NATO SANS CLASSIFICATION
Communicable au Monténégro

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RAPPORT DU COLLÈGE INTERNATIONAL DES COMMISSAIRES AUX COMPTES DE L'OTAN SUR LA VÉRIFICATION DES ÉTATS FINANCIERS DU SECRÉTARIAT INTERNATIONAL (SI) POUR 2014

SUITE DONNÉE

Le 26 août 2016, au terme d'une procédure d'accord tacite, le Conseil a pris note du rapport de l'IBAN diffusé sous la cote IBA-AR(2015)34 et a approuvé les recommandations du RPPB, y compris celle visant la communication au public.

(signé) Alexander Vershbow
Secrétaire général délégué

NOTES : 1. La présente note fait partie du C-M(2016)0046 (INV) et doit être placée en tête de ce document.

2. La présente note doit être considérée comme « NATO SANS CLASSIFICATION » lorsqu'elle n'est pas jointe au document auquel elle se rapporte.

NATO SANS CLASSIFICATION
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RAPPORT DU COLLÈGE INTERNATIONAL DES COMMISSAIRES AUX COMPTES DE L'OTAN SUR LA VÉRIFICATION DES ÉTATS FINANCIERS DU SECRÉTARIAT INTERNATIONAL (SI) POUR 2014

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 du Secrétariat international (SI) pour l'exercice clos le 31 décembre 2014.

2. L'IBAN a émis une opinion avec réserve sur les états financiers 2014 du SI et une opinion sans réserve sur leur conformité avec le Règlement financier de l'OTAN et le Règlement du personnel civil de l'OTAN. La réserve s'explique par la non-conformité avec le cadre comptable OTAN. L'entrée en service du système de planification des ressources d'entreprise (ERP) devrait solutionner un grand nombre des problèmes que rencontre le SI en matière de conformité avec le cadre comptable OTAN, même s'il est probable que certains persisteront pendant plusieurs années encore, avant que les avantages associés à l'ERP se concrétisent pleinement[1].

3. Le rapport de l'IBAN a été examiné par le Bureau de la planification et de la politique générale des ressources, qui a lui-même établi un rapport (annexe 1), dans lequel il formule des conclusions et des recommandations à l'intention du Conseil.

4. J'estime que ce rapport ne nécessite pas d'examen plus approfondi. En conséquence, **sauf avis contraire me parvenant d'ici au vendredi 26 août 2016 à 16 heures**, je considérerai que le Conseil aura pris note du rapport de l'IBAN diffusé sous la cote IBA-AR(2015)34 et qu'il aura approuvé les recommandations du RPPB, y compris celle visant la communication au public.

(signé) Alexander Vershbow

4 annexes
1 pièce jointe

Original : anglais

1 PO(2016)0542 (INV).

RAPPORT DU COLLÈGE INTERNATIONAL DES COMMISSAIRES AUX COMPTES DE L'OTAN SUR LA VÉRIFICATION DES ÉTATS FINANCIERS DU SECRÉTARIAT INTERNATIONAL (SI) POUR L'EXERCICE 2014

Rapport du Bureau de la planification et de la politique générale des ressources (RPPB)

Références :

(a) IBA-A(2015)207 // IBA-AR(2015)34

(b) BC-D(2016)0030

Rappel des faits

1. Dans le présent rapport, le Bureau de la planification et de la politique générale des ressources (RPPB) formule des observations et des recommandations concernant le rapport du Collège international des commissaires aux comptes de l'OTAN (IBAN) cité en référence (a).

2. Le rapport du RPPB tient pleinement compte de l'analyse du rapport de l'IBAN à laquelle a procédé le Comité des budgets dans le document cité en référence (b).

Examen de la question

3. Le RPPB note que l'IBAN a émis une opinion avec réserve sur les états financiers 2014 du Secrétariat international (SI) en raison de leur non-conformité avec le cadre comptable OTAN[2] dans les domaines de la comptabilité d'exercice et de l'évaluation des stocks, ainsi qu'une opinion sans réserve sur la conformité avec le Règlement financier de l'OTAN (NFR)[3] et avec le Règlement du personnel civil (RPC). Toutefois, à l'exception des effets possibles de l'absence de recensement systématique des charges à payer en fin d'exercice, l'IBAN considère que la situation financière, la performance financière et les flux de trésorerie du SI au 31 décembre 2014 ont, à tous égards significatifs, été présentés de manière fidèle, conformément au cadre comptable OTAN.

3.1. Le RPPB prend note du rapport du Comité des budgets dans lequel ce dernier indique qu'une opinion avec réserve sur les états financiers de 2014 était attendue. L'entrée en service du système de planification des ressources d'entreprise (ERP) solutionnera un grand nombre des problèmes que rencontre le SI en matière de conformité avec le cadre comptable OTAN, même s'il est probable que certains persisteront pendant plusieurs années encore, avant que les avantages associés à l'ERP se concrétisent pleinement. Cela

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2 C-M(2016)0023.
3 C-M(2015)0025.

étant, le RPPB prend note de l'amélioration constante de l'établissement des états financiers du SI ainsi que des efforts que le SI continue de déployer en vue de respecter le cadre comptable OTAN.

4. Trois observations ont été formulées par l'IBAN, dont deux – non-conformité avec les principes de la comptabilité d'exercice et de l'évaluation des stocks énoncés dans le cadre comptable OTAN et retards dans l'établissement des états financiers – ont été pleinement traitées par les pays dans le cadre du rapport sur la vérification des états financiers 2013 rectifiés du SI[4]. La troisième observation, nouvelle par rapport aux audits précédents, a trait à la fonction d'audit interne et au fait que celle-ci n'est pas conforme au nouveau NFR. Ce dernier n'était pas en vigueur en 2014, mais le RPPB note, sur la base du rapport du Comité des budgets, que des travaux ont déjà été entrepris par le SI, qui pourraient régler cette question dans le cadre de l'audit 2015.

4.1. Le SI a fait des progrès sur la voie du règlement des questions ayant fait l'objet d'observations au cours de précédents audits puisqu'une suite a été donnée à quatre des dix observations qui subsistaient. Les quatre questions encore en souffrance devraient être réglées d'ici à la fin de 2016. Le RPPB continuera d'assurer le suivi de ces questions.

5. Le RPPB note que le contrôleur des finances du SI a examiné les états financiers au regard des politiques agréées[5] et que ce dernier estime qu'aucune des catégories d'interdiction OTAN concernant la communication au public de ces états financiers n'est applicable[6].

Conclusions du RPPB

6. Le RPPB note que l'IBAN a émis une opinion avec réserve sur les états financiers 2014 du Secrétariat international (SI) et une opinion sans réserve sur la conformité. Sur la base des contributions des parties prenantes, le RPPB conclut que l'entrée en service du système ERP solutionnera un grand nombre des problèmes que rencontre le SI en matière de conformité avec le cadre comptable OTAN, même s'il est probable que certains persisteront pendant plusieurs années encore, avant que les avantages associés à l'ERP se concrétisent pleinement.

7. Le RPPB considère que le SI a fait des progrès sur la voie du règlement des questions ayant fait l'objet d'observations au cours de précédents audits et que les quatre questions encore en souffrance devraient être réglées d'ici à la fin de 2016. Le RPPB continuera d'assurer le suivi de ces questions.

8. Enfin, le RPPB estime que le rapport de l'IBAN ne contient pas d'informations qui, en vertu de la politique relative à la mise en lecture publique de l'information OTAN[7], ne peuvent être rendues publiques et, conformément à la politique agréée dans le PO(2015)0052, il recommande par conséquent que le Conseil approuve la communication au public de ce rapport et des états financiers correspondants.

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4 C-M(2015)0057.
5 C-M(2008)0116 ; AC/324-D(2014)0010-REV1 et PO(2015)0052.
6 FC(2015)107, du 24 juillet 2015.
7 C-M(2008)0116 ; AC/324-D(2014)0010-REV1.

Recommandations du RPPB

9. Le RPPB recommande au Conseil :

(a) de prendre note du rapport de l'IBAN diffusé sous la cote IBA-AR(2015)34 ainsi que du présent rapport ;

(b) d'entériner les conclusions figurant aux paragraphes 6 à 8 du présent rapport ;

(c) d'inviter le SI à appliquer les recommandations de l'IBAN ;

(d) de noter que les comités chargés des ressources continueront d'assurer le suivi des observations formulées lors des audits ;

(e) d'accepter que, en vertu de la politique agréée dans le PO(2015)0052, les états financiers 2014 du SI et le rapport de l'IBAN correspondant (IBA-AR(2015)34) soient communiqués au public.

**Note succincte
du Collège international des commissaires aux comptes de l'OTAN
à l'intention du Conseil
sur la vérification des états financiers du Secrétariat international
pour l'exercice clos le 31 décembre 2014**

Le Secrétariat international (SI) assiste le Conseil de l'Atlantique Nord et ses comités dans leurs travaux. Il comptait 1 110 agents à la fin de 2014, et sa dotation budgétaire pour 2014 s'élevait à 227 millions d'euros (MEUR) au total, dont 189 MEUR de nouveaux crédits autorisés pour 2014.

Le Collège a émis une opinion avec réserve sur les états financiers 2014 du SI parce que ce dernier n'a pas systématiquement recensé les charges à payer en fin d'exercice.

Le Collège a néanmoins pu établir que les opérations financières et les informations présentées dans les états financiers étaient, à tous égards significatifs, conformes aux dispositions du Règlement financier de l'OTAN (NFR) et du Règlement du personnel civil de l'OTAN (RPC).

À l'issue de l'audit, le Collège a formulé trois observations et quatre recommandations. Ces constatations sont récapitulées dans la lettre d'observations et de recommandations (annexe 4).

Les principales constatations sont les suivantes :

1. Non-conformité des états financiers avec le cadre comptable OTAN

2. Nécessité de réviser la charte régissant la fonction d'audit interne

3. Retards dans le processus d'établissement et d'examen des états financiers.

18 décembre 2015

OPINION SUR LA VÉRIFICATION DES ÉTATS FINANCIERS

DU SECRÉTARIAT INTERNATIONAL

(SI)

POUR L'EXERCICE CLOS LE 31 DÉCEMBRE 2014

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 du Secrétariat international (SI), composés de l'état de la situation financière au 31 décembre 2014 et de l'état de la performance financière, de l'état des variations de la situation nette et du tableau des flux de trésorerie pour l'exercice clos à cette date, ainsi que d'un résumé des méthodes comptables importantes et de diverses notes explicatives. Le Collège a également vérifié l'état de l'exécution du budget pour l'exercice clos le 31 décembre 2014.

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 qu'ils donnent une image fidèle de la situation de l'entité.

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 avec réserve.

Justification de l'opinion avec réserve émise sur les états financiers

Le SI n'a pas systématiquement recensé les charges à payer en fin d'exercice. Les charges présentées dans l'état de la performance financière correspondent aux engagements budgétaires et non aux charges à payer. Le fait que ces charges ne soient pas systématiquement recensées se répercute sur les soldes inscrits dans l'état de la performance financière sous les rubriques Coûts de fonctionnement, Dépenses d'équipement, Programmes et subventions et Produits des opérations sans contrepartie directe ainsi que dans l'état de la situation financière sous les rubriques Montants à payer et Produits non acquis. Les montants de 2013 présentés pour comparaison s'en trouvent affectés également.

Comme le SI n'a pas recensé toutes les charges à payer, il est difficile de déterminer l'ampleur exacte des erreurs. Les effets possibles d'erreurs qui n'auraient pas été détectées sur les soldes des Coûts de fonctionnement, des Dépenses d'équipement et des Programmes et subventions ainsi que sur les soldes correspondants des Produits des opérations sans contrepartie directe, des Montants à payer et des Produits non acquis pourraient être significatifs mais ils n'affectent pas l'ensemble des états financiers.

Par ailleurs, le tableau des flux de trésorerie ne présente pas les flux de trésorerie relatifs aux activités d'investissement, ces derniers étant présentés comme des flux de trésorerie relatifs aux activités de financement. Cette erreur de classification n'influe pas sur le montant net des flux de trésorerie de 2014, mais elle a une incidence significative sur la présentation des flux de trésorerie relatifs aux activités d'investissement et sur celle des flux de trésorerie relatifs aux activités de financement.

Opinion avec réserve sur les états financiers

L'opinion du Collège est que, à l'exception des effets possibles des questions évoquées au paragraphe précédent, les états financiers donnent, à tous égards significatifs, une image fidèle, conforme au cadre comptable OTAN, de la situation financière du SI au 31 décembre 2014, 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 sont, à tous égards significatifs, conformes au Règlement financier de l'OTAN et au Règlement du personnel civil de l'OTAN.

Bruxelles, le 18 décembre 2015

Lyn Sachs
Présidente

18 décembre 2015

LETTRE D'OBSERVATIONS ET DE RECOMMANDATIONS

CONCERNANT LE SECRÉTARIAT INTERNATIONAL

(SI)

POUR L'EXERCICE CLOS LE 31 DÉCEMBRE 2014

Introduction

Le Collège international des commissaires aux comptes de l'OTAN a procédé à la vérification des états financiers du Secrétariat international (SI) pour l'exercice clos le 31 décembre 2014, et il a émis une opinion avec réserve à leur sujet, ainsi qu'une opinion sans réserve sur la conformité.

Observations et recommandations

À l'issue de l'audit, le Collège a formulé trois observations et quatre recommandations, qui peuvent être récapitulées comme suit :

Une observation a une incidence sur l'opinion formulée au sujet des états financiers :

1. Non-conformité des états financiers avec le cadre comptable OTAN

Les autres observations n'ont pas d'incidence sur l'opinion émise :

2. Nécessité de réviser la charte régissant la fonction d'audit interne

3. Retards dans le processus d'établissement et d'examen des états financiers.

Le Collège a également fait le point sur la suite donnée aux questions ayant fait l'objet d'observations lors d'audits précédents et il a constaté que quatre 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 2014 et que cinq attendaient toujours d'être réglées.

OBSERVATIONS ET RECOMMANDATIONS

1. NON-CONFORMITÉ DES ÉTATS FINANCIERS AVEC LE CADRE COMPTABLE OTAN

Contexte

1.1 Le cadre comptable OTAN se fonde sur les principes de la comptabilité d'exercice. Toutes les entités OTAN doivent se conformer à ce cadre.

Constatations

1.2 Comme indiqué dans les états financiers, les lacunes que présente son système comptable ont empêché le SI de produire des états financiers qui respectent pleinement les principes de la comptabilité d'exercice, d'où leur non-conformité avec le cadre comptable OTAN. Le Collège note que des progrès ont été accomplis et que, désormais, les états financiers du SI sont davantage en accord avec les principes de la comptabilité d'exercice, même s'ils ne le sont pas encore tout à fait.

1.3 Le SI n'a pas systématiquement recensé les charges à payer en fin d'exercice. En effet, les charges figurant dans l'état de la performance financière correspondent aux engagements budgétaires et non aux charges à payer. Toutefois, les charges figurant dans l'état de l'exécution du budget correspondent aux paiements effectués en 2014, ajustés dans une certaine mesure pour tenir compte des montants restant à payer en fin d'exercice.

1.4 Le fait que les charges à payer ne soient pas systématiquement recensées se répercute principalement sur les soldes inscrits dans l'état de la performance financière sous les rubriques Coûts de fonctionnement, Dépenses d'équipement et Programmes et subventions ainsi que dans l'état de la situation financière sous les rubriques Produits des opérations sans contrepartie directe, Montants à payer et Produits non acquis. On n'observe en revanche pas de différence significative pour ce qui concerne les Dépenses de personnel.

1.5 Comme le SI n'a pas recensé toutes les charges à payer, il est difficile de déterminer l'ampleur exacte des erreurs. Les effets possibles d'erreurs qui n'auraient pas été détectées sur les soldes des Coûts de fonctionnement, des Dépenses d'équipement et des Programmes et subventions ainsi que sur les soldes correspondants présentés au titre des Produits des opérations sans contrepartie directe, des Montants à payer et des Produits non acquis pourraient être significatifs.

1.6 Le Collège a été informé que la pleine conformité avec le cadre comptable OTAN était attendue pour l'exercice 2015 puisqu'un nouveau système de comptabilité a été implémenté au début de 2015, dans le cadre du système de planification des ressources d'entreprise (ERP).

1.7 Par ailleurs, la valeur des stocks est erronée car elle n'a pas été calculée selon la méthode d'évaluation prescrite dans le cadre comptable OTAN du fait des limites inhérentes au système de gestion des stocks en usage (voir note 7 des états financiers du SI). Qui plus est, le SI ne dispose pas d'un module Immobilisations corporelles ni d'inventaires valables en la matière qui auraient été reconstitués rétrospectivement en juin/juillet 2015.

Recommandation

1.8 Le nouveau système de comptabilité étant en place en 2015, le SI devrait parvenir à se conformer pleinement au cadre comptable OTAN, notamment grâce à l'amélioration des méthodes comptables et de l'information communiquée. Le SI devrait également veiller à ce que les modules Immobilisations corporelles et Gestion des stocks soient bien implémentés afin de pouvoir suivre et enregistrer correctement les immobilisations corporelles et les stocks.

Commentaire du SI

Le SI souscrit à la recommandation. Le SI constate avec satisfaction que le Collège prend note des progrès accomplis et du fait que, désormais, les états financiers du SI sont davantage en accord avec les principes de la comptabilité d'exercice. Les travaux se poursuivront, avec notamment l'implémentation en 2016 des modules Immobilisations corporelles et Gestion des stocks.

2. NÉCESSITÉ DE RÉVISER LA CHARTE RÉGISSANT LA FONCTION D'AUDIT INTERNE

Contexte

2.1 Conformément à l'article 13.2 de la version révisée du Règlement financier de l'OTAN (NFR), applicable depuis 2015, tous les organismes OTAN doivent disposer d’une fonction d’audit interne permanente, dotée de ressources suffisantes et exercée conformément aux normes d’audit interne reconnues au niveau international. Par ailleurs, les rapports d’audit interne sont soumis à la commission consultative sur l'audit compétente pour examen.

2.2 Selon la charte actuelle du Service Audit interne du SI, datée du 7 mars 2007, le Service Audit interne est principalement au service du contrôleur des finances du SI, à qui il fait rapport.

Constatations

2.3 Le Collège a constaté que la charte actuelle du Service Audit interne, datée du 7 mars 2007, avait été approuvée par le contrôleur des finances du SI. La charte n'a pas été approuvée par le secrétaire général ni par aucun comité de l'OTAN.

2.4 Par ailleurs, le Service Audit interne est principalement au service du contrôleur des finances du SI, à qui il fait rapport, et il relève, sur le plan organisationnel, du Bureau du contrôle financier du SI. Qui plus est, les rapports d'audit sont soumis au contrôleur des finances du SI. Cette pratique n'est pas conforme aux normes internationales relatives à l'audit interne.

2.5 Le Collège est conscient que le Service Audit interne travaille en ce moment à l'établissement d'un nouveau mandat, qu'il soumettra à l'approbation du secrétaire général.

Recommandation

2.6 Le Collège recommande au SI de veiller à ce qu'un nouveau mandat pour le Service Audit interne soit établi conformément à la version révisée du NFR et aux normes internationales et à ce qu'il soit approuvé dès que possible par l'autorité compétente. Le mandat devra définir des lignes hiérarchiques appropriées et garantir l'indépendance du Service Audit interne sur le plan organisationnel. Par ailleurs, une commission consultative sur l'audit devrait être mise en place.

Commentaire du SI

Dans ses constatations, le Collège fait référence à une version du Règlement financier qui n'était pas en vigueur durant l'exercice considéré, à savoir 2014. La situation décrite est conforme aux documents approuvés par le Conseil et aux recommandations antérieures du Collège.

Dans le C-M(2009)0152 (« La fonction d'audit interne à l'OTAN »), à l'appendice 1 de l'annexe 1, le projet de mandat pour l'audit interne prévoit que « l'auditeur interne agit sous l'autorité du contrôleur des finances ou de la haute direction. Lorsque l'organisation de l'audit interne est confiée au contrôleur des finances, l'accès à la haute direction ne saurait être refusé pour des questions importantes ou qui ne relèvent pas de la compétence du contrôleur des finances ».

Dans l'IBA-C(2011)07 (« Rapport spécial du Collège à l'intention du Conseil sur l'état d'avancement de la mise en œuvre de ses recommandations relatives à la fonction d'audit interne à l'OTAN »), page 2-4, le Collège a constaté que tous les auditeurs internes des entités sur lesquelles portait son examen avaient un accès direct à la haute direction. Le Collège a également indiqué avoir constaté « avec *regret » que dans un organisme OTAN spécifique, le service Audit interne « ne sera[it] plus sous l'autorité directe du contrôleur des finances ».*

Un projet de mandat pour l'audit interne a été établi pour approbation.

Position du Collège

Le Collège note qu'un nouveau mandat pour l'audit interne a été établi pour approbation, lequel garantira le respect du nouveau Règlement financier de l'OTAN.

3. RETARDS DANS LE PROCESSUS D'ÉTABLISSEMENT ET D'EXAMEN DES ÉTATS FINANCIERS

Contexte

3.1 Conformément à l'article 27 du NFR, les états financiers annuels sont publiés au plus tard le 30 avril suivant la fin de l'exercice financier. À compter de l'exercice 2015, les états financiers doivent être présentés au plus tard le 31 mars.

Constatations

3.2 La publication des états financiers 2014 du SI a accusé un important retard : ils ont été publiés le 24 juillet 2015, soit près de trois mois après la date impartie.

3.3 Par ailleurs, en l'absence d'un chef comptable, le contrôleur des finances du SI s'investit trop dans l'établissement des états financiers. Leur élaboration repose totalement sur ses épaules.

3.4 Le Collège a également constaté qu'en raison de l'absence de procédures écrites pour l'établissement des états financiers, seul un petit nombre d'agents clés sont au courant de la manière dont les données chiffrées sont extraites et préparées, s'agissant par exemple des immobilisations corporelles. En l'absence de ces agents clés, l'accès aux informations sur la manière dont certaines données chiffrées sont extraites est limité. Cela fait peser un risque significatif sur la piste de vérification ainsi que sur les contrôles internes.

Recommandations

3.5 Le Collège recommande de mettre en place des procédures internes solides qui définissent les responsabilités, les exigences et les échéances internes associées à l'établissement des états financiers, le but étant de faire en sorte que ceux-ci soient publiés dans les délais impartis par le NFR.

3.6 Par ailleurs, le Collège recommande au SI d'élaborer des procédures solides pour le recensement, la saisie et le suivi des dépenses relatives aux immobilisations corporelles et incorporelles ainsi qu'aux stocks tout au long de l'exercice. Le SI devrait veiller à ce que le système ERP soit doté d'un module Immobilisations qui lui permette d'enregistrer les immobilisations corporelles et incorporelles ainsi que les stocks, et à ce que soit assurée une coordination efficace avec les divisions du SI tenant actuellement un registre d'inventaire. Le Collège a été informé que le SI implémentera un module Immobilisations en 2016.

