NORTH ATLANTIC COUNCIL
CONSEIL DE L'ATLANTIQUE NORD

12 janvier 2024

DOCUMENT
PO(2023)0469-AS1 (INV)

RAPPORT DU COLLÈGE INTERNATIONAL DES AUDITEURS EXTERNES DE L'OTAN (IBAN) SUR L'AUDIT DES ÉTATS FINANCIERS 2022 CONSOLIDÉS DU COMMANDEMENT ALLIÉ OPÉRATIONS (ACO)

NOTE SUR LA SUITE DONNÉE

Le 12 janvier 2024, au terme d'une procédure d'accord tacite, le Conseil a pris note du rapport du RPPB et du rapport de l'IBAN joints au PO(2023)0469 (INV), approuvé les conclusions et les recommandations contenues dans le rapport du RPPB et donné son accord pour que le rapport du RPPB, le rapport de l'IBAN et les états financiers 2022 de l'ACO, également joints au PO(2023)0469 (INV), soient rendus publics.

(signé) Jens Stoltenberg
Secrétaire général

NB : La présente note fait partie du PO(2023)0469 (INV) et doit être placée en tête de ce document.

Original : anglais

NATO SANS CLASSIFICATION
Communicable à la Suède

20 décembre 2023

DOCUMENT
PO(2023)0469 (INV)
Procédure d'accord tacite :
12 jan 2024 15:30

À : Représentants permanents (Conseil)

De : Secrétaire général

RAPPORT DU COLLÈGE INTERNATIONAL DES AUDITEURS EXTERNES DE L'OTAN (IBAN) SUR L'AUDIT DES ÉTATS FINANCIERS 2022 CONSOLIDÉS DU COMMANDEMENT ALLIÉ OPÉRATIONS (ACO)

1. Vous trouverez ci-joint le rapport du RPPB concernant le rapport de l'IBAN sur l'audit des états financiers 2022 consolidés de l'ACO. L'IBAN a émis une opinion sans réserve sur ces états financiers ainsi que sur la conformité pour l'exercice.

2. Je ne pense pas que cette question doive être examinée plus avant au Conseil. Par conséquent, **sauf avis contraire me parvenant d'ici au vendredi 12 janvier 2024 à 15h30**, je considérerai que le Conseil aura pris note du rapport du RPPB et du rapport de l'IBAN, approuvé les conclusions et les recommandations contenues dans le rapport du RPPB et donné son accord pour que le rapport du RPPB, le rapport de l'IBAN et les états financiers de l'ACO soient rendus publics.

(signé) Jens Stoltenberg

1 annexe
2 pièces jointes

Original : anglais

RAPPORT DU COLLÈGE INTERNATIONAL DES AUDITEURS EXTERNES DE L'OTAN (IBAN) SUR L'AUDIT DES ÉTATS FINANCIERS 2022 CONSOLIDÉS DU COMMANDEMENT ALLIÉ OPÉRATIONS (ACO)

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

Références :

A.	IBA-AR(2023)0012	Rapport de l'IBAN sur l'audit des états financiers 2022 consolidés du Commandement allié Opérations (ACO)
B.	C-M(2015)0025	Règlement financier de l'OTAN (NFR)
C.	BC-D(2015)0260-REV3 (INV)	Règles et procédures financières (FRP) de l'OTAN
D.	C-M(2016)0023	Cadre comptable OTAN (NAF)
E.	PO(64)379	Règlement du personnel civil (RPC) de l'OTAN
F.	PO(2015)0052	Mandat issu du sommet du pays de Galles concernant la transparence et l'obligation de rendre compte

INTRODUCTION

1. Le présent rapport du RPPB concerne le rapport de l'IBAN sur l'audit des états financiers 2022 consolidés de l'ACO. L'IBAN a émis une opinion sans réserve sur ces états financiers ainsi que sur la conformité pour l'exercice (référence A).

OBJET

2. Le présent rapport appelle l'attention sur les éléments les plus importants du rapport de l'IBAN afin que le RPPB puisse réfléchir aux questions d'ordre stratégique découlant de l'audit des états financiers des entités OTAN et, s'il y a lieu, recommander au Conseil une ligne de conduite propre à accroître la transparence, à améliorer le compte rendu et à renforcer la cohérence.

