AI entities are able to meet their responsibilities to employees should they experience a downturn in income or unexpected costs.

In the absence of mechanisms to transfer reserves between Sections/structures, the International Secretariat shall consider the appropriate amount of reserves which it requires to hold on behalf of any Sections/structures which are significantly below target, in case emergency support shall be considered necessary by the International Executive Committee. This does not provide a guarantee of support to Sections/structures or require that the total shortfall shall be covered by the International Secretariat: local Boards retain ultimate responsibility for the management of their own risks and reserves.

By developing a measure of global reserves, we can also identify the value of "free reserves" that are potentially available for strategic investment where the greatest human rights impact can be achieved.

The Guidelines do not replace existing reserves policies, or imply that all AI entities' reserves will be pooled in one place physically: Sections retain ultimate discretion over the use of their own reserves.

The Guidelines complement the aims of One Financial Amnesty and the Common Chart of Accounts (COCOA) in providing information to the movement to better understand and manage its global financial risks and opportunities. The Guidelines draw on the results of the 2010 working group on global reserves established by the International Treasurer; and on the content of risk management and reserves policies developed by AI entities including the International Secretariat, AI Denmark, AI Netherlands, and AI Switzerland.

3. Principles

- Reserves of each entity and of the movement as a whole need to be managed in response to identified needs and risks;
- Each financially self supporting entity, including the International Secretariat, should hold reserves adequate to cover its own risks, including the ability to meet assessment contributions as they fall due 2 years after the relevant income has been raised;
- Entities wholly supported by direct funding from the IS should hold reserves sufficient to cover their own short term liquidity requirements;
- Resources at the movement's disposal should be applied as effectively as possible within the aims of the Amnesty Statute;
- Reserves should not be held without adequate justification.

4. Users

The management of reserves is an important duty of all Amnesty entities. Recognizing the differences in both complexity and risk exposure of different S/s, these Guidelines distinguish between three groups of users:

Tier	Definition
1	Funding entities S/s which are required to make assessment contributions to the International Secretariat.
2	Mid tier entities S/s which are not required to pay assessment contributions but which have sources of income other than grants provided by the movement via the Resource Allocation Mechanism (see below).
3	RAM supported entities S/s which are wholly or substantially (over 90%) supported by grant from the International Secretariat.

5. Reserves Guidelines for Sections and Structures

5.1 Why hold reserves?

Holding an appropriate level of unrestricted reserves is a key financial management and planning tool. The main reasons why AI entities should hold such reserves are:

- to secure the sustainability of AI's human rights activities across the movement - both short term (ability to settle current obligations such as salaries and external creditors) and long term (for strategic planning);
- to ensure AI entities have the time and capacity to manage unexpected liquidity issues (such as a permanent income reduction or a significant decline of donors and members);
- to fund unplanned expenditure;
- to secure future payments of the assessment to the IS;
- to absorb exchange rate risks.

To ensure that Amnesty funds are used where they are most needed to provide the greatest human rights impact, S/s should also set their own maximum level of reserves.

5.2 Defining reserves

This paper follows COCOA definitions of the classes of financial reserve which are held by AI entities. In addition the concept of **free reserves** is introduced.

5.2.1 General

"Reserves" or "funds" or "retained earnings" represent accumulated surpluses or deficits for an AI entity. As such, reserves represent the excess of total assets less total liabilities.

Note that if an AI entity is a registered company and has issued share capital, total reserves represent the excess of total assets over total liabilities after deducting called up share capital (whether paid or unpaid).

A diagram representing this definition of reserves is provided at Appendix A (1.1).

5.2.2 Unrestricted reserves

The definitions of unrestricted, designated, restricted, and endowment reserves follow the common definitions set out in COCOA (Appendix A 1.3).

Unrestricted reserves are any reserves that may be used for furtherance of the AI entity's objectives and any reserves that have been internally restricted for a particular purpose by the AI entity's Trustees, Directors or management (= designated reserves).

Restricted reserves are those which can only be applied for a particular purpose within the agreed objectives of the AI entity as set out by the donor or the funder.

As such, unrestricted reserves will exclude restricted and also will exclude endowment reserves (any reserve that is a form of restricted reserve where the donated asset is to be retained for the benefit of the AI entity as a capital fund).

5.2.3 Free reserves

Principles

Free reserves are unrestricted reserves which are capable of being released to fund unexpected obligations or strategic investment.

Unrestricted reserves may include fixed assets which in general cannot practically be sold to fund expenditure on AI's human rights objectives – as such fixed assets are generally excluded from the definition of free reserves.

