16 avril 2015

RAPPORT DU COLLÈGE INTERNATIONAL DES COMMISSAIRES AUX COMPTES DE L'OTAN SUR LA VÉRIFICATION DES ÉTATS FINANCIERS CONSOLIDÉS RECTIFIÉS DU COMMANDEMENT ALLIÉ TRANSFORMATION (ACT) POUR L'EXERCICE 2013

SUITE DONNÉE

Le 16 avril 2015, au terme d'une procédure d'accord tacite, le Conseil a pris note du rapport du Collège international des commissaires aux comptes de l'OTAN diffusé sous la cote IBA-AR(2014)16 et approuvé la recommandation du RPPB concernant la mise en lecture publique.

NOTE : La présente note fait partie du C-M(2015)0024 et doit être placée en tête de ce document.

8 avril 2015

RAPPORT DU COLLÈGE INTERNATIONAL DES COMMISSAIRES AUX COMPTES DE L'OTAN SUR LA VÉRIFICATION DES ÉTATS FINANCIERS CONSOLIDÉS RECTIFIÉS DU COMMANDEMENT ALLIÉ TRANSFORMATION (ACT) POUR L'EXERCICE 2013

Note du secrétaire général délégué

1. On trouvera ci-joint le rapport du Collège international des commissaires aux comptes de l'OTAN (IBAN) sur la vérification des états financiers consolidés rectifiés de l'ACT pour l'exercice clos le 31 décembre 2013. Ce rapport contient une opinion sans réserve.

2. Le rapport a été porté à l'attention du Bureau de la planification et de la politique générale des ressources (RPPB) ainsi que du Comité des budgets.

3. Conformément à la décision prise par le Conseil en juin 2012 (C-M(2012)0041), le RPPB recommande que le rapport de l'IBAN sur la vérification des états financiers de l'ACT pour l'exercice 2013 ainsi que les états financiers correspondants et d'autres éléments pertinents soient mis en lecture publique.

4. J'estime que le rapport de l'IBAN diffusé sous la cote IBA-AR(2014)16 ne nécessite pas d'examen plus approfondi. Par conséquent, sauf avis contraire me parvenant **d'ici au mercredi 15 avril 2015 à 18 heures**, je considérerai que le Conseil en aura pris note et qu'il aura approuvé la recommandation du RPPB visant la mise en lecture publique des documents précités

3 annexes

Original : anglais

30 janvier 2014

BUREAU DE LA PLANIFICATION
ET DE LA POLITIQUE GÉNÉRALE DES RESSOURCES (RPPB)

RAPPORT ET LETTRE D'OBSERVATIONS ET DE RECOMMANDATIONS DU COLLÈGE INTERNATIONAL DES COMMISSAIRES AUX COMPTES DE L'OTAN SUR LA VÉRIFICATION DES ÉTATS FINANCIERS CONSOLIDÉS RECTIFIÉS DU COMMANDEMENT ALLIÉ TRANSFORMATION (ACT) POUR L'EXERCICE CLOS LE 31 DÉCEMBRE 2013

Note du président

Références : IBA-A(2014)163
IBA-AR(2014)16

1. On se souviendra qu'un pays a interrompu la procédure d'accord tacite dont faisait l'objet l'AC/335-N(2014)0068, document visant la mise en lecture publique du rapport du Collège international des commissaires aux comptes de l'OTAN (IBAN) mentionné en titre. À la suite de consultations, un paragraphe a été ajouté à la version originale de la présente note (voir paragraphe 4 ci-après), qui donne des précisions sur la façon dont l'entité concernée est intervenue.

2. En mai 2012, le Conseil a décidé (C-M(2012)0041) qu'à compter de l'exercice 2013, tous les rapports NATO SANS CLASSIFICATION de l'IBAN et les états financiers correspondants seraient mis en lecture publique, sur recommandation du RPPB puis approbation du Conseil, au cas par cas.

3. L'IBAN a formulé une opinion sans réserve sur les états financiers 2013 de l'ACT et le rapport correspondant sera transmis au Conseil afin qu'il en prenne note, conformément aux procédures agréées.

4. Le contrôleur des finances de l'ACT a examiné les états financiers conformément aux politiques agréées (C-M(2012)0041 et C-M(2008)0116) et il n'a pas d'observation particulière à porter à l'attention du RPPB avant que celui-ci ne finalise ses recommandations au Conseil.

AC/335-N(2014)0068-REV1

5. Le RPPB est invité à confirmer que le rapport d'audit ne contient pas d'informations qui, en vertu de la politique relative à la mise en lecture publique de l'information OTAN, ne peuvent être rendues publiques et, conformément à la politique agréée dans le C-M(2012)0041, à recommander que le Conseil approuve la mise en lecture publique du rapport de l'IBAN diffusé sous couvert de l'IBA-A(2014)163, ainsi que des états financiers correspondants et d'autres éléments pertinents.

6. Je ne pense pas que ces questions nécessitent un débat au RPPB. Par conséquent, sauf avis contraire me parvenant **d'ici au lundi 9 février 2015 à 18 heures**, je considérerai que le RPPB aura marqué son accord.

Original : anglais

Note de la secrétaire

Le 9 février 2015, au terme d'une procédure d'accord tacite, le RPPB a validé la recommandation au Conseil concernant la mise en lecture publique du rapport de l'IBAN sur la vérification des états financiers de l'ACT pour l'exercice 2013, comme proposé au paragraphe 5 de l'AC/335-N(2014)0068-REV1.

Note succincte
du Collège international des commissaires aux comptes de l'OTAN
à l'intention du Conseil
sur la vérification des états financiers consolidés rectifiés
du Commandement allié Transformation (ACT)
pour l'exercice clos le 31 décembre 2013

Le Collège international des commissaires aux comptes de l'OTAN (le Collège) a procédé à la vérification des états financiers du Commandement allié Transformation (ACT), qui se compose de quatre entités principales : le quartier général de l'ACT, le Centre de guerre interarmées (JWC), le Centre d'entraînement de forces interarmées (JFTC) et le Centre interarmées d'analyse et de retour d'expérience (JALLC). L'ACT assume, devant le Comité militaire de l'OTAN, la responsabilité des recommandations générales relatives à la transformation de l'Organisation. D'une part, il étudie des concepts, s'attache à promouvoir l'élaboration de la doctrine et mène des recherches expérimentales, et, d'autre part, il soutient le Commandement allié Opérations (ACO) pour l'organisation et la conduite d'exercices visant à entraîner les forces des pays de l'Alliance et celles des pays partenaires aux opérations multinationales et/ou interarmées.

En 2013, les dépenses de l'ACT se sont établies à environ 133 millions d'euros.

Le Collège a émis une opinion sans réserve sur les états financiers consolidés rectifiés de l'ACT ainsi que sur la conformité pour l'exercice clos le 31 décembre 2013.

À l'issue de l'audit, le Collège a également formulé sept observations et huit recommandations. Ses constatations sont récapitulées dans la lettre d'observations et de recommandations (annexe 3).

Les principales constatations sont les suivantes :

- Faiblesses dans le processus d'examen des états financiers, avec pour conséquence des erreurs significatives au niveau des chiffres et des informations à fournir
- Prise en charge par l'ACT des risques financiers associés au CMRE malgré le transfert officiel de cette entité à la STO
- Absence de procédure permettant de recenser les relations et opérations entre parties liées
- Non-conformité avec les nouvelles règles relatives à l'indemnité de représentation
- Absence de confirmation du solde des éléments d'actif et de passif imputables à d'autres entités OTAN en fin d'exercice
- Non-respect des exigences des IPSAS en matière d'informations à fournir
- Absence d'inventaire complet des biens

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18 juillet 2014

COLLÈGE INTERNATIONAL DES COMMISSAIRES AUX COMPTES DE L'OTAN

RAPPORT SUR LA VÉRIFICATION DES ÉTATS FINANCIERS CONSOLIDÉS RECTIFIÉS DU COMMANDEMENT ALLIÉ TRANSFORMATION

(ACT)

POUR L'EXERCICE CLOS LE 31 DÉCEMBRE 2013

OPINION DU COLLÈGE INTERNATIONAL DES COMMISSAIRES AUX COMPTES DE L'OTAN À L'INTENTION DU CONSEIL DE L'ATLANTIQUE NORD

Rapport sur les états financiers

Le Collège international des commissaires aux comptes de l'OTAN a procédé à la vérification des états financiers consolidés rectifiés du Commandement allié Transformation (ACT), ci-joints, composés de l'état de la situation financière au 31 décembre 2013 et de l'état de la performance financière, de l'état de l'actif net/situation nette et du tableau des flux de trésorerie pour l'exercice clos à cette date, ainsi que de diverses notes jointes aux états financiers, et notamment une déclaration sur les méthodes comptables. Le Collège a également vérifié les états de l'exécution du budget pour l'exercice clos le 31 décembre 2013.

Responsabilité de la direction

La direction est chargée d'établir les états financiers conformément au cadre comptable OTAN et aux dispositions du Règlement financier de l'OTAN tels qu'ils ont été fixés par le Conseil de l'Atlantique Nord, et de veiller à ce que les états financiers donnent une image fidèle de la situation de l'entité. Elle est ainsi responsable de la conception, de l'application et de la tenue d'un système de contrôle interne de nature à permettre l'établissement et la présentation d'états financiers qui soient exempts d'inexactitudes significatives, que celles-ci relèvent d'une fraude ou d'une erreur.

Responsabilité du Collège

Il incombe au Collège de formuler sur ces états financiers une opinion qui soit fondée sur son travail de vérification, lequel aura été effectué conformément aux dispositions de sa charte et aux normes internationales d'audit. Ces normes exigent que le Collège respecte certains principes déontologiques, et qu'il planifie et effectue sa vérification de manière à parvenir à une assurance raisonnable sur le point de savoir si les états financiers sont exempts d'inexactitudes significatives.

Un audit consiste à appliquer des procédures permettant d'obtenir des éléments probants relatifs aux montants et aux informations figurant dans les états financiers. Les procédures retenues à cette fin sont laissées à l'appréciation de l'auditeur, qui évalue notamment les risques d'inexactitudes significatives dans les états financiers, que celles-ci relèvent d'une fraude ou d'une erreur. Pour l'évaluation de ces risques, le système de contrôle interne sur lequel s'appuient l'établissement et la présentation des états financiers de l'entité concernée est pris en considération, le but étant d'élaborer des procédures d'audit qui soient adaptées à la situation considérée et non pas d'exprimer une opinion sur l'efficacité du système de contrôle interne. Il s'agit aussi de déterminer si les méthodes comptables appliquées sont appropriées et si les estimations comptables faites par la direction sont raisonnables, ainsi que d'évaluer la présentation générale des états financiers.

Le Collège estime qu'il a obtenu par son audit les éléments probants nécessaires et suffisants pour lui permettre de formuler une opinion.

Opinion sur les états financiers

L'opinion du Collège est qu'à tous égards significatifs, les états financiers rectifiés donnent une image fidèle, conforme au cadre comptable OTAN, de la situation financière de l'ACT au 31 décembre 2013, ainsi que de sa performance financière et de ses flux de trésorerie pour l'exercice clos à cette date.

Rapport sur la conformité

Responsabilité de la direction

En plus d'être responsable, comme il est dit plus haut, de l'établissement et de la présentation des états financiers, la direction est chargée de veiller à ce que les opérations financières et les informations présentées dans les états financiers soient conformes aux dispositions du Règlement financier de l'OTAN et du Règlement du personnel civil de l'OTAN telles qu'elles ont été fixées par le Conseil de l'Atlantique Nord.

Responsabilité du Collège

En plus d'être responsable, comme il est dit plus haut, de la formulation d'une opinion sur les états financiers, le Collège est chargé de se prononcer sur le point de savoir si les opérations financières et les informations présentées dans les états financiers sont, à tous égards significatifs, conformes au Règlement financier de l'OTAN et au Règlement du personnel civil de l'OTAN. Il lui incombe notamment d'appliquer des procédures lui permettant d'obtenir une assurance raisonnable sur le point de savoir si les fonds ont été utilisés pour le règlement de dépenses autorisées et si les opérations correspondantes ont été exécutées conformément à la réglementation en vigueur dans le domaine financier et en matière de personnel. De telles procédures prévoient notamment l'évaluation des risques de non-conformité significative.

Le Collège estime qu'il a obtenu par son audit les éléments probants nécessaires et suffisants pour lui permettre de formuler une opinion.

Opinion sur la conformité

Le Collège estime que les opérations financières et les informations présentées dans les états financiers rectifiés sont, à tous égards significatifs, conformes au Règlement financier de l'OTAN et au Règlement du personnel civil de l'OTAN.

Bruxelles, le 18 juillet 2014

Charilaos Charisis
Président

18 juillet 2014

COLLÈGE INTERNATIONAL DES COMMISSAIRES AUX COMPTES DE L'OTAN

LETTRE D'OBSERVATIONS ET DE RECOMMANDATIONS CONCERNANT LE COMMANDEMENT ALLIÉ TRANSFORMATION

(ACT)

POUR L'EXERCICE CLOS LE 31 DÉCEMBRE 2013

Introduction

Le Collège international des commissaires aux comptes de l'OTAN (le Collège) a procédé à la vérification des états financiers consolidés rectifiés du Commandement allié Transformation (ACT) pour l'exercice clos le 31 décembre 2013, et il a émis une opinion sans réserve à leur sujet ainsi que sur la conformité.

Observations et recommandations

À l'issue de l'audit, le Collège a formulé sept observations et huit recommandations, lesquelles n'ont pas d'incidence sur l'opinion qu'il a émise. Elles peuvent être récapitulées comme suit :

- Faiblesses dans le processus d'examen des états financiers, avec pour conséquence des erreurs significatives au niveau des chiffres et des informations à fournir
- Prise en charge par l'ACT des risques financiers associés au CMRE malgré le transfert officiel de cette entité à la STO
- Absence de procédure permettant de recenser les relations et opérations entre parties liées
- Non-conformité avec les nouvelles règles relatives à l'indemnité de représentation
- Absence de confirmation du solde des éléments d'actif et de passif imputables à d'autres entités OTAN en fin d'exercice
- Non-respect des exigences des IPSAS en matière d'informations à fournir
- Absence d'inventaire complet des biens

Le Collège a également fait le point sur la suite donnée aux questions ayant fait l'objet d'observations à l'issue d'audits précédents et il a constaté que cinq d'entre elles avaient été réglées, qu'une avait été rendue caduque par une observation formulée à l'issue de la vérification des états financiers de 2013 et que trois restaient en suspens.

Par ailleurs, il a adressé au commandant suprême allié Transformation une lettre de recommandations (IBA-AML(2014)05) contenant une observation relative aux lacunes en matière de séparation des tâches.

OBSERVATIONS ET RECOMMANDATIONS

1. FAIBLESSES DANS LE PROCESSUS D'EXAMEN DES ÉTATS FINANCIERS, AVEC POUR CONSÉQUENCE DES ERREURS SIGNIFICATIVES AU NIVEAU DES CHIFFRES ET DES INFORMATIONS À FOURNIR

Contexte

1.1 Les états financiers définitifs doivent être exempts de toute erreur de chiffres, de toute incohérence, ou de toute autre erreur découlant d'un contrôle insuffisant au moment de leur établissement. Chaque entité doit disposer d'un système approprié de contrôle interne, et notamment d'une procédure d'examen, lui permettant de s'assurer de la cohérence et de l'exactitude des informations présentées dans ses états financiers avant leur publication.