Commentaire du SI

Le SI souscrit à ces recommandations.

La production des états financiers est un travail collectif, auquel prennent part d'autres personnes que le contrôleur des finances.

La publication des états financiers de 2014 a été affectée par la mise en place de l'ERP et par les premières phases d'apprentissage de son utilisation. Le personnel, peu nombreux, a dû dans le même temps produire les états financiers avec l'ancien système.

Vu le nombre d'états financiers que le Bureau du contrôle financier doit établir (neuf chaque année) et le manque de personnel, il n'a pas été possible de tous les publier avant l'échéance fixée. Cela peut engendrer des défaillances ponctuelles.

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.

SUITES DONNÉES AUX OBSERVATIONS ANTÉRIEURES

OBSERVATION/RECOMMANDATION	MESURES PRISES	ÉTAT DE LA QUESTION
1. IBA-AR(2014)19 (exercice 2013), paragraphe 1 – **NON-CONFORMITÉ DES ÉTATS FINANCIERS RECTIFIÉS AVEC LE CADRE COMPTABLE OTAN** Le SI n'a pas systématiquement recensé les charges à payer en fin d'exercice. En effet, les charges figurant dans l'état de la performance financière correspondent aux engagements budgétaires et non aux charges à payer, tandis que les charges figurant dans l'état de l'exécution du budget correspondent aux paiements effectués en 2013, ajustés dans une certaine mesure pour tenir compte des montants restant à payer en fin d'exercice. Par ailleurs, la valeur des stocks est erronée car elle n'a pas été calculée selon la méthode d'évaluation prescrite dans le cadre comptable OTAN du fait des limites inhérentes au système de gestion des stocks en usage (voir note 7 des états financiers rectifiés du SI). Qui plus est, le SI ne dispose pas d'un module Immobilisations corporelles ni d'inventaires valables en la matière qui auraient été reconstitués rétrospectivement en mai/juin 2014. **Recommandation du Collège** Dans le cadre de l'implémentation de l'ERP, le SI devrait continuer de s'attacher à produire des comptes qui soient conformes au cadre comptable OTAN, ce qui passe notamment par l'amélioration des méthodes comptables et de l'information communiquée. Le SI devrait également veiller à ce que le personnel qui sera amené à utiliser l'ERP reçoive une formation appropriée et plus particulièrement à ce que les divisions comprennent bien les principes de la comptabilité d'exercice.	Observation rendue caduque par l'observation n° 1 formulée pour l'exercice 2014.	Observation **rendue caduque par une observation formulée pour l'exercice 2014.**

OBSERVATION/RECOMMANDATION	MESURES PRISES	ÉTAT DE LA QUESTION
2. IBA-AR(2014)19 (exercice 2013), paragraphe 2 – **NON-PRÉSENTATION DES FLUX RELATIFS AUX ACTIVITÉS D'INVESTISSEMENT DANS LE TABLEAU DES FLUX DE TRÉSORERIE** Le Collège a constaté que le SI ne présentait pas à part les flux de trésorerie relatifs aux activités d'investissement, c'est-à-dire les paiements effectués pour l'acquisition d'immobilisations corporelles et incorporelles. Ces flux sont compris dans le solde des flux relatifs aux activités opérationnelles. **Recommandation du Collège** Le Collège recommande au SI de présenter les flux de trésorerie relatifs aux activités d'investissement dans le tableau des flux de trésorerie, de manière à se conformer au cadre comptable OTAN.	Le SI n'a pas présenté correctement les flux relatifs aux activités d'investissement dans le tableau des flux de trésorerie 2014. Le SI a présenté des sorties de trésorerie relatives aux activités de financement pour un montant de 12,5 MEUR. Ce montant correspond à des paiements relatifs aux dépenses d'équipement et ne constitue donc pas un flux de trésorerie relatif aux activités de financement. Le problème est imputable à une erreur de classification. Le système actuel ne permet pas pleinement au SI de recenser les flux de trésorerie relatifs aux activités d'investissement.	Observation **restant à régler**.
Commentaire du SI *Observation factuelle - Nous pensons que les faits afférents à 2014 ne sont pas décrits correctement. Une erreur de classification s'est produite et les sorties de trésorerie relatives aux activités d'investissement ont été présentées, à tort, comme des sorties relatives aux activités de financement. Cette erreur aurait pu être corrigée au moyen d'une rectification.*		
3. IBA-AR(2014)19 (exercice 2013), paragraphe 3 – **ABSENCE DE RETRAITEMENT DES MONTANTS DE 2012 FOURNIS POUR COMPARAISON** Le Collège a constaté que, dans ses états financiers 2013 rectifiés, le SI n'avait pas correctement retraité les montants de 2012 fournis pour comparaison afin de tenir compte des changements intervenus en 2013. Les montants de 2012 figurant dans l'état de la situation financière et dans le tableau des flux de trésorerie ainsi que l'information sectorielle présentée dans les notes n'ont pas été	Aucune modification nécessitant un retraitement des montants de 2013 fournis pour comparaison n'a été apportée en 2014.	Observation **réglée**.

OBSERVATION/RECOMMANDATION	MESURES PRISES	ÉTAT DE LA QUESTION
correctement retraités, contrairement à ce que prévoit le cadre comptable OTAN (IPSAS 3). **Recommandation du Collège** Le Collège recommande au SI de se conformer aux dispositions du cadre comptable OTAN (IPSAS adaptées) s'agissant des informations à fournir.		
4. IBA-AR(2014)19 (exercice 2013), paragraphe 4 – **PUBLICATION TARDIVE ET ERREURS, Y COMPRIS ERREURS DE PRÉSENTATION, IMPUTABLES AU PROCESSUS D'ÉTABLISSEMENT ET D'EXAMEN DES ÉTATS FINANCIERS** Le SI n'a pas respecté l'échéance du 30 avril pour la publication de ses états financiers. Il les a publiés le 15 juillet 2014 dans leur version non vérifiée, et le 9 septembre 2014 dans leur version rectifiée sur la base des constatations du Collège. Le Collège est d'avis que, même s'il faut admettre que l'absence d'un système d'information pleinement fonctionnel complique l'établissement des états financiers, ce retard tient en partie à des défaillances dans le processus de clôture des comptes au SI. **Recommandation du Collège** Le Collège recommande de mettre en place des procédures internes solides qui définissent les responsabilités, les exigences et les échéances internes associées à l'établissement des états financiers, le but étant de faire en sorte que ceux-ci soient publiés dans les délais impartis par le NFR. Par ailleurs, le Collège recommande au SI d'élaborer des procédures solides pour le recensement, la saisie et le suivi des dépenses relatives aux immobilisations corporelles et incorporelles tout au long de l'exercice. Le SI devrait veiller à ce que le nouveau système ERP soit doté d'un module Immobilisations qui lui permette d'enregistrer les immobilisations corporelles et incorporelles, et les divisions du SI tenant un registre d'inventaire devraient assurer la coordination voulue.	Observation rendue caduque par l'observation n° 3 formulée pour l'exercice 2014.	Observation **rendue caduque par une observation formulée pour l'exercice 2014.**

5. IBA-AR(2014)19 (exercice 2013), paragraphe 5 – **ABSENCE D'UNE ATTRIBUTION CLAIRE DES RESPONSABILITÉS POUR LA PASSATION DE MARCHÉS PAR L'INTERMÉDIAIRE DE LA NCIA** Il n'existe pas entre le SI et la NCIA d'accord global qui définisse les rôles et les responsabilités de chacun lorsqu'il est fait appel à la NCIA en tant qu'agent d'acquisition. Ainsi on ne sait pas bien qui, du SI ou de la NCIA, est responsable, entre autres, de la conformité avec les FRP pour ce qui concerne l'appel d'offres et la passation de marchés, la gestion des contrats, les conditions et modalités de paiement en faveur de la NCIA, l'accès à l'information/la documentation, etc. **Recommandation du Collège** Le Collège recommande qu'un mémorandum d'accord régissant ce type de relations soit signé entre les deux parties afin de clarifier les rôles et les responsabilités de chacune dans le processus d'acquisition, dans la gestion des contrats, etc.	Selon le contrôleur des finances du SI, les dispositions relatives à la passation de marchés par l'intermédiaire des agences seront précisées dans les nouvelles FRP.	Observation **restant à régler**.
Commentaire du SI *Le rapport indique que : « Selon le contrôleur des finances du SI, les dispositions relatives à la passation de marchés par l'intermédiaire des agences seront précisées dans les nouvelles FRP ».* *Les FRP XXXII telles qu'elles se présentent dans la dernière version communiquée aux pays pour examen [BC-WP(2015)0004-REV5, du 30 octobre 2015] prévoient que dans les cas où le processus d'acquisition est mené par un autre organisme OTAN, l'organisme OTAN fournissant le service appliquera ses propres règles et procédures d'acquisition sous réserve de toute procédure ou disposition spécifique qui serait prescrite par le contrôleur des finances de l'agence ou par le Comité des budgets. Cette nouvelle règle rendra inutile la conclusion d'un accord distinct avec les agences pour clarifier les procédures d'acquisition, les rôles et les responsabilités de chacun en la matière dans la mesure où, sauf disposition contraire, les procédures agréées ainsi que les responsabilités et les rôles définis dans les agences s'appliqueront dans pareils cas.*		
Position du Collège *Indépendamment de l'organisme OTAN concerné et des règles d'acquisition appliquées, le Collège recommande qu'un accord écrit soit conclu entre le SI et la NCIA précisant les rôles et les responsabilités de chacun s'agissant de tous les aspects de la relation.*		

6. IBA-AR(2014)19 (exercice 2013), paragraphe 6 – **ABSENCE DE CONFIRMATION DU SOLDE DES ÉLÉMENTS D'ACTIF ET DE PASSIF IMPUTABLES À D'AUTRES ENTITÉS OTAN EN FIN D'EXERCICE** Le Collège a constaté que le SI ne se faisait pas confirmer par les autres entités OTAN concernées (NCIA, EMI, 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 est d'accord sur le montant des éléments en question. **Recommandation du Collège** Le Collège recommande au SI de se faire confirmer par les autres entités OTAN concernées le solde des éléments d'actif et de passif leur correspondant en prévision de l'établissement des états financiers de 2014.	Le SI ne s'est pas fait confirmer par les autres entités OTAN concernées le solde des éléments d'actif et de passif leur correspondant en fin d'exercice. Le Collège recommande au SI de se faire confirmer par les autres entités OTAN concernées le solde des éléments d'actif et de passif leur correspondant en prévision de l'établissement des états financiers.	Observation **restant à régler**.
Commentaire du SI *Le SI souscrit à cette recommandation.*		
7. IBA-AR(2013)24 (exercice 2012), paragraphe 5.3 – **PERCEPTION DES RECETTES PROVENANT DES CONCESSIONS COMMERCIALES DANS LE BÂTIMENT DU SIÈGE ET GESTION DES CONTRATS CORRESPONDANTS** Le Collège a constaté qu'en raison de l'imprécision du mandat régissant les activités commerciales dans le bâtiment du Siège, le loyer annuel et le remboursement des frais de services collectifs n'avaient pas toujours été perçus, contrairement à ce qui est normalement prévu dans les contrats de concession. Par ailleurs, l'un des contrats ne contenait pas de dispositions concernant le remboursement des frais de services collectifs, et deux contrats étaient arrivés à échéance en 2012. **Recommandation du Collège** Le Collège recommande qu'un accord et des instructions soient établis par écrit entre le SI	Le loyer et le remboursement des frais de services collectifs relatifs aux concessions dans le bâtiment du Siège qui sont gérées par le SI ont été correctement perçus par le SI en 2014. Le Service Achats du SI a effectué un gros travail de révision de l'ensemble des contrats de concession, à la fois dans le bâtiment du Siège et au Centre du personnel. Un modèle de contrat de concession a été établi, et plusieurs contrats ont été modifiés et signés comme il se doit, et les contrats prévoient le remboursement des frais de services collectifs.	Observation **réglée**.

et le Centre du personnel pour spécifier les responsabilités qui incombent à chacun s'agissant des activités commerciales dans le bâtiment du Siège, le but étant que le loyer et le remboursement des frais de services collectifs soient dûment perçus. Le SI devrait aussi faire immédiatement le nécessaire pour recouvrer les sommes encore en souffrance à ce titre. Le Collège recommande également de régulariser les contrats arrivés à échéance, soit en lançant un nouvel appel d'offres soit en les prolongeant.	Le Collège continuera de suivre et de vérifier les contrats de concession dans le cadre de l'audit annuel du Centre du personnel et du SI.	
8. IBA-AR(2013)24 (exercice 2012), paragraphe 5.5 – **EXCÉDENT GÉNÉRÉ PAR LA VENTE DE CARBURANT AUX MEMBRES DU PERSONNEL** Le Collège a constaté qu'un excédent de 301 750 EUR avait été généré par la vente de carburant aux membres du personnel pouvant y prétendre. Aucune décision n'a encore été prise quant au sort à réserver à cet excédent (utilisation ou distribution). **Recommandation du Collège** Le Collège recommande au SI de décider du sort à réserver à l'excédent généré par la vente de carburant. Quelle que soit la décision prise, le Collège recommande au SI d'en informer le Comité des budgets.	En accord avec le Cabinet, le SI a décidé d'utiliser le solde de 324 086 EUR pour combler le passif correspondant aux pensions à verser par le Centre du personnel pour 2015.	Observation **réglée**.
Commentaire du SI *Le SI souscrit à cette recommandation.*		
9. IBA-AR(2012)08 (exercice 2010) paragraphe 5.2 –COMPTABILISATION DES FONDS RELATIFS À L'EX-ORGANISATION DE PRODUCTION ET DE LOGISTIQUE OTAN HAWK (OPLOH) Il n'a pas été fait mention des soldes de liquidités de 598 300 EUR et de 89 619 USD détenus par le SI en sa qualité d'agent pour le compte du BGOH ni des paiements d'un montant de 946 319 EUR effectués au cours de l'exercice sous la supervision du SI.	Le SI a informé le Collège que des états financiers distincts allaient être publiés pour l'OPLOH. Toutefois, aucun état financier n'a été publié jusqu'ici. Cette question est en suspens depuis plusieurs années et doit à présent être réglée par le SI.	Observation **restant à régler**.

Recommandation du Collège Le Collège recommande au SI de déterminer la meilleure méthode pour la comptabilisation et la présentation des actifs et des passifs du BGOH ainsi que des mouvements de fonds enregistrés à cet égard au cours de l'exercice.	Le Collège note que les derniers paiements relevant du HAWK ont été effectués et que toutes les activités sont à présent clôturées, et qu'un excédent de 425 013 EUR reste encore à distribuer aux pays.	
10. IBA-AR(2012)08 (exercice 2010) paragraphe 5.5 –RAPPROCHEMENTS BANCAIRES NON SIGNÉS En l'absence de signature de l'examinateur des rapprochements bancaires du SI, il n'existe pas de preuve écrite de la réalisation de l'examen. De plus, les rapprochements n'ayant pas été signés par le préparateur, il n'existe pas de preuve écrite du respect du principe de séparation des tâches pour ce contrôle interne. **Recommandation du Collège** Le Collège recommande que, désormais, les rapprochements bancaires soient signés à la fois par le préparateur et par le chef de la trésorerie (ou son adjoint) en sa qualité d'examinateur.	En 2014, les rapprochements bancaires ont été dûment signés à la fois par le préparateur et par l'examinateur.	Observation **réglée**.

INTERNATIONAL STAFF

FINANCIAL STATEMENTS AS AT 31 DECEMBER 2014

ANNEXES :

ANNEX 1 to
FC(2015)105

NATO INTERNATIONAL SECRETARIAT STATEMENT OF FINANCIAL POSITION
as at 31 December 2014
(All amounts in Euro)

	Notes	Current Year	Year	Variance
		31-Dec-14	**31-Dec-13**	**CY - PY**
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents	3			
Cash		4,592.85	2,249.35	2,343.50
Current bank accounts		64,626,506.01	68,565,700.12	-3,939,194.11
Cash equivalents		0.00	0.00	0.00
Subtotal Cash & Equivalent		64,631,098.86	68,567,949.47	-3,936,850.61
Cash Managed for Third Parties	4	12,714,431.84	11,844,681.60	869,750.24
Total Cash and Cash Equivalents		**77,345,530.70**	**80,412,631.07**	**-3,067,100.37**
Receivables	**5**			
Contributions from Member Nations Receivables		36,639,407.52	44,584,206.46	-7,944,798.94
Receivables from Nations, Partners and others		903,104.42	493,782.65	409,321.77
Budget undercall		3,448,725.00	0.00	3,448,725.00
Receivables from other NATO bodies		722,759.16	620,247.41	102,511.75
Receivables from Staff Members		1,095,779.36	957,980.24	137,799.12
Receivables from Post Employment Benefit Schemes		147,569.16	90,827.26	56,741.90
Bank interest accrued		163,737.18	195,586.53	-31,849.35
Total Receivables		**43,121,081.80**	**46,942,630.55**	**-3,821,548.75**
Prepayments	6			
Other receivables		3,908,080.84	3,220,709.36	687,371.48
Total Prepayments		**3,908,080.84**	**3,220,709.36**	**687,371.48**
Inventories	7			
Office supplies		205,105.58	169,477.42	35,628.16
Supplies/maintenance		272,932.27	319,380.16	-46,447.89
Medicine and vaccines		344,215.92	343,582.17	633.75
Munitions		39,930.00	30,907.00	9,023.00
Total Inventories		**862,183.77**	**863,346.75**	**-1,162.98**
TOTAL CURRENT ASSETS		**125,236,877.11**	**131,439,317.73**	**-6,202,440.62**
NON CURRENT ASSETS				**0**
Receivables				0.00
Infrastructure, plant and equipment	8	1,277,583.80	1,035,769.03	241,814.76
Land and buildings	8	0.00	0.00	0.00
Intangible assets	**8**	14,498,137.57	9,041,201.19	5,456,936.38
TOTAL NON CURRENT ASSETS		**15,775,721.37**	**10,076,970.22**	**5,698,751.14**
TOTAL ASSETS		**141,012,598.48**	**141,516,287.95**	**-503,689.48**

TABLE 2

NATO INTERNATIONAL SECRETARIAT STATEMENT OF FINANCIAL POSITION
as at 31 December 2014

(All amounts in Euro)

	Notes	Current Year	Prior Year	Variance
		31-Dec-14	**31-Dec-13**	**CY - PY**
LIABILITIES				
CURRENT LIABILITIES				
Payables	9			
Payable to Nations				
Interest		46,881.03	109,948.14	-63,067.11
Lapsed credits		5,031,199.01	10,937,453.63	-5,906,254.62
Miscellaneous receipts		628,256.75	315,268.95	312,987.80
US & NL reimbursables		6,829,250.43	5,022,398.28	1,806,852.15
Project accumulated surplus		638,342.68	565,547.68	72,795.00
Other payable to Nations		3,166,557.54	1,699,471.14	1,467,086.40
Total Payable to Nations		**16,340,487.44**	**18,650,087.82**	**-2,309,600.38**
Payable to Staff		**0.00**	**0.00**	**0.00**
Payable to NATO Bodies				
Stikker fund		95,774.61	95,535.77	238.84
Agencies		387,710.30	1,570.70	386,139.60
Post Employment Benefit Schemes		0.00	0.00	0.00
Total Payable to NATO Bodies		**483,484.91**	**97,106.47**	**386,378.44**
Payable to Suppliers				
Payable to Suppliers		588,889.72	10,560,332.98	-9,971,443.26
Accrued expenses		297,497.88	0.00	297,497.88
Total Payable to Suppliers		**886,387.60**	**10,560,332.98**	**-9,673,945.38**
Payable to Others				
Other Accounts Payable		895,698.33	907,288.30	-11,589.97
Trust Funds		15,390,648.05	15,017,577.46	373,070.59
Total Payable to Others		**16,286,346.38**	**15,924,865.76**	**361,480.62**
Total Accounts Payable		**33,996,706.33**	**45,232,393.03**	**-11,235,686.70**
Unearned Revenue and Advanced Contributions	10			
Unearned revenue from budgetary credits		44,587,228.21	38,405,800.23	6,181,427.98
Unearned revenue from Annex IV - Partners' Accomodation		80,758.80	20,777.72	59,981.08
Unearned revenue from previous years surplus		0.00	0.00	0.00
Unearned revenue advance called for Y +1		45,710,000.00	46,917,000.00	-1,207,000.00
Unearned revenue inventory		862,183.77	863,346.75	-1,162.98
Total Unearned Revenue and Advanced Contributions		**91,240,170.78**	**86,206,924.70**	**5,033,246.08**
TOTAL CURRENT LIABILITIES		**125,236,877.11**	**131,439,317.73**	**-6,202,440.62**
NON CURRENT LIABILITIES	11			
Long-term unearned revenue from PPE		1,277,583.80	1,035,769.03	**241,814.76**
Long-term unearned revenue from intangible assets		14,498,137.57	9,041,201.19	**5,456,936.38**
Provisions		**0.00**	**0.00**	**0.00**
TOTAL NON CURRENT LIABILITIES		**15,775,721.37**	**10,076,970.22**	**5,698,751.14**
TOTAL LIABILITIES		**141,012,598.48**	**141,516,287.95**	**-503,689.48**
NET ASSETS				
Surplus/Deficit of the period		0.00	0.00	0.00
Total Net Assets		**0.00**	**0.00**	**0.00**
TOTAL NET ASSETS		**0.00**	**0.00**	**0.00**

NATO INTERNATIONAL SECRETARIAT STATEMENT OF FINANCIAL PERFORMANCE
As at 31 December 2014
(All amounts in EUR)

	Notes	Civil Budget	PMIS	OSS	Trust Funds	Partners' Accommodation	Neutralisation of Internal Transactions	Total
		Current Year	Current Year	Current Year	Current Year	Current Year		Current Year
		31-Dec-14	31-Dec-14	31-Dec-14	31-Dec-14	31-Dec-14	31-Dec-14	31-Dec-14
Revenue	12							
Revenue from non exchange transactions		170,949,283.16	-	540,240.84	-	-		171,489,524.00
Revenue from exchange transactions		10,452,673.09	91,790.16	-	1,797,457.27	2,080,142.00		14,422,062.52
Financial Revenue		215,991.76	-	812.25		-		216,804.01
Other revenue		-	-	-	-	-		-
Long term revenue funding depreciation and impairment		648,497.00						648,497.00
Internal Transactions		248,420.43	41,233.15	30,979.50		608,135.00	(928,768.08)	-
Total Revenue		**182,514,865.44**	**133,023.31**	**572,032.59**	**1,797,457.27**	**2,688,277.00**	**(928,768.08)**	**186,776,887.53**
Expenses	13							
Wages, salaries and employee benefits		115,679,909.62	113,563.71	508,510.25	48,086.54	-		116,350,070.12
Operating costs: rents, supplies and consumables used		31,930,983.38	19,459.60	2,658.91	1,748,649.98	2,294,711.96		35,996,463.83
Capital Expenditure		5,277,054.55						5,277,054.55
Programmes and grants		27,411,008.53	-	-		-		27,411,008.53
Financial Costs		170,013.34	-	-	720.75	-		170,734.09
Other expenses (interest to nations and transfers)		773,663.37	-	-	-	-		773,663.37
Depreciation		648,497.00	-	-	-	-		648,497.00
Impairment		-	-	-	-	-		-
Internal Transactions		623,735.65		60,863.43		244,169.00	(928,768.08)	-
Total Expenses		**182,514,865.44**	**133,023.31**	**572,032.59**	**1,797,457.27**	**2,538,880.96**	**(928,768.08)**	**186,627,491.49**
Surplus/Deficit for the period	**14**	-	-	-	-	149,396.04	-	149,396.04