Investment in this context means "financing carefully considered strategic growth projects where AI has a small presence or no presence, or where it is under-performing in a developed area." [Decision 15 of the 2009 ICM]. In this context investment includes increasing fundraising capacity where applicable.

Calculation

In general free reserves may be approximated by the formula:

$$\boxed{\text{Unrestricted cash} + \text{Other unrestricted current assets} - \text{Current unrestricted liabilities} = \text{Free reserves}}$$

This simplified definition approximates the detailed definition at Appendix A (1.2) for entities with simple balance sheets.

The guidelines recognize that for entities with more complex balance sheets this formula may not be appropriate. In these cases Sections are free to adjust the calculation to better represent the level of unrestricted reserves available for use. To allow comparisons between Sections these adjustments should be documented and provided to the International Finance team at the International Secretariat: a suggested format for these adjustments is provided at Appendix A (1.2). The nature of any provisions and long term liabilities included in the definition of free reserves should be clearly explained.

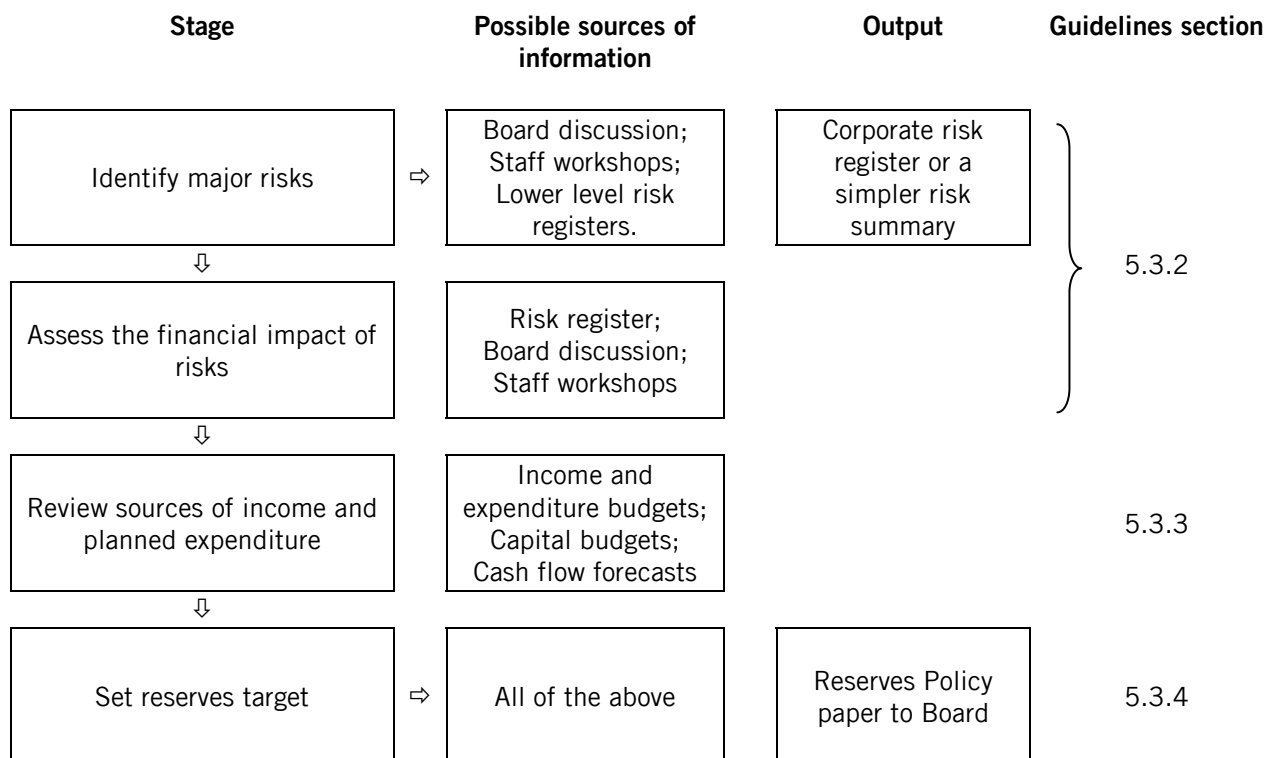
Usage in this paper

References to reserves in the remainder of this paper refer to **free reserves** as defined by the AI entity using the guidance provided above.

5.3 Setting a target

5.3.1 Suggested approach for target setting

The processes in place for identifying and quantifying financial risk may be more or less complex depending on the AI entity; however, the steps necessary to set a target are similar:



5.3.2 Assessing the financial impact of risk

A key benefit of reserves is protecting an organization from the financial impact of major risks.