Observation

1.2 Le Collège a relevé plusieurs erreurs de chiffres, incohérences et/ou omissions dans les états financiers qui ont été publiés le 29 avril 2014 (BC-D(2014)0063/ 7000 TSC MBX 0010/FC-24-14/Ser:NU0393). Certaines de ces erreurs ne portaient pas à conséquence, mais d'autres ont entraîné des inexactitudes significatives dans certaines parties des états financiers, notamment les états de l'exécution du budget. Ces erreurs ont été signalées à l'ACT, qui les a corrigées au cours de l'audit. Le 6 juin 2014, l'ACT a ainsi publié des états financiers rectifiés (7000 TSC MBX 0010/ FC-51-14), que le Collège a vérifiés.

Recommandation

1.3 Le Collège recommande à l'ACT de mettre en place une procédure efficace pour la vérification des données chiffrées et autres figurant dans ses états financiers avant leur publication.

Commentaires officiels de la direction

> *Paragraphe 1.3 – La direction souscrit à la recommandation.* La direction financière de l'ACT mettra en place une procédure d'examen plus efficace, de sorte que les erreurs d'écriture puissent être corrigées avant la publication des états financiers de 2014.

2. PRISE EN CHARGE PAR L'ACT DES RISQUES FINANCIERS ET AUTRES ASSOCIÉS AU CMRE MALGRÉ LE TRANSFERT OFFICIEL DE CETTE ENTITÉ À LA STO

Contexte

2.1 L'un des objectifs de la réforme de l'OTAN était d'accroître la redevabilité et la transparence s'agissant des activités de l'Alliance (voir PO(2010)0159).

Observation

2.2 Dans le cadre de la réforme des agences, le Centre pour la recherche et l'expérimentation maritimes (CMRE) a été transféré à l'Organisation pour la science et la technologie (STO), entité sous l'égide de laquelle sont menées de nombreuses activités de recherche à l'OTAN. Dans le même temps, le CMRE est passé à un régime de financement par le client. Mais l'ACT continue malgré tout de supporter les risques énumérés ci-après :

- Les navires exploités par le CMRE pour ses activités de recherche n'ont pas été transférés au CMRE, ni réimmatriculés à son nom. L'ACT demeure ainsi exposé aux risques financiers associés aux dommages qui pourraient être infligés à ces navires ou provoqués par eux.

- Les contrats de gestion des navires n'ont pas été transférés au CMRE. L'ACT demeure ainsi partie au contrat établi avec l'exploitant, c'est-à-dire qu'il supporte les risques financiers qui y sont associés, alors qu'il n'exerce qu'un contrôle limité sur l'exploitation des navires.

- L'ACT est resté le principal client du CMRE, assurant environ 97 % de son financement en 2013, et ce bien qu'il ne fasse qu'un usage limité du résultat de ses recherches, comme il ressort d'entretiens conduits par le Collège auprès du personnel de l'ACT. L'ACT formule ses demandes de crédits en fonction des besoins du CMRE. Le budget relatif au CMRE s'est établi en 2013 à plus de 26 millions d'euros, soit plus de 20 % du budget total de l'ACT.

2.3 Le Collège constate que le Conseil avait initialement décidé que les navires et les contrats y afférents seraient transférés de l'ACT au CMRE pour le 31 décembre 2013, mais ce transfert a été reporté au 31 décembre 2015.

Recommandation

2.4 Le Collège recommande que l'ACT, la STO et leurs organes directeurs respectifs procèdent à une analyse approfondie des activités du CMRE sous l'angle des risques que l'ACT continue de supporter. Une attention particulière devra être portée à la question des résultats de recherche, et notamment à leur utilité eu égard aux objectifs et aux autres activités de l'OTAN, ainsi qu'au modèle d'exploitation des navires, s'agissant de la propriété, de la redevabilité, de la gouvernance et des coûts de la recherche maritime.

Commentaires officiels de la direction

> *Paragraphe 2.4 – La direction souscrit à la recommandation. L'ACT accueille avec intérêt les observations du Collège concernant aussi bien les résultats de recherche du CMRE que le contrôle des navires. Le règlement de ces questions a des incidences plus larges pour l'OTAN et constitue un défi que la direction de l'ACT est prête à contribuer à relever. Le financement des travaux du CMRE, qui a fait l'objet d'un exposé aux pays dans le cadre du processus d'examen critique du budget, a été approuvé. La question de la gestion des navires a été portée à plusieurs reprises à l'attention des pays qui, faute d'alternatives viables, ont décidé de reporter le transfert des navires à la fin 2015.*

3. ABSENCE DE PROCÉDURE PERMETTANT DE RECENSER LES RELATIONS ET OPÉRATIONS ENTRE PARTIES LIÉES

Contexte

3.1 L'IPSAS 20 (*Information relative aux parties liées*) fournit des orientations concernant le recensement des relations et opérations entre parties liées. Les paragraphes 25 et 27 de l'IPSAS 20 stipulent que les états financiers doivent contenir des informations concernant les relations et opérations de ce type, informations nécessaires aux fins de reddition des comptes.

Constatation

3.2 Le Collège a constaté que l'ACT et les commandements qui lui sont subordonnés ne disposaient d'aucune procédure leur permettant de recenser les relations et opérations entre parties liées. De ce fait, l'ACT n'est pas en mesure de garantir l'exhaustivité des informations relatives aux parties liées qu'elle fournit dans les notes jointes à ses états financiers.

3.3 Plusieurs autres organismes OTAN se sont montrés proactifs et ont mis en place des procédures dans le cadre desquelles il a été demandé à certains membres des organes directeurs, gestionnaires et autres agents clés de signer une déclaration pour certifier l'absence de relations ou d'opérations avec des parties liées ou pour signaler l'existence de telles relations ou opérations, selon le cas.

Recommandation

3.4 Le Collège recommande à l'ACT et aux commandements qui lui sont subordonnés de mettre en place des procédures dans le cadre desquelles il serait demandé aux principaux gestionnaires et à d'autres agents clés de signer une déclaration pour certifier l'absence de relations ou d'opérations avec des parties liées ou pour signaler l'existence de telles relations ou opérations, selon le cas.

Commentaires officiels de la direction

Paragraphe 3.4 – La direction souscrit à la recommandation. Le contrôleur des finances de l'ACT travaillera de concert avec le conseiller juridique à l'élaboration d'une procédure dans le cadre de laquelle il sera demandé aux principaux responsables de signer une déclaration concernant d'éventuelles parties liées.

4. NON-CONFORMITÉ AVEC LES NOUVELLES RÈGLES RELATIVES À L'INDEMNITÉ DE REPRÉSENTATION

Contexte

4.1 En 2013, le Conseil de l'Atlantique Nord a approuvé une procédure et des règles actualisées pour la perception et l'utilisation de l'indemnité de représentation (PO(2013)0154). Ces nouvelles règles, applicables à tous les agents de l'OTAN ayant droit à cette indemnité, devaient entrer en vigueur le 1er juin 2013. L'indemnité est désormais perçue uniquement sous forme de remboursement de dépenses et plus sous forme d'avance. Par ailleurs, les contrôleurs des finances des organismes OTAN sont maintenant chargés de vérifier que les dépenses satisfont bien aux critères fixés pour le remboursement.

Constatation

4.2 Le Collège a constaté que l'ACT et les commandements qui lui sont subordonnés n'avaient pas dûment appliqué les nouvelles règles à partir du 1er juin 2013, continuant de suivre l'ancienne procédure tout au long de l'exercice 2013. Il a également constaté qu'en 2014, l'ACT avait entrepris d'élaborer des lignes directrices détaillées concernant l'utilisation de l'indemnité de représentation.

Recommandation

4.3 Le Collège recommande à l'ACT de poursuivre, en collaboration avec les commandements qui lui sont subordonnés, ses travaux portant sur l'élaboration et la mise en application d'une procédure qui soit conforme aux nouvelles règles relatives à la perception et à l'utilisation de l'indemnité de représentation.

4.4 Le Collège recommande également à l'ACT de fournir dans ses états financiers des informations sur l'indemnité de représentation, ainsi qu'il est prévu dans la procédure approuvée par le Conseil.

Commentaires officiels de la direction

Paragraphe 4.3 – La direction souscrit en partie à la recommandation. L'ACT est satisfait de lire que le Collège a bien noté qu'il avait entrepris d'élaborer une procédure pour faire en sorte que les nouvelles règles puissent s'appliquer pleinement au sein de ses commandements à compter du 1er janvier 2014 et qu'il veillera à ce que les états financiers 2014 contiennent toutes les informations correspondantes. S'agissant de la constatation exposée au paragraphe 4.2, l'ACT estime que le Collège néglige le fait qu'au sein de la structure de commandement militaire, l'indemnité de représentation est versée dans sa totalité en début d'exercice. Ainsi, il n'était tout simplement pas faisable de commencer à appliquer la procédure révisée en milieu d'exercice, les crédits correspondants ayant déjà été passés en charge. Ces charges ont été enregistrées par les services du groupe du commandement et un récapitulatif a été fourni à l'équipe du contrôleur des finances à la fin de l'exercice 2013.

Position du Collège

Les nouvelles règles relatives à l'indemnité de représentation étaient applicables à compter du 1er juin 2013. Selon les orientations du Conseil, les crédits utilisés entre le 1er janvier et le 31 mai 2013 auraient ainsi dû faire l'objet d'une régularisation, avec restitution des crédits inutilisés à l'ACT, pour que la nouvelle procédure entre dûment en vigueur le 1er juin 2013.

5. ABSENCE DE CONFIRMATION DU SOLDE DES ÉLÉMENTS D'ACTIF ET DE PASSIF IMPUTABLES À D'AUTRES ENTITÉS OTAN EN FIN D'EXERCICE

Contexte

5.1 Le volume des opérations entre organismes OTAN est important. Par exemple, la NCIA fournit divers services à l'ACT, qui lui-même fournit à l'ACO des services en lien avec les exercices. Ces opérations se traduisent par l'existence en fin d'exercice d'éléments d'actif et de passif, qui sont comptabilisés dans les états financiers de chacun des organismes OTAN concernés.

Constatation

5.2 Le Collège a constaté que l'ACT ne se faisait pas confirmer par les autres organismes OTAN concernés (ACO, NCIA, etc.) le solde des éléments d'actif et de passif leur correspondant en fin d'exercice. Ainsi, il n'existe aucune certitude quant au fait que chacun des organismes en question est d'accord sur le montant des éléments en question.

Recommandation

5.3 Le Collège recommande à l'ACT de se faire confirmer par les autres organismes OTAN concernés le solde des éléments d'actif et de passif leur correspondant en prévision de l'établissement des états financiers 2014.

Commentaires officiels de la direction

Paragraphe 5.3 – La direction souscrit à la recommandation. La direction financière de l'ACT se fera confirmer le solde des éléments d'actif et de passif imputables aux principales entités OTAN avant d'établir ses états financiers 2014.

6. NON-RESPECT DES EXIGENCES DES IPSAS EN MATIÈRE D'INFORMATIONS À FOURNIR

Contexte

6.1 Le paragraphe 127 de l'IPSAS 1 (*Présentation des états financiers*) dispose que les notes doivent contenir les informations requises aux termes des IPSAS qui ne sont pas présentées dans l'état de la situation financière, l'état de la performance financière, l'état des variations de l'actif net/situation nette ou le tableau des flux de trésorerie.

Constatation

6.2 Le Collège a constaté que l'ACT ne s'était pas pleinement conformé aux dispositions des IPSAS en matière d'informations à fournir et qu'il lui fallait faire des progrès en ce qui concerne notamment les parties liées (IPSAS 20), l'information sectorielle (IPSAS 18) et les contrats de location (IPSAS 13), domaines dans lesquels des lacunes ont été relevées par rapport à ce que prévoient les IPSAS.

Recommandation

6.3 Le Collège recommande à l'ACT de continuer d'améliorer le contenu des notes jointes aux états financiers de manière à ce que soient pleinement respectées les exigences des IPSAS.

Commentaires officiels de la direction

Paragraphe 6.3 – La direction souscrit à la recommandation. La direction financière de l'ACT travaillera à l'amélioration du contenu des notes jointes aux états financiers, afin de le rendre conforme aux exigences des IPSAS en matière d'informations à fournir.

7. ABSENCE D'INVENTAIRE COMPLET DES BIENS

Contexte

7.1 Selon les articles 18 et 26 des règles et procédures financières applicables aux quartiers généraux et organismes militaires, l'agent comptable des biens est chargé de tenir la comptabilité des biens internationaux, laquelle doit comporter des inventaires des biens non consommables et contrôlables. Par ailleurs, la Directive 60-1 de l'ACT établit des procédures détaillées en matière de comptabilisation des biens.

Constatation

7.2 Dans la lettre de recommandations adressée à la direction de l'ACT à l'issue de sa vérification des états financiers consolidés de 2012, le Collège avait relevé que le QG de l'ACT ne disposait d'aucun registre pour le mobilier et d'autres biens non consommables, mis à part les véhicules, pour lesquels un inventaire était effectivement tenu. S'agissant du matériel SIC, le transfert à la NCIA est en préparation et devrait avoir lieu à l'été 2014.

7.3 En 2013, le QG de l'ACT a procédé à l'inventaire du mobilier acquis depuis le mois de janvier. Cette liste est toutefois incomplète car elle ne comprend pas le mobilier acquis avant 2013. Par ailleurs, il n'existe pas d'inventaire centralisé des autres biens non consommables, comme les appareils photo, les objectifs, les GPS, les projecteurs ou d'autres équipements SIC ne relevant pas de la responsabilité de la NCIA.

7.4 En l'absence d'inventaire centralisé, les biens sous contrôle de l'ACT n'ont pas pu faire l'objet de revues périodiques.

Recommandation

7.5 Le Collège recommande au QG de l'ACT d'établir et de tenir à jour un inventaire complet de tous les biens internationaux sous contrôle de l'ACT, ainsi qu'il est prévu dans les règles et procédures financières et dans la Directive 60-1 de l'ACT. L'ACT devrait s'assurer qu'au moment du transfert des équipements SIC à la NCIA, les biens qui demeurent sous son contrôle soient clairement répertoriés.

Commentaires officiels de la direction

Paragraphe 7.5 – La direction souscrit à la recommandation. La direction financière de l'ACT a pris des mesures pour parvenir à la pleine conformité avec les procédures de comptabilisation des biens.

SUITES DONNÉES AUX OBSERVATIONS ANTÉRIEURES

Le Collège a fait le point sur la suite donnée aux observations et recommandations formulées lors de précédents audits. On en trouvera un résumé dans le tableau ci-dessous.

Commentaires officiels de la direction

La direction de l'ACT est satisfaite de voir que, mis à part trois d'entre elles, toutes les questions ayant fait l'objet d'observations à l'issue d'audits précédents ont été réglées.