OBSERVATIONS DE L'IBAN ET AVIS DU RPPB

3. À l'issue de l'audit des états financiers 2022, l'IBAN a formulé cinq observations, assorties de recommandations. Ces observations portent sur la nécessité de renforcer les mécanismes de contrôle interne relatifs à l'établissement des états financiers, sur le non-respect du Règlement financier de l'OTAN (NFR) (référence B) ainsi que des règles et procédures financières (FRP) de l'OTAN (référence C) concernant l'obligation de double signature pour les virements bancaires, sur la justification insuffisante de dérogations à la procédure d'acquisition normale, sur le non-respect des procédures dans le recours aux services de consultants et sur les insuffisances dans le processus de recrutement d'agents temporaires. Ces observations et recommandations n'ont pas eu d'incidence sur l'opinion émise au sujet des états financiers et de la conformité.

3.1 Observation 1 – Le RPPB souscrit à la recommandation de l'IBAN visant à ce que l'ACO renforce les mécanismes de contrôle interne relatifs à l'établissement des états financiers afin qu'une assurance raisonnable puisse être obtenue quant à la conformité de ceux-ci avec le NFR et avec le cadre comptable OTAN (NAF).

3.2 Observation 2 – S'agissant du non-respect du NFR et des FRP concernant l'obligation de double signature pour les virements bancaires, le RPPB souscrit à la recommandation de l'IBAN selon laquelle l'ACO doit se conformer au NFR et à la disposition XXXI des FRP pour ce qui concerne le principe de séparation des tâches et l'obligation de double signature pour les virements bancaires, et appliquer ces règles dans les cas relevés dans le rapport de l'IBAN (compte bancaire en dollars des États-Unis géré par la Branche Comptabilité générale et contrôle de l'ACO et comptes bancaires relatifs aux activités sociorécréatives du Commandement aérien allié (AIRCOM) et du Groupe Systèmes d'information et de communication de l'OTAN (NCISG).

3.3 Observation 3 – S'agissant des dérogations à la procédure d'acquisition normale, le RPPB souscrit à la recommandation de l'IBAN selon laquelle l'ACO doit dûment justifier et documenter ses décisions d'approbation de dérogations, en se référant aux dispositions du NFR et aux FRP.

3.4 Observation 4 – S'agissant du non-respect des procédures dans le recours aux services de consultants, le RPPB souscrit à la recommandation de l'IBAN selon laquelle l'ACO doit se conformer aux dispositions du Règlement du personnel civil (RPC) de l'OTAN concernant le recrutement et l'emploi de consultants, en veillant à ce que l'octroi de contrats portant sur des périodes de plus de 180 jours n'intervienne que dans des cas exceptionnels et bien déterminés, et en examinant la possibilité de procéder à un appel d'offres, surtout si la valeur du contrat devait être supérieure au niveau déclenchant une mise en concurrence d'après le NFR.

3.5 Observation 5 – L'IBAN a relevé des insuffisances dans le processus de recrutement d'agents temporaires. Il a recommandé à l'ACO de veiller à obtenir l'accord préalable des pays sur le plan budgétaire, comme le prévoit l'article 78.2 du chapitre XVII du RPC, lorsque les services d'un agent temporaire sont jugés nécessaires pour une période dépassant un an, ou s'il est nécessaire d'offrir un contrat temporaire d'une durée de six mois à un an. Dans ses commentaires officiels sur le rapport d'audit, l'ACO a déclaré qu'il n'était pas d'accord avec la conclusion de l'IBAN selon laquelle « l'obtention de l'accord préalable des pays pour la prolongation de contrats temporaires au-delà d'un an est une condition spécifiquement requise par le RPC, en plus de toute autre exigence prévue dans le cadre de l'établissement des budgets annuels ». Selon l'ACO, l'accord préalable sur le plan budgétaire peut être obtenu dans le cadre de l'approbation du budget annuel si le poste temporaire a été clairement identifié et justifié dans le projet de budget. Pour être fixé sur ce point, l'ACO va demander au Comité des budgets de se positionner clairement sur la question dans sa directive budgétaire annuelle (établie vers mars-avril). Selon l'IBAN, bien que la condition évoquée soit distincte des exigences propres à l'établissement du projet de budget annuel, un tel accord pourrait être donné dans le cadre de l'approbation du budget annuel. L'IBAN examinera les précisions que le Comité des budgets aura pu apporter dans sa directive budgétaire annuelle. Le RPPB souscrit à la recommandation a) de l'IBAN, selon laquelle l'ACO doit se conformer aux dispositions du RPC concernant le recrutement et l'emploi d'agents temporaires, en veillant à obtenir l'accord préalable des pays sur le plan budgétaire. Il estime en outre que, dans le cas où les services d'agents temporaires répondent aux conditions fixées dans l'article 78.2 du RPC, l'accord préalable sur le plan budgétaire pourrait être obtenu dans le cadre de l'approbation du budget annuel si la question est clarifiée dans la directive budgétaire annuelle. Dans ce cas, toute demande de prolongation du contrat d'un agent temporaire devrait être clairement identifiée, expliquée et justifiée dans le projet de budget annuel. Le RPPB souscrit à la recommandation b) de l'IBAN, selon laquelle l'ACO doit actualiser la formulation des contrats de travail offerts au personnel temporaire OTAN sur la base d'une analyse juridique de leur conformité avec les dispositions du RPC.