In order to be able to establish the appropriate level of reserves to hold, S/s shall be able to demonstrate that they have considered the financial impacts (where applicable) of the major risks which they face, at Finance Committee or Board level.

Part 2 of Appendix A sets out the suggested approach to identifying these impacts.

5.3.3 Reviewing sources of income and planned expenditure

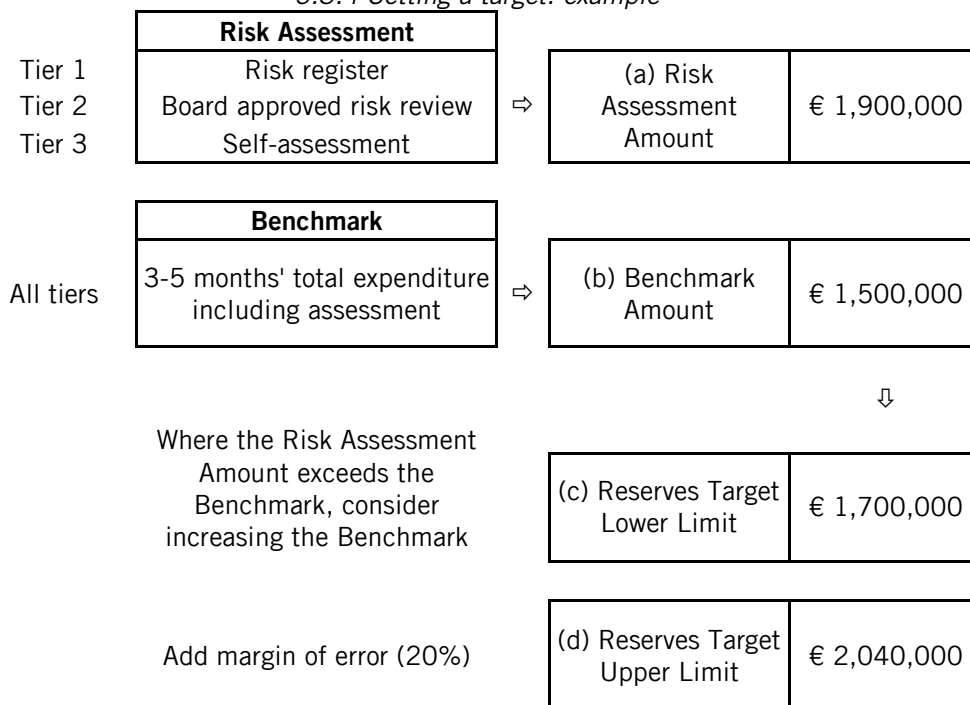
The level and range of required reserves will be influenced by the volatility of income, and by forecast expenditure and cash flows. In particular the level of reserves will aim to provide the organization with sufficient liquidity where the timing or amount of income and expenditure differs from plan. The reserves required to provide this liquidity may be set as a number of months' budgeted total expenditure, termed the '**benchmark**' below.

5.3.4 Setting a target

Below are set out guidelines for calculating a reserves target. This is a suggested approach only and S/s shall be free to apply any reasonable method which can be demonstrated to take full account of relevant financial risks. The recommended minimum approach to risk assessment is based on the tier to which the entity belongs as shown in Section 4 of these Guidelines: further detail is provided in Part 2 of Appendix A.

Advice on whether a particular method is consistent with these guidelines is available from the International Accounting Team at the International Secretariat.

5.3.4 Setting a target: example



- a) Using a risk assessment approach described in Appendix A, the Section calculates a need for €1,900,000 in free reserves to mitigate the effects of significant risks which may occur.
- b) The Section has relatively uniform and well controlled expenditure, but income varies significantly throughout the year and reserves are required during quieter periods. The Section has a moderate proportion of fixed costs and would take several months to adjust expenditure in the face of a significant fall in income. The Section determines that 4 months' total expenditure, or €1,500,000, is an appropriate benchmark figure for this purpose.
- c) Since the Risk Assessment Amount is higher than the benchmark, the Section considers increasing the reserves target. Based on the likelihood of major risks occurring at the same time as liquidity problems, the Section determines to add 50% of the shortfall, or €200,000, to the reserves target.
- d) The Section considers that its financial planning and control will allow it to achieve reserves within 20% of the target amount and sets this as the upper limit.