Suites données aux observations antérieures

OBSERVATION/RECOMMANDATION	MESURE PRISE	ÉTAT DE LA QUESTION
(1) ACT – Exercice 2012 **IBA-AR(2013)21, paragraphe 5.1** **Transfert du Centre pour la recherche et l'expérimentation maritimes (CMRE) à l'Organisation pour la science et la technologie (STO)** **Recommandation du Collège** Le Collège recommande au Conseil de donner, en temps utile, des instructions claires sur la manière de dissoudre et de réorganiser les entités OTAN, y compris du point de vue du compte rendu financier, afin de faire en sorte que les restructurations futures soient gérées correctement. Le Collège recommande au Conseil de fixer la date d'entrée en vigueur de toute réorganisation future au premier jour de l'année civile. La tâche des organismes OTAN concernés s'en trouvera facilitée. Le Collège recommande au CMRE et à la STO de constater dans les états financiers consolidés 2013 de la STO les congés qui resteraient à prendre par les équipages au 31 décembre 2013.	La STO a constaté dans ses états financiers 2013 les congés qui restaient à prendre par les équipages.	Question **réglée**.

OBSERVATION/RECOMMANDATION	MESURE PRISE	ÉTAT DE LA QUESTION
(2) ACT – Exercice 2012 **IBA-AR(2013)21, paragraphe 5.2** **Immobilisations corporelles et immobilisations incorporelles** **Recommandation du Collège** Le Collège recommande que, maintenant qu'a été approuvé un cadre IPSAS adapté, contenant des dispositions différentes de celles de l'IPSAS 17, l'ACT devrait établir une méthode comptable détaillée pour les immobilisations corporelles et veiller à ce que suffisamment d'informations soient données à ce sujet dans les notes qui seront jointes aux états financiers futurs.	Dans ses états financiers 2013 rectifiés, l'ACT a fourni les informations requises par le cadre comptable OTAN adapté.	Question **réglée**.
(3) ACT – Exercice 2012 **IBA-AR(2013)21, paragraphe 5.3** **QG de l'ACT – Montants dus de longue date par les pays** **Recommandation du Collège** Le Collège recommande à l'ACT de se concerter avec les pays, et à ces derniers de faire preuve d'esprit de coopération, pour faire en sorte que les montants dus depuis longtemps à l'ACT lui soient versés dans les meilleurs délais.	Au 31 décembre 2013, un montant de 1,1 million d'euros était dû par les pays depuis plus de 360 jours et, au 23 mai 2014, il n'avait toujours pas été perçu. L'ACT n'a pris aucune mesure pour remédier à la situation au cours de l'exercice 2013.	Question **restant à régler**.
Commentaires officiels de la direction *La direction financière de l'ACT s'efforcera d'obtenir le versement de ces montants et de porter les points de préoccupations principaux à l'attention des pays.*		
(4) ACT – Exercice 2012 **IBA-AR(2013)21, paragraphe 5.4** **JWC et QG de l'ACT – Faiblesses dans le processus de détermination des charges à payer** **Recommandation du Collège** Le Collège recommande à l'ACT de suivre sa politique en matière de régularisation et de veiller à ce que les charges soient bien analysées, sur la base des principes de la comptabilité d'exercice, et à ce qu'elles soient imputées sur l'exercice financier auquel elles se rapportent, conformément aux IPSAS.	Le Collège n'a pas constaté de faiblesse s'agissant de la détermination des charges à payer pour l'exercice 2013.	Question **réglée**.

OBSERVATION/RECOMMANDATION	MESURE PRISE	ÉTAT DE LA QUESTION
(5) ACT – Exercice 2012 **IBA-AR(2013)21, paragraphe 5.5** **JWC et QG de l'ACT – Lacunes dans l'application des procédures de passation des marchés** **Recommandation du Collège** Le Collège recommande au JWC et au QG de l'ACT de renforcer les contrôles internes dans le domaine de la passation des marchés, afin de faire en sorte que les contrats soient toujours signés de manière adéquate et que les procédures d'appel d'offres soient appliquées de manière correcte, conformément au NFR.	Le Collège a relevé trois cas de non-conformité avec les exigences en matière de passation des marchés au sein d'un échantillon de 16 opérations d'achat effectuées en 2013. Pour deux d'entre eux, il n'a pas été fait appel à la concurrence et, pour le troisième, il a été procédé à un appel d'offres restreint (trois fournisseurs) alors qu'il aurait fallu procéder à un appel d'offres officiel (cinq fournisseurs). Pour aucun de ces cas, il n'a pu être démontré qu'une demande de dérogation à la procédure d'appel d'offres habituelle avait été reçue ou approuvée par le contrôleur des finances. Par ailleurs, dans deux de ces cas, le montant réel du marché s'est révélé être environ deux fois supérieur au montant qui avait estimé dans le cadre de la procédure d'appel d'offres. On peut en conclure que la méthode d'estimation de la valeur des biens et services à acquérir doit être améliorée, ce qui est d'autant plus important que ce chiffre sert de base pour déterminer le type de procédure à suivre.	Question **restant à régler**.
Commentaires officiels de la direction *La direction de l'ACT est satisfaite de voir qu'aucun autre cas n'a été constaté au QG de l'ACT dans le cadre de la vérification des états financiers 2013. Les travaux se poursuivront avec le service Achats et contrats du JWC sur les questions spécifiques recensées au cours de l'audit 2013.*		
(6) QG de l'ACT – Exercice 2010 **IBA-AR(2011)22, paragraphe 5.4.3** **Possibilité d'améliorer les informations fournies dans les notes jointes aux états financiers**		

OBSERVATION/RECOMMANDATION	MESURE PRISE	ÉTAT DE LA QUESTION
Recommandation du Collège Le Collège recommande à l'ACT de poursuivre la mise en conformité des informations fournies dans les notes jointes aux états financiers avec les dispositions de l'IPSAS 1.	L'ACT a amélioré les informations contenues dans les notes jointes aux états financiers 2013 rectifiés.	Question **réglée**.
(7) QG de l'ACT – Exercice 2010 **IBA-AR(2011)22, paragraphe 5.4.5** **Non-respect des dispositions des IPSAS relatives aux informations à fournir** **Recommandation du Collège** Le Collège recommande à l'ACT de continuer à améliorer les informations fournies concernant les méthodes comptables, les immobilisations corporelles, les produits des opérations sans contrepartie directe et la présentation de l'information budgétaire.	Le Collège a constaté que, dans ses états financiers 2013 rectifiés, l'ACT ne s'était pas conformé à toutes les dispositions des IPSAS relatives aux informations à fournir.	Question **rendue caduque par l'observation formulée au paragraphe 7**.
(8) QG de l'ACT – Exercice 2011 **IBA-AR(2011)22, paragraphe 5.4.6** **Gestion du nouveau fonds alimenté par des contributions nationales volontaires** **Recommandation du Collège** Le Collège recommande au QG de l'ACT d'ouvrir un compte bancaire spécial pour recevoir les contributions et les intérêts, conformément aux principes directeurs adoptés par le Conseil. En outre, il recommande à l'ACT de fournir, dans ses états financiers, des informations sur l'activité du fonds au cours de l'exercice.	Le fonds d'affectation spéciale a été clôturé début 2013 et les contributions ont été correctement remboursées aux pays participants. Le Collège a cependant noté que, dans ses états financiers de 2013, l'ACT n'avait pas fourni d'informations sur l'activité du fonds au cours de l'exercice. Le Collège recommande à l'ACT d'améliorer les informations concernant celles de ses activités qui ne sont pas financées en commun.	Question **restant à régler**.
Commentaires officiels de la direction *L'ACT s'attachera à améliorer les informations concernant les activités relatives aux fonds d'affectation spéciale qui seront présentées dans les notes jointes aux états financiers de 2014.*		
(9) QG de l'ACT – Exercices 2007 et 2006 **Présentation des états financiers consolidés** **IBA-AR(2008)23, paragraphe 5.8** **IBA-AR(2007)23, paragraphe 5.7**		

OBSERVATION/RECOMMANDATION	MESURE PRISE	ÉTAT DE LA QUESTION
Recommandation du Collège Bien que les informations fournies dans les notes jointes aux états financiers aient été améliorées, elles devraient encore être améliorées comme indiqué ci-après : (d) un complément d'information devrait être fourni sur les dépenses relatives aux contractants et aux consultants, lesquelles représentent une part importante des dépenses totales de l'ACT. L'ACT devrait continuer à améliorer le contenu des notes jointes aux états financiers.	Dans la note 13 jointe aux états financiers 2013 rectifiés, l'ACT fournit des informations sur les contractants importants.	Question **réglée**.

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FINANCIAL CONTROLLER'S FOREWARD AND REPORT ON THE 2013 ACT FINANCIAL STATEMENTS

1. The Allied Command Transformation (ACT) Annual Financial Statements for the ACT Group of Budgets cover the period of 1 January 2013 to 31 December 2013 and have been prepared in accordance with the NATO Financial Regulations (NFRs), as well as International Public Sector Accounting Standards (IPSAS) as decided in 2002 by the North Atlantic Council (NAC) and subsequently modified by their decision to introduce the NATO Adapted Framework.

2. These Financial Statements should be read in conjunction with the ACT Annual Report and together, both documents provide visibility to the Nations on how ACT executed its 2013 programme, committed its resources, and contributed to Alliance Capabilities in accordance with the NATO Military Authorities (NMA) Strategic Priorities and Objectives (SPO) 2013 – 2017. The format follows Military Committee (MC) guidance and seeks to ensure that ACT's work is totally transparent.

FINANCIAL SUMMARY

3. On 1 January 2013, ACT was awarded a budget of €126.675M (based on September 2012 exchange rates). It should be noted that effective 1 January 2013, the NATO Undersea Research Centre (NURC)(now the Centre for Maritime Research and Experimentation (CMRE)) was no longer part of the ACT structure. However, also effective 1 January 2013, ACT assumed responsibility from Allied Command Operations (ACO) for the execution of the Exercise budget.

4. With the finalization of the 2013 accounts ACT had, as at 31 December 2013, committed €123.18M or 97.3% of the total 2013 budget, resulting in ACT lapsing approximately €3.47M. This is somewhat anomalous when compared to previous year execution rates, which have historically been in the range 99.0 to 99.9% as shown below.

%	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**
ACT Budget Execution	99.8	99.76	99.9	99.58	99.02	97.3

5. It should also be noted that ACT requested and received authorisation for a Special Carry Forward of €2.7M within the 255 JWC Budget and 258 ACT POW Budget. This figure is included in the €123.18M committed. Without this carry forward ACT execution would have dropped to €120.48M or 95.1%.

6. An examination of budget commitment and expenditure by input category indicates that 23% was expended on Chapter 71 (Personnel Costs)(compared to 37% in 2012); 77% was expended on Chapter 72 (Contractual Supplies and Services)(compared to 61% in 2012); and less than 1% was expended on Chapter 73 (Capital Investment)(compared to 2% in 2012). The commitment pattern is consistent with the migration of the CMRE to a service supplier and the addition of the Exercise budget, both of which have the majority of their expenditure in Chapter 72.

7. ACT continues to be a good custodian of the Nation's funds. For the 2012 Financial Statements, the International Board of Auditors for NATO (IBAN) issued an unqualified opinion on whether the activities, financial transactions and information reflected in the 2012 financial statements were, in all material respects, in compliance with authorities which govern them. However, the IBAN did issue two technical accounting qualifications. The first related to material misstatements arising from consolidating the CMRE's Charter and Supplementary Work Programme (SWP) activities into the 2012 Financial Statements of ACT. The second related to non-recognition of Property, Plant & Equipment (PP&E) as required by IPSAS 17. For both of these qualifications, the IBAN recognised the unique nature of 2012 as a transitional financial year. The CMRE transferred to the Science & Technology Organisation (STO) as of 1 July 2012, and the North Atlantic Council (NAC) issued their Adapted Framework document, which impacted how NATO entities would report PP&E, as of 1 January 2013.

SIGNIFICANT ACTIVITY

8. Supreme Allied Commander Transformation's (SACT) stated mission is to contribute to a secure future for the Alliance, and its nations, by leading the transformation and continuous improvement of military structures and capabilities; in particular enhancing the preparation, military effectiveness and interoperability of their forces.

9. In order to ensure the success of this mission, the Command developed, in 2013, a SACT Strategic Campaign plan. This plan forms the basis of ACT's programme of work and identifies, the Command's end state, centre of gravity, strategic objectives, lines of operation and integrated activities.

10. The Strategic Campaign Plan is constructed around four Strategic Objectives. Collectively, these represent the Command's goal of supporting a collective set of national forces, available to the Alliance, that are interoperable, and possess the full range of capabilities and structures for the Alliance that are sufficiently dynamic to meet its level of ambition in a rapidly evolving security environment.

11. Each Strategic Objective is broken down into one or two specific lines of operation, and these are further delineated into integrated and cross functional activities.

Strategic Objective (SO) 1. Lead NATO's military transformation and develop capabilities to address defence and security challenges.

12. The year 2013 was fruitful for ACT's contribution to the development of NATO Strategic Thinking. The Long-Term Military Transformation (LTMT) programme was launched in September with the Strategic Foresight Analysis (SFA) setting the intellectual foundation to develop the Framework for Future Alliance Operations (FFAO). By design, SFA and FFAO will together improve the Alliance's long-term perspective of the security environment to support and inform the NATO Defence Planning Process (NDPP), as well as other processes that require an assessment of the future.

13. ACT successfully met its NDPP Step 3 responsibilities by completing 28 Joint Consultations, handing over the leadership of the target setting process and 29 draft target packages to the International Staff. ACT also started its Step 5 responsibilities by completing 22 of 28 draft Bi-SC Impact Analysis Statements. In addition, over the year ACT has tracked and managed some 253 NATO future capabilities and groupings of capabilities.

14. The release of the final draft of the NATO Federated Mission Networking Implementation Plan was a key achievement for ACT as part of the development of the Connected Forces Initiative (CFI). This document sets the stage for future operational interoperability.

15. Training in support of interoperability and readiness made significant progress. During 2013, exercise planning increased to either 4 or 5 major exercises per year, meaning that HQ SACT is simultaneously involved in planning 8 – 10 exercises for execution in 2014 and 2015. The approval of 8 education and training plans in different areas, and the e-learning expansion are also notable achievements.

16. The approval of the NATO Common Funded Capability Package 0A1303 Revision 1 in July was a key milestone and has materialized ACT's support to Ballistic Missile Defence (BMD) capability implementation.

17. Following a Military Committee (MC) requirement to "re-energise" NATO Doctrine, ACT has undertaken a number of important steps to re-establish a solid doctrine development process. This has included the production of a draft campaign plan in line with the programme of work of the Allied Joint Operations Doctrine Working Group as required in AAP-47; the plan expresses the nation's prioritized list of doctrine development to be accomplished in the coming years.

SO2. Improve NATO's operational commanders' and operational partners' ability to conduct current and future operations in accordance with NATO's level of ambition.

18. SACT's support to current and future operational training continued with both the Joint Warfare Centre (JWC) and Joint Force Training Centre (JFTC) completing a wide array of training activities. Once again, main focus was on the International Security Assistance Force (ISAF) pre-deployment preparation, together with NATO Command Structure (NCS), NATO Force Structure (NFS), and NATO Response Force (NRF) training. However, the process of reorienting activities to the post-International Security Assistance Force (ISAF) era has been initiated.

19. ACT made steady progress throughout 2013 in the area of Cyber Defence. The most significant progress was made in the areas of education, training, and exercises, as well as in the documental, conceptual and Lessons Learned areas.