NATO INTERNATIONAL SECRETARIAT STATEMENT OF FINANCIAL PERFORMANCE
As at 31 December 2013
(All amounts in EUR)

	Notes	Civil Budget	PMIS	OSS	Trust Funds	Partners' Accommodation	Neutralisation of Internal Transactions	Total
		Current Year	Current Year	Current Year	Current Year	Current Year		Current Year
		31-Dec-13	31-Dec-13	31-Dec-13	31-Dec-13	31-Dec-13		31-Dec-13
Revenue	12							
Revenue from non exchange transactions		163,146,657.63	-	601,158.21	-	-		163,747,815.84
Revenue from exchange transactions		9,645,844.00	98,161.69	-	1,854,982.67	2,152,908.87		13,751,897.23
Financial Revenue		217,897.51	175.70	1,320.08		-		219,393.29
Other revenue		-	-	-	-	-		-
Long term revenue funding depreciation and impairment		2,131,526.40						2,131,526.40
Internal Transactions		261,234.00	36,392.96			692,933.40	(990,560.36)	-
Total Revenue		**175,403,159.54**	**134,730.35**	**602,478.29**	**1,854,982.67**	**2,845,842.27**	**(990,560.36)**	**179,850,632.76**
Expenses	13							
Wages, salaries and employee benefits		121,095,604.73	115,837.54	402,155.62		-		121,613,597.89
Operating costs: rents, supplies and consumables used		23,867,829.50	18,892.81	118,988.27	-	2,382,245.05		26,387,955.63
Capital Expenditure		3,842,651.76						3,842,651.76
Programmes and grants		23,499,108.68	-	-	1,854,982.67	-		25,354,091.35
Financial Costs		109,264.45	-	-	-	-		109,264.45
Other expenses (interest to nations and transfers)		209,182.06	-	-	-	-		209,182.06
Depreciation		131,526.40	-	-	-	-		131,526.40
Impairment		2,000,000.00	-	-	-	-		2,000,000.00
Internal Transactions		647,991.96		81,334.40		261,234.00	(990,560.36)	-
Total Expenses		**175,403,159.54**	**134,730.35**	**602,478.29**	**1,854,982.67**	**2,643,479.05**	**(990,560.36)**	**179,648,269.54**
Surplus/Deficit for the period	**14**	-	-	-	-	202,363.22	-	202,363.22

NATO INTERNATIONAL SECRETARIAT STATEMENT OF FINANCIAL PERFORMANCE
As at 31 December 2012
(All amounts in EUR)

	Notes	Civil Budget	PMIS	Agency Reform and OSS	Trust Funds	Partners' Accommodation	Neutralisation of Internal Transactions	Total
		Current Year	Current Year	Current Year	Current Year	Current Year		Current Year
		31-Dec-12	31-Dec-12	31-Dec-12	31-Dec-12	31-Dec-12		31-Dec-11
Revenue	12							
Revenue from non exchange transactions		176,272,517.55	-	151,529.00	-	-		176,424,046.55
Revenue from exchange transactions		9,567,247.77	92,037.72	435,857.47	1,194,226.06	2,106,071.07		13,395,440.09
Financial Revenue		290,741.42	234.62	-		-		290,976.04
Other revenue		-	-	-	-	-		-
Internal Transactions		262,112.00	39,830.97			709,675.00	(1,011,617.97)	-
								-
Total Revenue		**186,392,618.74**	**132,103.31**	**587,386.47**	**1,194,226.06**	**2,815,746.07**	**(1,011,617.97)**	**190,110,462.68**
Expenses	13							
Wages, salaries and employee benefits		127,868,542.54	112,282.36	431,552.16		-		128,412,377.06
Operating costs: rents, supplies and consumables used		22,490,293.39	19,820.95	155,834.31	-	2,607,891.77		25,273,840.42
Capital Expenditure		11,599,242.22						11,599,242.22
Programmes and grants		23,394,293.20	-	-	1,194,226.06	-		24,588,519.26
Financial Costs		65,411.89	-	-	-	-		65,411.89
Other expenses (interest to be reimbursed to nations)		225,329.53	-	-	-	-		225,329.53
Depreciation		-	-	-	-	-		-
Internal Transactions		749,505.97				262,112.00	(1,011,617.97)	-
								-
Total Expenses		**186,392,618.74**	**132,103.31**	**587,386.47**	**1,194,226.06**	**2,870,003.77**	**(1,011,617.97)**	**190,164,720.38**
Surplus/Deficit for the period	**14**	-	-	-	-	(54,257.70)		(54,257.70)

INTERNATIONAL STAFF

CASH FLOW STATEMENT

CASH FLOW FROM OPERATING ACTIVITIES	Note	2014	2013
RECEIPTS	15		
Contributions		182,815,424.36	179,268,516.22
Advances on Next Year Budget		428,232.98	640,000.00
Other operational revenue		9,391,657.73	9,593,920.01
Financial Revenues		214,228.29	235,058.08
Others		11,802,221.17	15,451,490.11
Partner Accomodation		1,649,772.01	1,935,899.29
Contributions paid to incorrect account		3,131,444.35	760,221.20
Net gain on foreign exchange transactions		127,239.14	64,176.76
TOTAL		**209,560,220.03**	**207,949,281.67**
PAYMENTS	16		
Personnel Costs (RP1)		(116,211,591.15)	(119,679,476.25)
Operating Costs (RP2)		(31,532,796.88)	(21,906,518.73)
Capital Costs (RP3)		-	(5,286,455.55)
Programmes (RP4)		(23,854,207.54)	(16,685,069.15)
Partner Accomodation		(933,841.64)	(1,795,504.16)
Correction of Contributions paid to incorrect account		(3,131,444.35)	(760,221.20)
Miscellaneous Payments		(25,098,640.38)	(19,775,601.60)
Financial Costs		(43,116.35)	(42,795.26)
Net loss on foreign exchange transactions		(193,405.98)	(118,479.61)
TOTAL		**(200,999,044.27)**	**(186,050,121.51)**
NET CASH FLOW FROM OPERATING ACTIVITIES		**8,561,175.76**	**21,899,160.16**
CASH FLOW FROM INVESTING ACTIVITIES	16		
PURCHASE OF NON CURRENT ASSETS			
RECEIPTS		0.00	0.00
PAYMENTS		0.00	0.00
		-	-
NET CASH FLOW FROM INVESTING ACTIVITIES		**0.00**	**0.00**
CASH FLOW FROM FINANCIAL ACTIVITIES	16		
RECEIPTS		0.00	0.00
PAYMENTS		(12,498,026.37)	0.00
NET CASH FLOW FROM FINANCING ACTIVITIES		**(12,498,026.37)**	**0.00**
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS OF PERIOD	16	**(3,936,850.61)**	**21,899,160.16**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	16	**68,567,949.47**	**46,668,789.31**
CASH AND CASH EQUIVALENTS AT END OF PERIOD		**64,631,098.86**	**68,567,949.47**

CASH FLOW FUNDS HELD FOR THIRD PARTIES	17		
RECEIPTS		21,269,333.43	13,975,230.31
PAYMENTS		(20,399,583.19)	(13,605,398.57)
NET INCREASE (DECREASE) FUNDS HELD FOR THIRD PARTIES		**869,750.24**	**369,831.74**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD HELD FOR THIRD PARTIES		11,844,681.60	11,474,849.86
CASH AND CASH EQUIVALENTS AT END OF PERIOD HELD FOR THIRD PARTIES		12,714,431.84	11,844,681.60

ANNEX 4 to
FC(2015)105

INTERNATIONAL STAFF

STATEMENT OF CHANGES IN NET ASSETS/EQUITY AS AT 31/12/2014 (IN EUR)	
	Accumulated surpluses/(deficits)
Balance at 31 December 2012	**0.00**
Revaluation of investments	0.00
Revaluation of investments	0.00
Currency translation differences	0.00
Net gains and losses not recognized in statement of financial performance	0.00
Net surplus/deficit for the period	0.00
Balance at 31 December 2013	**0.00**
Revaluation of investments	0.00
Revaluation of investments	0.00
Currency translation differences	0.00
Net gains and losses not recognized in the statement of financial performance	0.00
Net surplus/deficit for the period	0.00
Balance at 31 December 2014	**0.00**

ANNEX 5 to
FC(2014)169

INTERNATIONAL STAFF

BUDGET EXECUTION STATEMENT: CIVIL BUDGET

(n = 2014) (in EUR)

CHAPTER		BUDGET AUTHORISATIONS			COMMITMENTS	EXPENDITURES	BUDGETARY SURPLUS	
		BUDGET INITIAL : BC-D(2013)0205-REV3 REV: BC-D(2014)0206 -REV1	AUTHORIZED TRANSFERS	ADJUSTED CREDITS			Credits carried forward to n+1	Lapsed credits
		(1)	(2)	(3) = (1)+(2)	(4)	(5)	(6) = (4) - (5)	(7) = (3) - (4)
1	**PERSONNEL COSTS**							
	Financial year n	117,634,626.02	-5,183.25	117,629,442.77	116,659,528.62	113,572,651.37	3,086,877.25	969,914.15
	Carried forward:							
	Financial year n-1	3,933,428.42	0.00	3,933,428.42	3,553,573.25	3,014,536.09	539,037.16	379,855.17
	Financial year n-2	949,904.90	0.00	949,904.90	684,848.26	608,664.22	76,184.04	265,056.64
	Financial year n-3	0.00	0.00	0.00	0.00	0.00	0.00	0.00
		122,517,959.34	-5,183.25	122,512,776.09	120,897,950.13	117,195,851.68	3,702,098.45	1,614,825.96
2	**OPERATING COSTS**							
	Financial year n	33,004,757.67	-46,764.94	32,957,992.73	32,330,091.38	26,269,848.04	6,060,243.34	627,901.35
	Carried forward:							
	Financial year n-1	1,801,875.55	0.00	1,801,875.55	1,434,877.16	1,329,033.06	105,844.10	366,998.39
	Financial year n-2	100,668.79	0.00	100,668.79	8,953.55	6,953.55	2,000.00	91,715.24
	Financial year n-3	0.00	0.00	0.00	0.00	0.00	0.00	0.00
		34,907,302.01	-46,764.94	34,860,537.07	33,773,922.09	27,605,834.65	6,168,087.44	1,086,614.98
3	**CAPITAL COSTS**							
	Financial year n	9,894,846.94	486,585.19	10,381,432.13	10,377,103.03	2,131,813.70	8,245,289.33	4,329.10
	Carried forward:							
	Financial year n-1	6,365,139.59	0.00	6,365,139.59	6,241,592.16	3,880,256.20	2,361,335.96	123,547.43
	Financial year n-2	4,013,705.08	0.00	4,013,705.08	3,828,683.88	2,177,710.88	1,650,973.00	185,021.20
	Financial year n-3	3,597,776.65	0.00	3,597,776.65	3,597,776.65	1,484,800.71	2,112,975.94	0.00
	Financial year n-4	177,340.00	0.00	177,340.00	177,340.00	129,760.08	47,579.92	0.00
		24,048,808.26	486,585.19	24,535,393.45	24,222,495.72	9,804,341.57	14,418,154.15	312,897.73
4	**PROGRAMMES TOTAL**							
	Financial year n	28,177,494.00	-434,637.00	27,742,857.00	27,411,008.53	11,055,839.93	16,355,168.60	331,848.47
	Carried forward:		0.00					
	Financial year n-1	13,506,498.68	0.00	13,506,498.68	12,727,011.68	8,487,230.52	4,239,781.16	779,487.00
	Financial year n-2	3,953,724.65	0.00	3,953,724.65	3,304,128.82	3,304,128.82	0.00	649,595.83
	Financial year n-3	0.00	0.00	0.00	0.00	0.00	0.00	0.00
		45,637,717.33	-434,637.00	45,203,080.33	43,442,149.03	22,847,199.27	20,594,949.76	1,760,931.30
	TOTAL CHAPTERS 1 TO 4							
	Financial year n	188,711,724.63	0.00	188,711,724.63	186,777,731.56	153,030,153.04	33,747,578.52	1,933,993.07
	Carried forward:							
	Financial year n-1	25,606,942.24	0.00	25,606,942.24	23,957,054.25	16,711,055.87	7,245,998.38	1,649,887.99
	Financial year n-2	9,018,003.42	0.00	9,018,003.42	7,826,614.51	6,097,457.47	1,729,157.04	1,191,388.91
	Financial year n-3	3,597,776.65	0.00	3,597,776.65	3,597,776.65	1,484,800.71	2,112,975.94	0.00
	Financial year n-4	177,340.00	0.00	177,340.00	177,340.00	129,760.08	47,579.92	0.00
		227,111,786.94	0.00	227,111,786.94	222,336,516.97	177,453,227.17	44,883,289.80	4,775,269.97

INTERNATIONAL STAFF

BUDGET EXECUTION STATEMENT

(n = 2013) (in EUR)

CHAPTER		BUDGET AUTHORISATIONS			COMMITMENTS	EXPENDITURES	BUDGETARY SURPLUS	
		BUDGET INITIAL : BC-D(2013)0005 REV: BC-D(2013)0215 -	AUTHORIZED TRANSFERS	ADJUSTED CREDITS			Credits carried forward to n+1	Lapsed credits
		(1)	(2)	(3) = (1)+(2)	(4)	(5)	(6) = (4) - (5)	(7) = (3) - (4)
1	**PERSONNEL COSTS**							
	Financial year n	123,184,714.14	2,741.80	123,187,455.94	122,483,905.83	118,550,477.41	3,933,428.42	703,550.11
	Carried forward:							
	Financial year n-1	4,318,647.85	0.00	4,318,647.85	4,257,470.62	3,307,565.72	949,904.90	61,177.23
	Financial year n-2	896,847.81	0.00	896,847.81	113,312.26	113,312.26	0.00	783,535.55
	Financial year n-3	29,295.48	-29,295.48	0.00	0.00	0.00	0.00	0.00
		128,429,505.28	-26,553.68	128,402,951.60	126,854,688.71	121,971,355.39	4,883,333.32	1,548,262.89
2	**OPERATING COSTS**							
	Financial year n	26,613,872.55	-400,000.00	26,213,872.55	23,977,829.50	22,175,953.95	1,801,875.55	2,236,043.05
	Carried forward:							
	Financial year n-1	1,700,465.38	0.00	1,700,465.38	1,427,107.74	1,326,438.95	100,668.79	273,357.64
	Financial year n-2	543,686.47	0.00	543,686.47	53,627.81	53,627.81	0.00	490,058.66
	Financial year n-3	0.00	0.00	0.00	0.00	0.00	0.00	0.00
		28,858,024.40	-400,000.00	28,458,024.40	25,458,565.05	23,556,020.71	1,902,544.34	2,999,459.35
3	**CAPITAL COSTS**							
	Financial year n	8,464,705.15	397,258.20	8,861,963.35	8,667,601.22	2,302,461.63	6,365,139.59	194,362.13
	Carried forward:							
	Financial year n-1	9,121,570.48	0.00	9,121,570.48	9,075,233.57	5,061,528.49	4,013,705.08	46,336.91
	Financial year n-2	4,500,499.69	0.00	4,500,499.69	4,334,719.99	736,943.34	3,597,776.65	165,779.70
	Financial year n-3	315,993.89	29,295.48	345,289.37	338,973.98	161,633.98	177,340.00	6,315.39
		22,402,769.21	426,553.68	22,829,322.89	22,416,528.76	8,262,567.44	14,153,961.32	412,794.13
4	**PROGRAMMES TOTAL**							
	Financial year n	28,605,708.00	0.00	28,605,708.00	23,576,070.68	10,069,572.00	13,506,498.68	5,029,637.32
	Carried forward:		0.00					
	Financial year n-1	10,528,718.78	0.00	10,528,718.78	9,889,707.08	5,935,982.43	3,953,724.65	639,011.70
	Financial year n-2	3,304,908.00	0.00	3,304,908.00	3,005,653.41	3,005,653.41	0.00	299,254.59
	Financial year n-3	20,000.00	0.00	20,000.00	13,336.00	13,336.00	0.00	6,664.00
		42,459,334.78	0.00	42,459,334.78	36,484,767.17	19,024,543.84	17,460,223.33	5,974,567.61
	TOTAL CHAPTERS 1 TO 4							
	Financial year n	186,868,999.84	0.00	186,868,999.84	178,705,407.23	153,098,464.99	25,606,942.24	8,163,592.61
	Carried forward:							
	Financial year n-1	25,669,402.49	0.00	25,669,402.49	24,649,519.01	15,631,515.59	9,018,003.42	1,019,883.48
	Financial year n-2	9,245,941.97	0.00	9,245,941.97	7,507,313.47	3,909,536.82	3,597,776.65	1,738,628.50
	Financial year n-3	365,289.37	0.00	365,289.37	352,309.98	174,969.98	177,340.00	12,979.39
		222,149,633.67	0.00	222,149,633.67	211,214,549.69	172,814,487.38	38,400,062.31	10,935,083.98

INTERNATIONAL STAFF

BUDGET EXECUTION STATEMENT: PMIS

(n = 2014) (in EUR)

CHAPTER		BUDGET AUTHORISATIONS			COMMITMENTS	EXPENDITURES	BUDGETARY SURPLUS	
		BUDGET	AUTHORIZED TRANSFERS	ADJUSTED CREDITS			Credits carried forward to n+1	Lapsed credits
		(1)	(2)	(3) = (1)+(2)	(4)	(5)	(6) = (4) - (5)	(7) = (3) - (4)
1	**PERSONNEL COSTS**							
	Financial year n	115,445.00	0.00	115,445.00	115,000.00	113,563.71	1,436.29	445.00
	Carried forward:							
	Financial year n-1	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Financial year n-2	0.00	0.00	0.00	0.00	0.00	0.00	0.00
		115,445.00	0.00	115,445.00	115,000.00	113,563.71	1,436.29	445.00
2	**OPERATING COSTS**							
	Financial year n	25,250.00	0.00	25,250.00	19,459.60	19,459.60	0.00	5,790.40
	Carried forward:							
	Financial year n-1	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Financial year n-2	0.00	0.00	0.00	0.00	0.00	0.00	0.00
		25,250.00	0.00	25,250.00	19,459.60	19,459.60	0.00	5,790.40
3	**CAPITAL COSTS**							
	Financial year n	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Carried forward:							
	Financial year n-1	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Financial year n-2	0.00	0.00	0.00	0.00	0.00	0.00	0.00
		0.00	0.00	0.00	0.00	0.00	0.00	0.00
4	**PROGRAMMES TOTAL**							
	Financial year n	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Carried forward:		0.00					
	Financial year n-1	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Financial year n-2	0.00	0.00	0.00	0.00	0.00	0.00	0.00
		0.00	0.00	0.00	0.00	0.00	0.00	0.00
	TOTAL CHAPTERS 1 TO 4							
	Financial year n	140,695.00	0.00	140,695.00	134,459.60	133,023.31	1,436.29	6,235.40
	Carried forward:							
	Financial year n-1	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Financial year n-2	0.00	0.00	0.00	0.00	0.00	0.00	0.00
		140,695.00	0.00	140,695.00	134,459.60	133,023.31	1,436.29	6,235.40

INTERNATIONAL STAFF

BUDGET EXECUTION STATEMENT: PMIS

(n = 2013) (in EUR)

CHAPTER		BUDGET AUTHORISATIONS			COMMITMENTS	EXPENDITURES	BUDGETARY SURPLUS	
		BUDGET	AUTHORIZED TRANSFERS	ADJUSTED CREDITS			Credits carried forward to n+1	Lapsed credits
		(1)	(2)	(3) = (1)+(2)	(4)	(5)	(6) = (4) - (5)	(7) = (3) - (4)
1	**PERSONNEL COSTS**							
	Financial year n	115,000.00	1,000.00	116,000.00	115,837.54	115,837.54	0.00	162.46
	Carried forward:							
	Financial year n-1	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Financial year n-2	0.00	0.00	0.00	0.00	0.00	0.00	0.00
		115,000.00	1,000.00	116,000.00	115,837.54	115,837.54	0.00	162.46
2	**OPERATING COSTS**							
	Financial year n	22,100.00	-1,000.00	21,100.00	18,892.81	18,892.81	0.00	2,207.19
	Carried forward:							
	Financial year n-1	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Financial year n-2	0.00	0.00	0.00	0.00	0.00	0.00	0.00
		22,100.00	-1,000.00	21,100.00	18,892.81	18,892.81	0.00	2,207.19
3	**CAPITAL COSTS**							
	Financial year n	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Carried forward:							
	Financial year n-1	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Financial year n-2	0.00	0.00	0.00	0.00	0.00	0.00	0.00
		0.00	0.00	0.00	0.00	0.00	0.00	0.00
4	**PROGRAMMES TOTAL**							
	Financial year n	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Carried forward:		0.00					
	Financial year n-1	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Financial year n-2	0.00	0.00	0.00	0.00	0.00	0.00	0.00
		0.00	0.00	0.00	0.00	0.00	0.00	0.00
	TOTAL CHAPTERS 1 TO 4							
	Financial year n	137,100.00	0.00	137,100.00	134,730.35	134,730.35	0.00	2,369.65
	Carried forward:							
	Financial year n-1	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Financial year n-2	0.00	0.00	0.00	0.00	0.00	0.00	0.00
		137,100.00	0.00	137,100.00	134,730.35	134,730.35	0.00	2,369.65

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INTERNATIONAL STAFF

BUDGET EXECUTION STATEMENT: OFFICE OF SHARED SERVICES

(n = 2014) (in EUR)