The upper limit acknowledges that entities will be unable to exactly meet reserves targets between and within years and will therefore always be above or below the lower limit. The upper limit is a margin of error which the entity believes it can achieve in its financial planning with respect to reserves. This acts as a trigger point for local Board and potentially FAC notification if actual reserves move outside the target range

5.3.5 Legal restrictions

In certain jurisdictions, AI entities may face legal restrictions on the level of free reserves which may be held. In this case the entity should also produce a risk-based calculation as detailed above and determine whether the desired target is above the level permitted by law.

If the desired target is above the legal maximum, the entity should agree through discussion with the International Finance team in the International Secretariat the level of additional reserves which it is appropriate for the International Secretariat to hold on behalf of the entity, so far as permitted by law.

The legal maximum, with suitable adjustments for a margin of error, would then determine the upper and lower limits of the entity's reserves target.

Conversely if the entity is required by law to hold a minimum level of reserves, the entity should produce a risk-based calculation as detailed above and determined whether the desired target is above the level permitted by law.

5.4 Local monitoring

The following represent good practice in setting and monitoring target levels of reserves:

- Responsibility for approving the reserves target and related risk assessments should be at Board level; the calculation of the target should also be reviewed by the Audit Committee or equivalent;
- Reserves target setting should be performed at least once per year, alongside the budget setting process, since the desired target is likely to have an impact on expenditure plans;
- The reserves target should be set as an upper and lower limit, and an agreed process should be in place to inform the Board and to identify corrective action where actual reserves fall outside the target range;
- The level of reserves should be reviewed against the target at least annually.

5.5 Reporting requirements

5.5.1 General reporting

AI entities are encouraged to adopt the abovementioned definitions and target setting methods. However whatever methods are adopted all entities shall agree to provide the International Accounting Team at the International Secretariat with the following as required as part of the budget setting and reporting timetable:

- Details of the how free reserves have been defined, including a list of any adjustments in the format provided at Appendix A section 1.2;
- Supporting documents covering the assessment of the financial impacts of major risks to which the S/s may be exposed;
- A paper establishing a target level of reserves consisting of a lower and upper limit, with supporting documents showing how the target has been reached.

A roadmap summarizing these guidelines and reporting requirements is provided at Appendix A part 3.

5.5.2 Reserves outside the target range

Where AI entities determine that their current reserves are outside the target range at the entity's annual financial reporting date, the entity should:

If under the target range

- Inform the Finance and Audit Committee (acting on behalf of the IEC), via the International Accounting Team at the International Secretariat, what steps are planned to bring actual reserves in line with the established target, and when this is expected to be achieved.

If over the target range

- Inform the International Accounting Team and discuss with the International Secretariat what steps are available to apply available excess reserves to support the aims of the movement.

6. Global Reserves: Definitions and Responsibilities

6.1 Definition

Global reserves shall be defined as the sum of free reserves reported by each entity including the International Secretariat, adjusted to remove inter-movement receivables and payables¹.

Free reserves and targets for S/s which do not report according to the timetable will be estimated by the International Secretariat.

6.2 Setting the global reserves target

The global reserves target shall be set as a range of acceptable values comprising an upper bound and lower bound in consideration of the principles identified in section 3.

The basis for the target shall be an analysis of the potential financial impacts of significant risks at the global level including, but not limited to:

- External risks to the movement as a whole, such as global macroeconomic or reputational risk, together with the combined impact of local environmental, political, legal and other risks of S/s;
- The requirements of entities with legal restrictions on holding their own local reserves;
- The likelihood of support being required for S/s in financial crisis where local reserves are inadequate.

The global reserves target shall take into account the correlation between risks at the S/s level. For example it may be considered unlikely that natural disaster risks will co-occur across entities in different continents; whereas macroeconomic changes may have an impact which is greater than the sum of entities' individual risk assessments.

The global reserves target shall be set as follows:

- i) Risk assessment amount: Quantify financial impact of global movement risks. Global movement risks will be prepared by the IS Strategy and Planning team upon review and consolidation of IS and individual sections risk registers;
- ii) Benchmark amount: Calculate a benchmark amount of 3 months total expenditure of the movement;
- iii) Global reserves target lower limit: Compare the risk assessment amount and benchmark amount to determine a suitable lower limit;
- iv) Global reserves target upper limit: Calculate as lower limit plus 20%.

The global reserves target shall be a notional figure assuming that rapid, cost free transfers of reserves between entities are possible. This figure shall be compared to the sum of entities' own reserve targets to determine where there is the opportunity to release reserves once appropriate transfer mechanisms have been agreed, or where a systemic risk requires greater reserves than have been allocated individually.