20. ACT also supported the Communication and Information Systems (CIS) progression towards the goal of achieving the Bi-SC Automated Information Systems (AIS) and Alliance Ground Surveillance (AGS) CIS as part of delivery against the Lisbon Critical Capabilities.

SO3: Support the Alliance's efforts to influence its security environment.

21. ACT implemented its maritime Science & Technology programme of work for the first time in a customer-funded approach. It was executed by the CMRE, and addressed several shortfalls offering innovative solutions to the NATO navies.

22. Within the Conference of National Armaments Directors (CNAD) noted Framework for Collaborative Interaction, ACT continued to foster collaboration with industry on specific topics such as BMD, mobile computing and cyber security.

23. ACT recognized the value of Centres of Excellence (COEs) as transformational agents and has increased the level and emphasis of staff involvement in the COE Requests for Support (RFS) process. ACT has assigned a Flag or General Officer and a designated Subject Matter Expert to each COE in order to obtain the maximum benefit from their expertise.

24. The new NATO Command Structure has succeeded in maintaining military cooperation and the delivery of partnership programmes, undertaking an extensive programme of activities over the year, with an important impact in operations, cooperation, education and training and interoperability.

25. During 2013 HQ SACT began to play a much larger role in activities with the United Nations (UN). In addition, ACT strongly contributed to the reinforcement of relationships between NATO and the European Union (EU) as a unique and essential Alliance partner.

SO4: Enhance the Alliance's resilience with a SC for transformation that remains relevant in the execution of NATO's objectives.

26. ACT continues to enhance its engagement with academic institutions, building further relationships with academia and think tanks, as well as strengthening its existing programme to engage young professionals.

27. ACT has had regular engagements with US representatives to maintain the Transatlantic Link, working to strengthen alignment and understanding on the expectations and efforts of both sides of the Alliance, Europe and North America.

28. ACT took the opportunity to modify some aspects of the Headquarters' structure to reflect the experience gained since the last Peacetime Establishment (PE) review and following MC direction. ACT also took on the overall responsibility for managing NATO collective training and exercises without any further expansion of its PE.

LOOKING AHEAD

29. For the upcoming year, SACT's overarching goal, as articulated by his priorities, remains unchanged.

30. Implementation of the CFI is ACT's first priority and indeed of the highest importance for the Alliance. Having now assumed full responsibility for all training and exercises, ACT is implementing the approved elements of the plan in close coordination with ACO. Furthermore, to ensure that CFI remains wedded to the military objectives it is designed to support, it continues to be synchronized with and supportive of ACO requirements. ACT is also committed to the development of a dynamic training system through a systematic adoption of experimentation, innovation and lessons learned.

31. The reinforcement of the Transatlantic Link is ACT´s second priority and a vital and highly visible element of Alliance cohesion. The implications of nations' post-Afghanistan reshaping of forces as well as the growing capability gap resulting from shrinking defence budgets must be addressed. Burden sharing and nations´ reshaping efforts cannot be separated and should be considered simultaneously in order to minimize NATO´s strategic risk.

32. With regards to the rationalization and optimization of the design and development of current and future capabilities, through enhanced NDPP, ACT will continue to propose innovative options for capability development along three lines of effort. The first strand of work pertains to refining the process. With a view to maximizing transparency and working closely with the International Staff, ACT is

focusing on improving the visibility and clarity of the outputs for the nations, in particular at the political level. The second strand of work aims to improve the relevance of products to best support the Alliance in their decision making, while the third strand seeks to extend the ACT planning horizon with a view to enabling the Alliance to be better prepared in the long-term. This work seeks to distill the broad strategic insights and military implications from SFA´s conclusions and to develop them for presentation in the FFAO, which will contribute to the identification of the future required military capabilities of the Alliance.

33. Last, but not of lesser importance, Partnership has inroads throughout ACT´s entire programme of work and therefore, within the agreed framework, ACT will seek a deeper cooperation with Partner nations, international organizations (in particular EU) and external partners such as think tanks, academia and industry. To pursue the further enhancement of cooperation and engagement, ACT will conduct frequent national visits, NATO Industry Forum, Strategic Military Partner´s Conference. In addition, specific efforts aimed at building bridges with EU/EDA, UN, and the International Committee of the Red Cross (ICRC) will be undertaken.

34. In conclusion, in the upcoming year, ACT will maintain these four priorities and support the implementation of initiatives to which the nations are already committing themselves. Moreover, in preparation for the upcoming summit, ACT´s output and substantive events, including the NATO Transformation Seminar, will focus effort upon the proposals and development of solutions to our most pressing issues with particular attention to maintaining and developing a strong transatlantic link.

IPSAS COMPLIANCE

35. The NAC decision to adopt IPSAS from the 2006 Financial Statements onwards resulted in ACT striving to become IPSAS compliant. ACT was pleased to achieve an unqualified audit opinion from the IBAN in respect of the 2008, 2009 & 2010 financial statements. In respect of the 2011 and 2012 statements, ACT received technical qualifications resulting from efforts to strive to meet the requirements of IPSAS 17. The IBAN report on the ACT 2011 and 2012 Consolidated Financial Statements stated that *“the Board issued an unqualified opinion on whether the activities, financial transactions and information reflected in the financial statements are, in all material respects, in compliance with authorities which govern them.”*

36. The struggles of many NATO entities in meeting the requirement of accounting for PP&E lead the NAC to endorse the NATO Adapted Accounting Framework for all NATO Reporting Entities. This is an adapted version of IPSAS as issued by the International Public Sector Accounting Standards Board of the International Federation of Accountants. The Accounting Framework for NATO was developed to provide minimum requirements for financial reporting for all NATO Reporting Entities. Following the NAC endorsement on 14 February 2013, the adapted Accounting Framework forms the basis of these 2013 ACT financial statements

REPORT ON THE STATEMENTS

37. These financial statements incorporate the accounting records of the ACT Headquarters, as well as those of the subordinate Commands within the ACT Budget Group. They have been consolidated under my direction to provide a true and fair view of the financial activities of ACT during financial year 2013.

STATEMENT ON INTERNAL CONTROL

The Scope of Responsibility

The Commander and the ACT Financial Controller are jointly responsible for reviewing the effectiveness of the systems of internal control. In addition, the ACT Financial Controller has responsibility for maintaining a sound system of internal financial control that supports the achievement of the Command's policies, aims and objectives, as set out by the Nations, and to safeguard the Command's funds and assets so as to preclude any fraud, waste and abuse.

In addition, the ACT Financial Controller has personal responsibility for safeguarding the Nations' common funds and assets, in accordance with the responsibilities assigned to him in the NATO Financial Rules and Regulations.

The Purpose of the System of Internal Control

The system of internal controls is designated to manage risk to a reasonable level rather than eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The Command's system of internal control is based on an ongoing process to identify, and prioritise, the principal risks to the achievement of the Command's policies, aims and objectives, to evaluate the nature and extent of those risks being realised, and to manage them efficiently, effectively and economically.

A system of internal control has been in place, throughout the Command, during the year ended 31 December 2013 and up to the date of publication of the 2013 Consolidated Financial Statements; this accords, where relevant, with nations' guidance.

Governance and Internal Control

Managers, throughout the Command, undertake development and maintenance of the system. In particular it includes:

- Comprehensive budgeting systems with an annual budget that is agreed as part of NATO's resource management process;
- Regular in year management reviews, by the Command's Management Board, of financial reports. These include financial reports which highlight financial performance against the forecasts;
- Setting targets to measure financial and other performance;
- Clearly defined capital investment control guidelines;

- Formal project management disciplines.

In addition, the Command's Code of Conduct is designed to ensure that all members of staff are conscious of their individual responsibilities for ensuring that the Command's governance processes are operating in an efficient and effective manner.

Review of Effectiveness

The Supreme Allied Commander Transformation and the ACT Financial Controller have a joint responsibility for reviewing the effectiveness of the Command's systems of internal control. Our review of the effectiveness of these systems is informed by the work of the managers within the Command who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their reports.

We are committed to a policy of continuous improvement to examine the existing internal processes within the organisation and to provide a comprehensive and forward looking process of risk management, compliance and assurance.

The Command is continuing to undertake a programme of developing, and enhancing, a comprehensive set of financial procedures and regulations.

During 2013, the review and update of all extant Standard Operating Procedures on accounting policies, internal control, purchasing and contracting, and asset identification and monitoring was completed. This was approved by Command Management and implemented throughout ACT.

In addition, we will continue to ensure that:

- Qualified officials are assigned to the financial positions reflected in the Command's internal organization;
- The tasks and responsibilities of those officials are clearly reflected in the relevant Job Descriptions;
- Formal delegation of authority for financial matters is in place; and
- Effective controls are in place, areas of concern are being highlighted and, where necessary, effective remedial action is undertaken;

Reviews of the effectiveness of the system of internal control are enhanced by:

- The executive managers, within the organisation, who have responsibility for the development and maintenance of the internal control framework; and

- Comments made by the external auditors in their annual audit report, or management letters.

ACT CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDING 31 DECEMBER 2013
(EUR)

	Notes	2013		2012 (adjusted - see note1)		2012 (as published & audited)	
ASSETS							
Current Assets							
Cash and Cash Equivalents							
Cash and Cash Equivalents	2		62,504,003		39,675,357		43,501,899
Receivables							
Receivables	3	14,345,726		17,182,557		18,410,503	
BC Contributions	3	0		13,042,039		13,042,039	
Prepayments & Miscellaneous Assets							
Prepayments	4	480,564		104,048		151,839	
Advances to Non Consolidated Entities	5	4,093,121		4,754,611		4,754,611	
			18,919,411		35,083,255		36,358,992
Total Current Assets			81,423,414		74,758,612		79,860,891
Non-Current Assets							
Land and buildings		0					
Ships		0					
Plant and equipment		0					
Total Non Current Assets			0		0		0
TOTAL ASSETS			81,423,414		74,758,612		79,860,891
LIABILITIES							
Current Liabilities							
Payables	6	20,323,877		17,688,837		18,040,492	
BC Unearned Revenue	7	23,609,771		20,277,493		20,277,493	
Other Unearned Revenue	7	1,214,865		1,036,357		1,744,727	
Advance Contributions	8	35,896,517		35,268,618		35,268,618	
Other Advances		137,135		153,133		1,231,872	
Invoices to be Received		241,250		334,174		334,174	
Total Current Liabilites			81,423,414		74,758,612		76,897,376
Non Curent Liabilites			0		0		0
TOTAL LIABILITIES			81,423,414		74,758,612		76,897,376
NET ASSETS	10		(0)		(0)		2,963,515

ACT CONSOLIDATED STATEMENT OF NET ASSETS & EQUITY
FOR THE YEAR ENDING 31 DECEMBER 2013
(EUR)

NET ASSETS AND EQUITY	Notes	2013		2012 (adjusted - see note15)		2012 (as published & audited)	
Net Capital Contributed by Nations	10						
Accumulated Surpluses/Defecits							
Accumulated Surpluses/ Deficits as of 31 Dec prior year			0		0		2,785,896
Accumulated Surplus/Deficit for the Period		0		0		177,619	
Depreciation of Nation's Capital Contributions for the period				0			
Net Surlus/(Deficit) For The Year			0		0		177,619
Unrealised Gains & Losses							
Unrealised Translation I-E Gain on consolidation		0					
			0		0		0
TOTAL NET ASSETS & EQUITY	10		0		0		2,963,515

ACT CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDING 31 DECEMBER 2013
(EUR)

	Notes	2013		2012 (adjusted - see note1)		2012 (as published & audited)	
OPERATING REVENUE							
Assessment Calls	11	118,011,501		111,616,053		111,616,053	
Charter/SWP Revenue		0		0		1,138,093	
Reimbursable Revenue	12	14,143,986		17,266,781		19,803,481	
NSIP Revenue	11	75,988		757,211		757,211	
Interest income		255,069		309,268		321,375	
Realised Exchange Rate Gain						199,422	
Other Income	11	311,510		194,539		249,892	
Total Operating Revenue			132,798,054		130,143,852		134,085,527
OPERATING EXPENSES							
Personnel Costs	13/14/18	26,635,708		41,884,000		41,884,000	
Contractual Supplies and Services	13/18	89,834,432		68,232,248		68,232,248	
Capital and Investments	13/18	1,609,858		1,881,467		1,881,467	
Charter/SWP Expenditure		0		0		1,022,819	
NSIP Expenditure		78,039		757,669		757,669	
Reimbursable Expenditure	12	14,143,986		17,266,781		19,803,481	
Net Realised Exchange Rate Loss		480,907		89,735		291,671	
Other Expenses		15,124		31,953		34,553	
Total Operating Expenses			(132,798,054)		(130,143,852)		(133,907,908)
NET SURPLUS/(DEFICIT) FOR THE YEAR			(0)		0		177,619

ACT CONSOLIDATED CASHFLOW STATEMENT
FOR THE YEAR ENDING 31 DECEMBER 2013
(EUR)

	2013		2012 (adjusted)		2012 (as published & audited)	
Cash Flow from Operating Activities						
Surplus (deficit) from ordinary activities		0		0		177,619
Increase (decrease) in provisions	0		0		0	
Increase (decrease) in payables	2,542,115		586,654		938,309	
Increase (decrease) in unearned revenue	3,510,786		(7,036,501)		(6,328,130)	
Increase (decrease) in advance contributions	627,899		4,717,690		4,717,690	
Increase (decrease) in other advances	(15,998)		(1,072,380)		6,359	
(Increase) decrease in Nation's Contribution receivable	13,042,038		(10,360,908)		(10,360,909)	
(Increase) decrease in Receivables	1,310,626		1,632,919		404,974	
(Increase)/decrease Reimburseable Receivables	1.526,206		(3,804,393)		(3,804,393)	
(Increase)/decrease Advances / Prepayments	284,974		(262,152)		(309,943)	
(Increase)/decrease Bad Debts	0		0		0	
(Increase)/decrease in Inventories	0		0		0	
		22,828,646		(15,599,070)		(14,736,043)
Extraordinary Item		0		0		0
Net cash flow from operating activities		22,828,646		(15,599,070)		(14,558,424)
transfer of 2011 equity to STO	0		(2,785,896)		0	
Receipts from sale of investments	0		0		0	
Purchase of PPE	0		0		0	
Net cash flow from investing activities		0		(2,785,896)		0
Cash flows from financing activities						
Receipts from borrowings	0		0		0	
Repayment of borrowings	0		0		0	
Net cash flows from financing activities		0		0		0
Net increase (decrease) in cash and cash equivalents		22,828,646		(18,384,966)		(14,558,424)
Effect of exchange rate changes on cash and cash equivalents on translation						
Cash and cash equivalents at beginning of period		39,675,357		58,060,323		58,060,323
Cash and cash equivalents at end of period		62,504,004		39,675,357		43,501,899