4. Par ailleurs, l'IBAN a fait le point sur les suites données aux observations et recommandations formulées lors d'audits précédents, et il a constaté que quatre questions avaient été traitées et que sept questions étaient toujours en cours de traitement. Il a ainsi pu clôturer les observations portant sur le fonctionnement d'un système essentiel au sein de la Force aéroportée de détection lointaine et de contrôle de l'OTAN (NAEW&CF), sur la nécessité d'atténuer les risques liés au recours à des agences OTAN financées par le client et sur la comptabilisation et la présentation des contributions en nature à la NAEW&CF et à la capacité alliée de surveillance terrestre (AGS). L'observation 1 relative aux états financiers 2022 a rendu caduque la recommandation que l'IBAN avait formulée pour les états financiers 2021 concernant la nécessité de renforcer les mécanismes de contrôle interne relatifs à l'établissement des états financiers. Les observations faites sont présentées en détail dans le document de référence A.

SUITES DONNÉES AUX OBSERVATIONS ANTÉRIEURES – QUESTIONS EN COURS DE TRAITEMENT OU À TRAITER DEPUIS PLUS DE TROIS ANS

5. Lorsque l'ACO soumettra ses commentaires sur l'audit des états financiers de 2023, des observations et recommandations remontant aux exercices 2016 et 2018 seront peut-être encore en cours de traitement. Si tel est le cas, le RPPB recommande au Conseil d'inviter l'ACO à lui communiquer, au moment de lui soumettre ses commentaires relatifs au rapport de l'IBAN sur l'audit des états financiers de 2023, un plan d'action, assorti d'échéances, sur ce qui sera fait pour donner suite aux observations et recommandations qui remonteront alors à plus de trois ans. Les observations en question sont décrites en détail dans le document de référence A. Le RPPB encourage l'ACO à continuer de mettre en œuvre des mesures correctives de manière à donner suite aux recommandations en cours de traitement depuis plus de trois ans.

CONCLUSIONS

6. L'IBAN a émis une opinion sans réserve sur les états financiers 2022 consolidés de l'ACO ainsi que sur la conformité pour l'exercice. À l'issue de son audit, il a formulé cinq observations, assorties de recommandations, à l'intention du Commandement. À la date d'établissement du rapport de l'IBAN, sept questions ayant fait l'objet d'observations lors de précédents audits étaient toujours en cours de traitement et quatre questions avaient été traitées.

7. Le RPPB souscrit à la recommandation de l'IBAN selon laquelle l'ACO doit renforcer les mécanismes de contrôle interne relatifs à l'établissement des états financiers, à la recommandation selon laquelle l'ACO doit se conformer au NFR et aux FRP pour ce qui concerne l'obligation de double signature pour les virements bancaires, à la recommandation selon laquelle l'ACO doit dûment justifier et documenter les dérogations à la procédure d'acquisition normale et aux recommandations selon lesquelles l'ACO doit remédier aux insuffisances dans les procédures de recours aux services de consultants et dans le processus de recrutement d'agents temporaires.

8. S'agissant des observations faites lors de précédents audits, le RPPB prend note des progrès réalisés par l'ACO et se félicite de la détermination de la direction du Commandement à commencer à mettre en place les mesures nécessaires pour régler rapidement les questions toujours en cours de traitement.