6.3 Additional reserves held by the International Secretariat

In the absence of these transfer mechanisms the International Secretariat shall consider the appropriate amount of reserves which it requires to hold on behalf of S/s which are significantly below target, in case emergency support shall be considered necessary by the International Executive Committee. This does not provide a guarantee of support to S/s or require that the total shortfall shall be covered by the International Secretariat: local Boards retain ultimate responsibility for the management of their own risks and reserves.

6.4 Responsibilities for target setting and monitoring

6.4.1 Target setting

The global reserves target shall be set by IS Finance and approved by the International Executive Committee on the recommendation of the Finance and Audit Committee.

The target shall be reviewed annually.

6.4.2 Monitoring

¹ In limited cases Sections may differ in the extent to which they treat the same inter-movement balance as part of free reserves, for example where a loan to another Section is classified as non-free reserves.

IS Finance will calculate actual global reserves every 6 months, following submission of Sections’/structures’ financial returns.

Actual global reserves levels vs target shall be reviewed every 6 months by the Finance and Audit Committee on behalf of the IEC. IS Finance will also send this information to Section Finance management and Treasurers for their information and review.

6.5 Global reserves outside the target range

6.5.1 Actual global reserves below the target lower limit

The IS and Sections/structures’ Finance teams will propose actions to increase reserves to above the lower limit, with expected timelines. IS Finance will determine which actions should be recommended for discussion at FAC (on behalf of the IEC), and feed this back to Sections/structures. These actions should form part of the annual planning and budgeting process of the IS and Sections/structures.

6.5.2 Actual global reserves above the target upper limit

The IS and Sections will propose how to invest excess reserves in line with the movement’s strategic aims. This investment will be approved as part of the annual budget process of the IS and sections.

6.6 Roles and responsibilities for global reserves

	IS Finance	IS Strategy & Planning Team	Sections’ Finance and Management	IEC (on FAC recommendation)
1. Identifying global risks		Identify IS risks. Review IS and section risks, consolidate to a global risk register	Identify section risks	Review and approve global risk register
2. Calculating global reserves target	Calculate global reserves target based on global risks	-	-	Approve global reserves target
3. Monitoring actual global reserves v target	Calculate actual global reserves based on sections financial returns, compare to target.	-	Submit financial returns to IS, including reserves information. Review global reserves v target	Review global reserves v target
4. Addressing global reserves below the target lower limit	Identify and implement actions to increase IS reserves. Determine which of IS and sections actions should be recommended	-	Identify and implement actions to increase section reserves.	Approve actions to increase reserves.
5. Addressing global reserves above the target upper limit	Propose how to invest excess reserves	-	Propose how to invest excess reserves	Approve investment of excess reserves

6.7 Review of these guidelines

This document shall be presented to Finance and Audit Committee annually for review and to recommend any necessary changes for approval at IEC. On first implementation, and after significant changes, the FAC (on behalf of the IEC) shall review the impact of the guidelines on member entities.

Appendix A: Implementation Guidance

1. Definitions of reserves

1.1 General

"Reserves" or "funds" or "retained earnings" represent accumulated surpluses or deficits for an AI entity. As such, reserves represent the excess of total assets less total liabilities.

Assets	Liabilities
Current assets	Current liabilities
Non-current assets	Non-current liabilities
	Reserves (Unrestricted and restricted)

Please note that if an AI entity is a registered company and has issued share capital, total reserves represent the excess of total assets over total liabilities after deducting called up share capital (whether paid or unpaid). This is illustrated below.

Total assets less total liabilities	X
Share capital	A
Total reserves	<u>B</u>
	X

1.2 Free reserves: detailed definition

Sections / structures are not required to use the definition of free reserves provided above, which is necessarily a simplification. Entities with more complex balance sheets should consider the extent to which their funds may be released for use. The following template suggests items which entities may wish to exclude or include in a richer definition of free reserves.

In particular Sections / structures should consider adding back an amount in respect of one or more of its buildings where they may be sold without significant impact on the entity's ability to achieve its objectives, for example where they are surplus to requirements or can be sold and rented back. Similarly when setting their reserves targets S/s with relatively low reserves may consider whether owned buildings may be provided as security against a loan given an unforeseen shortage of free reserves.

It is expected that entities with relatively low reserves will adopt this approach: the intention is not to penalise entities which hold high levels of free reserves solely due to the value of buildings included in the calculation.

There is a rebuttable presumption that the following items will be excluded from (i.e. added back to arrive at) adjusted free reserves. Entities which choose to include these items should explain why they are included and the extent to which they are likely to result in cash outflows over the coming 5 years:

- a) Holiday pay provision;
- b) Defined benefit pension liability.