ACT CONSOLIDATED BUDGET EXECUTION STATEMENT FOR THE YEAR ENDING 31 DECEMBER 2013

ALL FIGURES SHOWN IN THE APPROVED BUDGET CURRENCY

Budgets presented in approved Currency	Initial Authorisation (BA1)	Movements	1st Mid Year Authorisation (BA2)	Movements	2nd Mid Year Authorisation (BA3)	Movements	Final Authorisation	Net Commitment	Actual Expenses	Total Commitment/Spend	Carry Forward	Lapse
201 Budget - SACT HQ												
2013	$	$	$	$	$	$	$	$	$	$	$	$
Personnel	17,792,582	(32,996)	17,759,586	128,561	17,888,147	(8,900)	17,879,247	166,681	17,339,290	17,505,971	166,681	373,276
Contractual Supplies & Services	5,819,893	(44,800)	5,775,093	194,339	5,969,432	58,659	6,028,091	2,057,584	3,773,506	5,831,090	2,057,584	197,001
Capital Investments	178,315	(1)	178,314	8,594	186,908	(2,284)	184,624	116,008	68,610	184,618	116,008	5
2013 Total	23,790,790	(77,797)	23,712,993	331,494	24,044,487	47,474	24,091,961	2,340,273	21,181,405	23,521,678	2,340,273	570,283
201 Budget - SACT HQ												
2012	$	$	$	$	$	$	$	$	$	$	$	$
Personnel	237,831	0	237,831	0	237,831	0	237,831	27,310	187,375	214,685	27,310	23,147
Contractual Supplies & Services	2,431,228	0	2,431,228	0	2,431,228	0	2,431,228	284,114	1,824,996	2,109,110	284,114	322,118
Capital Investments	139,161	0	139,161	0	139,161	0	139,161	0	124,557	124,557	0	14,604
2012 Total	2,808,220	0	2,808,220	0	2,808,220	0	2,808,220	311,424	2,136,928	2,448,352	311,424	359,868
201 Budget - SACT HQ												
2011	$	$	$	$	$	$	$	$	$	$	$	$
Personnel	26,245	0	26,245	0	26,245	0	26,245	0	486	486	0	25,759
Contractual Supplies & Services	263,777	0	263,777	0	263,777	0	263,777	0	125,695	125,695	0	138,083
Capital Investments	13,760	0	13,760	0	13,760	0	13,760	0	5,000	5,000	0	8,760
2011 Total	303,782	0	303,782	0	303,782	0	303,782	0	131,181	131,181	0	172,603
Budget 201 Grand Total	*26,902,792*	*(77,797)*	*26,824,995*	*331,494*	*27,156,489*	*47,474*	*27,203,963*	*2,651,697*	*23,449,514*	*26,101,211*	*2,651,697*	*1,102,754*

Budgets presented in approved Currency	Initial Authorisation (BA1)	Movements	1st Mid Year Authorisation (BA2)	Movements	2nd Mid Year Authorisation (BA3)	Movements	Final Authorisation	Net Commitment	Actual Expenses	Total Commitment/Spend	Carry Forward	Lapse
257 Budget - ACT USD Programe of Work												
2013	$	$	$	$	$	$	$	$	$	$	$	$
Personnel	267,770	17,193	284,963	5,440	290,403	3,003	293,406	15,209	255,402	270,610	15,209	22,796
Contractual Supplies & Services	26,678,091	472,372	27,150,463	84,188	27,234,651	(909,607)	26,325,044	5,786,754	18,673,793	24,460,547	5,786,754	1,864,497
Capital Investments	0	0	0	0	0	0	0	0	0	0	0	0
2013 Total	26,945,861	489,565	27,435,426	89,628	27,525,054	(906,603)	26,618,451	5,801,963	18,929,195	24,731,157	5,801,963	1,887,293
257 Budget - ACT USD Programe of Work												
2012	$	$	$	$	$	$	$	$	$	$	$	$
Personnel	346,203		346,203		346,203		346,203	50	324,523	324,573	50	21,630
Contractual Supplies & Services	6,962,185	0	6,962,185	0	6,962,185	0	6,962,185	1,378,177	5,284,041	6,662,219	1,378,177	299,967
Capital Investments	9,200	0	9,200	0	9,200	0	9,200	9,200	0	9,200	9,200	0
2012 Total	7,317,589	0	7,317,589	0	7,317,589	0	7,317,589	1,387,427	5,608,565	6,995,992	1,387,427	321,597
257 Budget - ACT USD Programe of Work												
2011	$	$	$	$	$	$	$	$	$	$	$	$
Personnel	2,151	0	2,151	0	2,151	0	2,151	0	1,024	1,024	0	1,126
Contractual Supplies & Services	701,535	0	701,535	0	701,535	0	701,535	0	336,156	336,156	0	365,379
2011 Total	703,686	0	703,686	0	703,686	0	703,686	0	337,181	337,181	0	366,505
Budget 257 Grand Total	***34,967,135***	***489,565***	***35,456,700***	***89,628***	***35,546,328***	***(906,603)***	***34,639,725***	***7,189,390***	***24,874,940***	***32,064,330***	***7,189,390***	***2,575,395***

Budgets presented in approved Currency	Initial Authorisation (BA1)	Movements	1st Mid Year Authorisation (BA2)	Movements	2nd Mid Year Authorisation (BA3)	Movements	Final Authorisation	Net Commitment	Actual Expenses	Total Commitment/Spend	Carry Forward	Lapse
242 Budget NATO Underwater Research Centre / Centre for Maritime Research & Experimentation												
2012	€	€	€	€	€	€	€	€	€	€	€	€
Personnel	59,452	0	59,452	0	59,452	0	59,452	0	19,926	19,926	0	39,526
Contractual Supplies & Services	1,933,633	0	1,933,633	0	1,933,633	0	1,933,633	0	1,494,719	1,494,719	0	438,915
Capital Investments	1,391,355	0	1,391,355	0	1,391,355	0	1,391,355	0	1,123,490	1,123,490	0	267,865
2012 Total	3,384,440	0	3,384,440	0	3,384,440	0	3,384,440	0	2,638,135	2,638,135	0	746,305
242 Budget NATO Underwater Research Centre												
2011	€	€	€	€	€	€	€	€	€	€	€	€
Personnel	2,947	0	2,947	0	2,947	0	2,947	0	(13,009)	(13,009)	0	15,956
Contractual Supplies & Services	491,519	0	491,519	0	491,519	0	491,519	0	363,892	363,892	0	127,627
Capital Investments	36,588	0	36,588	0	36,588	0	36,588	0	34,953	34,953	0	1,635
2011 Total	531,054	0	531,054	0	531,054	0	531,054	0	385,836	385,836	0	145,218
Budget 242 Grand Total	***3,915,493***	***0***	***3,915,493***	***0***	***3,915,493***	***0***	***3,915,493***	***0***	***3,023,971***	***3,023,971***	***0***	***891,523***
252 Budget - Joint Analysis and Lessons Learned Centre												
2013	€	€	€	€	€	€	€	€	€	€	€	€
Personnel	825,185	0	825,185	40,648	865,833	(11,790)	854,043	10,142	837,402	847,544	10,142	6,499
Contractual Supplies & Services	2,041,431	0	2,041,431	(35,875)	2,005,556	11,790	2,017,346	136,893	1,856,775	1,993,668	136,893	23,678
Capital Investments	0	0	0	0		0		0	0	0	0	0
2013 Total	2,866,616	0	2,866,616	4,773	2,871,389	0	2,871,389	147,035	2,694,178	2,841,212	147,035	30,177
252 Budget - Joint Analysis and Lessons Learned Centre												
2012	€	€	€	€	€	€	€	€	€	€	€	€
Personnel	1,150	0	1,150	0	1,150	0	1,150	0	1,150	1,150	0	0
Contractual Supplies & Services	162,058	0	162,058	0	162,058	0	162,058	0	157,980	157,980	0	4,078
Capital Investments	18,500	0	18,500	0	18,500	0	18,500	0	18,500	18,500	0	0
2012 Total	181,708	0	181,708	0	181,708	0	181,708	0	177,630	177,630	0	4,078

Budgets presented in approved Currency	Initial Authorisation (BA1)	Movements	1st Mid Year Authorisation (BA2)	Movements	2nd Mid Year Authorisation (BA3)	Movements	Final Authorisation	Net Commitment	Actual Expenses	Total Commitment/Spend	Carry Forward	Lapse
252 Budget - Joint Analysis and Lessons Learned Centre												
2011	€	€	€	€	€	€	€	€	€	€	€	€
Contractual Supplies & Services	11,984	0	11,984	0	11,984	0	11,984	0	11,984	11,984	0	0
2011 Total	11,984	0	11,984	0	11,984	0	11,984	0	11,984	11,984	0	0
Budget 252 Grand Total	***3,060,308***	***0***	***3,060,308***	***4,773***	***3,065,081***	***0***	***3,065,081***	***147,035***	***2,883,791***	***3,030,826***	***147,035***	***34,254***
258 Budget - ACT Euro Programe of Work												
2013	€	€	€	€	€	€	€	€	€	€	€	€
Personnel	0	0	0	0	0	0	0	0	0	0	0	0
Contractual Supplies & Services	44,589,959	421,508	45,011,467	(341,291)	44,670,176	428,984	45,099,160	3,481,752	41,421,006	44,902,758	3,481,752	196,402
2013 Total	44,589,959	421,508	45,011,467	(341,291)	44,670,176	428,984	45,099,160	3,481,752	41,421,006	44,902,758	3,481,752	196,402
258 Budget - ACT Euro Programe of Work												
2012	€	€	€	€	€	€	€	€	€	€	€	€
Personnel	29,000	0	29,000	0	29,000	0	29,000	0	29,000	29,000	0	0
Contractual Supplies & Services	2,798,179	0	2,798,179	0	2,798,179	0	2,798,179	103,070	2,663,426	2,766,496	103,070	31,683
2012 Total	2,827,179	0	2,827,179	0	2,827,179	0	2,827,179	103,070	2,692,426	2,795,496	103,070	31,683
258 Budget - ACT Euro Programe of Work												
2011	€	€	€	€	€	€	€	€	€	€	€	€
Personnel		0		0		0		0	0	0	0	0
Contractual Supplies & Services	713,427	0	713,427	0	713,427	0	713,427	0	624,324	624,324	0	89,103
Capital Investments		0		0		0		0	0	0	0	0
2011 Total	713,427	0	713,427	0	713,427	0	713,427	0	624,324	624,324	0	89,103
Budget 258 Grand Total	***48,130,566***	***421,508***	***48,552,074***	***(341,291)***	***48,210,783***	***428,984***	***48,639,767***	***3,584,822***	***44,737,756***	***48,322,578***	***3,584,822***	***317,189***
259 Budget - ACT Exercise Budget												
2013	€	€	€	€	€	€	€	€	€	€	€	€
Personnel	933,900	(173,000)	760,900	(17,400)	743,500	(163,033)	580,467	284,201	127,267	411,468	284,201	168,999
Contractual Supplies & Services	10,089,100	323,500	10,412,600	17,400	10,430,000	(925,474)	9,504,526	3,669,185	4,803,633	8,472,818	3,669,185	1,031,708
2013 Total	11,023,000	150,500	11,173,500	0	11,173,500	(1,088,507)	10,084,993	3,953,386	4,930,900	8,884,286	3,953,386	1,200,707
Budget 259 Grand Total	***11,023,000***	***150,500***	***11,173,500***	***0***	***11,173,500***	***(1,088,507)***	***10,084,993***	***3,953,386***	***4,930,900***	***8,884,286***	***3,953,386***	***1,200,707***

Budgets presented in approved Currency	Initial Authorisation (BA1)	Movements	1st Mid Year Authorisation (BA2)	Movements	2nd Mid Year Authorisation (BA3)	Movements	Final Authorisation	Net Commitment	Actual Expenses	Total Commitment/Spend	Carry Forward	Lapse
255 Budget - Joint Warfare Centre												
2013	*NOK*	*NOK*	*NOK*	*NOK*	*NOK*	*NOK*	*NOK*	*NOK*	*NOK*	*NOK*	*NOK*	*NOK*
Personnel	93,981,645	(5,505,667)	88,475,978	(1,500,000)	86,975,978	(2,053,677)	84,922,301	1,923,512	82,945,781	84,869,293	1,923,512	53,008
Contractual Supplies & Services	71,222,389	(994,334)	70,228,055	1,500,000	71,728,055	14,638,414	86,366,469	19,140,876	66,815,969	85,956,845	19,140,876	409,624
Capital Invenstments	0	0	0	0		0	0	0	0	0	0	0
2013 Total	165,204,034	(6,500,001)	158,704,033	0	158,704,033	12,584,737	171,288,770	21,064,389	149,761,750	170,826,139	21,064,389	462,631
255 Budget - Joint Warfare Centre												
2012	*NOK*	*NOK*	*NOK*	*NOK*	*NOK*	*NOK*	*NOK*	*NOK*	*NOK*	*NOK*	*NOK*	*NOK*
Personnel	3,249,477	0	3,249,477	0	3,249,477	0	3,249,477	0	2,760,651	2,760,651	0	488,826
Contractual Supplies & Services	8,235,395	0	8,235,395	0	8,235,395	0	8,235,395	199,595	7,162,933	7,362,528	199,595	872,867
Capital Invenstments	0	0	0	0	-	0	-	0	0	0	0	0
2012 Total	11,484,872	0	11,484,872	0	11,484,872	0	11,484,872	199,595	9,923,584	10,123,179	199,595	1,361,693
255 Budget - Joint Warfare Centre												
2011	*NOK*	*NOK*	*NOK*	*NOK*	*NOK*	*NOK*	*NOK*	*NOK*	*NOK*	*NOK*	*NOK*	*NOK*
Personnel	(19,213)	0	(19,213)	0	(19,213)	0	(19,213)	0	(22,713)	(22,713)	0	3,500
Contractual Supplies & Services	(21,662)	0	(21,662)	0	(21,662)	0	(21,662)	0	(491,670)	(491,670)	0	470,007
Capital Invenstments	0	0	0	0	0	0	0	0	0	0	0	0
2011 Total	(40,875)	0	(40,875)	0	(40,875)	0	(40,875)	0	(514,382)	(514,382)	0	473,507
Budget 255 Grand Total	***176,648,031***	***(6,500,001)***	***170,148,030***	***0***	***170,148,030***	***12,584,737***	***182,732,767***	***21,263,984***	***159,170,951***	***180,434,935***	***21,263,984***	***2,297,832***

Budgets presented in approved Currency	Initial Authorisation (BA1)	Movements	1st Mid Year Authorisation (BA2)	Movements	2nd Mid Year Authorisation (BA3)	Movements	Final Authorisation	Net Commitment	Actual Expenses	Total Commitment/Spend	Carry Forward	Lapse
256 Budget Joint Forces Training Centre												
2013	*PLN*	*PLN*	*PLN*	*PLN*	*PLN*	*PLN*	*PLN*	*PLN*	*PLN*	*PLN*	*PLN*	*PLN*
Personnel	5,881,936	(1)	5,881,935	43,304	5,925,239	(1,178,000)	4,747,239	164,873	4,543,635	4,708,507	164,873	38,732
Contractual Supplies & Services	20,235,418	1	20,235,419	(40,000)	20,195,419	(490,720)	19,704,699	5,324,000	14,255,582	19,579,583	5,324,000	125,116
Capital Investments	0	0	0	40,000	40,000	(10,000)	30,000	0	27,865	27,865	0	2,135
2013 Total	26,117,354	0	26,117,354	43,304	26,160,658	(1,678,720)	24,481,938	5,488,873	18,827,082	24,315,955	5,488,873	165,983
256 Budget Joint Forces Training Centre												
2012	*PLN*	*PLN*	*PLN*	*PLN*	*PLN*	*PLN*	*PLN*	*PLN*	*PLN*	*PLN*	*PLN*	*PLN*
Personnel	97,193	0	97,193	0	97,193	0	97,193	73,549	19,232	92,781	73,549	4,412
Contractual Supplies & Services	5,039,172	0	5,039,172	0	5,039,172	0	5,039,172	66,863	4,611,527	4,678,390	66,863	360,782
Capital Investments	844,778	0	844,778	0	844,778	0	844,778	15,400	839,090	854,490	15,400	(9,712)
2012 Total	5,981,143	0	5,981,143	0	5,981,143	0	5,981,143	155,811	5,469,849	5,625,661	155,811	355,483
256 Budget Joint Forces Training Centre												
2011	*PLN*	*PLN*	*PLN*	*PLN*	*PLN*	*PLN*	*PLN*	*PLN*	*PLN*	*PLN*	*PLN*	*PLN*
Personnel	4,764	0	4,764	0	4,764	0	4,764	0	0	0	0	4,764
Contractual Supplies & Services	182,662	0	182,662	0	182,662	0	182,662	0	0	0	0	182,662
Capital Investments	330,000	0	330,000	0	330,000	0	330,000	0	330,000	330,000	0	0
2011 Total	517,426	0	517,426	0	517,426	0	517,426	0	330,000	330,000	0	187,426
Budget 256 Grand Total	***32,615,923***	***0***	***32,615,923***	***43,304***	***32,659,227***	***(1,678,720)***	***30,980,507***	***5,644,684***	***24,626,931***	***30,271,616***	***5,644,684***	***708,892***

NOTES TO THE ACCOUNTS

1. STATEMENT OF ACCOUNTING POLICIES

Basis of Preparation

The financial statements of Allied Command Transformation (ACT) have been prepared on the accrual basis of accounting in accordance with the International Public Sector Accounting Standards (IPSAS) using the historic cost convention; as decided by the North Atlantic Council (NAC) in 2002 and subsequently modified by their decision to introduce the NATO Adapted Framework referred to below. Where an IPSAS does not address a particular issue, the appropriate International Financial Reporting Standard/International Accounting Standard has been applied. Additionally, these financial statements have taken account of the Adapted Framework issued by the NAC. They have also been prepared in accordance with the accounting requirements of the NATO Financial Regulations (NFR) and the associated Financial Rules and Procedures (FRP).