9. Le RPPB recommande au Conseil d'inviter l'ACO à lui communiquer, au moment de lui soumettre ses commentaires relatifs au rapport de l'IBAN sur l'audit des états financiers de 2023, un plan d'action, assorti d'échéances, sur ce qui sera fait pour donner suite aux observations et recommandations qui remonteront alors à plus de trois ans.

RECOMMANDATIONS

10. Le Bureau de la planification et de la politique générale des ressources (RPPB) recommande au Conseil :

10.1 de prendre note du présent rapport ainsi que du rapport de l'IBAN (référence A) ;

10.2 d'approuver les conclusions formulées aux paragraphes 6 à 9 du présent rapport ;

10.3 d'inviter l'ACO à lui communiquer, au moment de lui soumettre ses commentaires relatifs au rapport de l'IBAN sur l'audit des états financiers de 2023, un plan d'action, assorti d'échéances, sur ce qui sera fait pour donner suite aux observations et recommandations qui remonteront alors à plus de trois ans ;

10.4 d'autoriser la communication au public des états financiers 2022 consolidés de l'ACO, du rapport de l'IBAN correspondant ainsi que du présent rapport, en vertu de la politique agréée dans le document cité en référence F.

International Board of Auditors for NATO
Collège international des auditeurs externes de l'OTAN
Brussels - Belgium

NATO SANS CLASSIFICATION

IBA-A(2023)0076
25 août 2023

À : Secrétaire général
(À l'attention du directeur du Cabinet)

Cc : Représentants permanents auprès de l'OTAN
Commandant suprême des forces alliées en Europe
Chef d'état-major du Commandement allié Opérations
Contrôleur des finances du Commandement allié Opérations
Président du Bureau de la planification et de la politique générale des ressources
Chef de la Branche Gestion des ressources du Bureau OTAN des ressources
Bureau d'ordre du Cabinet

Objet : ***Rapport du Collège international des auditeurs externes de l'OTAN (IBAN) sur l'audit des états financiers du Commandement allié Opérations (ACO) pour l'exercice clos le 31 décembre 2022 – IBA-AR(2023)0012***

Monsieur le Secrétaire général,

Vous trouverez ci-joint le rapport approuvé par l'IBAN ainsi qu'une note succincte à l'intention du Conseil.

L'IBAN a émis une opinion sans réserve sur les états financiers 2022 du Commandement allié Opérations ainsi que sur la conformité pour cet exercice.

Veuillez agréer, Monsieur le Secrétaire général, l'assurance de ma haute considération.

Radek Visinger
Président

Pièces jointes : voir ci-dessus.

NATO SANS CLASSIFICATION

Collège international des auditeurs externes de l'OTAN
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IBA-AR(2023)0012

Note succincte du Collège international des auditeurs externes de l'OTAN (IBAN) à l'intention du Conseil sur l'audit des états financiers du Commandement allié Opérations (ACO) pour l'exercice clos le 31 décembre 2022

Le Commandement allié Opérations (ACO) est responsable de la planification et de l'exécution de toutes les opérations de l'Alliance. L'ACO est un commandement à trois niveaux comprenant des quartiers généraux et des éléments de soutien aux niveaux stratégique, opératif et tactique. Il assure le commandement et le contrôle de quartiers généraux fixes et déployables, ainsi que de forces interarmées et multinationales pour toute la gamme des opérations, missions et tâches militaires de l'Alliance.

L'IBAN a audité les états financiers consolidés de l'ACO pour l'exercice clos le 31 décembre 2022. En 2022, les dépenses (déboursements effectifs et engagements y compris les crédits ayant fait l'objet d'un report spécial) effectuées par l'ACO sur les budgets relevant du Comité des budgets se sont établies au total à 1,5 milliard d'euros (contre 1,4 milliard d'euros en 2021). En outre, l'ACO a déboursé environ 3 millions d'euros (MEUR) (comme en 2021) pour des dépenses liées à des projets du programme OTAN d'investissement au service de la sécurité (NSIP).