			Amount €000s
	Unrestricted reserves		
Add	Designated reserves		
Less	Non-current assets		
Equals	Free reserves before adjustment		
<i>Adjustments</i>			
Option	Asset / liability	Example	
Less	Investments made to promote Amnesty's objectives	A loan has been made to the IS or to another Section and included in Investments.	
Add	Non-essential non-current assets	An administrative building can be sold at its market value and rented back if necessary.	
	Holiday pay provision	It is considered likely that only 5% of the provision will be paid out as cash: the remainder will be taken as holiday.	
	Defined benefit pension liability	Regular contributions are budgeted and the liability does not result in an immediate cash outflow.	
	Legally restricted funds with few practical restrictions	A grant was received by a European Section 'for the advancement of human rights in Europe and Asia': while restricted according to law it can be used to fund a wide range of the Section's core activities in case of financial difficulty.	
Equals	Adjusted free reserves		

1.3 Extract of COCOA Definitions: Reserves

Code	Account Code Name	Definition	Examples
992	Unrestricted reserves	Any reserves that are free to be used for any of the AI entity's purposes (unrestricted)	
993	Designated reserves	Any reserves that have been earmarked for a particular purpose by the AI entity's Trustees, Director or management i.e. this is an internal restriction (designated)	<ul style="list-style-type: none"> ▪ Reserve for future assessment contributions
994	Restricted reserves	<p>Any reserves that can only be applied for a particular purpose within the agreed objectives of the AI entity as set out by the donor or the funder</p> <p>Please note that the key difference between restricted and designated funds is that an external party places the restriction on restricted funds but the earmarking of designated funds is an internal decision.</p>	<ul style="list-style-type: none"> ▪ Reserve for donation from a major donor only to be spent on a Demand Dignity human rights education project
995	Endowment reserves	Any reserve that is a form of restricted fund where the donated asset is to be retained for the benefit of the AI entity as a capital fund i.e. these funds are not expendable (i.e. it is permanently restricted). The restriction is placed on the fund by an external party	

2. A risk management model

2.1 Tier 1 entities

Tier 1 Sections / structures are likely to have well established risk management processes already operating which include:

1. Approving a risk policy at Board level;
2. Identifying risks;
3. Assessing risks;
4. Evaluating what action needs to be taken on risks;
5. Periodic monitoring and assessment.

These entities should use their existing risk management processes to consider what level of reserves need to be held to mitigate those risks which have a financial impact. An example showing how this can be incorporated into a corporate risk register is shown at **table 2.4** overleaf.

2.2 Tier 2 entities

While some Tier 2 entities may choose to adopt the formal risk register approach at 2.1, other Tier 2 Sections / structures may not initially have the resources to produce a detailed risk register or to quantify the financial impact of each significant risk in detail. Nevertheless Tier 2 entities should ensure that the financial implications of major risks are presented in a Board paper and reviewed annually as part of the process of setting a reserves target. As a guide, but not an exhaustive list, Board members should consider the following:

- Governance risks, including appropriate skills of Board members; conflicts of interest; loss of key staff; and the quality and timeliness of reporting to the Board;
- Operational risks, including fundraising; security of assets; contracts; employment issues; IT issues; health and safety and disaster planning;
- Financial risks, including budgetary control; cash flow; security of investments; dependency on income sources; regulators' requirements; fraud and error; and default of suppliers;
- Environmental or external risks, including public perception; funder relationships; and government policy;
- Compliance with laws and regulations, including licences, taxation, and employee or customer legal action.

At a minimum the Section / structure should be able to demonstrate through Board or Committee minutes that it has considered the financial impact of significant risks before setting a reserves target.

2.3 Tier 3 entities

Tier 3 financial risks are likely to be focussed around short term liquidity and dependency on grant awarded under the Resource Allocation Mechanism. To simplify the process for these sections a suggested self assessment form is included at **table 2.5**. It remains the duty of the Boards of these Sections / structures to ensure that all relevant risks are considered when setting a reserves target.