CHAPTER		BUDGET AUTHORISATIONS			COMMITMENTS	EXPENDITURES	BUDGETARY SURPLUS	
		BUDGET BC-DS(2013)0069 BD-D(2013)0223-ADD1-AS1 BC-DS(2014)0031	AUTHORIZED TRANSFERS	ADJUSTED CREDITS			Credits carried forward to n+1	Lapsed credits
		(1)	(2)	(3) = (1)+(2)	(4)	(5)	(6) = (4) - (5)	(7) = (3) - (4)
1	**PERSONNEL COSTS**							
	Financial year n	582,150.00	0.00	582,150.00	477,530.75	477,530.75	0.00	104,619.25
	Carried forward:							
	Financial year n-1	5,170.62	0.00	5,170.62	5,170.62	5,170.62	0.00	0.00
	Financial year n-2	77,109.10	0.00	77,109.10	0.00	0.00	0.00	77,109.10
		664,429.72	0.00	664,429.72	482,701.37	482,701.37	0.00	181,728.35
2	**OPERATING COSTS**							
	Financial year n	127,875.00	0.00	127,875.00	63,522.34	63,522.34	0.00	64,352.66
	Carried forward:							
	Financial year n-1	567.30	0.00	567.30	497.30	497.30	0.00	70.00
	Financial year n-2	3,542.63	0.00	3,542.63	0.00	0.00	0.00	3,542.63
		131,984.93	0.00	131,984.93	64,019.64	64,019.64	0.00	67,965.29
3	**CAPITAL COSTS**							
	Financial year n	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Carried forward:							
	Financial year n-1	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Financial year n-2	0.00	0.00	0.00	0.00	0.00	0.00	0.00
		0.00	0.00	0.00	0.00	0.00	0.00	0.00
4	**PROGRAMMES TOTAL**							
	Financial year n	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Carried forward:		0.00					
	Financial year n-1	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Financial year n-2	0.00	0.00	0.00	0.00	0.00	0.00	0.00
		0.00	0.00	0.00	0.00	0.00	0.00	0.00
	TOTAL CHAPTERS 1 TO 4							
	Financial year n	710,025.00	0.00	710,025.00	541,053.09	541,053.09	0.00	168,971.91
	Carried forward:							
	Financial year n-1	5,737.92	0.00	5,737.92	5,667.92	5,667.92	0.00	70.00
	Financial year n-2	80,651.73	0.00	80,651.73	0.00	0.00	0.00	80,651.73
		796,414.65	0.00	796,414.65	546,721.01	546,721.01	0.00	249,693.64

INTERNATIONAL STAFF

BUDGET EXECUTION STATEMENT: OFFICE OF SHARED SERVICES

(n = 2013) (in EUR)

CHAPTER		BUDGET AUTHORISATIONS			COMMITMENTS	EXPENDITURES	BUDGETARY SURPLUS	
		BUDGET	AUTHORIZED TRANSFERS	ADJUSTED CREDITS			Credits carried forward to n+1	Lapsed credits
		(1)	(2)	(3) = (1)+(2)	(4)	(5)	(6) = (4) - (5)	(7) = (3) - (4)
1	**PERSONNEL COSTS**							
	Financial year n	666,443.43	0.00	666,443.43	402,155.62	396,985.00	5,170.62	264,287.81
	Carried forward:							
	Financial year n-1	101,771.10	0.00	101,771.10	101,771.10	24,662.00	77,109.10	0.00
	Financial year n-2	0.00	0.00	0.00	0.00	0.00	0.00	0.00
		768,214.53	0.00	768,214.53	503,926.72	421,647.00	82,279.72	264,287.81
2	**OPERATING COSTS**							
	Financial year n	129,056.57	0.00	129,056.57	118,988.27	118,420.97	567.30	10,068.30
	Carried forward:							
	Financial year n-1	18,199.69	0.00	18,199.69	18,199.69	14,657.06	3,542.63	0.00
	Financial year n-2	0.00	0.00	0.00	0.00	0.00	0.00	0.00
		147,256.26	0.00	147,256.26	137,187.96	133,078.03	4,109.93	10,068.30
3	**CAPITAL COSTS**							
	Financial year n	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Carried forward:							
	Financial year n-1	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Financial year n-2	0.00	0.00	0.00	0.00	0.00	0.00	0.00
		0.00	0.00	0.00	0.00	0.00	0.00	0.00
4	**PROGRAMMES TOTAL**							
	Financial year n	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Carried forward:		0.00					
	Financial year n-1	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Financial year n-2	0.00	0.00	0.00	0.00	0.00	0.00	0.00
		0.00	0.00	0.00	0.00	0.00	0.00	0.00
	TOTAL CHAPTERS 1 TO 4							
	Financial year n	795,500.00	0.00	795,500.00	521,143.89	515,405.97	5,737.92	274,356.11
	Carried forward:							
	Financial year n-1	119,970.79	0.00	119,970.79	119,970.79	39,319.06	80,651.73	0.00
	Financial year n-2	0.00	0.00	0.00	0.00	0.00	0.00	0.00
		915,470.79	0.00	915,470.79	641,114.68	554,725.03	86,389.65	274,356.11

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BUDGETARY OPERATIONS FOR FINANCIAL YEAR 2014 : USE OF CREDITS BY GLOBAL OBJECTIVE

	GLOBAL OBJECTIVES	BUDGET AUTHORISATIONS			COMMITMENTS	EXPENDITURES	BUDGETARY SURPLUS		Consumption rate budget	Consumption rate adjusted credits
		REVISED BUDGET	AUTHORIZED TRANSFERS	ADJUSTED CREDITS			Credits carried forward to n+1	Lapsed credits		
		(1)	(2)	(3) = (1)+(2)	(4)	(5)	(6) = (4) - (5)	(7) = (3) - (4)	(8) = (4)/(1)	(8) = (4)/(3)
A	ACTIVE OPERATIONS	15,851,130.43	0.00	15,851,130.43	15,473,168.71	14,496,045.76	977,122.95	377,961.72	97.62%	97.62%
C	ALLIANCE CAPABILITIES	26,187,222.77	116,000.00	26,303,222.77	26,193,805.49	22,460,063.89	3,733,741.60	109,417.28	100.03%	99.58%
P	CONSULTAT COOP WITH PARTNERS	27,548,755.83	-462,920.00	27,085,835.83	26,944,662.38	16,210,743.84	10,733,918.54	141,173.45	97.81%	99.48%
R	PUBLIC RELATIONS	19,699,160.35	49,200.00	19,748,360.35	19,427,736.86	16,766,561.81	2,661,175.05	320,623.49	98.62%	98.38%
N	CONSULTATION PROCESS	20,925,913.84	266,960.00	21,192,873.84	21,046,699.04	20,392,900.44	653,798.60	146,174.80	100.58%	99.31%
M	OPERATIONAL ENVIRONMENT OF THE SITE	26,801,704.02	-54,721.77	26,746,982.25	26,746,765.61	20,457,820.43	6,288,945.18	216.64	99.80%	100.00%
G	GOVERNANCE AND REGULATION	22,802,297.82	59,831.77	22,862,129.59	22,761,927.37	18,877,744.69	3,884,182.68	100,202.22	99.82%	99.56%
S	HQ SECURITY	20,579,814.57	25,650.00	20,605,464.57	20,164,120.72	18,590,533.26	1,573,587.46	441,343.85	97.98%	97.86%
L	PRIOR YEAR CREDITS	3,448,725.00	0.00	3,448,725.00	3,444,225.00	203,118.54	3,241,106.46	4,500.00	0.00%	0.00%
Z	PENSION SCHEMES	4,867,000.00	0.00	4,867,000.00	4,574,620.38	4,574,620.38	0.00	292,379.62	93.99%	93.99%
	GRAND TOTAL	188,711,724.63	0.00	188,711,724.63	186,777,731.56	153,030,153.04	33,747,578.52	1,933,993.07	98.98%	98.98%

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BUDGETARY OPERATIONS FOR FINANCIAL YEAR 2014 : USE OF CREDITS PER RESOURCE POOL

	RESOURCE POOLS	BUDGET AUTHORISATIONS			COMMITMENTS	EXPENDITURES	BUDGETARY SURPLUS		Consumption rate revised budget	Consumption rate adjusted credits
		REVISED BUDGET	AUTHORIZED TRANSFERS	ADJUSTED CREDITS			Credits carried forward to n+1	Lapsed credits		
		(1)	(2)		(4)	(5)	(6) = (4) - (5)	(7) = (3) - (4)	(8) = (4)/(1)	(8) = (4)/(3)
1	Personnel / Personnel	117,634,626.02	-5,183.25	117,629,442.77	116,659,528.62	113,572,651.37	3,086,877.25	969,914.15	99.17%	99.18%
2	Operating costs	33,004,757.67	-46,764.94	32,957,992.73	32,330,091.38	26,269,848.04	6,060,243.34	627,901.35	97.96%	98.09%
3	Capital	9,894,846.94	486,585.19	10,381,432.13	10,377,103.03	2,131,813.70	8,245,289.33	4,329.10	104.87%	99.96%
4	Programmes	28,177,494.00	-434,637.00	27,742,857.00	27,411,008.53	11,055,839.93	16,355,168.60	331,848.47	97.28%	98.80%
	GRAND TOTAL	188,711,724.63	0.00	188,711,724.63	186,777,731.56	153,030,153.04	33,747,578.52	1,933,993.07	98.98%	98.98%

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INTERNATIONAL STAFF

BREAKDOWN OF OBJECTIVES' COMMITMENTS BY RESOURCE POOLS FOR YEAR 2014

GLOBAL OBJECTIVES		Personnel			Operating Credits			Capital			Programmes			
			(1)	(2)		(1)	(2)		(1)	(2)		(1)	(2)	
A	ACTIVE OPERATIONS	11,407,067.07	73.72%	6.11%	2,836,484.46	18.33%	1.52%	37,809.50	0.24%	0.02%	1,191,807.68	7.70%	0.64%	100.00%
C	ALLIANCE CAPABILITIES	20,486,243.19	78.21%	10.97%	1,323,685.21	5.05%	0.71%	0.00	0.00%	0.00%	4,383,877.09	16.74%	2.35%	100.00%
P	CONSULTAT COOP WITH PARTNERS	11,596,054.11	43.04%	6.21%	816,261.30	3.03%	0.44%	0.00	0.00%	0.00%	14,532,346.97	53.93%	7.78%	100.00%
R	PUBLIC RELATIONS	10,229,895.11	52.66%	5.48%	1,500,872.86	7.73%	0.80%	828,061.13	4.26%	0.44%	6,868,907.76	35.36%	3.68%	100.00%
N	CONSULTATION PROCESS	18,824,891.55	89.44%	10.08%	1,725,850.46	8.20%	0.92%	495,957.03	2.36%	0.27%	0.00	0.00%	0.00%	100.00%
M	OPERATIONAL ENVIRONMENT OF THE SITE	6,545,017.69	24.47%	3.50%	17,030,402.30	63.67%	9.12%	3,171,345.62	11.86%	1.70%	0.00	0.00%	0.00%	100.00%
G	GOVERNANCE AND REGULATION	19,475,959.83	85.56%	10.43%	1,366,083.99	6.00%	0.73%	1,836,283.55	8.07%	0.98%	83,600.00	0.37%	0.04%	100.00%
S	HQ SECURITY / SECURITE DU SIEGE	13,321,490.06	66.07%	7.13%	5,730,450.80	28.42%	3.07%	1,078,710.83	5.35%	0.58%	33,469.03	0.17%	0.02%	100.00%
L	PRIOR YEAR CREDITS	198,289.63	0.00%	0.11%	0.00	0.00%	0.00%	2,928,935.37	0.00%	1.57%	317,000.00	0.00%	0.17%	0.00%
Z	PENSION SCHEMES	4,574,620.38	100.00%	2.45%	0.00	0.00%	0.00%	0.00	0.00%	0.00%	0.00	0.00%	0.00%	100.00%
	SubTotal	116,659,528.62		62.46%	32,330,091.38		17.31%	10,377,103.03		5.56%	27,411,008.53		14.68%	100.00%
	Grand Total													
	186,777,731.56													

(1) % to total of Global Objective
(2) % to Grand Total

EXPLANATORY NOTES TO NATO INTERNATIONAL STAFF 2014 FINANCIAL STATEMENTS

NOTE 1: GENERAL INFORMATION

The financial statements cover the budgetary and financial operations relating to the NATO International Staff (IS) budgeted and non-budgeted functions and programs. Funds where the NATO-IS Office of Financial Control (OFC) is the Treasurer for the project (specifically Trust Funds) are also reported.

NOTE 2: ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below.

Declaration of conformity

The NATO-IS financial statements have been prepared in accordance with the NATO Accounting Framework as approved by nations under C-M(2013)0039 on 26 July, 2013 (which adapts a small number of IPSAS standards to better suit the specific requirements of the Alliance) and with the .NATO Financial Regulations (NFR), the Financial Rules and Procedures (FRP).

Due to limitations in the current automated accounting system, the IS financial statements are not yet fully IPSAS compliant. The accounting system currently used by NATO-IS is a budgetary driven cash accounting system. It can be analysed as a hybrid system which is essentially budget and cash based. It does not have an accrual based accounting functionality.

Basis of preparation

In the NATO-IS IT financial system, commitments are recorded for budget execution and control purposes, in accordance with NATO Financial Regulations. The commitment of credits is defined as the advance acceptance and recording of the financial consequence resulting from a legal obligation incurred during the financial year. Expenses linked to those commitments are recorded when the settlement of invoices is due. The unexpended balances of committed credits may be carried forward to the following financial years; eventually the unused part lapses.

Expenses reported in the Statement of Financial Performance are based on budgetary credit commitments. As a result of this approach, expenses in the Statement of Financial Performance tend to be overestimated, compared to accruals, and the presentation could be seen as too prudent.

This overestimation is not material for Personnel Costs (which represent 68% of the total) and is limited for Operating Costs since the budgetary controls tend to analyse the commitment requests on an approach similar to accruals (e.g. based on service provided between 1 January and 31 December). In 2014, the OFC continued to apply the process whereby invoices received after 31 December 2014 but relating to 2014 have been taken into account and allocated against the appropriate commitment. As a consequence it is considered that reported expenses are not significantly different from accruals for Personnel and Operating costs.

For Programme credits, on the other hand, the inherent nature of certain operations (e.g. grants) is such that the related project is executed over several years and achievement of objectives is only known at the end.. Commitments relating to Programme credits are generally based on an individual decision taken by the Organisation to award the grant. At that stage the Organisation has not benefited from the outcome of the subsidized event and the beneficiary has not entered into expenses eligible for reimbursement. Therefore, from an accrual perspective this could justify that no liability or expense be recorded. However, from the grantee’s perspective the expectation may have been created that it will receive an inflow of cash from the Organisation; and therefore some form of obligation exists on the side of the Organisation. Experience indicates that the vast majority of grants result in the payments of the benefit to the grantees in amounts comparable, if not equal, to the one provided in the award decision. Lapse rates can also be explained by the fact that grantees, for their own reasons, do not always seek the payment of the awarded amounts. It is, however, reasonable on the part of the Organisation to expect that they will seek full payment of the award, and therefore in that respect it is normal that the related transactions be recorded as a commitment by the Organisation. This difference between the expected amounts of the expense or the liability and its actual value is inherent to the use of estimates, for which IPSAS provides.

Similarly, capital expenditures generate lapse rates that result from prudent budgetary evaluation of funding needs. In addition, some commitments are made at the end of the year in relation to special carry-forwards of credits, as provided by Article 11 bis of the NATO Financial Regulations, with approval of the Budget Committee, for specific projects for which no service was provided to the IS, nor goods received by the IS, during the financial year. It is estimated that the use of commitments overestimates expenses by 1-2%.

Contributions are registered as unearned revenue on the date they are called and revenue is recognized afterwards on the basis of related expenditure.

The NATO-IS will transition to full transactional accrual accounting with the implementation of an integrated Enterprise Resource Planning (ERP) solution.

The financial statements have been prepared on a going-concern basis and the amounts shown in these financial statements are presented in EUR. NATO-IS will continue in operation for the foreseeable future. The financial year begins on 1 January and ends on 31 December of the same year.

The following IPSAS have no material effect on the 2014 financial statements of the NATO-IS:

IPSAS 5: Borrowing Costs
IPSAS 6: Consolidated and Separate Financial
IPSAS 7: Investments in Associates.
IPSAS 8: Interests in Joint Ventures
IPSAS 10: Financial Reporting in Hyperinflationary Economies
IPSAS 11: Construction Contracts
IPSAS 16: Investment Property
IPSAS 21: Impairment of non-cash generating assets
IPSAS 26: Impairment of Cash-Generating Assets
IPSAS 27: Agriculture
IPSAS 32: Service Concession Arrangements: Grantor

The Cash Flow Statement has been prepared using the direct method, as recommended under IPSAS 2, item 27. a): "*whereby major classes of gross cash receipts and gross cash payments are disclosed*".

Segment Reporting

A segment is a distinguishable activity or group of activities for which it is appropriate to separately report financial information. For NATO IS the segment information is based on principal activities and different sources of financing for different categories of activities of the organisation. For this purpose, the following segments have been adopted: Civil Budget, Personnel Management Information System, Office of Shared Services, Trust Funds and Partners' Accommodation. Civil Budget operations can be broken down into Global Objectives.

Changes in Accounting Policy

In February of 2013 Council decided to adapt a number of IPSAS standards to better suit the specific requirements of the Alliance (C-M(2013)0006). The adaptations were spelled out in C-M(2013)0039 of July 2013, among which were specific items addressing IPSAS 6 Consolidated and Separate

Financial Statements, IPSAS 12 Inventories, IPSAS 17 Property Plant and Equipment (PPE) and IPSAS 31, Intangible Assets. The items are detailed below.

Reclassification of financial statements of previous years

None.

Use of estimates

In accordance with generally accepted accounting principles, the financial statements include amounts based on estimates and assumptions by management, according to the most reliable information available, judgement and assumptions. Estimates include accrued revenue and expenses. Actual results could differ from those estimates. Changes in estimates are reflected in the period in which they become known.

Foreign currency transactions

The NATO-IS budget is authorized and managed in EUR so contributions are called in EUR. Foreign currency transactions as required are accounted for at the NATO exchange rates prevailing on the date of the transaction. Monetary assets and liabilities at year-end which were denominated in foreign currencies were converted into EUR using the NATO exchange rates applicable at 31 December 2014.

Realised and unrealised gains and losses resulting from the settlement of such transactions and from the revaluation at the reporting dates of monetary assets, and liabilities denominated in foreign currencies are recognised in the Statement of Financial Performance.

Financial risks

NATO-IS uses only non-derivative financial instruments as part of its normal operations. These financial elements include cash, bank accounts and deposit accounts.

All the financial instruments are recognised in the Statement of Financial Position at their fair value.

The Organisation is exposed to a variety of financial risks, including foreign exchange risk, credit risk, currency risk, liquidity risk and interest rate risk.

a. Foreign currency exchange risk

The exposure to foreign currency risk is limited as the majority of the NATO-IS's expenditures are made in EUR. The current bank accounts are held in EUR, CAD, CHF, DKK, GBP, NOK and USD. There are accounts with local banks for the Information and Liaison Offices in New York, Moscow, Kyiv, Tbilisi, Chisinau and Tashkent. The currency risk associated with these holdings is considered limited because the aggregated amount held in these accounts is not more than EUR 453K.

The maximum exposure as at 31 December 2014 is equal to the total amount of bank balances, short term deposits and receivables. There is very limited credit risk associated with the realization of these elements.

b. Credit risk

Concerning cash and cash equivalent, the NATO-IS credit risk is managed by holding current bank accounts and short term highly liquid deposits that are readily convertible to a known amount of cash held with ING Bank (Belgium) which has the following short term credit ratings:

ING Bank	Credit Ratings as at 31.12.2014			
	Fitch	S&P	Moody's	Date of last rating update
Short term	A+	A	A2	19.12.2014

c. Liquidity risk

The liquidity risk, also referred to as funding risk, is based on the assessment as to whether the Organisation will encounter difficulties in meeting its obligations associated with financial liabilities. A liquidity risk could arise from a short term liquidity requirement. There is a very limited exposure to liquidity risk because of the funding mechanism which guarantees contributions in relation to the approved budgets. Some limited risk could be due to the accuracy of budget forecasts. However, past history shows that this process results in surpluses, and the budgetary rules provide for revised budgets.

d. Interest rate risk

Except for certain cash and cash equivalent balances, the NATO-IS financial assets and liabilities do not have associated interest rates. NATO-IS is restricted from entering into borrowings and investments, and, therefore, there is an insignificant interest rate risk. Interest earned is not a budgetary resource but contributes to the surplus owed to Nations.

Current Assets

a. Cash and cash equivalents

Cash and cash equivalents are defined as short-term assets. They include cash in hand, deposits held with banks, other short term highly liquid investments.

b. Funds managed for third parties

Funds managed on behalf of third parties are held in cash and are presented as a liability. They are accounted for when cash is effectively received. They are represented as a separate item in the cash flow statement of the entity in order to avoid any confusion.

c. Receivables

Receivables are stated at net realisable value, after provision for doubtful and uncollectable debts.

Contributions receivable are recognised when a call for contribution, based on the approved budget, has been issued to the funding Nations. These receivables represent the uncollected contributions from Member Nations. No allowance for loss is recorded with respect to Member countries' assessed contributions receivable.

d. Prepayments

A prepayment is a payment in advance of the period to which it pertains and is mainly in respect of advance payments made to third parties.

e. Inventories

As mentioned above, NATO's adaptations of IPSAS were spelled out in C-M(2013)0039 of July 2013, which included IPSAS 12 Inventories. It is described as follows:
Control of NATO-IS Inventories was refined with a set of 10 criteria to be used in assessing the level of control of an asset. A positive response on six of the criteria will lead to the asset being capitalised in the financial statements if it is above the capitalization threshold. This is applied from January, 2013.

Criteria that may indicate control of an asset
The act of purchasing the asset carried out (or resulted from instructions given) by the NATO Reporting Entity.
The legal title is in the name of the NATO Reporting Entity.
The asset is physically located on the premises or locations used by the NATO Reporting Entity.
The asset is physically used by staff employed by the NATO Reporting Entity or staff working under the NATO Reporting Entity's instructions.
The fact that the NATO Reporting Entity can decide on an alternative use of the asset.
The fact that the NATO Reporting Entity can decide to sell or to dispose the asset.
The fact that the NATO Reporting Entity, if it has to remove or destroy the asset, can take the decision to replace it.
The fact that a representative of the NATO Reporting Entity regularly inspects the asset to determine its current condition.
The fact that the asset is used in achieving the objectives of the NATO Reporting Entity.
The fact that the asset will be retained by the NATO Reporting Entity at the end of the activity.

Capitalization thresholds relevant to the financial statement are as follow:

Category	Threshold	Basis
Consumables	€50,000	Per location/warehouse
Spare Parts	€50,000	Per location/warehouse
Ammunition	€50,000	Per location/warehouse
Strategic stocks	€50,000	Per location/warehouse

Slow moving inventory – Assuming turnover of stock is over a 12 month period, any items not used over a 36 month period will be deemed to be slow moving.