L'IBAN a émis une opinion sans réserve sur les états financiers 2022 consolidés (republiés le 27 juin 2023) ainsi que sur la conformité pour l'exercice clos le 31 décembre 2022. Il a formulé cinq observations, assorties de recommandations. Ces observations n'ont pas eu d'incidence sur l'opinion émise au sujet des états financiers consolidés et de la conformité. Elles portent sur les points suivants :

1. Nécessité de renforcer les mécanismes de contrôle interne relatifs à l'établissement des états financiers
2. Non-respect du Règlement financier ainsi que des règles et procédures financières de l'OTAN concernant l'obligation de double signature pour les virements bancaires
3. Justification insuffisante de dérogations à la procédure d'acquisition normale
4. Non-respect des procédures dans le recours aux services de consultants
5. Insuffisances dans le processus de recrutement d'agents temporaires

L'IBAN a fait le point sur les suites données aux observations et recommandations formulées lors d'audits précédents, et il a constaté que quatre questions avaient été traitées et que sept autres étaient en cours de traitement.

Le rapport d'audit a été transmis à l'ACO, dont les commentaires ont ensuite été intégrés dans le document ainsi que, le cas échéant, la position de l'IBAN à leur sujet.

Les observations et recommandations qui ne figurent pas dans le présent rapport d'audit font l'objet d'une lettre qui a été adressée à la direction de l'ACO. En effet, l'IBAN estime que les questions soulevées relèvent de la responsabilité de celle-ci.

IBA-AR(2023)0012

25 août 2023

COLLÈGE INTERNATIONAL DES AUDITEURS EXTERNES DE L'OTAN

RAPPORT SUR L'AUDIT DES ÉTATS FINANCIERS CONSOLIDÉS

DU COMMANDEMENT ALLIÉ OPÉRATIONS

(ACO)

POUR L'EXERCICE CLOS LE 31 DÉCEMBRE 2022

OPINION DE L'AUDITEUR EXTERNE
À L'INTENTION DU CONSEIL DE L'ATLANTIQUE NORD

Audit des états financiers

Opinion sur les états financiers

Le Collège international des auditeurs externes de l'OTAN (IBAN) a audité les états financiers consolidés du Commandement allié Opérations (ACO) portant sur la période de 12 mois ayant pris fin le 31 décembre 2022. Diffusés sous la cote SH/FINAC/CAC/FC116/23-014325 et republiés le 27 juin 2023, ces états financiers se composent de l'état de la situation financière au 31 décembre 2022, de l'état de la performance financière, de l'état des variations de l'actif net/situation nette et du tableau des flux de trésorerie pour la période de 12 mois ayant pris fin le 31 décembre 2022, ainsi que d'un résumé des méthodes comptables importantes et d'autres notes explicatives. Ils contiennent en outre un rapport sur l'exécution du budget portant sur la même période de 12 mois.

L'opinion de l'IBAN est que les états financiers consolidés donnent une image fidèle et exacte de la situation financière de l'ACO au 31 décembre 2022 ainsi que de sa performance financière, de ses flux de trésorerie et de l'exécution du budget pour la période de 12 mois ayant pris fin à cette date, en application des dispositions comptables et des normes de compte rendu du cadre comptable OTAN.

Justification de l'opinion émise sur les états financiers

Le Règlement financier de l'OTAN prévoit que l'audit externe des entités OTAN présentant des états financiers et des organismes OTAN établis en vertu du Traité de l'Atlantique Nord est effectué par l'IBAN.

L'IBAN a effectué son audit en se fondant sur les principes définis par l'Organisation internationale des institutions supérieures de contrôle des finances publiques (INTOSAI), comme le prévoit sa charte, et sur des normes conformes aux normes internationales des institutions supérieures de contrôle des finances publiques (ISSAI 2000-2899).

L'IBAN est indépendant, comme le prévoit le Code de déontologie de l'INTOSAI, et il s'est acquitté de ses responsabilités dans le respect des dispositions de ce code. Les responsabilités des membres de l'IBAN sont décrites de manière plus détaillée dans la section « Responsabilités de l'IBAN concernant l'audit des états financiers » et dans sa charte.

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

Responsabilité de la direction concernant les états financiers

La responsabilité de la direction concernant les états financiers est définie dans le Règlement financier de l'OTAN. Les états financiers de l'ACO sont établis en application des dispositions comptables et des normes de compte rendu du cadre comptable OTAN tel qu'approuvé par le Conseil. Il incombe au contrôleur des finances de soumettre les états financiers à l'IBAN au plus tard le 31 mars qui suit la fin de l'exercice visé dans les états financiers.