Table 2.4: Example Risk Register for Tier 1 Sections / structures

No	Risk description	Rating without controls			Current controls in place	Rating after controls			Further action needed and due date	Manager	Impact on reserves target (where applicable)		
		Likelihood	Impact	Rating		Likelihood	Impact	Rating			Estimate of financial impact	Weighting	Reserves Requirement (€)
Financial													
1	Serious recession with an increase in unemployment	3	3	12	Cost reduction contingency plan with assessment of posts which can be disestablished	2	3	9	Board approval of contingency plan by Feb 2012	Finance Director	Donators do not donate as before, income decreases by c. €1-3m	30%	900,000
Reputational													
5	Unauthorised use of Amnesty branding	2	2	6	Board-approved licencing process; Pro forma contracts with review by legal department	2	1	3	None	Director of Legal Services	Net legal costs of prosecuting infringement and public relations to limit damage c. €300,000	30%	90,000
Political and environmental													
...													
Leadership and people													
...													
Legal													
...													
Technological and physical													
...													
Total reserves requirement												€990,000	

Table 2.4: Example risk register (continued)

Likelihood		In % per year
1	Probability is low	0-19%
2	Probability is medium	20% - 49%
3	Probability is high	over 50%

Impact		Non-financial	Financial (% of budgeted expenditure)
1	Impact is low	Requires senior management involvement to address and may delay achievement of strategic objectives.	up to 2%
2	Impact is medium	Threatens achievement of one or more strategic objectives. Requires senior management and Board attention to address.	up to 7%
3	Impact is high	Likely to prevent achievement of several strategic objectives and require significant reprioritising of resources by Board and senior management to address.	over 7%

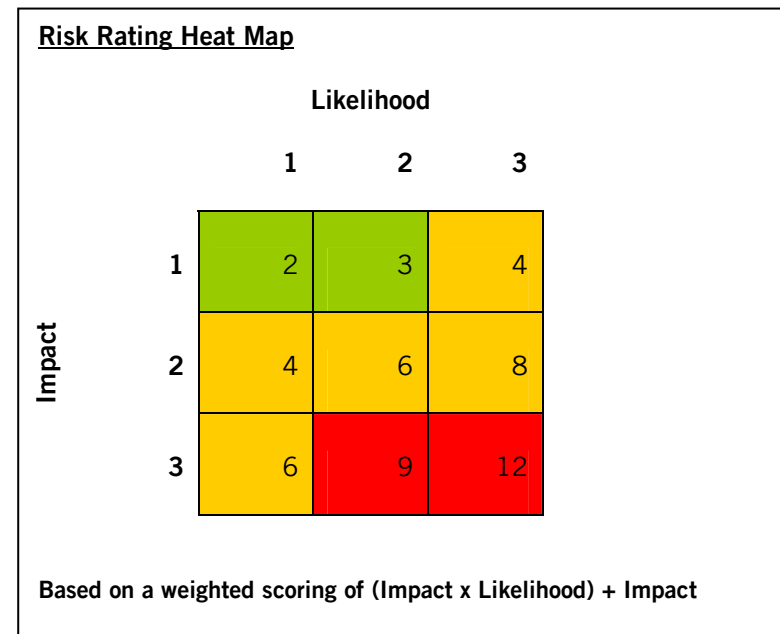
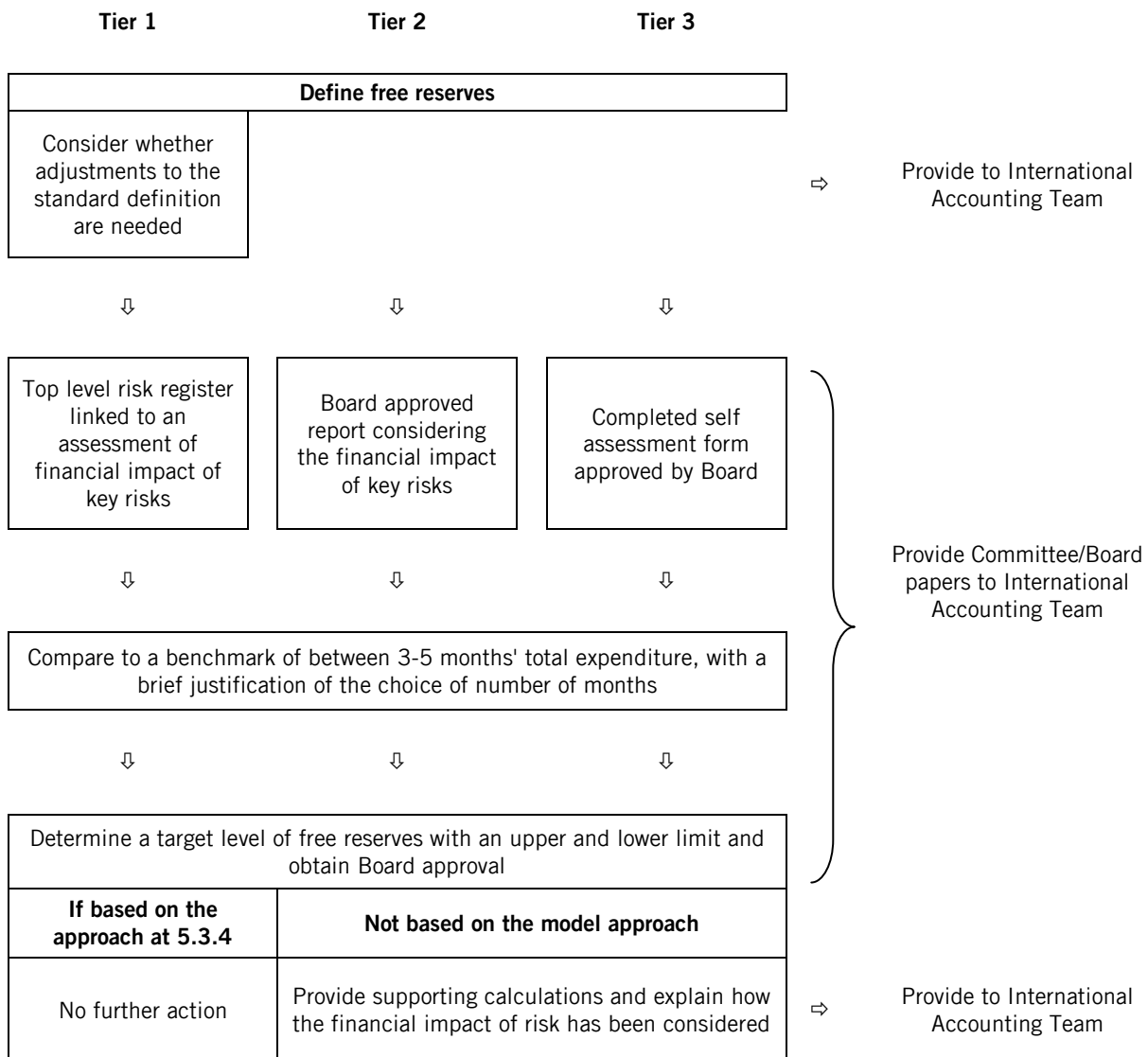