Strategic stock **–** Some complex elements of slow moving stock can be identified as strategic if they are deemed essential to the effective operation of an asset and cannot be readily replaced by commercial off the shelf items or cannot be purchased due to market decisions to close production lines of key inventory items due to the advanced age of the strategic asset to which the stock relates

NATO-IS will capitalise inventory which it controls in its financial statements. Where there is a conflict between more than one NATO Reporting Entity as to the control of inventory, only the end-user entity will report the inventory in its financial statements, based on reliable information provided by the NATO services provider entity as defined in individual agreements between the two entities.

NATO-IS will include transportation costs involved in bringing the inventories to their present location and condition in the initial valuation of inventory. These costs will be measured on the actual cost of transportation per item of inventory or by using an apportionment of the global transportation costs of bringing the inventories to their present location and condition across all inventory items in the period. Transportation costs involved in the subsequent movement of inventory which brings them into operational use will not be included in the value of inventory. The method of measuring these costs will be disclosed.

For inventory held prior to 1 January 2013, and not previously recognized as an asset, NATO-IS provides a brief description of inventory held within its inventory recording systems in the notes to the financial statements.

Where this adaptation conflicts with another requirement of IPSAS this adaptation shall apply. For the remainder, IPSAS 12 shall apply.

Fixed assets (Property, Plant & Equipment and Intangible Assets)

a. Property, Plant & Equipment

As mentioned above, NATO's adaptations of IPSAS were spelled out in C-M(2013)0039 of July 2013, which included IPSAS 17 Property Plant and Equipment. It is described as follows:

Control of NATO PPE was refined with a set of 10 criteria to be used in assessing the level of control of an asset – they are the same as mentioned above under Inventory. A positive response on six of the criteria will lead to the asset being capitalised in the financial statements if it is above the capitalization threshold. This is applied from January 2013.

Capitalization thresholds relevant to the financial statement are as follow:

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	Straight line
Installed equipment	€ 30,000	10 years	Straight line
Machinery	€ 30,000	10 years	Straight line
Vehicles	€ 10,000	5 years	Straight line
Aircraft	€200,000	Dependent on type	Straight line
Vessels	€200,000	Dependent on type	Straight line
Mission equipment	€ 50,000	3 years	Straight line
Furniture	€ 30,000	10 years	Straight line
Communications	€ 50,000	3 years	Straight line
Automated information Systems	€ 50,000	3 years	Straight line

In light of the forthcoming move to a New NATO HQ in 2016, it has been decided, in general, that core PPE relating to the current HQ and Building Z will be fully expensed as will any fixed equipment and furniture that is not to be transferred to the New HQ. Only movable items purchased with a view to being used again in the New HQ/Building Z environment will be capitalized.

Where and as appropriate, specific pieces of PPE (for example buildings), will be broken down into component parts to allow depreciation of different parts of the asset at different rates. The IS has considered PP&E acquired prior to 1 January 2013 as fully expensed. For PPE held prior to 1 January 2013, and not previously recognized as an asset, the IS will provide a brief description in the Notes below.

NATO-IS deems that the NAC, by approving this guideline, recognized that the resources necessary to deal with the issues capitalising the legacy assets would exceed the benefits. In light of this and, combined with the fact that substantial assets will not survive the move to the New NATO HQ at the end of 2015, NATO-IS decided to apply the IPSAS principle of balance between Benefit and Cost (IPSAS 1, Appendix A).

b. Intangible Assets

As mentioned above, NATO's adaptations of IPSAS were spelled out in C-M(2013)0039 of July 2013, which included IPSAS 31 Intangible Assets. It is described as follows:

Control of NATO Intangible Assets was refined with a set of 10 criteria to be used in assessing the level of control of an asset – they are the same as mentioned above under Inventory. A positive response on six of the criteria will lead to the asset being capitalised in the financial ftatements if it is above the capitalization threshold. This is applied from January, 2013.

NATO Intangible Assets Capitalization Thresholds – NATO-IS will capitalise each intangible asset item that is above the following agreed NATO thresholds:

Category	Threshold	Depreciation life	Method
Computer software (commercial off the shelf)	€50,000	4 years	Straight line
Computer software (bespoke)	€50,000	10 years	Straight line
Computer database	€50,000	4 years	Straight line
Integrated system	€50,000	4 years	Straight line

NATO-IS will capitalize all controlled intangible assets above the NATO Intangible Asset Capitalization Threshold. For anything below the threshold, the IS will have the flexibility to expense specific items.

NATO-IS will capitalize integrated systems and include research, development, implementation and can include both software and hardware elements. But NATO-IS will not capitalise the following types of intangible assets in their financial statements:

- rights of use(air, land and water);
- landing rights;
- airport gates and slots;
- historical documents; and,
- publications

NATO-IS will capitalize other types of intangible assets acquired after 1 January 2013 including:

- Copyright
- Intellectual Property Rights
- Software development

NATO-IS may consider intangible assets acquired prior to 1 January 2013 as fully expensed. The IS looked as far back as 2006 in establishing values of work in progress, especially software under development.

NATO-IS will report controlled intangible assets in its financial statements. Where there is a conflict between more than one NATO Reporting Entity as to the control of intangible assets, only the end-use entity will capitalise the intangible asset in its financial statements based on reliable information provided by the NATO services provider entity as defined in individual agreements between the two entities.

For intangible assets held prior to the 1 January 2013, and not previously recognized as an asset, NATO-IS will provide a brief description of intangible assets held in its intangible asset recording systems in the notes to the financial statements. Such disclosure will include as a minimum the types of intangible held, locations where intangible assets are held and the approximate number of items held per asset category.

If an intangible asset is upgraded after 1 January 2013, only the portion related to the modification will be capitalized.

Where this adaptation conflicts with another requirement of IPSAS this adaptation will apply. For the remainder, IPSAS 31 shall apply. This adaptation is effective for financial reporting periods beginning on 1 January 2013.

Current liabilities

a. Payables

Payables are amounts due to Nations in relation with budget rules or to third parties for goods received and services provided that remain unpaid. This includes an estimate of accrued obligations to third parties for goods and services received but not yet invoiced.

b. Advances and Unearned revenue

Funds are always called in advance of their need because NATO-IS has no capital that would allow it to pre-finance any of its activities.

Unearned revenue represents participating Nations' contributions which have been called for current budgets but that have not yet been recognised as revenue in the absence of matching expenses.

Advances are recognised when calls in relation to future year budgets are issued.

Leases

In addition to lease agreements that NATO-IS has signed for its own use, lease contracts were signed by NATO-IS for some delegations' accommodation; the related costs are charged back to the occupants in relation to the surface they occupy in the leased buildings.

Revenue and expense recognition

a. Revenue from non-exchange transactions

Revenue comprises contributions from Member nations. Contributions to be called from Member Nations, based on the budget approved by the North Atlantic Council, are initially recorded as unearned revenue liabilities. Because contributions are subject to conditions that, if unfulfilled, require the return of the transferred resources, the entity recognises a liability until the condition is fulfilled.

Assessed contributions for the NATO-IS Civil Budget are accounted for as unearned revenue when called; revenue is recognised and the liability is discharged when the conditions are fulfilled. Revenue is recognised in that it is probable that the economic benefits will flow to the entity and the revenue can be measured reliably. The balance of unspent contributions and other revenues which relate to future periods are deferred accordingly.

In-kind contributions of services are currently not recognised in the Statement of Financial Performance. The number of Voluntary National Contributions (VNCs) staff is disclosed in the "employee disclosure" section below.

b. Revenue from exchange transactions

Resources of revenue from exchange transactions are measured at fair value of the consideration received or receivable and are recognised when goods and services are delivered. This is revenue in relation to the reimbursement of administrative support and common operating costs, PMIS and accommodation costs.

Voluntary contributions such as pledges in relation to Trust Funds are accounted for as unearned revenue when confirmed by the donor, revenue is recognised and the liability is discharged when the conditions are fulfilled.

c. Expenses

Expenses are reported in the Statement of Financial Performance and based on budgetary credit commitments as explained above in "Basis for preparation".

d. Long term unearned revenue

The budget resources provided by Nations for the funding of capital expenditure are recognised as a liability in the Statement of Financial position as long term unearned revenue.

Earned revenue will be progressively recognised from long term unearned revenue, in an amount equal to annual depreciation of the related non current assets, as future economic benefits and service potential will flow to the NATO international Staff when the asset is operational.

NOTE 3: CASH AND CASH EQUIVALENTS

The current bank accounts are held in EUR, CAD, CHF, DKK, GBP, NOK and USD. Deposits are held in interest-bearing bank current accounts that are immediately available.

NATO-IS has information and liaison offices in New York, Moscow, Kyiv, Tbilisi, Tashkent and Chisinau. Current accounts of these offices held with local banks. The aggregate holdings in these local currencies amounts to approximately EUR 453K.

Cash held for Trust Funds for which NATO-IS is the executing agent and therefore acts as the principal is listed below:

NATO I.S. MANAGED TRUST FUNDS	2014	2013
CRISIS MGMT IN MAURITANIA	224,698.41	606,618.78
NTF - UKRAINE MEDICAL REHABIL	30,000.00	0.00
NTF - UKRAINE MCT	390,000.00	0.00
JWGDR	616,494.92	253,806.79
NTF BLDG INTEGRITY	963,177.22	1,160,361.55
NRC - WEB SITE	1,093.14	14,579.18
NATO EXPLOSIVES DET.	324,824.77	946,535.78
NATO SILK AFGHANISTAN (USD)	125,927.75	190,993.78
Sub-total	**2,676,216.21**	**3,172,895.86**

NOTE 4: FUNDS MANAGED FOR THIRD PARTIES

Funds managed on behalf of third parties are held in cash or as a receivable if they correspond to an unpaid non-budgetary contribution in relation to nationally funded elements. In the case of an anticipated contribution, they are accounted for when cash is effectively received. The corresponding amounts are presented as a current liability.

The NATO-IS manages, as Treasurer, 30 accounts for third parties, essentially for various Trust Fund projects not financed by the common funding principle. A list of these accounts is provided below. For transparency reasons the related cash amounts are disclosed separately in order to avoid any confusion with funds held by NATO IS on its own behalf.

AGENCY	BALANCE 2014	BALANCE 2013
THIRD PARTY		
COLONIES VACANCES	104,251.63	119,613.93
NATO AIRCRAFT EW TRIAL	522,751.40	500,973.72
NATO SWG4 NAVAL EW TRIAL	231,804.71	236,960.23
NTF GEORGIA PROF. DEV. PROGR.	265,614.83	293,392.21
NATO TRUST FUND TAJIKISTAN II	297,455.21	445,788.64
NATO TRUST FUND MOLDOVA II	471,955.12	266,259.31
NATO TRUST FUND BOSNIA-HERZEGOVINA II	0.00	469,261.49
NRC - CAI PHASE IV	137,575.23	289,788.75
NRC - HELICOPTER MAINTENANCE	939,230.92	2,002,336.18
NRC - HELICOPTER MAINTENANCE (USD)	0.00	226,493.71
NATO TRUST FUND AZERBAIJAN JCP	648,421.66	951,729.12
NATO TRUST FUND UKRAINE II PH 2	870,091.92	530,204.41
NATO UKRAINE RADACT DISP	85,345.18	84,995.00
NATO TRUST FUND GEORGIA IV	491,990.72	308,904.23
NATO CNAD VNCF	749,197.80	373,653.63
NTF JORDAN III	375,673.02	20,000.00
NTF SERBIA IV	901,782.19	814,916.91
NRC DISPOSAL EXCESS AMMUN	0.00	50,000.00
NRC HELICOPTER MAINT PH II	2,485,629.01	2,584,999.80
ASSOCIAT. DU PERSONNEL	86,522.58	86,115.59
NATO TF UKRAINE C4	643,940.95	0.00
NATO TF UKRAINE L & S	520,000.00	0.00
NATO TF UKRAINE CYBER DEFENCE	30,000.00	0.00
NATO APM DESTR.BELARUS	22,826.80	22,735.96
UKRAINE II SALW MUNITIONS DESTR.	14,393.53	14,338.14
NATO TRUST FUND KMELNITSKY	2,678.41	2,514.77
NATO TF PROJECT AFGHAN & CENTRAL ASIA	530,516.42	73,275.40
NATO US TRAMIL	586,602.85	379,997.50
N.R.C. - TMD III	25,148.42	25,047.81
NATO TRUST FUND MAURITANIA	673,031.33	670,385.16
Total	**12,714,431.85**	**11,844,681.61**

NOTE 5: ACCOUNTS RECEIVABLE

Contributions receivable are funds requested from the Nations to finance the 2014 budget and the advances called in relation to the 2015 budget that remain unpaid at year end. One advance for the 2014 budget was called in 2013 (FC(CC)(2013)0015(CBC-02)) and two calls for contributions were issued in 2014: (FC(CC)(2014)0008(CBC-01) in February and FC(CC)(2014)0015(CBC-02) in November. In 2014 an advance was called for the 2015 budget (FC(CC)(2014)0015(CBC-02)). At year-end 2014, outstanding contributions relating to previous financial years were not material.

Receivables from member Nations, Partners and others correspond to amounts due in relation to common operating costs, administrative support, rental of modular buildings, accommodation fees of Partner buildings, items procured on behalf of third parties, etc.

Receivables from staff members correspond to advances to be regularised (education allowances, travel on duty) and loans as provided by the CPRs.

Receivables from the Post Employment Benefit Schemes are funds that were advanced by the IS, as manager of the Provident Fund, to accelerate the pay out on the retirement of individuals and which is to be recovered. It also includes a cash advance to the Defined Contribution Pension Scheme of EUR 145,000 to ease the payment of invalidity and retirement annuities.

Undercalled receivables relates to a EUR 3,448,725 portion of lapsed civil budget credits end 2013 which the budget committee decided to re-use for 2014. This amount was originally deducted from the calls issued in 2013, as the decision by the budget committee was taken after the call was issued. This situation was not readjusted in 2014 and therefore will be regularized in 2015 in accordance with NFRs governing the Call for Contribution process..

NOTE 6: PREPAYMENTS

Other receivables are mainly constituted of other advances to be regularised (NATO Liaison Offices, ad-hoc projects, pre-payments etc.).

NOTE 7: INVENTORIES

Inventories for office supplies, maintenance supplies, medicines and munitions are valued at EUR 862,183.77 based on a hybrid method imposed by the various types of software used in the IS. Inventories represent less than 0.4% of the annual IS budget.

NOTE 8: FIXED ASSETS

The following principles have been applied.

Property, Plant and Equipment

Infrastructure, plant and equipment are stated under the accounting principles mentioned in Note 2 above.

This consists principally of costs related to the NR2 and audiovisual equipment.

Network Realignment and Robustness (NR2) is part of a strategic plan to revitalize the management and support of Information and Communications Technology (ICT) within the Headquarters. This element delivered a hardware and software upgrade to the physical infrastructure for which the bulk was delivered prior to close of 2012.

Land and buildings

Land and buildings are shown at fair value, based on internal valuation and judgment on each reporting date.

Belgium has granted to NATO by way of concession a plot of land on which NATO is authorized to erect all necessary buildings and facilities needed to perform its functions. A symbolic price is paid annually for the rent. NATO is the full owner of all structures built thereon. Belgium remains the sole and full owner of the land, which is public domain (“domaine publique”). The concession ends 180 days after NATO has left the buildings and facilities. At the end of the concession, there will be no property rights transferred to NATO. As a consequence, given the indefinite economic life of land and the specific nature of concessions, the use of the land is classified as an operational lease. The rent charged by the host nation is recognised as an expense in the Statement of Financial Performance.

The original buildings of the current HQ site are estimated as having a zero value in consideration of their age, of the terms of the concession agreement, of the limited value for money of an evaluation study and of the planned move to new premises in 2016.

Material and non-recorded items purchased prior to 1 January 2013 are the fourth wing of Building Z assessed at the historical cost of EUR 2.566 million and the Secretary General’s residence with an assessed market value of EUR 10,300,000 as at November 2013.

Intangible assets

Intangible assets are stated at historical cost minus accumulated depreciation and any recognized impairment loss.The assets deemed valid are software/hardware systems that are work in progress and will be continue to be used in the new HQ. They are as follows:

- Digital Assests Management System (DAMS) – this is a Public Diplomacy tool that will make NATO's digital assets accessible in multiple formats to the media. It will improve the retrieval and availability of multimedia files to all NATO Staff and will serve as Public Diplomacy's single shared storage platform for all public digital assets.

- Enterprise Resource Planning (ERP) – this Oracle based software will enable NATO-IS to more effectively manage and report on the human and financial resources under its responsibility by integrating business processes from Finance, Budget, Procurement, Facility Management, and Human Resources (HR).

- Integrated Library System (ILS) – the project is designed to provide an online library automation solution to support the daily operations of the IS Library (which is part of PDD) ranging from cataloguing and circulation procedures to delivering resources and services via its website.

- Web Content Management (WCM) – the project will update and improve the web based content management system for the public website of NATO Headquarters.

- Enterprise Information Management (EIM) is a core multi-year program of procedures and integrated software applications to manage information throughout NATO HQ and ensure that information is handled effectively and securely.

- Project Portfolio Management System (PPM) is part of a NATO Resource Reform process under the aegis of the NATO Office of Resources (NOR). The system will provide the necessary functionality for collecting, analysing, validating, recording, consolidating and reporting information on current and planned common funded military resources in terms of Investment, Operation and Maintenance and Manpower costs.

Depreciation

Straight-line depreciation method is used for all categories, with the life cycles being in keeping with those stated in the change in accounting policy.

Impairment of fixed assets

The carrying amounts of fixed assets are reviewed for impairment if events or changes of circumstances indicate that they may not be recoverable. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the impairment loss. Any provision for impairment losses is charged against the Statement of Financial Performance in the year concerned.

The values of the PP&E and intangible assets as at 31 December 2014 and as at 31 December 2013 are presented below:

(amounts in EUR)	Carrying Amount end 2013	Updated accounting policy-start point	Additions	Disposals	Depreciation	Impairment	Carrying Amount end 2014
COMMON FUNDED							
Automated Information Systems	0	0	189,754	0	18,022	0	171,732
Installed equipment	383,444	0	0	0	38,344	0	345,100
Machinery	118,548	0	0	0	26,344	0	92,204
Vehicles	19,113	0	91,634	0	23,084	0	87,663
Communications	514,664	0	304,896	0	238,675	0	580,885
Land and buildings	0	0	0	0	0	0	0
Intangible assets	9,041,201	0	5,892,491	0	435,555	0	14,498,138
TOTAL	**10,076,970**	**0**	**6,478,775**	**0**	**780,024**	**0**	**15,775,721**

(amounts in EUR)	Carrying Amount end 2012	Updated accounting policy-start point	Additions	Disposals	Depreciation	Impairment	Carrying Amount end 2013
COMMON FUNDED							
Installed equipment	0	0	383,444	0	0	0	383,444
Machinery	0	0	131,720	0	13,172	0	118,548
Vehicles	0	0	22,486	0	3,373	0	19,113
Communications	0	0	558,530	0	43,866	0	514,663
Land and buildings	0	0	0	0	0	0	0
Intangible assets	0	5,808,285	5,304,032	0	71,115	2,000,000	9,041,201
TOTAL	**0**	**5,808,285**	**6,400,212**	**0**	**131,527**	**2,000,000**	**10,076,970**

NOTE 9: PAYABLES

Payable to Nations

The payable of EUR 45,978.42 (EUR 109,948.14 in 2013) represents the net revenue in 2014 from interest, foreign exchange difference gain and bank charges – this figure includes €1,315.08 in interest from the OSS

For the Civil Budget, these receipts are deducted from the contributions due by Nations to fund the Civil Budget in the following year; the deduction is made in the second call. The table below reflects the Civil Budget breakdown (Civil Budget only).

	December 31, 2014	December 31, 2013
Revenue		
Interest	162,574.40	197,180.01
Foreign exchange rate difference/gain	53,417.36	20,717.50
Total revenue	**215,991.76**	**217,897.51**
Expenses		
Bank costs	46,965.01	37,990.26
Foreign exchange rate difference/loss	123,048.33	71,274.19
Total expense	**170,013.34**	**109,264.45**
Net revenue to return to nations	**45,978.42**	**108,663.06**

Lapsed credits are budget funds for which no legal liability exists. They cannot be spent in subsequent years. Lapsed credits are deducted from the contributions due from Nations to fund the Civil Budget in the second call of the following year. For the PMIS, lapsed credits are deducted from the amounts due by the NATO participating entities for the following year. This principle does not appy to the Office of Shared Services, as exceptionally agreed by the Budget Committee.

Miscellaneous receipts correspond to amounts collected by NATO-IS for services rendered to staff (e.g. private phone calls) or services rendered to and works performed for entities, including delegations, present on the HQ site (e.g. telephone, refurbishment works, cabling). They also include amounts related to Science for Peace and Security grants returned to NATO-IS. These receipts come as a deduction in the calculation of the contributions due from nations to fund the Civil Budget in the following year; the deduction is made in the second call.

The payable of EUR 6,829,250.13 (EUR 5,022,398.28 end 2013) in relation to the reimbursable salaries represents the amount due to the United States (EUR 6,673,411.30) and the Netherlands (EUR 155,839.13) for civilian staff members who are paid directly by the United States or Netherlands Governments. This amount payable is usually used by the nations in question applying it against their annual project contribution.

Other payables to Nations consist of monies relating to balances of closed Trusts Funds for which NATO-IS is awaiting instructions on the redistribution of funds (EUR 151,447), to the settlement of the closure of former NATO entities (HAWK Agency for EUR 425,013) and AGS Support Staff Cell for EUR 575,191), to ad-hoc contributions by some nations to specific projects such as “ISAF economic footprint Afghanistan”, “Advisory Team in Kosovo”, “Partnership Network, “DEEP” and “Women Peace and Security (EUR 447,795), to a number of Nations’ voluntary Civil Budget advances

(EUR 268,232.98) and to amounts resulting from IBAN audits of multinationally funded entities awaiting further use (EUR 41,906.28). Due to an oversight, the amount of common operating costs deducted from the calls in 2014 was limited to that charged to member Nations, resulting in EUR 1,003,345.03 not being deducted. This situation will be regularized in 2015.

Stikker Fund

The Stikker Fund originates from a donation made by former Secretary General D.U. Stikker in the 1960s. In accordance with the conditions laid down by the donor, the Fund is used for special financial aid to NATO staff in exceptional and distressing circumstances.

Payable to NATO bodies

This includes amounts received from NATO bodies in support projects funded by the Civil Budget.

Payable to suppliers

This corresponds to invoices dated 2014, relating to 2014, received up to the closure of accounts, but not yet certified and not having given rise to an outflow of cash.

Payable to others

This item consists mainly of amounts due to executing agents in relation to Trust Funds. Other payables include deposits in relation to appeals, settlement of salaries for staff leaving the organisation at the end of the year, surplus resulting from the sale of petrol coupons to staff, etc.

NOTE 10: UNEARNED REVENUE AND ADVANCED CONTRIBUTIONS

Unearned Revenue

Unearned revenue corresponds to contributions called in 2014 or before, but for which corresponding expenses will be incurred after the reporting date of 31 December 2014.