Les états financiers sont signés par le commandant suprême des forces alliées en Europe et par le contrôleur des finances. En apposant leur signature sur ces documents, ceux-ci confirment que des mesures de gouvernance financière, des mécanismes de gestion des ressources, des contrôles internes et des systèmes d'information financière ont été mis en place et maintenus afin de garantir une utilisation efficace et efficiente des ressources.

Cette confirmation couvre l'élaboration, la mise en place et le maintien d'un ensemble de contrôles internes de nature à permettre l'établissement et la présentation d'états financiers qui soient auditables et exempts d'inexactitudes significatives, que celles-ci relèvent d'une fraude ou d'une erreur. Elle couvre aussi le compte rendu relatif à la capacité de l'entité à poursuivre son activité, la présentation, le cas échéant, des questions relatives à la continuité de l'activité, et l'application du principe comptable de continuité d'activité, à moins qu'il soit prévu de liquider l'entité ou de mettre un terme à son activité ou qu'il n'y ait pas moyen de faire autrement.

Responsabilités de l'IBAN concernant l'audit des états financiers

L'audit a pour objectif de permettre à l'IBAN d'obtenir une assurance raisonnable sur le point de savoir si les états financiers considérés dans leur ensemble sont exempts d'inexactitudes significatives, que celles-ci relèvent d'une fraude ou d'une erreur, et de formuler une opinion à leur sujet. L'assurance raisonnable correspond à un degré de certitude élevé, mais elle ne garantit pas qu'un audit effectué sur la base de normes conformes aux ISSAI permettra dans tous les cas de détecter les inexactitudes significatives. Les inexactitudes, qui peuvent résulter d'une fraude ou d'une erreur, sont considérées comme significatives lorsque l'on peut raisonnablement s'attendre à ce que, considérées isolément ou collectivement, elles influent sur les décisions économiques que les utilisateurs des états financiers prennent en se fondant sur ceux-ci.

Dans le cadre d'audits effectués sur la base de normes conformes aux ISSAI, les auditeurs font appel à leur jugement professionnel et à leur esprit critique tout au long de la planification et de la réalisation du travail. Cela nécessite de tenir compte des particularités que présentent les entités du secteur public. L'IBAN s'attache aussi :

- à recenser et à évaluer les risques d'inexactitudes significatives dans les états financiers, que celles-ci relèvent d'une fraude ou d'une erreur, à concevoir et à mettre en œuvre des procédures d'audit sensibles à ces risques ainsi qu'à obtenir par son audit les éléments probants nécessaires et suffisants pour lui permettre de formuler une opinion ; le risque de non-détection d'une inexactitude significative relevant d'une fraude est plus élevé que le risque de non-détection d'une inexactitude significative relevant d'une erreur, car la fraude peut résulter d'une collusion, d'une falsification, d'omissions intentionnelles, de fausses déclarations ou du contournement du contrôle interne ;

- à acquérir une connaissance du contrôle interne qui soit pertinente pour l'audit, 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 de l'entité ;

- à déterminer si les méthodes comptables appliquées sont appropriées et si les estimations comptables et les informations connexes fournies par la direction sont raisonnables ;

- à se prononcer sur le caractère approprié ou non de l'utilisation du principe comptable de la continuité d'activité et à déterminer, à partir des éléments probants obtenus par l'audit, s'il existe une incertitude significative du fait d'événements ou de circonstances susceptibles de remettre fondamentalement en cause la capacité de l'entité à poursuivre son activité ; si l'IBAN juge qu'une telle incertitude existe, il est tenu d'appeler l'attention, dans son opinion, sur les informations correspondantes figurant dans les états financiers ou, si ces informations sont incomplètes, de formuler une opinion modifiée ; les conclusions de l'IBAN sont fondées sur les éléments probants en sa possession à la date d'établissement de son rapport d'audit ; il n'est toutefois pas exclu que l'entité soit amenée à cesser son activité en raison d'événements ou de circonstances futurs ;

- à évaluer la présentation générale, la structure et le contenu des états financiers, y compris les informations fournies, et à déterminer si les états financiers rendent compte fidèlement des opérations et des événements qui en font l'objet.