Measurement Base

The accounting principles recognized as appropriate for the measurement and reporting of the financial performance, cash flows, and financial position on an accrual basis using historical cost are followed in the preparation of the financial statements.

NATO Adapted Framework

The accounting framework for all NATO Reporting Entities is an adapted version of IPSAS as issued by the International Public Sector Accounting Standards Board of the International Federation of Accountants. This Accounting Framework for NATO was developed to provide minimum requirements for financial reporting for all NATO Reporting Entities following endorsement by the NAC on 14 February 2013 of an IPSAS-adapted Accounting Framework for the Alliance.

This Accounting Framework is applicable for financial reporting periods beginning on 1 January 2013 and is the basis for the preparation of these accounts. Currently the Accounting Framework allows variation from four IPSAS:

- IPSAS 6 - Consolidated and Separate Financial Statements
- IPSAS 12 - Inventories
- IPSAS 17 - Property, Plant, and Equipment
- IPSAS 31 - Intangible Assets

The objective of the adaptation to IPSAS 6 is to allow for the non-consolidation of Morale and Welfare Activities (MWA) and/or Staff Association activities. The objective of the adaptations to IPSAS 12, 17 & 31 is in the main to allow entities to expense all items acquired prior to the implementation date of 01 January 2013. Note 1 (viii) below refers.

Currency

The financial statements are presented in Euros (€) rather than the currency in which ACT is domiciled.

Accounting Policies

The following specific accounting policies that materially affect the measurement of financial performance and the financial position are applied:

i) Basis for Consolidation

The consolidated financial statements, prepared in terms of IPSAS 6, *Consolidated and Separate Financial Statements*, include the financial results of ACT as the controlling entity exercising control over the controlled entities listed below. Inter-entity balances and transactions have been eliminated on consolidation.

- Joint Warfare Centre (JWC),
- Joint Force Training Centre (JFTC), and
- Joint Analysis and Lessons Learned Centre (JALLC),

As part of the Agency reform process in NATO, the NATO Undersea Research Centre (NURC) transitioned to the Centre for Maritime Research & Experimentation (CMRE) as of 01 July 2012, becoming part of the newly created Science and Technology Organisation (STO). The nations, through the Budget Committee (BC) (BC-DS(2012)0026 dated 18 June 2012), formally tasked the ACT Financial Controller with continuing to control and execute oversight of the Budget code 242 credits provided to ACT. The expenditures against the carry forward of this 242 budget from 2011 and 2012 are included in these financial statements. No budget 242 credits are carried forward to financial year 2014.

MWA is not consolidated as per the NATO Accounting Framework, which ACT has implemented from 01 January 2013.

ii) Consolidated Cash Flow Statement

The consolidated ACT Cash Flow Statement has been compiled using the indirect method.

The following are definitions of the terms used in the consolidated statement of cash flows:

- Cash and cash equivalents comprise cash on hand, current bank balances, and short-term deposits that can be converted to cash within two working days.
- Operating activities include all transactions and other events that are not investing or financing activities.
- Investing activities are those activities relating to the acquisition, holding, and disposal of fixed assets and investments. Investments can include securities not falling within the definition of cash.
- Financing activities are those activities that result in changes to the size and composition of ACT's capital structure. This includes both equity and debt not falling within the definition of cash.

iii) Segmental Reporting

The ACT consolidation group consists of a number of individual entities as detailed in Note 23. These entities are kept as separate segments for accounting purposes.

The individual accounts of these segments are balanced in their functional currency and the inter-entity transactions are removed on consolidation within the ACT group of accounts.

iv) Foreign Currency Transactions

Foreign currency transactions have been recorded in the entity's budget currency by applying the declared NATO exchange rate between the budget currency and foreign currency at the date of the cash outflow/inflow. Realised gains and losses resulting from the settlement of such transactions are recognised as revenue and expenses in the Statement of Financial Performance. Monetary assets and liabilities at year-end which were denominated in foreign currencies were translated into Euro using the NATO rates of exchange applicable at 31 December 2013.

On consolidation, unrealised translation gains and losses were recorded in the Statement of Financial Performance as a result of the application of weighted average rates of exchange throughout the year and in the Statement of Financial Position due to exchange rates applicable at 31 December 2013.

v) Cash and Cash Equivalents

Cash and cash equivalents are defined as current assets. They include cash on hand, deposits held with banks and other short-term, highly liquid investments, the carrying value of which approximate fair value due to their short maturities.

vi) Receivables

Receivables are stated at their estimated realisable value after providing for doubtful and uncollectible debts.

vii) Inventory

Inventories held across ACT are considered to be insignificant in terms of having a material impact on the financial statements. As such, ACT does not capitalise the limited inventory holdings but charges such costs to the Statement of Financial Performance when incurred.

Should an asset meet the definition of inventory as per IPSAS 12 (Inventories) and that individual item be considered material, such inventory shall be valued at the lower of historical cost or net realisable value. The Weighted Average Cost methodology is used to calculate the average historical cost held within inventory. Provision is made to reduce the carrying cost of inventory to the net realisable value where there is no expectation of consumption or sale in the ordinary course of business; such provision will be released to expenses on consumption, disposal and write off.

viii) Compliance with IPSAS

As stated above, the accounting framework for all NATO Reporting Entities was endorsed by the NAC on 14 February 2013. This is an adapted version of IPSAS and was developed to provide minimum requirements for financial reporting for all NATO Reporting Entities.

Several NATO entities, including ACT, had stressed that significant resources would be required to fully comply with IPSAS 17, accounting for Property, Plant & Equipment (PP&E). The resources identified were both for funding and manpower, and recognised the size of the task to capitalise previously expensed items. Several nations had questioned the benefit of diverting resources under the current resource constrained environment for the purpose of a technical accounting exercise. In view of the issues faced by many NATO entities, including ACT, the Resource Policy and Planning Board (RPPB) developed proposals for recommendation to the NAC.

For the 2011 financial statements, ACT adopted a limited approach to the introduction of PP&E and received a technical qualification from the International Board of Auditors for NATO (IBAN). This qualification was primarily due to the difficulty in establishing accurate valuations of assets, particularly buildings and the equipment installed within them. Although the majority of these buildings had not been purchased by ACT, they required reporting under IPSAS 17 as ACT had "control" over them whilst they remained in use by ACT.

For the 2012 financial statement process, ACT removed all PP&E reporting since at the time of preparation of these statements, the NAC had already approved the implementation of the Adapted Accounting Framework for the following year. During 2012 ACT had presented to the nations a resource requirement proposal that would support the full successful transition to adopting IPSAS 17. ACT had first set out its position, on the resources required for fixed asset capture and recognition, in 2004. Namely, that compliance could only be achieved if sufficient financial resources could be allocated to this task. Several nations could not support the allocation of scarce resources for this purpose and so ACT management took the decision not to fully implement PP&E accounting in 2012, when the requirement in 2013 would be modified. Again, ACT received a technical qualification from IBAN for not reporting PP&E since the NAC endorsed Adapted Accounting Framework was only applicable from 01 January 2013.

These financial statements for the year ending 31 December 2013 therefore represent the first year covered by the Adapted Accounting Framework. For 2013 the ACT Command decision was that it was not considered economically beneficial to divert scarce resources to tackle the valuation issues raised by the IBAN in their audit for the 2012 statements. Full compliance with IPSAS 17 would require resources to professionally identify and value the installed equipment throughout the entire ACT estate. Under the Adapted Accounting Framework, these assets are not included in the 2013 financial statements, as entities can elect to consider as expensed any assets acquired prior to 01 January 2013.

Consequently, ACT will only report against IPSAS 17, as modified by the NAC endorsed Adapted Accounting Framework. ACT has assessed the minimum capitalisation thresholds detailed in the Adapted Accounting Framework and decided to apply these levels. These capitalisation thresholds, together with the depreciation life and methodology are detailed on the table on the following page.

All amounts stated in Thousands of Euros (€'000), unless otherwise stated

In addition to the standard assessment of "substance over form", the ACT fixed assets policy to comply with IPSAS 17 on PP&E establishes the criteria to be used to assist in assessing the level of control that ACT has for reporting assets in its financial statements. Criteria that evidence the control of PP&E are detailed in that policy.

Category	**Threshold**	**Depreciation life**	**Method**
Land	€200,000	N/A	N/A
Buildings	€200,000	40 years	Straight line
Other infrastructure	€200,000	40 years	
Installed equipment	€30,000	10 years	
Machinery	€30,000	10 years	
Vehicles	€10,000	5 years	
Mission equipment	€50,000	3 years	
Furniture	€30,000	10 years	
Communications	€50,000	3 years	
Automated information systems (AIS)	€50,000	3 years	

In accordance with the NAC approved Adapted Accounting Framework and the ACT policy on accounting for PP&E, consolidated entities will consider PP&E in the state of development at 01 January 2013 to have been acquired before 01 January 2013 and as such development costs incurred after 01 January 2013 shall be considered as fully expensed.

If the PP&E is upgraded the same capitalisation criteria as above will apply.

All amounts stated in Thousands of Euros (€'000), unless otherwise stated

PP&E held prior to 01 January 2013, and not previously recognized as an asset, are disclosed in the table below:

PP&E category	Approximate number of items	Location of asset	comments
Buildings	1 geographical HQ location	HQ SACT, Norfolk, Virginia	Buildings were either provided free of charge or fully expensed prior to 01 January 2013. Includes installed equipment.
Buildings	1 geographical HQ location	JWC, Stavanger, Norway	
Buildings	1 geographical HQ location	JFTC, Bydgoszcz Poland	
Buildings	1 geographical HQ location	JALLC, Lisbon, Portugal	
Vehicles	9	HQ SACT, Norfolk, Virginia	All vehicles held at the HQs were purchased prior to 01 January 2013 and have been fully expensed in the year of purchase.
Vehicles	21	JWC, Stavanger, Norway	
Vehicles	7	JFTC, Bydgoszcz Poland	
Vehicles	4	JALLC, Lisbon, Portugal	
Ships	2	CMRE, La Spezia, Italy	Although located at CMRE, these vessels are under SACT control

The two research vessels referred to in the table above are solely used by the CMRE, located in La Spezia, Italy. As a result of the Command Structure Review and Agency Reform, on 01 July 2012 the NURC was integrated into the newly created NATO Science & Technology Organisation (STO) as the CMRE. Since 01 January 2013, the CMRE operates under a customer funded regime. SACT is currently the main customer to the CMRE, and will maintain custody of the vessels until 31 December 2015. C-M(2013)0069 dated 11 December 2013, and signed by the Secretary General, refers

During 2013, ACT staff conducted a thorough analysis of all purchases made during the year to establish if any fell within the categories and capitalisation thresholds detailed in the table above. No PP&E purchases were identified since 01 January 2013. A major construction project to extend the main building at HQ SACT in Norfolk is currently underway. This work is scheduled to be completed in late 2014 or 2015. This project is being separately funded by NSIP with the United States acting as Host Nation. Once completed, the asset will be handed over to ACT and recorded as PP&E.

ix) Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Rentals payable under operating leases are charged to the Statement of Financial Performance on a straight-line basis over the term of the relevant lease. At the balance sheet date, ACT had no outstanding commitments under non-cancellable operating leases.

x) Impairment

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down to its recoverable amount. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount which is the higher of an asset's net selling price or its value in use. Gains and losses on disposal are determined by comparing proceeds with carrying amounts and are included in the Statement of Financial Performance in the year concerned.

Repairs and maintenance are charged to the Statement of Financial Performance during the financial period in which they are incurred.

xi) Unearned Revenue and Advance Calls for Contributions

Revenue is defined as the contributions of the member nations which for the purposes of the financial statements equate to the budgetary cash costs of ACT, net of earned interest and any revenue in respect of other NATO bodies. As contributions from nations are recognised as non-exchange transactions, revenue is recognised when it is earned.

Unearned revenue represents the contributions received from Nations and/or third parties that have been called for current or prior year budgets but that have not yet been recognised as revenue.

Advance calls for contributions are contributions received related to future years' budgets.

xii) Current Loans

Inter-entity loans provided at 0% interest have been eliminated upon consolidation.

xiii) Payables

Payables are amounts due to third parties based on goods and services provided that remain unpaid. This includes an estimate of accrued obligation to third parties for goods and services received but not yet invoiced.

xiv) Provisions

Provisions are recognised when there is a legal or constructive obligation as a result of a past event, where it is probable that an outflow of resources will be required to settle the obligation, and where a reliable estimate of the amount of the obligation can be made.

xv) Financial Instruments

ACT uses only non-derivative financial instruments as part of its normal operations. These financial instruments could include bank accounts, certificates of deposit, accounts receivable and accounts payable.

All financial instruments are recognized in the statement of financial position at their fair values.

xvi) Revenue

Revenue is the gross inflow of economic benefit or service potential during the reporting period when those inflows result in an increase in net assets/equity, other than increases relating to contributions from owners.

Revenue for Administrative Budgets – Contributions to the Budget is initially recorded as unearned revenue liabilities in the Statement of Financial Position. They are recognised as revenue in the Statement of Financial Performance when such contributions are used for their intended purpose as envisioned in the operational budget.

xvii) Employee Entitlements

Employee entitlements to salaries, wages, annual vacation, pension costs, and other benefits are recognized when they are earned. Annual vacation and other leave have been calculated on an actual entitlement basis at current rates of pay.