The unearned revenue includes principally those amounts of contributions which will be spent in subsequent years on the NATO Civil Budget as credits carried-forward resulting from the budget execution in accordance with the NATO Financial Regulations or as advances received for the following years' budget. It is adjusted for accrued expenses.

a. Unearned revenue from Civil Budget execution

EUR 44,587,228 was part of calls for the current or prior Civil Budget but is foreseen to be spent in subsequent years. The NATO Financial Regulations provide that credits lapse if the funds are not spent by the end of the second year following the year in which they have been approved.

Because the current IT financial system has neither invoice registration functionality nor an accounts payable functionality, the current reporting is based on commitments instead of expenses. As a consequence, unearned revenue is estimated at the amount of credits carried forward (EUR 44,883,289) adjusted for accrued expenses. However, these funds can be classified in three indicative categories:

1) Funds for which no purchase order has been issued at year end – this relates to a special carry-forward of credits authorized by the Budget Committee under BC-D(2014)0228-REV2 essentially for the ICT-Revitalization Programme, NOR's Project Portfolio Management, the PDD DAMS, archival related projects and programme activities related to Ukraine (EUR 8,440,252).

2) Funds for which a purchase order has been issued but the related service provision or delivery of goods had not been completed by year-end - as can typically be the case for some

Capital Expenditure and/or can not be precisely assessed for unsettled grants such as those of the Science for Peace and the Security Programme (estimated amount EUR 26.5 million).

3) Funds for which the service has been rendered or the goods delivered, but the payment has still to be made – typically, this relates to personnel expenditure and the greatest part of Operating Costs (estimated amount EUR 8.9 million).

b. Unearned revenue – Annex IV

When the funding policy for Annex IV was established in 1997 (BC-DS(97)18 Revised), Annex IV had budgetary credits authorised to provide for Partner accommodation on site. These were expanded to create offices in the Manfred Wörner Building. The Civil Budget Committee then decided to have the Partners reimburse the total rent and operational costs in proportion to the space they occupied. Further, Nations agreed that financing of Annex IV should be treated separately from the Civil Budget. They also agreed that Annex IV would, in future, be funded by Partners rental payments, therefore Annex IV is not subject to the lapse rules foreseen in NATO's Financial Regulations.

The unearned revenue corresponds to commitments carried forward (e.g. invoices not yet paid or received). In addition, due to the limitations of the current financial software which does not allow the calculation of separate net assets for this budget, the accumulated financial results of Annex IV are shown in a specific commitment carried forward from one year to another. This commitment receives each year the cumulative result of the budget, being the difference between contributions and expenditures represented by commitments: a surplus of EUR 362,431.98 (surplus of EUR 210,539.84 at the end of 2013).

The IS contributes to this budget in proportion to the surface occupied by its services and receives income for common operating costs (see Notes 12 and 13).

Advances

Advances called amounting to EUR 45,500,000 relate to funding the 2015 Civil Budget (FC(CC)(2013)0015(CB-02) and an advance of EUR 210,000 was called for the OSS relating to the 2015 budget.

NOTE 11: LONG TERM UNEARNED REVENUE

The long term unearned revenue is unearned revenue in relation to net carrying amounts of PP&E and intangible assets. Revenue is recognised over the estimated life cycle of the PP&E and the intangible assets when PP&E and intangible assets are recognized.

NOTE 12: REVENUE

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the result can be measured reliably.

Revenue from non-exchange transactions

The total revenue from non-exchange transactions is essentially related to NATO-IS. Budget contributions, when called, are booked as unearned revenue and subsequently recognised as revenue when earned. The revenue recognition is matched with the recognition of expenses against the budgets.

Revenue from exchange transactions

The total revenue from exchange transactions is broken down as follows. For the IS: revenue in relation to the reimbursement to the Civil Budget of administrative support and common operating costs, revenue received from concessions, miscellaneous income. For the PMIS: contributions from other NATO bodies to cover the expenses of the PMIS system according to their proportion of established posts. For Trust Funds: revenue matching the costs of activites undertaken by NATO-IS as executive agent for Trust funds. For Partners' Accomodation: rent charged principally to Partner Countries for office space at NATO HQ (Buildings V/VA/Woerner).

Financial Revenue

Financial revenue of EUR 216,804 (being principally from the Civil Budget) is revenue from exchange transactions measured at fair value received or receivable for interests and foreign exchange gains.

Internal Transactions

Internal Transactions correspond to transactions between segments for services provided or goods delivered, and to the matching revenue.

In 2014 internal transactions corresponded to the rental cost for space occupied by NATO-IS in the V and VA buildings as Partner accommodation (EUR 551,523) and to its share of the PMIS costs (EUR 41,233.15). Conversely NATO-IS charged common operating costs for V and VA buildings (EUR 244,169).

The OSS paid rent for office space it uses in the V and VA buildings for Partner accommodation (EUR 81,334.40) and for administrative support provided by the IS (EUR 4,251.43). It charged the IS for salaries of some of its staff having worked for the IS (EUR 30,979.50).

This comment applies to Note 13 as well.

NOTE 13: EXPENSES

Wages, salaries and employee benefits

The personnel related costs include all staff expenses, as well as other non-salary related expenses in support of common funded activities. The amounts include expenses for salaries and emoluments for approved NATO-IS positions and temporary personnel, for other salary related and non-related allowances including overtime, medical exams, recruitment, installation and removal and for contracted consultants and training in accordance with Civilian Personnel Regulations.

Operating costs: rents, supplies and consumables used

The operating costs relate primarily to costs necessary to the day to day operation of the HQ, as well as travel expenses.

Capital expenditure

Capital expenditure relates to items such as IT, security, television and radio studios etc that qualify as capital expenditure in the budget process.

Programmes and grants

The majority of grants are considered expended when the decision to attribute the grant is taken. Programmes and grants is a broad term that covers activities with Partners and NATO nations ranging from funding seminars and conferences through NGOs, to bringing groups of experts to NATO HQ for briefings and attributing grants in the framework of the Science for Peace Security Programme (the latter being the main component). It also includes the cost of running NATO Information and External Offices in Russia, Ukraine, Georgia, Central Asia, Moldova and New York.

Programmes and grants expenses include advances paid to beneficiaries of grants. This is an area where NATO-IS is not fully compliant with IPSAS and is unlikely to be in the near future in light of the adjustments of the current IT budgeting system it would require.

Financial costs

Financial costs include expenses for banking costs and foreign exchange losses.

Other expenses

Other expenses is revenue received from concessions and transferred the Staff Centre and summer camps. They also include the amount of net interest revenue and miscellaneous income that will be returned to the Nations, and are booked as a payable in the Statement of Financial Position.

NOTE 14: RESULT OF THE PERIOD

The result of the period is EUR 151,892.14. The surplus is realised from the activities in support of Partner accommodation.

NOTE 15: CASH FLOW STATEMENT – IN FLOWS

Contributions

Corresponds to inflows of cash in relation to calls for contributions towards the funding of approved budgets (essentially the Civil Budget). The advance on next year's budget is considered a standard budgetary contribution as this is provided for by the NATO Financial Regulations.

Advances on next year budget

This item corresponds to voluntary advances made by member Nations.

Other Operating Revenue

Other operating revenue is comprised of inflows in common operating funds and in administrative support.

Others

This refers to a variety of receipts not directly attributable to Civil Budget, PMIS, OSS or Trust Fund operations including the recovery from the Provident Fund for advances made to departing staff for payment of their capital, contributions received for the Von Karman Institute and paid out again, rent from nations for the ND, NE, NF, NG and NH building, contributing Nations' funds from trust funds that have ended and are being held until re-directed as per instructions from the Nations involved, amounts returned by the bank further to unsuccessful payment transactions, miscellaneous invoices (including missions, telephone calls etc).

National Contributions paid to incorrect account

This covers contributions inadvertently paid by Nations to NATO-IS for the New NATO HQ or to Pension Fund accounts, which are then re-directed to the correct accounts.

Internal Transactions

Internal Transactions correspond to transactions between segments for services provided or goods delivered and paid, and to the matching revenue (see notes related to Financial Performance) and to cash advances between segments. The OSS received a cash advance from the IS in 2014 (EUR 200,000) and paid it back during the year. The PMIS reimbursed a cash advance received from NATO-IS in 2013 (EUR 75,000).

NOTE 16: CASH FLOW STATEMENT – OUT FLOWS

Correction of National Contributions Paid to Incorrect Account

This covers the re-direction of contributions inadvertently paid by nations to NATO-IS in lieu of the New NATO HQ or to Pension Fund accounts.

Miscellaneous Payments

The figure includes items covered under Notes 13 and 15 "Others" above. It also includes the payment (EUR 8.962 million) to the New NATO HQ budget of their share of the 2013 civil budget surplus for those nations who decided to use it to fund part of the 2014 New NATO HQ budget supplementary budget in relation to a claim.

Cash Flows related to investment activities

Cash flows related to investment activities could not be specifically identified due to IT system limitations. The amount shown is merely the outflow related to resource pool 3 Capital Expenditure in the Civil Budget.

Cash and Cash Equivalents

As from 2013, the latter are limited to funds for which NATO-IS acts as agent and no longer includes PMIS, OSS and Trust Funds for which NATO-IS is the executing agent.

Internal Transactions

See note above.

NOTE 17: BUDGET INFORMATION AND RECONCILIATION WITH CASH FLOWS

Civil Budget

Presently, the NATO Civil Budget is not publicly available.

Presentation of budget information in the financial statements

The initial approved Civil Budget corresponds to total credits authorised by the North Atlantic Council, normally at the end of the previous financial year. During the year the budget is adjusted as required. The final authorisation is the approved credit situation as reported at the end of the financial year including budgetary increases/decreases approved by the Budget Committee and transfers approved by the Budget Committee or by the Financial Controller, depending on thresholds.

The actual amounts referred to by IPSAS 24 ("amounts that result from execution of the budget") are considered to be the commitment of credits.

The Civil Budget is based on an Objective Based Budgeting (OBB) system which links financial and human resources to Global Objectives. Contributions to these Global Objectives by IS Divisions and Independent Offices are broken down into Operational Objectives. The OBB system is based on eight Global Objectives which are defined at a political and strategic level of the Organization.

The eight objectives are set out below:

A	ACTIVE OPERATIONS
C	ALLIANCE CAPABILITIES
P	CONSULTATION AND COOPERATION WITH PARTNERS
R	PUBLIC RELATIONS
N	CONSULTATION PROCESS
M	OPERATIONAL ENVIRONMENT OF THE HEADQUARTERS SITE
G	GOVERNANCE AND REGULATION
S	HEADQUARTERS SECURITY

The budget classification is also based on the economic nature of the expenses broken down into four Resource Pools as follows:

Resource Pool 1: Personnel
Resource Pool 2: Operations and Maintenance
Resource Pool 3: Capital
Resource Pool 4: Programmes

All budget transactions, commitments and payments are tracked according to a classification by Objective and by Resource Pool.

An analysis of budget execution is provided at Annexes 5 to 10 for what concerns the NATO Civil Budget.

Lapse Rates

The overall lapse rate at the end of 2014 was EUR 4,775,269 (EUR 10,935 million in 2013), of which lapsed credits related to the 2014 approved budget (excluding carried forward from previous budget years) amounted to EUR 1,933,993 (EUR 8.164 million in 2013). The following table puts the evolution of lapsed credits in context.

in EUR	Financial year 2009	Financial year 2010	Financial year 2011	Financial year 2012	Financial year 2013	Financial year 2014
Civil Budget	3,151,322.57	4,555,397.41	3,671,208.45	9,862,045.35	10,935,083.98	4,775,269.97
ANNEX IV: SPECIAL CAPITAL EXPENDITURE RELATED TO OUTREACH PROGRAMME - Lapsed credits	0.00	49,241.13	0.00	0.00	0.00	0.00
TOTAL LAPSED CREDITS	3,151,322.57	4,604,638.54	3,671,208.45	9,862,045.35	10,935,083.98	4,775,269.97
- as a % of the budget	1.4%	2.0%	1.60%	4.44%	4.92%	2.10%
miscelleanous receipts	601,332.69	589,529.79	410,770.61	346,570.05	315,268.95	628,252.09
net financial results	509,387.81	352,154.07	398,408.65	225,329.53	108,633.06	45,978.42
overcall of contributions	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL SURPLUS TO BE DISTRIBUTED	4,262,043.07	5,546,322.40	4,480,387.71	10,433,944.93	11,358,985.99	5,449,500.48

For 2013, the high level of lapsed credits came from current year programme credits in the amount of EUR 5.029 million, essentially for projects that did not receive approval as opposed to being under spent. For previous years the comparable figures were EUR 4.043 million in 2012 (for similar reasons to 2013), EUR 0.308 million in 2011 and EUR 0.522 million in 2010.

Reconciliation of the Budget Execution Statement and the Cash Flow Statement

The Civil Budget is prepared for the same period (1 January to 31 December) and encompasses the same entity (NATO International Staff) as these financial statements but the basis is different. Consequently, the reconciliation is done with the Cash Flow Statement, in accordance with IPSAS 24. In addition, NATO-IS manages a series of non-appropriated funds and acts as a service provider for other NATO bodies and Member Nations.

The budget and accounting bases differ. The NATO-IS Civil Budget is prepared and executed on a commitment basis; it is not prepared on an accrual basis. The main causes for differences are the following.

1) The commitment of credits is the advance acceptance and recording of the financial consequence resulting from a legal obligation incurred during the financial year. As a consequence credits are allocated, and commitments are approved, for goods and services to be delivered at a later stage. Commitments are settled when an invoice is presented for payment, and not when the service is rendered or goods delivered as is the case for expenses under accrual accounting. All invoices received after 31 December 2014, but relating to 2014, have been taken into account and allocated against the appropriate commitment.

2) In budget accounting, credits related to grants are committed when the grant is attributed and are carried-forward until the beneficiary has completed its mission and provided the necessary justifications (within the two year carry forward principle) and is paid. Advances paid to the grantee are directly imputed to the commitment; the remaining commitment of credits is carried forward. Under accrual accounting the expense would be taken into consideration when the beneficiary has fulfilled its obligation. Similarly under budget accounting, commitments for capital expenditures are made during the year the purchase order is issued, not when the related works (for instance) are completed.

3) Unliquidated commitments are carried forward and added to the budget of the following financial year in relation to an existing legal commitment or if a special agreement is given by the Budget Committee. Outstanding commitments can be carried forward for two years. As a consequence, the services or goods received may relate to a commitment of credits from previous years' budgets.

4) Commitments, because they are an advance acceptance, and because payments cannot be made above approved credit levels, typically include an estimation factor and are (if only slightly) higher than the actual amount eventually paid. This results in commitments being higher than the actual expenses and in credits eventually lapsing. The current year lapse rate (lapses/current year credits) for 2014 is 1.2%. The overall lapse rate (lapses/total credits including carry-forward) for 2014 is 2.2%. Overall lapse rates for Personnel, Operations and Maintenance or Capital (respectively 1.4%, 3.6% and 1.3%) tend to be smaller than for Programmes (4.0%) because they can be estimated more accurately.

5) Commitments are only made in respect of future payments relating to the initial purpose of the commitment. Commitments for capital expenditures are normally made in the year during which the purchase order is issued. In accrual accounting, the related costs would not appear in the Statement of Financial Performance but in the Balance Sheet and only upon reception of the works, goods or services. Conversely, there is no budgetary commitment of credits for non cash flow transactions such as capital depreciation or provisions which would normally appear in the Statement of Financial Performance under accrual accounting.

6) On an exceptional basis, the Budget Committee may approve the carry-forward of credits without any prior legal commitment, for instance for projects at their initiation stage or planned expenditures. In accrual accounting there would be no expense recorded.

7) The balance of unused budgetary credits (not committed) lapses and is returned to Nations at year-end. Lapses may include cases where a project was eventually not completed or started, and therefore lead to no expense.

It should be noted that new Financial Regulations have been approved and came into effect in 2015. Changes to certain definitions (e.g. commitments, carry-forward) may impact the ability to compare, next year, with 2014 figures.

As required by IPSAS 24, actual amounts as presented in the Budget Execution Statement are to be reconciled to the actual amounts in the financial statements with the Cash Flow Statement. Actual amounts concerning the budget are the amounts of committed credits. The differences between the budget actual amounts and the Cash Flow Statement are due to the difference in bases.

Initial Budget – Revised Budget

The initial Civil Budget for 2014 was approved in the amount of EUR 187,013,000 and revised to EUR 185,263,000 in October 2014 (a reduction of EUR 1,750,000). The amounts include costs related to the Provident Fund and Defined Contribution Pension Scheme contributions.

The Civil Budget is subject to a “zero nominal growth” budgetary policy which applies to the Core Budget (i.e. total excluding the pension contributions mentioned above). The amount approved for the Core Budget was EUR 181,996,000 for the initial budget and EUR 180,396,000 for the revised budget.

The Budget Committee also agreed that an amount of EUR 3,448,725 be taken from the 2012 reimbursable surplus and be allocated against specific activities.

The table below analyses the transfers approved by the Financial Controller.

ORIGIN OF THE CREDITS			CREDITS NEEDED		
RESOURCE POOLS	AMOUNTS	SUB - TOTAL	RESOURCE POOLS	AMOUNTS	SUB - TOTAL
RP1	5,183.25				
		5,183.25			
RP2	46,764.94				
		46,764.94			
RP4	434,637.00				
		434,637.00			
			RP3	486,585.19	
					486,585.19
TOTAL		**486,585.19**			**486,585.19**

Reconciliation between budget execution and out-flows of cash:

The NATO-IS 2014 budget authorization (final revised) amounted to EUR 227,111,786.94 of which:

1) EUR 38,400,062.31 corresponded to the carry forward of credits from the previous financial years;

2) EUR 188,711,724.63 (including Provident Fund and Defined Contribution Pension Scheme contributions) related to the specific budget authorisation for the financial year 2014 revised budget;

The actual commitments in 2014 amounted to EUR 222,336,516 and, therefore, the difference with the final budget authorization, amounting to EUR 4,775,269 lapsed. As such the latter amount becomes part of the annual 2014 budget surplus and should be returned to the contributing Nations in the following year (with the last call issued in 2015) unless they should decide to re-use this surplus.

Based on the committed credits, an amount of EUR 177,453,227 was considered as expended; due to 2014 invoices paid in 2014 or received at the date of closure of the accounts. Of these, EUR 588,889 2014 related pending certification and were not yet paid (EUR 10,560,332.98 in 2013 – the decrease in the amount is due to procedures put in place to accelerate payments at year-end, in relation to the planned go-live of the ERP in early 2015). The difference with the committed credits amounted to EUR 44,883,289 and was carried-forward. As explained under Note 10, this included an amount of EUR 8,440,252 of special carry-forward for specific purposes, as agreed by the Budget Committee.

The out-flows of cash in 2014 amounted to EUR 231.552 million of which EUR 181,753 million related to budget operations and EUR 49,798 million related to non-appropriated funds and miscellaneous transactions. The difference of EUR 4.299 million between the expenditures in the budget execution statement and the cash flow statement is explained as follows.

1) Concerning Personnel Costs: The difference relates mainly to the increase in amounts due in relation to US and Netherlands' reimbursable staff. The corresponding expenses are credited to these nations' accounts. There is no related cash flow. They might be used as a contribution to the Civil Budget. There are also EUR 0.489 million in invoices relating to 2012.

2) Concerning Operating Costs: The difference relates mainly to the reduction in the value of supplier account invoices relating to 2014, received but not paid pending certification but considered spent from a budget perspective, and to the net NATO-IS contribution for offices it occupies in buildings used for Partner accommodation (Annex IV) which is treated as an internal transaction with no cash flow.

3) Concerning Capital Expenditure: The difference relates mainly to the reduction in the value of invoices relating to 2014, received but not paid pending certification but considered spent from a budget perspective.

4) Concerning Programme Costs: The main difference relates to advances to external offices (Kyiv, Moscow) to be regularized and to invoices relating to 2014, received but not paid pending certification but considered spent from a budget perspective.

Reconciliation between budget funding and in-flows of cash:

		BUDGET		ACTUALS			DIFFERENCE		DIFFERENCE		
		Initial	Final	Commitment	Expenses in Budget Statement	Cash Flow	Commitment minus exp in budget statement	Exp in budget statement minus cash flow	BASIS	TIMING	ENTITY
Use of Fund	Personnel Costs	122,517,959	122,512,776	120,897,950	117,195,852	115,598,219	3,702,098	1,597,633	1,597,633		
	Operating Costs	34,907,302	34,860,537	33,773,922	27,605,835	29,802,764	6,168,087	-2,196,930	-2,196,930		
	Capital Costs	24,048,808	24,535,393	24,222,496	9,804,342	12,498,026	14,418,154	-2,693,685	-2,693,685		
	Programmes Costs	45,637,717	45,203,080	43,442,149	22,847,199	23,854,208	20,594,950	-1,007,008	-1,007,008		
	SUBTOTAL Budgetary Operations	**227,111,787**	**227,111,787**	**222,336,517**	**177,453,227**	**181,753,217**	**44,883,290**	**-4,299,990**	**-4,299,990**		
	Non-budgetary Operations					49,798,941		-49,798,941			-49,798,941
	SUBTOTAL Non-budgetary Operations					**49,798,941**		**-49,798,941**	**0**	**0**	**-49,798,941**
	SUBTOTAL	**227,111,787**	**227,111,787**	**222,336,517**	**177,453,227**	**231,552,159**	**44,883,290**	**-54,098,931**	**-4,299,990**	**0**	**-49,798,941**

The following table analyses the funding mechanism of the Civil Budget for 2014.

BUDGET AUTHORIZATIONS	in EUR	
Current year credits	185,263,000.00	
Re-use of part of 2012 Lapsed credits	3,448,725.00	
Credits carried forward from previous years	38,400,062.31	
NET TOTAL		227,111,787.31
UNSPENT BALANCE OF THE YEAR 2013		49,759,048.30
Credits carried forward from previous years	38,400,062.31	
Lapsed credits from previous year	10,935,083.98	
Miscellaneous income previous year	315,268.95	
Net Interests previous year	108,633.06	
RE-USE OF 2012 LAPSED CREDITS		3,448,725.00
CONTRIBUTIONS CALLED		165,145,994.59
Advance	46,717,000.00	
1st instalment	96,991,475.00	
2nd instalment	21,437,519.59	
Rounding budget 2013	0.00	
OTHER INCOME FROM THE FINANCIAL YEAR		8,758,019.42
Common operating costs	2,781,177.77	
Administrative Support	5,976,841.65	
NET TOTAL		227,111,787.31

(there is a small difference of EURO 0.37 due to the fact that CBMS does not round figures)

Of the total 2014 NATO Civil Budget budget authorization, an amount of EUR 38,400,062.31 corresponded to credits carried-forward from previous financial years (EUR 35,280,633.83 in 2013). The related amounts were fully funded by contributions called before 1 January 2014.