Table 2.5: Self Assessment for Tier 3 Sections / structures

<p>Question 1:</p> <p>Do you face any of the adjacent risks?</p> <p>Please tick the appropriate boxes and give a comment e.g. what precautions do you take to minimize the risk for your section, what are the different dimensions of this risk, how likely is it that this risk occurs, etc.</p>	<p>Answer 1:</p> <p><input type="checkbox"/> Political instability?</p> <p>Comment:</p> <p><input type="checkbox"/> Unreliable bank system?</p> <p>Comment:</p> <p><input type="checkbox"/> Liquidity problems (do you sometimes run out of cash and therefore have difficulty in paying operating costs and salaries)? What do you do if this is the case?</p> <p>Comment:</p> <p><input type="checkbox"/> Mismanagement/Crisis between board and management</p> <p>Comment:</p> <p><input type="checkbox"/> Foreign exchange rate risk?</p> <p>Comment:</p> <p><input type="checkbox"/> Other risks?</p> <p>Comment:</p>
<p>Question 2:</p> <p>Considering your answers to the above questions, what minimum level of liquid reserves do you currently need to operate effectively over the next 12 months?</p>	<p>Answer 2:</p>

3. Roadmap for users



4. Example outline reserves policy for AI entities

xxx Section Reserves Policy				
Principles				
- Establishing the need for reserves, and the requirement not to hold excessive reserves				
Legal requirements				
General definitions				
- Types of fund				
- Definition in principle of free reserves				
Approved definition of free reserves				
- Detailed definition of how free reserves are to be calculated as relevant to the AI entity (following Appendix 1 Section 1.2)				
- Definition of components relevant to the AI entity (e.g. how the entity will identify investments made to promote Amnesty’s objectives; or funds with few practical restrictions)				
Principles and sources of information for setting a target level of free reserves				
- Links to the entity’s risk management process				
- Source documents (risk registers, budgets, forecasts)				
Responsibilities				
- Calculation				
- Routine monitoring and forecasting				
- Reviewing the target range				
- Reporting breaches of the target				
- Review and approval of the Reserves Policy				
Outputs and responsibilities	Freq.	Preparation	Management Review	Governance Review / Approval
Target free reserves (upper & lower limit)	Annual	...	...	...
Actual free reserves	Quarterly	...	...	...
Forecast free reserves	Quarterly	...	...	...
Reserves policy and amendments	Annual	...	...	...