ACT contributes to an employee defined contribution retirement benefit plan. Payments to the defined contribution retirement benefit plan are recognized as expenses as they become due.

xviii) Borrowing Costs

Borrowing costs are recognised as an expense in the period in which they occur unless they can be directly attributable to the acquisition, construction or production of a qualifying asset. In this case borrowing costs are capitalised as part of the cost of that asset.

xix) Taxation

Within the scope of its official activities, ACT's assets, property and income are exempt from all direct taxes and duties levied upon goods and services acquired or imported.

xx) Use of Estimates

In accordance with generally accepted accounting principles, the financial statements necessarily include amounts based on estimates and assumptions made by management using the most reliable information available to them.

Estimates include accrued revenue and expenses and actual results may differ from those estimates. Changes in estimates are reflected in the period in which they become known.

xxi) Contingent Liabilities

A contingent liability is defined as a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events wholly within the control of ACT; or a present obligation that arises from past events but is not recognised because the amount of the obligation cannot be measured with sufficient reliability.

xxii) Changes in Accounting Policies

The significant change in accounting policies for these ACT consolidated accounts relates to the introduction of the NAC endorsed Adapted Accounting Framework. See Note 1 above.

xxiii) Reclassifications

Certain reclassifications have been made to the prior years' consolidated financial statements to conform to the presentation used for the year ended 31 December 2013.

The reclassifications had no effect on the previously reported deficit.

xxiv) Adjustment of prior year data

The IBAN audit report on the 2012 ACT consolidated financial statements (IBA-AR(2013)21) issued a qualification on the inclusion of the CMRE Ship's Work Program (SWP) and Charter Income (CI). The IBAN did recognise that ACT management had chosen to include the information to provide nations' with visibility of the data. ACT management's view was that the STO did not, at that time, have a mature financial structure, and so this CMRE activity would go unreported if ACT did not include it as in previous years.

These 2013 financial statements do not include this information as it will be reported by the STO. Consequently the prior year data is shown both as it was originally published and with the CMRE SWP and CI data removed.

Additionally, certain reimbursable activity has been excluded from these 2013 financial statements where ACT acts as an "Agent" rather than as the "Principle." Again, where this information was included in the 2012 financial statements, it has been removed from the adjusted 2012 figures. This mainly affects the Air Defence Ground cost share reimbursable activity managed by JWC.

All amounts stated in Thousands of Euros (€'000), unless otherwise stated

2. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash held on deposit in financial institutions in instant access accounts.

	2013	2012 (adjusted)	2012 (as published)
Total Euro Accounts	33,152	15,017	18,338
Total non-Euro Accounts	29,352	24,658	25,164
	62,504	39,675	43,502

All non-Euro denominated currencies were converted to Euros using the NATO spot exchange rate for applicable currencies in the Statement of Financial Position as at 31 December 2013. The Euro account includes an amount of €248k which represents funds deposited by nations contributing to a voluntary national contribution fund operated by HQ SACT. Total deposits received by ACT during 2013 in relation to this fund amounted to €50k.

The increase in cash holdings is primarily due to the nations paying cash call contributions in full before the end of 2013. At the end of 2012 ACT was carrying a €13m receivable for unpaid contributions (Note 3 below).

3. RECEIVABLES

	2013	2012 (adjusted)	2012 (as published)
BC Contributions	0	13,042	13,042
Receivables	14,346	17,182	18,411
	14,346	30,224	31,453

As at 31 December 2013, ACT had received full settlement of the 2nd 2013 cash call and so no receivable is shown in the HQ SACT accounts. Non-cash call receivables were reduced during 2013 as reimbursable debts were collected.

4. PREPAYMENTS

The following prepayments were recorded:

	2013	2012 (adjusted)	2012 (as published)
Prepayments to 3rd Party Suppliers	480	104	152

Prepayments to third party suppliers relate to payments made in advance of goods or services rendered, which will reflect terms and conditions of a contract or agreement. Such prepayments are offset against final payments upon receipt of a final invoice.

All amounts stated in Thousands of Euros (€'000), unless otherwise stated

5. ADVANCES TO NON CONSOLIDATED ENTITIES

The following advances were made:

	2013	2012 (adjusted)	2012 (as published)
NATO Communication & Information Agency	4,000	4,226	4,226
Other advances	93	528	528
Total advances	4,093	4,754	4,754

As a result of NATO Agency reform, the long standing advance of $300k to the NATO CIS Services Agency (NCSA) was recovered from payments made during 2013.

6. ACCOUNTS PAYABLE

Accounts Payable is detailed below:

	2013	2012 (adjusted)	2012 (as published)
Suppliers	7,925	14,552	14,904
Staff Members	123	98	98
Non-Consolidated NATO Entities	12,242	3,008	3,008
Other payables	35	30	30
	20,324	17,688	18,040

The Accounts Payable in relation to Non-Consolidated NATO entities has increased significantly. This is primarily due to accruals, where a large number of goods and services were delivered by NATO entities but not invoiced until the following year.

7. UNEARNED REVENUE

Unearned revenue consists of contributions and other transfers received or receivable, but for which corresponding charges will be incurred after the reporting date. For the financial year ending 31 December 2013, €23.610m was attributable to BC Unearned Revenue (See Note 11).

An additional €1.215m is attributable to Other Unearned Revenue and this relates to funding that will be received from non consolidated sources.

All amounts stated in Thousands of Euros (€'000), unless otherwise stated

8. ADVANCE CONTRIBUTIONS

Advance Contributions correspond to cash called from the Nations for the following financial year and represent approximately 25% of the total ACT budget allocation.

	2013	2012 (adjusted)	2012 (as published)
Advance Contributions	35,897	35,269	35,269
Less Contributions Receivable	0	13,042	13,042
Advance Contributions actually received	35,897	22,227	22,227

As outlined in Note 3 above, at 31 December 2013, ACT had received full settlement of the 2nd 2013 cash call

9. CONTINGENT LIABILITY

Contingent liabilities have been established under the criteria of IPSAS 19, *Provisions, Contingent Liabilities and Contingent* Assets.

In the 2012 financial statements, ACT reported a contingent liability following a management review of the treatment of Cruise Leave at CMRE. This issue revolves around the earning of compensatory time off by CMRE staff while serving on their vessels at sea, which has been allowed to accumulate over the years. When the question of a "one time" payment was presented to the Budget Committee (BC) by the ACT Financial Controller, consensus could not be reached on a financial settlement to CMRE staff members (paragraph 2.6.6 of Budget Committee Decision Sheet BC-DS(2012)0061 refers). Consequently, it was the shared intention of ACT, CMRE, and STO to manage the liability over time, with employees taking time off until the balance of cruise leave days owed to them is exhausted.

With the transfer of the CMRE to the STO, it is ACT's view that this managed approach to the issue of Cruise Leave now becomes the responsibility of STO management.

10. NATIONS' EQUITY

The breakdown of Nations' Equity for 2013 is as follows.

Nations' Account	Total €'000
HQ SACT	0
JWC	0
JALLC	0
JFTC	0
Balance Carried Forward	0

All amounts stated in Thousands of Euros (€'000), unless otherwise stated

11. REVENUE

Revenue is recognised to the extent that it is probable that the economic benefit will flow to ACT and that such revenue can be measured reliably. Contributions, when called, are booked as an advance under unearned revenue and subsequently recognised as revenue when earned.

The following key revenue items are presented:

Recognised Revenue	**2013**	**2012 (adjusted)**	**2012 (as published)**
Assessment Calls/Contributions	118,011	111,616	111,616
NSIP Revenue	76	757	757
Charter/SWP Revenue			1,138
Other income	312	195	250

An analysis of ACT's cash receipts from Nations' is as follows:

	Euro ‘000	**USD ‘000**	**NOK ‘000**	**PLN ‘000**
Cash Receipt by currency during 2013	58,747	49,256	151,735	25,516
Amount in Euros (for comparison only)	58,747	37,082	19,338	6,048

Nations' contributions are set by the requirements of the Nations' cost shares, approved by the NAC. In this respect, the cash receipts in the table above represent the sums of money that Nations deposited on ACT bank accounts in relation to the two cash calls made by the NATO International Staff during 2013. Additionally, ACO transferred an amount of €1,946 to ACT during 2013. This related to the second 2012 cash call for the 157 Exercise budget, which included an advance for 2013. This Exercise budget was operated by ACT from 01 January 2013. ACT's end of year cash position reflects the fact that as per Note 3, the nations had settled all cash calls by 31 December 2013.

All amounts stated in Thousands of Euros (€'000), unless otherwise stated

Reconciliation of Revenue and Unearned Revenue:

Unearned Revenue - Opening Balance 1 January 2013 (31 December 2012 rate)		20,278
Unearned Revenue Translation adj 2012-2013	-382	
Advance Contributions from 2013	35,269	
Translation adjustment Adv Contributions	-606	
157 Budget Cash Received in 2013	1,946	
Contributions called and received in 2013	121,215	
Translation Adj Contributions Called 2013	-1,950	
Total Contributions		155,492
		175,770
Advance Contributions for 2014	-35,897	
Revenue recognised in 2013	-118,011	
Translation adjustment 31 Dec 13	1,748	
		-152,160
Unearned Revenue - Closing Balance at 31 December 2013		23, 610

12. REIMBURSABLE REVENUE AND EXPENSES

Reimbursable activity within ACT is comprised of two elements: activity undertaken between entities within the ACT consolidation group (inter-entity) and activity undertaken between the ACT group and a 3rd party (reimbursable). The inter-entity activity has been eliminated from the ACT consolidated accounts. That is to say that Revenue and Expenditure has only been recorded once in the accounts and not by both consolidating entities. In addition, the end of year asset and liability position between consolidating entities has also been balanced and removed.

With regard to 3rd party reimbursable activity some €14.1m of activity has been undertaken during 2013. The receivable in Note 3 includes €8.9m for invoices that still need to be prepared at the end of the financial year. For the majority of this amount, ACT has yet to receive and pay an invoice since the corresponding expenditure reflects accruals for goods and services provided. The receivable is necessary under the matching concept as the expense, although neither invoiced or paid, has been accrued due to the services already being delivered.

All amounts stated in Thousands of Euros (€'000), unless otherwise stated

13. CHAPTER EXPENSES

The expenditure shown in the Statement of Financial Performance has been calculated after charging the following main elements:

	2013	2012 (restated as per original)
Chapter 1		
Salaries & associated costs	24,250	37,612
Consultants	1,250	2,156
Training	570	614
Other	566	1,502
TOTAL	26,636	41,884

Chapter 2		
General support and Utility costs	5,983	7,510
Contractors	47,527	30,420
Travel and subsistence	10,142	8,883
AIS Support	23,430	16,754
Mission equipment costs	599	3,414
Communications	776	1,024
Training	1,375	222
Other	2	5
TOTAL	89,834	68,232

Chapter 3		
Mission Equipment Assets	1,068	1,441
AIS Capital & Investment	450	298
Communications Capital Investment	3	49
Building Infrastructures	0	48
Other	89	45
TOTAL	1,610	1,881

Expenses relating to contractors are reflected in Chapter 2 and reflects the Budget Committee guidance set out in paragraph 2.2.3 of MBC-M(2010)0039. The 56% increase in this category of expenditure reflects the move of CMRE from part of the ACT Consolidated Group to an external Agency as part of the NATO Agency Reform process. In 2013, ACT incurred €25.3m of expenditure relating to contractor services provided by CMRE. The other significant amount expensed by ACT in relation to contractor costs were payments made to NCIA. In 2013, these amounted to €19.8m.

In 2012, the staff costs of CMRE were charged to Chapter 1 as salary expenses. Starting in 2013, ACT does not directly fund CMRE staff costs. However, as the main customer for the CMRE products and services, ACT makes payment for services provided by CMRE and these are primarily charged to Chapter 2. This explains why ACT's Chapter 1 expenses reduced by 36.4% in 2013.

All amounts stated in Thousands of Euros (€'000), unless otherwise stated

14. STAFF RESOURCES

a) Analysis of staff costs - the aggregate staff costs, including grants and allowances paid, are detailed below. The 35.5% variation between 2012 and 2013 is due to the change in status of the CMRE as explained in Note 13 above.

	2013	2012 (adjusted)	2012 (as published)
Salaries of Civilian Staff	15,839	25,543	25,543
Allowances of Civilian Staff	4,494	6,451	6,451
Contributions to Health Insurance (c)	2,990	4,171	4,171
Contributions to Pension Funds (d)	927	1,448	1,448
	24,250	37,612	37,612

b) Analysis of staff numbers - the number of full-time equivalent persons employed as at 31 December 2013 was:

	HQ SACT	JWC	JFTC	JALLC
Military	475	164	84	36
Civilian	113	56	14	9
Local Wage Rate (LWR)	0	26	0	0
Total	588	246	98	45
Voluntary National Contributions	29	1	0	6
Partnership for Peace (PfP)	3	1	1	1
Overages in addition to VNC	2	1	0	0

c) Health Insurance - all civilian members of ACT are members of the NATO Health Insurance Scheme, providing sickness, maternity, accident, disablement and death benefits to staff members, their spouses and children. Staff members pay contributions of approximately 4% to 9% of gross salary, which are matched by contributions paid by SACT. For 2013 ACT contributions totalled €2.990m.

d) Contributions to Pension Funds

The NATO Defined Contribution Pension Scheme: came into effect on 1 July 2005 and provides for the communal investment of contributions in respect of civilian staff of ACT accorded international status under the NATO Charter. Staff pay contributions equivalent to 8% of their monthly basic salary, and ACT pays a 12% contribution. The assets and liabilities for this scheme are accounted for centrally at NATO Headquarters, located in Brussels, Belgium and are not recognised in these financial statements.

The NATO Provident Fund: is a scheme where contributions are invested in a managed account. Staff members make contributions representing 7% of their monthly basic salary, and ACT makes a contribution of 14% of the same monthly salary.

All amounts stated in Thousands of Euros (€'000), unless otherwise stated

The NATO Coordinated Pension Scheme: staff members make contributions representing 9% of their monthly salary.

Contributions are expensed during the year in which the services are rendered and represent the total pension obligation for ACT. Total pension contributions of ACT across the 3 schemes outlined above totalled €927k during 2013.

Untaken Leave

NATO regulations allow civilian staff to carry forward untaken leave days to the following year. The regulation stipulates that any days carried forward must be taken by 30 April of the following year or the leave days are forfeited. Carry forward beyond this date is only approved by the Human Resources Branch in exceptional circumstances. At the end of 2013, ACT civilian staff across all Headquarters carried forward 1,775 leave days. Although this represents a liability to the organisation, the number of days is consistent with previous years and the vast majority of days are taken by 30 April of the following year. In view of this fact, ACT does not recognise a liability in these financial statements.

15. NATO Security Investment Programme (NSIP) OVERVIEW

The following NSIP (being the source of funding for the construction assets) account values are contained in these financial statements as detailed in the table below:

	2013	2012 (adjusted)	2012 (as published)
Cash and Cash Equivalents	967	567	567
Advances and Prepayments	0	0	0
Payable	0	(99)	(99)
NSIP Unearned Revenue	(967)	(468)	(468)
Total Net Assets	0	0	0

The activity for ACT during 2013 is limited to contributions from the Nations (€576k); payments of €78k; exchange rate gain (€2k); and revenue recognized (€76k).