The amount of EUR 185,623,000 related specifically to the final revised budget authorisation for financial year 2014. In order to fund this element, the net contributions due by Nations amounted to EUR 165,145,994.59. The difference corresponds to the surplus reimbursable to Nations amounting to EUR 11,358,985.99 which is broken down into lapsed credits, miscellaneous income and net interests of previous years as per the table above.

Due to an oversight, the amount of common operating costs deducted from the calls in 2014 was limited to that charged to member Nations, resulting in EUR 1,003,345.03 not being deducted. Conversely an amount of EUR 3,448,725, corresponding to funds lapsed end 2012 that the budget committee decided to re-use for 2014, originally deducted from the calls issued in 2013, as the decision by the budget committee was taken after the call was issued, was not readjusted with calls issued in 2014. Both (net) amounts which appear as a payable and a receivable respectively will be regularized in 2015.

Contributions called from Nations in 2014 amounted to EUR 163,928,994.59 of which EUR 45,500,000 was called in 2014 as an advance for 2015. EUR 46,717,000 was called in 2013 as an advance for 2014.

The total in-flow of cash related to contributions called amounted to EUR 180,578,289.24 (of which EUR 131,601,428 relates to the current year and EUR 19,671,205 to previous years' contributions due). EUR 24,559,762 was received in relation to the advance called for 2014 and in addition EUR 218,232.98 was received as voluntary advances for the 2014 budget. The differences with amounts called resulted in outstanding amounts receivable.

The in-flows of cash for administrative support, and common operating costs were respectively EUR 3,546,921.09 and EUR 5,750,679.60. The difference from the invoices raised is the outstanding amounts receivable (respectively EUR 176,905.45 and EUR 222,340.22).

The in-flows of cash related to non-appropriated fund operations amounted to EUR 15.047 million.

Personnel Management Information System (PMIS)

The PMIS budget for 2014 was approved by the Budget Committee in the amount of EUR 140,695 (BC-D(2014)0021-ADD1). Its funding is provided through contributions by the NATO bodies who are members of the PMIS in proportion to their staffing levels.

In 2014, EUR 6,235.40 lapsed and will be deducted from the amounts due by the NATO bodies participating in this system in 2015.

A budget execution report is provided at Annex 5.

Office of Shared Services Budget

An amount of MEUR 5.8 was made available for the pre-financing of the initial Agency Reform transition costs as part of the MTRP 2012-2016 (C-M(20110067). The Budget Committee agreed a framework mechanism for the management and control of the funds related to the initial transition costs and subsequently to the budget allocation of the pre-financed credits to allow full oversight (BC-D(2012)0202-REV1 and BC-D(2011)0209-ADD1). Council agreed this as part of the 2012 Military Budget Recommendations (C-M(2011)0099). The full implementation of OSS at NATO was estimated to cost between MEUR 24.2 and 28.3 as described in the Office of Shared Services Business Case (PO(2011)0239). In considering the Office of Shared Services (OSS) request for the 2013 budget, Nations requested that the Chairman BC inform the Chairman RPPB of the BC's intention to use the pre-financing agreed in 2012 to cover the 2013-2015 costs of the OSS within the agreed total pre-financing amount of EUR 5.8 million (OCB(2012)0039 and BC-DS(2012)0041).

The BC agreed to the 2013 pre-financed allocation of EUR 795,500 and that any unused funds from 2012 could be used in 2013 and onwards in 2014 and 2015 for the OSS.

The 2014 OSS budget was approved in tranches: EUR 195,125 for the first quarter, EUR 148,900 for the second quarter and EUR 366,000 for the remainder of the year, bringing the overall total for 2014 to an amount of EUR 710,025. None of these credits were frozen. No transfer of credits was required.

A budget execution statement is provided at Annex 5.

(in EUR)

		Period 2012-2014
Original Overall Allocation	(a)	5,800,000.00
Approved Annual Tranches	(b)	1,746,925.00
Unused Credits	(c)	524,049.75
Remaining Resources	**(d) = (a-b+c)**	**4,577,124.75**

NOTE 18: SEGMENTS

The tables below provide segment information for financial performance, financial position and cash flow statements for 2014.

The Budget Committee agreed that the income generated through IBAN's audits of multinationally funded entities would not be considered as Miscellaneous Income to be returned to member Nations but would remain available in the International Staff accounts and could be used by IBAN for specific auditing purposes. In 2014, an amount of EUR 41,906.28 was charged in this context. No specific use of such funds has yet been made. This activity is not reported as a segment, for the moment, in consideration of the limited amounts involved.

NATO INTERNATIONAL SECRETARIAT STATEMENT OF FINANCIAL POSITION
as at 31 December 2014
(All amounts in Euro)

	Notes	IS	PMIS	OSS	TRUST FUNDS	PARTNER ACCOMODATION	BUILDINGS	INTER ENTITY	Current Year 31-Dec-14
ASSETS									
CURRENT ASSETS									
Cash and Cash Equivalents	3								
Cash		4,592.85							4,592.85
Current bank accounts		61,207,020.44	7,666.69	735,602.67	2,676,216.21				64,626,506.01
Cash equivalents		0.00							0.00
Subtotal Cash & Equivalent		61,211,613.29	7,666.69	735,602.67	2,676,216.21	0.00	0.00	0.00	64,631,098.86
Cash Managed for Third Parties	4	0.00			12,714,431.84				12,714,431.84
Total Cash and Cash Equivalents		**61,211,613.29**	**7,666.69**	**735,602.67**	**15,390,648.05**	**0.00**	**0.00**	**0.00**	**77,345,530.70**
Receivables	**5**								
Contributions from Member Nations Receivables		36,639,407.52		0.00					36,639,407.52
Receivables from Nations, Partners and others		313,454.28				589,650.14		0.00	903,104.42
Budget undercall		3,448,725.00							3,448,725.00
Receivables from other NATO bodies		869,218.52	0.00			0.00		-146,459.36	722,759.16
Receivables from Staff Members		1,095,779.36		0.00					1,095,779.36
Receivables from Post Employment Benefit Schemes		147,569.16							147,569.16
Bank interest accrued		162,813.24	100.36	823.58					163,737.18
Total Receivables		**42,676,967.08**	**100.36**	**823.58**	**0.00**	**589,650.14**	**0.00**	**-146,459.36**	**43,121,081.80**
Prepayments	6								
Other receivables		3,908,080.84							3,908,080.84
Total Prepayments		**3,908,080.84**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**3,908,080.84**
Inventories	7								
Office supplies		205,105.58							205,105.58
Supplies/maintenance		272,932.27							272,932.27
Medicine and vaccines		344,215.92							344,215.92
Munitions		39,930.00							39,930.00
Total Inventories		**862,183.77**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**862,183.77**
TOTAL CURRENT ASSETS		**108,658,844.98**	**7,767.05**	**736,426.25**	**15,390,648.05**	**589,650.14**	**0.00**	**-146,459.36**	**125,236,877.11**
NON CURRENT ASSETS									
Receivables									
Infrastructure, plant and equipment	8	1,277,583.80							1,277,583.80
Land and buildings	8	0.00							0.00
Intangible assets	**8**	14,498,137.57							14,498,137.57
TOTAL NON CURRENT ASSETS		**15,775,721.37**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**15,775,721.37**
TOTAL ASSETS		**124,434,566.35**	**7,767.05**	**736,426.25**	**15,390,648.05**	**589,650.14**	**0.00**	**-146,459.36**	**141,012,598.48**

NATO INTERNATIONAL SECRETARIAT STATEMENT OF FINANCIAL POSITION
as at 31 December 2014
(All amounts in Euro)

	Notes	IS	PMIS	OSS	TRUST FUNDS	PARTNER ACCOMODATION	BUILDINGS	INTER ENTITY	Current Year 31-Dec-14
LIABILITIES									
CURRENT LIABILITIES									
Payables	9								
Payable to Nations									
Interest		45,978.42	90.36	812.25					46,881.03
Lapsed credits		4,775,269.97	6,235.40	249,693.64					5,031,199.01
Miscellaneous receipts		628,252.09		4.66					628,256.75
US & NL reimbursables		6,829,250.43							6,829,250.43
Project accumulated surplus		0.00		275,910.70		362,431.98			638,342.68
Other payable to Nations		3,166,557.54							3,166,557.54
Total Payable to Nations		**15,445,308.45**	**6,325.76**	**526,421.25**	**0.00**	**362,431.98**	**0.00**	**0.00**	**16,340,487.44**
Payable to Staff		**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
Payable to NATO Bodies									
Stikker fund		95,774.61							95,774.61
Agencies		387,710.30	0.00			146,459.36		-146,459.36	387,710.30
Post Employment Benefit Schemes		0.00							0.00
Total Payable to NATO Bodies		**483,484.91**	**0.00**	**0.00**	**0.00**	**146,459.36**	**0.00**	**-146,459.36**	**483,484.91**
Payable to Suppliers									
Payable to Suppliers		588,889.72				0.00			588,889.72
Accrued expenses		297,497.88							297,497.88
Total Payable to Suppliers		**886,387.60**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**886,387.60**
Payable to Others									
Other Accounts Payable		895,688.33	5.00	5.00					895,698.33
Trust Funds		0.00			15,390,648.05				15,390,648.05
Total Payable to Others		**895,688.33**	**5.00**	**5.00**	**15,390,648.05**	**0.00**	**0.00**	**0.00**	**16,286,346.38**
Total Accounts Payable		**17,710,869.29**	**6,330.76**	**526,426.25**	**15,390,648.05**	**508,891.34**	**0.00**	**-146,459.36**	**33,996,706.33**
Unearned Revenue and Advanced Contributions	10								
Unearned revenue from budgetary credits		44,585,791.92	1,436.29	0.00					44,587,228.21
Unearned revenue from Annex IV - Partners' Accomodation		0.00				80,758.80			80,758.80
Unearned revenue from previous years surplus		0.00							0.00
Unearned revenue advance called for Y +1		45,500,000.00		210,000.00					45,710,000.00
Unearned revenue inventory		862,183.77							862,183.77
Total Unearned Revenue and Advanced Contributions		**90,947,975.69**	**1,436.29**	**210,000.00**	**0.00**	**80,758.80**	**0.00**	**0.00**	**91,240,170.78**
TOTAL CURRENT LIABILITIES		**108,658,844.98**	**7,767.05**	**736,426.25**	**15,390,648.05**	**589,650.14**	**0.00**	**-146,459.36**	**125,236,877.11**
NON CURRENT LIABILITIES	11								
Long-term unearned revenue from PPE		1,277,583.80							1,277,583.80
Long-term unearned revenue from intangible assets		14,498,137.57							14,498,137.57
Provisions		**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
TOTAL NON CURRENT LIABILITIES		**15,775,721.37**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**15,775,721.37**
TOTAL LIABILITIES		**124,434,566.35**	**7,767.05**	**736,426.25**	**15,390,648.05**	**589,650.14**	**0.00**	**-146,459.36**	**141,012,598.48**

NATO INTERNATIONAL SECRETARIAT STATEMENT OF FINANCIAL POSITION
as at 31 December 2013
(All amounts in Euro)

	IS	PMIS	OSS	TRUST FUNDS	PARTNER ACCOMODATION	BUILDINGS	INTER ENTITY	Current Year
								31-Dec-13
ASSETS								
CURRENT ASSETS								
Cash and Cash Equivalents								
Cash	2,249.35							2,249.35
Current bank accounts	65,245,854.04	44,773.14	102,177.08	3,172,895.86				68,565,700.12
Cash equivalents	0.00							0.00
Subtotal Cash & Equivalent	65,248,103.39	44,773.14	102,177.08	3,172,895.86	0.00	0.00	0.00	68,567,949.47
Cash Managed for Third Parties				11,844,681.60				11,844,681.60
Total Cash and Cash Equivalents	**65,248,103.39**	**44,773.14**	**102,177.08**	**15,017,577.46**	**0.00**	**0.00**	**0.00**	**80,412,631.07**
Receivables								
Contributions from Member Nations Receivables	44,125,181.46		459,025.00					44,584,206.46
Receivables from Nations, Partners and others	851,979.18				302,883.67		-75,000.00	1,079,862.85
Budget undercall	0.00							0.00
Receivables from other NATO bodies		34,167.21			45,620.91		-45,620.91	34,167.21
Receivables from Staff Members	957,957.29		22.95					957,980.24
Receivables from Post Employment Benefit Schemes	90,827.26							90,827.26
Bank interest accrued	194,266.45		1,320.08					195,586.53
Total Receivables	**46,220,211.64**	**34,167.21**	**460,368.03**	**0.00**	**348,504.58**	**0.00**	**-120,620.91**	**46,942,630.55**
Prepayments								
Other receivables	3,220,709.36							3,220,709.36
Total Prepayments	**3,220,709.36**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**3,220,709.36**
Inventories								
Office supplies	169,477.42							169,477.42
Supplies/maintenance	319,380.16							319,380.16
Medicine and vaccines	343,582.17							343,582.17
Munitions	30,907.00							30,907.00
Total Inventories	**863,346.75**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**863,346.75**
TOTAL CURRENT ASSETS	**115,552,371.14**	**78,940.35**	**562,545.11**	**15,017,577.46**	**348,504.58**	**0.00**	**-120,620.91**	**131,439,317.73**
NON CURRENT ASSETS								
Receivables								-
								-
Infrastructure, plant and equipment	1,035,768.68							**1,035,768.68**
								-
Land and buildings	0.00							-
								-
Intangible assets	9,041,200.87							**9,041,200.87**
TOTAL NON CURRENT ASSETS	**10,076,969.55**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**10,076,969.55**
TOTAL ASSETS	**125,629,340.69**	**78,940.35**	**562,545.11**	**15,017,577.46**	**348,504.58**	**0.00**	**-120,620.91**	**141,516,287.28**

NATO INTERNATIONAL SECRETARIAT STATEMENT OF FINANCIAL POSITION
as at 31 December 2013
(All amounts in Euro)

	IS	PMIS	OSS	TRUST FUNDS	PARTNER ACCOMODATION	BUILDINGS	INTER ENTITY	Current Year 31-Dec-13
LIABILITIES								
CURRENT LIABILITIES								
Payables								
Payable to Nations								
Interest	108,633.06		1,315.08					109,948.14
Lapsed credits	10,935,083.98	2,369.65						10,937,453.63
Miscellaneous receipts	315,268.95							315,268.95
US & NL reimbursables	5,022,398.28							5,022,398.28
Project accumulated surplus	0.00		355,007.84		210,539.84			565,547.68
Other payable to Nations	1,699,208.68		262.46					1,699,471.14
Total Payable to Nations	**18,080,592.95**	**2,369.65**	**356,585.38**	**0.00**	**210,539.84**	**0.00**	**0.00**	**18,650,087.82**
Payable to Staff	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
Payable to NATO Bodies								
Stikker fund	95,535.77							95,535.77
Agencies	45,620.91	76,570.70					-120,620.91	1,570.70
Post Employment Benefit Schemes	0.00							0.00
Total Payable to NATO Bodies	**141,156.68**	**76,570.70**	**0.00**	**0.00**	**0.00**	**0.00**	**-120,620.91**	**97,106.47**
Payable to Suppliers								
Payable to Suppliers	10,443,145.96				117,187.02			10,560,332.98
Accrued expenses	0.00							0.00
Total Payable to Suppliers	**10,443,145.96**	**0.00**	**0.00**	**0.00**	**117,187.02**	**0.00**	**0.00**	**10,560,332.98**
Payable to Others								
Other Accounts Payable	907,066.49		221.81					907,288.30
Trust Funds				15,017,577.46				15,017,577.46
Total Payable to Others	**907,066.49**	**0.00**	**221.81**	**15,017,577.46**	**0.00**	**0.00**	**0.00**	**15,924,865.76**
Total Accounts Payable	**29,571,962.08**	**78,940.35**	**356,807.19**	**15,017,577.46**	**327,726.86**	**0.00**	**-120,620.91**	**45,232,393.03**
Unearned Revenue and Advanced Contributions								
Unearned revenue from budgetary credits	38,400,062.31		5,737.92					38,405,800.23
Unearned revenue from Annex IV - Partners' Accomoda	0.00				20,777.72			20,777.72
Unearned revenue from previous years surplus	0.00							0.00
Unearned revenue advance called for Y +1	46,717,000.00		200,000.00					46,917,000.00
Unearned revenue inventory	863,346.75							863,346.75
Total Unearned Revenue and Advanced Contributions	**85,980,409.06**	**0.00**	**205,737.92**	**0.00**	**20,777.72**	**0.00**	**0.00**	**86,206,924.70**
TOTAL CURRENT LIABILITIES	**115,552,371.14**	**78,940.35**	**562,545.11**	**15,017,577.46**	**348,504.58**	**0.00**	**-120,620.91**	**131,439,317.73**
NON CURRENT LIABILITIES								
Long-term unearned revenue from PPE	1,035,768.68							1,035,768.68
Long-term unearned revenue from intangible assets	9,041,200.87							9,041,200.87
Provisions	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
TOTAL NON CURRENT LIABILITIES	**10,076,969.55**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**10,076,969.55**
TOTAL LIABILITIES	**125,629,340.69**	**78,940.35**	**562,545.11**	**15,017,577.46**	**348,504.58**	**0.00**	**-120,620.91**	**141,516,287.28**
NET ASSETS								
Surplus/Deficit of the period								0.00
Total Net Assets								**0.00**
TOTAL NET ASSETS	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**

CASH FLOW STATEMENT							
		IS plus Partner Bldg.	PMIS	OSS	TRUST FUNDS	INTERNAL	TOTAL
CASH FLOW FROM OPERATING ACTIVITIES	Note	2014	2014	2014	2014	2014	2014
RECEIPTS	15						
Contributions		180,578,289.24		969,050.00	1,268,085.12		182,815,424.36
Advances on Next Year Budget		218,232.98		210,000.00			428,232.98
Other operational revenue		9,353,811.95	170,921.86	0.00		(133,076.08)	9,391,657.73
Financial Revenues		197,655.27	0.00	1,320.08	15,252.94		214,228.29
Others		11,859,640.29	0.00	200,141.32	17,439.56	(275,000.00)	11,802,221.17
Partner Accomodation		1,649,772.01					1,649,772.01
Contributions paid to incorrect account		3,131,444.35					3,131,444.35
Net gain on foreign exchange transactions		127,239.14					127,239.14
TOTAL		207,116,085.23	170,921.86	1,380,511.40	1,300,777.62	(408,076.08)	209,560,220.03
PAYMENTS	16						
Personnel Costs (RP1)		(115,598,219.03)	(113,563.71)	(482,701.37)	(48,086.54)	30,979.50	(116,211,591.15)
Operating Costs (RP2)		(29,802,764.24)	(19,459.60)	(64,019.64)	(1,748,649.98)	102,096.58	(31,532,796.88)
Capital Costs (RP3)		-					-
Programmes (RP4)		(23,854,207.54)					(23,854,207.54)
Partner Accomodation		(933,841.64)					(933,841.64)
Correction of Contributions paid to incorrect account		(3,131,444.35)					(3,131,444.35)
Miscellaneous Payments		(25,098,281.91)	(75,000.00)	(200,358.47)		275,000.00	(25,098,640.38)
Financial Costs		(42,384.27)	(5.00)	(6.33)	(720.75)		(43,116.35)
Net loss on foreign exchange transactions		(193,405.98)					(193,405.98)
TOTAL		(198,654,548.96)	(208,028.31)	(747,085.81)	(1,797,457.27)	408,076.08	(200,999,044.27)
NET CASH FLOW FROM OPERATING ACTIVITIES		8,461,536.27	-37,106.45	633,425.59	(496,679.65)	0.00	8,561,175.76
CASH FLOW FROM INVESTING ACTIVITIES	16						
PURCHASE OF NON CURRENT ASSETS							
RECEIPTS		0.00					0.00
PAYMENTS		0.00					0.00
							-
NET CASH FLOW FROM INVESTING ACTIVITIES		0.00	0.00	0.00	0.00	0.00	0.00
CASH FLOW FROM FINANCIAL ACTIVITIES	16						
RECEIPTS		0.00					0.00
PAYMENTS		(12,498,026.37)					(12,498,026.37)
NET CASH FLOW FROM FINANCING ACTIVITIES		(12,498,026.37)					(12,498,026.37)
	16						
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS OF PERIOD		(4,036,490.10)	(37,106.45)	633,425.59	(496,679.65)	0.00	(3,936,850.61)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	16	65,248,103.39	44,773.14	102,177.08	3,172,895.86		68,567,949.47
CASH AND CASH EQUIVALENTS AT END OF PERIOD		61,211,613.29	7,666.69	735,602.67	2,676,216.21		64,631,098.86
CASH FLOW FUNDS HELD FOR THIRD PARTIES	17						
RECEIPTS		21,269,333.43					21,269,333.43
PAYMENTS		(20,399,583.19)					(20,399,583.19)
NET INCREASE (DECREASE) FUNDS HELD FOR THIRD PARTIES		869,750.24					869,750.24
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD HELD FOR THIRD PARTIES		11,844,681.60					11,844,681.60
CASH AND CASH EQUIVALENTS AT END OF PERIOD HELD FOR THIRD PARTIES		12,714,431.84					12,714,431.84

CASH FLOW STATEMENT							
		IS plus Partner Bldg.	PMIS	OSS	TRUST FUNDS	INTERNAL	TOTAL
CASH FLOW FROM OPERATING ACTIVITIES	**Note**	**2013**	**2013**	**2013**	**2013**	**2013**	**2013**
RECEIPTS	15						
Contributions		177,007,257.63		777,875.00	1,483,383.59		179,268,516.22
Advances on Next Year Budget		640,000.00					640,000.00
Other operational revenue		9,603,203.31	99,877.18	22,122.61		-131,283.09	9,593,920.01
Financial Revenues		216,281.77	239.62	521.13	18,015.56		235,058.08
Others		15,803,466.93	75,000.00	200,000.00		-626,976.82	15,451,490.11
Partner Accomodation		1,935,899.29					1,935,899.29
Contributions paid to incorrect account		760,221.20					760,221.20
Net gain on foreign exchange transactions		64,176.76					64,176.76
TOTAL		**206,030,506.89**	**175,116.80**	**1,000,518.74**	**1,501,399.15**	**-758,259.91**	**207,949,281.67**
PAYMENTS	16						
Personnel Costs (RP1)		(119,139,594.84)	(115,837.54)	(424,043.87)			(119,679,476.25)
Operating Costs (RP2)		(20,030,848.30)	(18,892.81)	(133,078.03)	(1,854,982.68)	131,283.09	(21,906,518.73)
Capital Costs (RP3)		(5,286,455.55)					(5,286,455.55)
Programmes (RP4)		(16,685,069.15)					(16,685,069.15)
Partner Accomodation		(1,795,504.16)					(1,795,504.16)
Correction of Contributions paid to incorrect account		(760,221.20)					(760,221.20)
Miscellaneous Payments		(20,051,122.73)	(934.56)	(350,521.13)		626,976.82	(19,775,601.60)
Financial Costs		(37,743.74)	(5.00)	(5.00)	(5,041.52)		(42,795.26)
Net loss on foreign exchange transactions		(118,479.61)					(118,479.61)
TOTAL		**(183,905,039.28)**	**(135,669.91)**	**(907,648.03)**	**(1,860,024.20)**	**758,259.91**	**(186,050,121.51)**
NET CASH FLOW FROM OPERATING ACTIVITIES		**22,125,467.61**	**39,446.89**	**92,870.71**	**(358,625.05)**	**0.00**	**21,899,160.16**
CASH FLOW FROM INVESTING ACTIVITIES	16						
PURCHASE OF NON CURRENT ASSETS							
RECEIPTS		0.00					0.00
PAYMENTS		0.00					0.00
							-
NET CASH FLOW FROM INVESTING ACTIVITIES		**0.00**					**0.00**
CASH FLOW FROM FINANCIAL ACTIVITIES	16						
RECEIPTS		0.00					0.00
PAYMENTS		0.00					0.00
NET CASH FLOW FROM FINANCING ACTIVITIES		**0.00**					**0.00**
	16						
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS OF PERIOD		**22,125,467.61**	**39,446.89**	**92,870.71**	**(358,625.05)**	**0.00**	**21,899,160.16**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	16	**43,122,635.78**	**5,326.25**	**9,306.37**	**3,531,520.91**		**46,668,789.31**
CASH AND CASH EQUIVALENTS AT END OF PERIOD		**65,248,103.39**	**44,773.14**	**102,177.08**	**3,172,895.86**		**68,567,949.47**
CASH FLOW FUNDS HELD FOR THIRD PARTIES	17						
RECEIPTS		13,975,230.31					13,975,230.31
PAYMENTS		(13,605,398.57)					(13,605,398.57)
NET INCREASE (DECREASE) FUNDS HELD FOR THIRD PARTIES		**369,831.74**					**369,831.74**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD HELD FOR THIRD PARTIES		11,474,849.86					11,474,849.86
CASH AND CASH EQUIVALENTS AT END OF PERIOD HELD FOR THIRD PARTIES		11,844,681.60					11,844,681.60

With regard to the Partner Accommodation segment, the 2014 financial year resulted in a surplus of EUR 149,396.04 (EUR 202,363.22 in 2013). The commitments carried-forward from previous years resulted in a surplus of EUR 2,496.10 (deficit of EUR 513.20 in 2013) as the result of an over-estimation of amounts due to miscellaneous suppliers. The surplus from the previous year (i.e. end 2013) amounted to EUR 210,539.84. As a consequence, at the end of 2014, there was a surplus of EUR 362,431.98.

NOTE 19: WRITE-OFFS

	Year of purchase	Purchase value (EUR)	Reference
Electronic Equipment	1995-2012	116,806	EM(IFM)(2014)0053
Miscellaneous Equipment	1953-2012	94,253	EM(IFM)(2014)0053
Vehicles	2006	31,056	EM(IFM)(2014)0053
Vehicles	2006	62,112	EM(IFM)(2014)0053
Electronic Equipment	1986-2012	252,411	EM(IFM)(2014)0102
Miscellaneous Equipment	1960-2014	35,874	EM(IFM)(2014)0102

NOTE 20: LEASES

An analysis of lease contracts was conducted and it was considered that some of them had characteristics that could have led them to be considered as finance leases (in the IPSAS 13 sense) in particular as relates to the rent of portacabins for temporary accommodation (e.g. Buildings V, VA) and the Manfred Wörner building. However in consideration of the fact that NATO-IS will move to new premises in 2016, the rental period will be shorter than the remaining economic life of this equipment. As a consequence, all leases in NATO IS are classified as operating leases. Fees payable under these lease agreements are accounted as expenses in the Statement of Financial Performance on a straight-line basis over the relevant lease term.

Belgium has granted to NATO by way of concession a plot of land on which NATO is authorized to erect all necessary buildings and facilities needed to perform its functions. A symbolic price is paid annually for the rent. NATO is the full owner of all constructions made. Belgium remains the sole and full owner of the land, which is public domain (“domaine public”). The concession ends 180 days after NATO has left the buildings and facilities. At the end of the concession, there will be no property rights transferred to NATO. As a consequence, given the indefinite economic life of land and the specific nature of concessions, the use of the land is classified as an operational lease. The rent charged by the host nation is recognised as an expense in the statement of financial performance.

The operating leases at the reporting date can be classified into three categorie: temporary building offices, transport equipment and photocopiers.

NOTE 21: RESTRICTIONS ON FIXED ASSETS

There are no restrictions on fixed assets.

NOTE 22: CONTINGENT LIABILITIES

A number of contingent liabilities have been identified, but the total possible obligation relating to these items is not expected to be material.

However, it should be noted that in light of the current circumstances surrounding the operation of the NATO Staff Centre and its restructuring, Civil Budget resources may have to be used.

NOTE 23: CONTINGENT ASSETS

Nothing to report.

NOTE 24: EMPLOYEE DISCLOSURE

Accounting for employee benefits is accounting for any liability in relation to all forms of consideration given by an entity in exchange of service rendered by employees.

At 31 December 2014, NATO-IS had an approved Personnel Establishment of 1,110 positions (1,169 end 2013) funded by the Civil Budget of which 1033 were occupied as of December 2014 (1,084 end 2013). Also, NATO-IS receives “in kind” services provided by nationally funded personnel known as Voluntary National Contributions (VNCs). During 2014, 61 VNCs (97 in 2013) worked for the IS at HQ. Other civilian and military VNCs worked in the SCR’s office in Kabul, in Georgia for PASP and DPP had VNCs located in Pristina, Kosovo, who man the NATO Advisory Team (NAT).

At 31 December 2014, NATO-IS had 4,672 days of untaken leave. The value of this is not recognised in the financial statements.

The NATO-IS manages centrally three pension schemes, namely the Defined Benefit Pension Scheme (DBPS), the Provident Fund and the Defined Contribution Pension Scheme (DCPS), as well as the Retirees Medical Claims Fund (RMCF), covering staff employed by all NATO bodies. NATO wide financial statements are issued by the NATO-IS Office of Financial Control for the three pension schemes and the RMCF; therefore, no related assets or liabilities are recognised in these financial statements.

Three staff are affiliates of the NATO Provident Fund (3 end 2013), which is a defined contribution pension scheme which provides retirement benefits to civilian staff recruited by NATO before 1 July 1974 and who decided not to join the Defined Benefit Pension Scheme set up at this date. Benefits are paid upon retirement as one lump sum, being the total of the individual right acquired. Monthly contributions, paid directly into the Fund, are made by staff and NATO, being 7% and 14% respectively of basic salary.

458 staff members (431 end 2013) participate in the Defined Contribution Pension Scheme (DCPS) administered by NATO. The DCPS provides that the NATO-IS budget makes a 12% monthly matching contribution to the staff members contributions for current service.

578 employess (644 end 2013) participate in NATO's Defined Benefit Pension Scheme (DBPS): a deduction of 9% of their salaries is made and contributed to the annual financing of this Scheme. These contributions are expensed during the year in which the services are rendered and represent the total pension obligation of the entity. The funding mechanism of the DBPS provides that Nations contribute, in the course of a given year, for the difference between amounts due to pensioners and staff contributions received.

Also, 15 staff members are employed on reimbursable basis with an agreement between NATO-IS and the United States. Their salary is paid directly by the US using national salary scales and the US is reimbursed the costs corresponding to the grade of the post occupied by the staff member (see also Note 9). Those individuals are paid and accrue pension rights under a United States pension scheme. A similar agreement exists with the Netherlands and currently applies to 1 staff member. An agreement with Norway was signed in 2015.

The contributions for pensions paid are as follows:

		2014	2013
Provident Fund	Staff	7,832.16	7,855.80
	Employer	15,664.32	15,711.60
	Total	23,496.48	23,567.40
Co-ordinated Pension Scheme	Staff	3,849,143.32	4,111,835.86
	Employer		
	Total	3,849,143.32	4,111,835.86
Defined Contribution Pension Scheme	Staff	2,493,555.78	2,432,014.96
	Employer	3,562,238.35	3,522,959.25
	Total	6,055,794.13	5,954,974.21
TOTAL	Staff	6,350,531.26	6,551,706.62
	Employer	3,577,902.67	3,538,670.85
	Total	9,928,433.93	10,090,377.47

NOTE 25: KEY MANAGEMENT PERSONNEL

The North Atlantic Council is the governing body of NATO. It approves the Civil Budget further to screening and recommendation by the Budget Committee (BC) and the Resource Policy and Planning Board (RPPB). Members of the North Atlantic Council, the BC and the RPPB are nominated by their respective national authorities. They are paid on the basis of applicable national pay scales. They do not receive from NATO any additional remuneration for their responsibilities or access to benefits.

For the purposes of IPSAS 20 implementation, key management personnel of the International Staff are the Secretary General, the Deputy Secretary General, the Director of the Private Office, the seven Assistant Secretary Generals, the Senior Civilian Representative in Afghanistan and the three Directors of Independent Offices (Security, Resources and Financial Control). The aggregate remuneration and the number of individuals on a full time equivalent basis are:

Aggregate remuneration: EUR 3,277,087
Number of persons: 14

The Secretary General is provided with accommodation at no cost in premises belonging to the Organisation. The residence is serviced by three established posts. The cost of operating and maintenance of the residence and works are EUR 192,996.53 in 2014. The residence was assessed in November of 2013 as being worth EUR 10,300,000. The Deputy Secretary General is provided with an approved special allowance to contribute towards the lease of accommodation suitable for representation at the Ministerial and distinguished visitor level. The Secretary General is entitled upon departure to a special leaving allowance, equal to one year's basic salary if a full four year term was served.

On 1 June, 2013, the NAC approved changes to the Representation Allowance system. A key element was that in lieu of monthly allowances being paid out and then reimbursed by the recipients if unused, recipients now submit receipts and are then reimbursed up to the allocated ceiling. The OFC is responsible for the day to day verification, with IBAN able to disallow expenses if deemed necessary.

A total of 13 senior staff are entitled to a Representation Allowance the use of which is subject to a specific control by the OFC. This includes the Secretary General, the Deputy Secretary General, the Director of the Private Office and the seven Assistant Secretary Generals. The gross amount paid was EUR 89,137.39 (EUR 119,611.50 in 2013). Unused funds and disallowed expenses are returned to the Organisation.

Key management staff have access to a pool of vehicles for official business.

There is no other remuneration or benefits to key management personnel and their family members. Key management personnel is entitled to receive loans which are also available to other members of the NATO International Staff.

NOTE 26: RELATED PARTIES

There have been the following related party relations.

Member Nations and NATO bodies

NATO-IS performs certain administrative support and common operating services for which in 201 a total amount of, respectively EUR 5,927,585.04 (EUR 5,769,734 in 2013) and EUR 3,797,403.10 (EUR 4,036,825 in 2013) was charged to other NATO bodies and Member Nation delegations. These amounts come as a deduction to the budget contributions due from Nations to fund the Civil Budget.

Belgium provides military personnel in support of activities related to security (Delegation Militaire de la Sécurité Technique) for which EUR 490,431 (EUR 474,872.31 in 2013) were charged by the Belgian Ministry of Defence and paid by the Civil Budget. Staff in support of communications (Communications Branch of the Situation Centre) is no longer provided directly to the International Staff but via the NCIA (EUR 1,743,873.75 in 2013).

Fifteen NATO-IS staff members are employed on a reimbursable basis with an agreement between NATO-IS and the United States. Their salaries are paid directly by the US using national salary scales and the US is reimbursed the costs corresponding to the grade of the posts occupied by these staff members (see also Note 9). A similar arrangement exists for Netherlands staff and one individual benefits from it. An agreement was also signed with Norway in 2015.

Member and Partner Nations

The NATO-IS Office of Financial Control is the Treasurer for the operations related to 33 Trust Funds which were active in 2014 (32 in 2013). The Trust Funds were authorized under NATO's Partnership for Peace Programme, the Mediterranean Dialogue Programme, the NATO-Russia Council, the NATO-Ukraine Commission and the NATO-Georgia Commission. The OFC also received financial resources on a bilateral ad-hoc basis from nations in support of specific activities conducted by NATO-IS or as a complement to the Civil Budget funding for certain activities. For Trust Funds a Lead Nation (NATO member) is normally designated. Partner nations can also participate in such additional funding. No management fees are charged by the IS to cover the related costs.

The table below analyses the payments and receipts linked to trust funds:

YEAR 2014	Opening balances	Contributions received	Disbursements	Interest/Gain on exchange	Bank charges/Loss on exchange	Refunds of closed accts	Closing balances
TRUST FUNDS							
NTF-GEO - PROF.DEV.PGR.	293,392.21	478,928.98	259,632.03	1,499.56	283.30	248,290.59	265,614.83
NTF - TAJIKISTAN II	445,788.64	0.00	150,000.00	1,671.57	5.00		297,455.21
NTF - MOLDOVA III	266,259.31	202,967.36	0.00	2,739.50	11.05		471,955.12
NTF - BOSNIA-HERZ. II	469,261.49	0.00	465,855.00	4,932.12	5.00	8,333.61	0.00
NTF - AZERBAIJAN JCP	951,729.12	593,376.87	900,000.00	3,320.67	5.00		648,421.66
NTF - UKRAINE II PH 2	530,204.41	338,847.80	0.00	1,050.76	11.05		870,091.92
NTF - NATO-UKRAINE RADACT DISP	84,995.00	0.00	0.00	355.18	5.00		85,345.18
NTF - GEORGIA IV	308,904.23	182,634.81	0.00	451.68	0.00		491,990.72
NTF - JORDAN III	20,000.00	355,671.36	0.00	1.66	0.00		375,673.02
NTF - SERBIA IV	814,916.91	85,494.52	0.00	1,375.76	5.00		901,782.19
NTF - UKRAINE C4	0.00	643,940.95	0.00	0.00	0.00		643,940.95
NTF - UKRAINE L & S	0.00	520,000.00	0.00	0.00	0.00		520,000.00
NTF - UKRAINE CYBER DEFENCE	0.00	30,000.00	0.00	0.00	0.00		30,000.00
NTF - BELARUS - APM	22,735.96	0.00	0.00	95.84	5.00		22,826.80
NTF - UKRAINE II - SALW	14,338.14	0.00	0.00	60.39	5.00		14,393.53
NTF - KMELNITSKY	2,514.77	0.00	0.00	168.64	5.00		2,678.41
NTF - MAURITANIA	670,385.16	0.00	0.00	2,651.17	5.00		673,031.33
NRC - CAI PHASE IV	289,788.75	259,267.15	412,275.06	799.39	5.00		137,575.23
NRC - HELICOPTER MAINTENANCE	2,002,336.18	180,000.00	1,258,000.00	14,905.79	11.05		939,230.92
NRC - HELICOPTER MAINTEN. (USD)	226,493.71	0.00	226,493.55		0.16		0.00
NRC - DISP EXCESS AMMUNITION	50,000.00	305,000.00	0.00	723.59	0.00	355,723.59	0.00
NRC - HELICO MAINTENANCE II	2,584,999.80	258,000.00	360,000.00	2,640.26	11.05		2,485,629.01
NRC - AFGHAN. & ASIA (USD)	73,275.40	409,076.21	0.00		-48,164.82		530,516.42
NRC - TMD III	25,047.81	0.00	0.00	105.61	5.00		25,148.42
NATO CNAD VNCF	373,653.63	800,000.00	426,000.00	1,544.17	0.00		749,197.80
Sub-total	**10,521,020.63**	**5,643,206.01**	**4,458,255.64**	**41,093.31**	**-47,782.16**	**612,347.79**	**11,182,498.67**
NATO I.S. MANAGED TRUST FUNDS							
CRISIS MGMT IN MAURITANIA	606,618.78	0.00	383,575.00	1,659.63	5.00		224,698.41
NTF - UKRAINE MEDICAL REHABIL	0.00	30,000.00	0.00	0.00	0.00		30,000.00
NTF - UKRAINE MCT	0.00	390,000.00	0.00	0.00	0.00		390,000.00
JWGDR	253,806.79	524,657.96	162,821.28	1,286.00	434.55		616,494.92
NTF BLDG INTEGRITY	1,160,361.55	123,594.90	324,909.71	4,401.68	271.20		963,177.22
NRC - WEB SITE	14,579.18	16,000.00	29,614.90	133.86	5.00		1,093.14
NATO EXPLOSIVES DET.	946,535.78	0.00	629,477.78	7,771.77	5.00		324,824.77
NATO SILK AFGHANISTAN (USD)	190,993.78	183,832.26	266,337.85		-17,439.56		125,927.75
Sub-total	**3,172,895.86**	**1,268,085.12**	**1,796,736.52**	**15,252.94**	**-16,718.81**	**0.00**	**2,676,216.21**
TOTAL 2014	**13,693,916.49**	**6,911,291.13**	**6,254,992.16**	**56,346.25**	**-64,500.97**	**612,347.79**	**13,858,714.88**

	Opening balances	Contributions received	Disbursements	Interest/Gain on exchange	Bank charges/Loss on exchange	Refunds of closed accts	Closing balances
TRUST FUNDS							
NTF-GEO - PROF.DEV.PGR.	383,743.62	126,908.48	217,785.54	2,358.70	1,833.05		293,392.21
NTF - GEORGIA III	325,571.92	0.00	0.00	3,463.94	5.00	329,030.86	0.00
NTF - TAJIKISTAN II	232,219.34	212,280.89	0.00	1,293.41	5.00		445,788.64
NTF - MOLDOVA III	591,191.45	473,109.37	800,000.00	1,963.49	5.00		266,259.31
NTF - BOSNIA-HERZ. II	960,226.39	503,397.56	1,000,000.00	5,660.69	23.15		469,261.49
NTF - AZERBAIJAN JCP	514,039.88	833,353.60	400,000.00	4,358.79	23.15		951,729.12
NTF - UKRAINE II PH 2	246,388.58	296,440.76	14,236.58	1,628.75	17.10		530,204.41
NTF - NATO-UKRAINE RADACT DISP	0.00	85,000.00	0.00		5.00		84,995.00
NTF - GEORGIA IV	88,690.59	220,176.81	0.00	41.83	5.00		308,904.23
NTF - JORDAN III	0.00	20,000.00	0.00		0.00		20,000.00
NTF - SERBIA IV	0.00	814,929.01	0.00		12.10		814,916.91
NTF - BELARUS - APM	22,595.97	0.00	0.00	144.99	5.00		22,735.96
NTF - UKRAINE II - SALW	14,251.75	0.00	0.00	91.39	5.00		14,338.14
NTF - KMELNITSKY	56,989.70	100,000.00	155,000.00	584.52	59.45		2,514.77
NTF - JORDAN I	419,732.02	0.00	0.00	3,187.46	5.00	422,914.48	0.00
NTF - MAURITANIA	518,898.01	261,660.14	115,000.00	4,838.06	11.05		670,385.16
NTF - JORDAN III	198,821.45	10,000.00	190,305.04	3,254.61	11.05	21,759.97	0.00
NRC - CAI PHASE III	9,957.53	0.00	0.00	152.84	5.00	10,105.37	0.00
NRC - CAI PHASE IV	82,215.58	456,452.84	250,000.00	1,125.33	5.00		289,788.75
NRC - HELICOPTER MAINTENANCE	3,406,060.60	4,003,000.00	5,425,000.00	18,280.58	5.00		2,002,336.18
NRC - HELICOPTER MAINTEN. (USD)	316,800.77	0.00	85,988.88		4,318.18		226,493.71
NRC - DISP EXCESS AMMUNITION	0.00	50,000.00	0.00		0.00		50,000.00
NRC - HELICO MAINTENANCE II	0.00	4,085,000.00	1,500,000.00		0.20		2,584,999.80
NRC - AFGHAN. & ASIA (USD)	198,365.48	941,443.01	1,061,646.36		4,886.73		73,275.40
NRC - CAI PHASE II	48,570.39	0.00	0.00	383.31	5.00	48,948.70	0.00
NRC - TMD III	24,893.06	0.00	0.00	159.75	5.00		25,047.81
NATO CNAD VNCF	299,600.00	123,875.21	50,000.64	190.11	11.05		373,653.63
Sub-total 2013	8,959,824.08	13,617,027.68	11,264,963.04	53,162.55	11,271.26	832,759.38	10,521,020.63
NATO MANAGED TRUST FUNDS							
CRISIS MGMT IN MAURITANIA	0.00	606,618.78	0.00		0.00		606,618.78
JWGDR	309,877.57	74,792.81	132,696.86	2,213.37	380.10		253,806.79
NTF BLDG INTEGRITY	1,165,436.03	297,164.40	307,583.83	5,957.48	612.53		1,160,361.55
NRC - WEB SITE	55,840.49	3,500.00	44,998.32	242.01	5.00		14,579.18
NATO EXPLOSIVES DET.	1,853,738.74	0.00	916,800.66	9,602.70	5.00		946,535.78
NATO SILK AFGHANISTAN (USD)	146,628.08	501,307.60	452,903.00		4,038.89		190,993.78
Sub-total 2013	3,531,520.91	1,483,383.59	1,854,982.67	18,015.56	5,041.52	0.00	3,172,895.86
TOTAL 2013	12,491,344.99	15,100,411.27	13,119,945.72	71,178.11	16,312.78	832,759.38	13,693,916.49

Employee Benefits

NATO-IS is responsible for the management at the NATO-wide level for the three pension systems (Provident Fund, Defined Benefit Pension Scheme, Defined Contribution Pension Scheme) and the Retirees Medical Claims Fund. Separate financial statements are issued by the NATO-IS Office of Financial Control. No management fees corresponding to the related costs incurred by NATO-IS are charged to these entities.

Staff Centre

In October 2013, Nations approved a new mandate for the Staff Centre under C-M(2013)0054 with a view to transitioning to a fully customer funded model in 2016. An Executive Board was established in 2013 to provide oversight of Staff Centre operations. The Chairman of the Board is nominated by the Secretary General and is currently the ASG EM. Other members of the Board include other Executive Management staff, the IMS Executive Officer and the Director of the Staff Centre. Two members of the Budget Committee attend ex-officio.

Appendix 1 Annex 1 of the C-M outlines under the heading of Category A, all activities that can receive Civil Budget funding. The total amount of expenditures paid by the Civil Budget in that respect amounted to EUR 927,232.10 in 2014 (EUR 995,856 in 2013).

In addition, NATO-IS provided administrative support and common operating services to the Staff Centre in an estimated amount of respectively EUR 279,407 and EUR 552,310.91 (EUR 274,145 and EUR 643,107 in 2013).

With regard to the principle of consolidation of Morale and Welfare Activities, the recent decision by the Council (C-M(2013)0006) adopting a way-ahead on the implementation of IPSAS states that, “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”. This Council decision applies as from reporting year 2013.

The Staff Centre has its own financial statement.