16. FINANCIAL INSTRUMENTS

All financial instruments to which ACT is a party are recognized in the financial statements.

Credit risk

In the normal course of business, ACT incurs credit risk from trade accounts receivable and transactions with banking institutions. ACT manages its exposure to credit risk by:

- holding bank balances and short-term deposits with registered banking institutions; and
- maintaining credit control procedures over receivables

The maximum exposure as at 31 December 2013 is equal to the total amount of bank balances, short-term deposits, and receivables disclosed in the Statement of

Financial Position. Receivables considered uncollectible have been adequately provided for. ACT does not require any collateral or security to support financial instruments and other receivables it holds due to the low risk associated with the realization of these instruments.

Currency risk
ACT operates separate bank accounts in US dollars (USD), Norwegian krone (NOK), Polish zloty (PLN) and Euros. ACT incurs currency risk as a result of the conversion of foreign currency balances held in these bank accounts to Euros as at 31 December 2013. The currency risk associated with this balance is considered minimal and therefore ACT does not hedge its foreign currency exposure. Foreign currency transactions are translated to Euro currency at exchange rates at the date of the transactions.

Interest rate risk
As ACT has no encumbered debt; no interest rate risk is identified.

Fair values
As at 31 December 2013, the carrying amounts approximate the fair values for all financial instruments held by ACT (2012: carrying amounts approximate the fair values).

17. RELATED PARTY TRANSACTIONS

Controlled Entities:
ACT controls the following reporting entities:
- Joint Warfare Centre (JWC)
- Joint Force Training Centre (JFTC)
- Joint Analysis and Lessons Learnt Centre (JALLC)

NATO is an organisation set up under the 1948 Washington Treaty. Those countries that were or have become parties to the Convention, the Member Nations, are regarded as related parties. ACT, as one of the two NATO Strategic Commands, has, during the year, had various material transactions with these Member Nations.

Key Management Personnel

The Key Management Personnel are defined as members of the Command Group who together constitute the governing body of ACT. Remuneration received by individuals has been in accordance with an individual's national military pay scale or in accordance NATO published salary scales. During the period, no key managerial staff or other related parties has undertaken any material transactions with ACT during the year.

All amounts stated in Thousands of Euros (€'000), unless otherwise stated

18. BUDGET EXECUTION STATEMENTS OVERVIEW

Exchange Rates applicable to Budget Execution Statement:

Year	Initial Authorisation	Mid-Yr Authorisation	Final Authorisation	Net Commitment	Actual Expenses	Carry Forward
2013	Sep 12[1]	Sep 12	Sep 12	Dec 13[2]	Ave 13[3]	Dec 13
2012/11	Dec 11[4]	Dec 12	Dec 12	Dec 13[2]	Ave 13[3]	Dec 13

[1] Rate used in 2012 Budget authorisation
[2] Rate used to revalue outstanding commitments at year end prior to rolling forward to 2013
[3] Rate used in determining expenditure throughout the year
[4] Rate used to bring forward commitments remaining at year end 2012

Expenditure Reconciliation: Budget Execution Statement / Statement of Financial Performance. IPSAS 24 requires a reconciliation of Budget Execution Statement data with the expenses recorded in the Statement of Financial Performance. The expenditure data is in the currency of the budget and then translated using an average exchange rate for the year.

Expenditure recorded in Statement of Financial Performance:

Chapter 71	26,636	
Chapter 72	89,834	
Chapter 73	1,610	
Total Expenditure		118,080

Financial Expenditure recorded in Budget Execution Statements:

Budget 201	17,654	
Budget 242	3,024	
Budget 252	2,884	
Budget 255	20,285	
Budget 256	5,837	
Budget 257	18,727	
Budget 258	44,738	
Budget 259	4,931	
		118,080

At the start of 2013, ACT loaded its initial Budget code 259 to record commitments and expenses against the ACT Exercise Budget (the Exercise Budget was previously part of the ACO Chart of Accounts). This is why there are no lapses recorded in this budget for prior years.

IPSAS 24. This Standard requires reconciliation between Budget Execution Statements and actual amounts presented in the financial statements where the financial statement and budget are not prepared on a comparable basis. Whilst the table above reconciles the actual expenses recorded in ACT's Budget Execution Statements and the Statement of Financial Performance, the remainder of the Budget Execution Statements is prepared using a different basis. The Statements of Financial Position, Financial Performance, Changes in Net Assets and Statement of Cash Flow are prepared on a full accrual basis, whereas the Budget Execution Statements, apart from "actual expenses," are prepared on a commitment accounting basis.

All amounts stated in Thousands of Euros (€'000), unless otherwise stated

Budgetary Lapses

Lapses recorded on the Budget Execution Statement have a value of €5.674m. This figure is generated as a direct result of the exchange rates. Lapses occur in the original currency in which the budget was approved by the BC.

Budget Code	Budget Currency	Value of Lapse in Budget Currency (figures shown as complete amounts)				Value of Lapse in Euro (Average Rate of Exchange)
		2011	**2012**	**2013**	**Total**	
201	USD	173	360	570	1,103	**830**
242	EUR	145	746	0	891	**891**
252	EUR	0	4	30	34	**34**
255	NOK	474	1,362	463	2,299	**293**
256	PLN	187	355	166	708	**168**
257	USD	367	322	1,887	2,576	**1,939**
258	EUR	89	32	196	317	**317**
259	EUR	0	0	1,201	1,201	**1,201**
						5,674

19. STATEMENT OF BUDGETARY TRANSFERS

In accordance with the NATO Financial Regulations (NFRII Article 10 – FRP X c 3) budgetary transfers are recorded on the face of the accounts. All transfers were executed between budgets at the Sept 2012 rate of exchange. The totality of transfers undertaken in 2013 do not breach the authorised Budget Authority outlined in BC-BA(2013)003 dated 07 November 2013.

20. STATEMENT OF CREDITS CARRIED FORWARD

As required by the NATO Financial Regulations, credits committed and carried forward are separately disclosed by budget and by year in the Budget Execution Statements. The Budget Committee authorised ACT to make an exceptional carry forward of €2.9m - BC-DC(2013)0056 refers. This authorisation was to support the NATO-Wide Cyber Defence education program in 2014.

21. IPSAS DISCLOSURES

There are IPSAS Standards that are not relevant to ACT and there are Standards that require compliance in future years. ACT can provide the following overview:

IPSAS 27 (Agriculture) - ACT undertakes no activity covered by Standard 27

IPSAS 31 (Intangible Assets) - This Standard is also modified by the Adapted Accounting Framework in a similar way to IPSAS 17, PP&E. Any intangible assets purchased prior to 01 January 2013 can be treated as fully expensed. ACT did not purchase any intangible assets during 2013 as covered by IPSAS 31.

ACT management is reviewed the applicability of Standards 28, 29, & 30:

IPSAS 28 (Financial Instruments - Presentation) - compliance with this Standard was due on or after 01 January 2013. All financial instruments are recognized in the statement of financial position at their fair values.

IPSAS 29 (Financial Instruments - Recognition & Measurement) - compliance with this Standard was due on or after 01 January 2013. All financial instruments are recognized in the statement of financial position at their fair values.

IPSAS 30 (Financial Instruments - Disclosure) - compliance with this Standard was due on or after 01 January 2013. All financial instruments are recognized in the statement of financial position at their fair values.

22. MORALE & WELFARE ACTIVITIES

Under the NAC approved NATO Adapted Accounting Framework implemented with effect from 01 January 2013, NATO entities should capture financial information in support of morale and welfare activities by way of a note disclosure to the financial statements and not consolidated in the financial statements.

ACT submitted MWA financial information for all Headquarters to the Budget Committee under cover of reference BC-D(2014)0062 505 dated 29 April 2014.

23. STATEMENT OF WRITE-OFF

A statement of write off will be sent under separate cover to the Budget Committee.

24. STATEMENT OF PERFORMANCE AND POSITION PER ENTITY

The tables on the following pages show the Statements of Position and Performance of the ACT Headquarters that are part of the consolidated group. There is also a table showing the entries made on consolidation.

For the year ended 31 December 2013
Amounts in EUR

STATEMENT OF FINANCIAL POSITION PER HEADQUARTER

	HQ SACT			JWC			JFTC		
	2013	2012	Difference	2013	2012	Difference	2013	2012	Difference
Current Assets									
Total Cash & Cash Equivalents	47,729,884	25,087,968	22,641,916	8,784,162	7,667,206	1,116,956	4,167,249	391,943	3,775,306
Receivables	12,740,815	15,106,666	(2,365,852)	1,747,945	1,799,847	(51,902)	266,150	310,048	(43,898)
BC contribution receivables	0	13,042,039	(13,042,039)						
Total Advances & Prepayments	462,270	11,945	450,325	11,776	22,300	(10,524)	3,328	20,287	(16,959)
Advance to Consoliated Entity	1,350,336	0	1,350,336						
Adances to Non Consolidated Entities	4,000,000	4,226,415	(226,415)	85,996	94,026	(8,031)	7,125		7,125
Total Current Assets	66,283,305	57,475,033	8,808,272	10,629,879	9,583,379	1,046,500	4,443,852	722,278	3,721,574
Liabilities									
Payables	(16,400,081)	(14,163,580)	(2,236,501)	(4,289,497)	(1,690,254)	(2,599,243)	(965,490)	(399,661)	(565,829)
Unearned Revenue	(20,085,829)	(12,952,024)	(7,133,805)	(1,423,234)	(2,262,095)	838,862	(1,911,840)	(322,618)	(1,589,222)
Other Unearned Revenue	(247,413)	(568,707)	321,293						
Advance Contributions	(29,549,982)	(29,774,114)	224,133	(4,801,344)	(5,494,504)	693,160	(1,545,191)	0	(1,545,191)
Other Advances	0	(16,608)	16,608	(115,804)	(136,525)	20,721	(21,331)	0	(21,331)
Total Liabilities	(66,283,305)	(57,475,033)	(8,808,272)	(10,629,879)	(9,583,379)	(1,046,500)	(4,443,852)	(722,278)	(3,721,574)
Total Net Assets	0	0	0	0	0	0	0	0	(0)
Net Assets and Equity									
Surplus for the Period	0	0	0	0	0	0	0	0	0
Accumulated Surplus Bf	0	0	0	0	0	0	0	0	0
Total Accumulated Surplus Cf	0	0	0	0	0	0	0	0	0
Unrealised Translation I-E Gain on consolidation	0	0		0	0	0	0	0	0
Total Equity	0	0	0	0	0	0	0	0	0

For the year ended 31 December 2013
Amounts in EUR

STATEMENT OF FINANCIAL POSITION PER HEADQUARTER

	JALLC			NSIP			CMRE 230SOB			Total	Consolidation Postings	Published
	2013	2012	Difference	2013	2012	Difference	2013*	2012	Difference	2013		2013
Current Assets												
Total Cash & Cash Equivalents	705,256	331,521	373,735	967,452	566,993	400,459		5,629,725	(5,629,725)	62,354,003	150,000	62,504,003
Receivables	319,872	197,317	122,555					380,131	(380,131)	15,074,782	(729,056)	14,345,726
BC contribution receivables								9,594	(9,594)			
Total Advances & Prepayments	3,190	39,922	(36,732)					434,170	(434,170)	480,564		480,564
Advance to Consoliated Entity										1,350,336	(1,350,336)	0
Adances to Non Consolidated Entities										4,093,121		4,093,121
Total Current Assets	1,028,318	568,760	459,558	967,452	566,993	400,459	0	6,453,620	(6,453,620)	83,352,806	(1,929,392)	81,423,414
Liabilities												
Payables	(839,450)	(359,477)	(479,973)	0	(99,343)	99,343	0	(1,922,148)	1,922,148	(22,494,519)	1,929,392	(20,565,127)
Unearned Revenue	(188,868)	(209,283)	20,415					(4,531,472)	4,531,472	(23,609,771)		(23,609,771)
Other Unearned Revenue				(967,452)	(467,650)	(499,802)				(1,214,865)		(1,214,865)
Advance by Consoliated Entity												
Advance Contributions										(35,896,517)		(35,896,517)
Other Advances										(137,135)		(137,135)
Miscellaneous Liabilities												
Total Liabilities	(1,028,318)	(568,760)	(459,558)	(967,452)	(566,993)	(400,459)	0	(6,453,620)	6,453,620	(83,352,806)	1,929,392	(81,423,414)
Total Net Assets	0	0	0	0	0	0	0	0	0	(0)	0	(0)
Net Assets and Equity												
Surplus for the Period	0	0	0	0	0	0	0	0	0	0	0	0
Accumulated Surplus Bf	0	0	0	0	0	0	0	0	0	0	0	0
Total Equity	0	0	0	0	0	0	0	0	0	0	0	0

* CMRE financial data for 2013 is reported in the financial statements of the STO organisation. Any residual assets and liabilities are included as part of the HQ SACT data in 2013

For the year ended 31 December 2013
Amounts in EUR

STATEMENT OF FINANCIAL PERFORMANCE PER HEADQUARTER

	HQ SACT			**JFTC**			**JWC**			
	2013	2012	Difference	2013	2012	Difference	2013	2012 (restated)	2012 (as published)	Difference (to restated)
Total Revenue	(98,505,407)	(69,225,825)	(29,279,581)	(8,333,753)	(7,985,153)	(348,599)	(22,478,623)	(21,829,533)	(24,366,232)	(649,090)
Total Expenses	98,505,407	69,225,825	29,279,581	8,333,753	7,985,153	348,599	22,478,623	21,829,533	24,366,232	649,091
End of Year Result	0	0	0	0	0	(0)	0	0	0	0

	JALLC			**NSIP**			**CMRE 230SOB**			**Published**	**Consolidation**
	2013	2012	Difference	2013	2012	Difference	2013*	2012	Difference	2013	**Postings**
Total Revenue	(3,395,956)	(3,033,811)	(362,145)	(84,315)	(757,781)	673,465		(27,510,584)	27,510,584	(132,798,054)	13,486,796
Total Expenses	3,395,956	3,033,811	362,145	84,315	757,781	(673,465)		27,510,584	(27,510,584)	132,798,054	(13,486,796)
End of Year Result	0	(0)	0	(0)	0	(0)	0	0	0	0	(0)

* CMRE financial data for 2013 is reported in the financial statements of the STO organisation. Any residual assets and liabilities are included as part of the HQ SACT data in 2013

Note: inter entity revenue and expenses have been removed from the originating entity (mainly HQ SACT) and are shown at the subordinate level. IPSAS 18 applies.

Statement of Position

	Inter-Entity Adjustments
Assets	
Current Assets	
Cash and Cash Equivalents	150,000
Receivables	(729,056)
Prepayments	(1,200,336)
Advance to Consoliated Entity	(150,000)
Total Current Assets	(1,929,392)
Liabilities	
Payables	1,929,392
Total Liabilities	1,929,392
Net Assets	0

Statement of Performance

	Inter Entity Adjustments
Revenue	
Operating revenue	11,987,879
Inter Entity Revenue	1,675,190
Total Revenue	13,663,068
Expenses	
Inter Entity Expenses	(13,663,068)
Total Expenses	(13,663,068)