L'IBAN est tenu de communiquer avec les organes chargés de la gouvernance, et notamment de les informer du périmètre et du calendrier de la mission d'audit qu'il prévoit d'effectuer, des principales conclusions de l'audit et des lacunes significatives qu'il aura éventuellement constatées dans le contrôle interne au cours de l'audit.
L'opinion que l'IBAN formule à l'intention du Conseil de l'Atlantique Nord doit aider ce dernier à s'acquitter de son rôle. C'est la raison pour laquelle l'IBAN est responsable de ses travaux et de son opinion devant le seul Conseil.

Audit de conformité

Opinion sur la conformité

Sur la base des procédures qu'il a appliquées, l'IBAN estime que rien, dans son audit des états financiers, ne lui donne à penser que les fonds n'ont pas été employés aux bonnes fins – pour le règlement de dépenses autorisées – et en conformité avec le Règlement financier de l'OTAN et le Règlement du personnel civil de l'OTAN.

Justification de l'opinion émise sur la conformité

L'IBAN a effectué l'audit de conformité en se fondant sur les principes définis par l'Organisation internationale des institutions supérieures de contrôle des finances publiques (INTOSAI), comme le prévoit sa charte, et sur des normes conformes aux normes internationales des institutions supérieures de contrôle des finances publiques (ISSAI 4000-4899).

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

Responsabilité de la direction concernant la conformité

Tous les membres du personnel – civils et militaires – de l'OTAN sont tenus de respecter le Règlement financier de l'OTAN ainsi que les règles et procédures financières qui s'y rattachent et les directives d'application particulières, dont le Règlement du personnel civil de l'OTAN fait partie.

Le commandant suprême des forces alliées en Europe est responsable et tenu comptable d'une saine gestion financière. Les organismes OTAN et les entités OTAN présentant des états financiers doivent administrer leurs finances en s'appuyant sur les principes suivants : adéquation, bonne gouvernance, obligation de rendre compte, transparence, gestion des risques et contrôle interne, audit interne, audit externe, prévention et détection des fraudes.

Responsabilité de l'IBAN concernant la conformité

Selon sa charte, en plus d'être chargé de fournir une assurance raisonnable quant à la question de savoir si les états financiers considérés dans leur ensemble sont exempts d'inexactitudes significatives, l'IBAN doit chaque année rendre au Conseil un avis indépendant lui assurant que les fonds ont été employés aux bonnes fins – pour le règlement de dépenses autorisées (adéquation) – et en conformité avec la réglementation en vigueur (régularité). Par « adéquation », on entend le respect des principes généraux régissant une gestion financière saine ainsi que la conduite des membres de l'administration. Par « régularité », on entend le respect de critères officiels tels que les règlements, règles et procédures applicables.

Il incombe ainsi à l'IBAN d'appliquer des procédures lui permettant d'obtenir en toute indépendance une assurance sur le point de savoir si les fonds ont été employés aux bonnes fins – pour le règlement de dépenses autorisées – et en conformité avec la réglementation en vigueur. De telles procédures prévoient notamment la prise en compte des risques de non-conformité significative.

Bruxelles, le 25 août 2023

Radek Visinger
Président

OBSERVATIONS ET RECOMMANDATIONS

L'IBAN a formulé cinq observations, assorties de recommandations. Ces observations n'ont pas eu d'incidence sur l'opinion émise au sujet des états financiers et de la conformité. Elles portent sur les points suivants :

1. Nécessité de renforcer les mécanismes de contrôle interne relatifs à l'établissement des états financiers
2. Non-respect du Règlement financier ainsi que des règles et procédures financières de l'OTAN concernant l'obligation de double signature pour les virements bancaires
3. Justification insuffisante de dérogations à la procédure d'acquisition normale
4. Non-respect des procédures dans le recours aux services de consultants
5. Insuffisances dans le processus de recrutement d'agents temporaires

L'IBAN a fait le point sur les suites données aux observations et recommandations formulées lors d'audits précédents, et il a constaté que quatre questions avaient été traitées et que sept questions étaient en cours de traitement.

Le rapport d'audit a été transmis à l'ACO, dont les commentaires ont ensuite été intégrés dans le document ainsi que, le cas échéant, la position de l'IBAN à leur sujet.

Les observations et recommandations qui ne figurent pas dans le présent rapport d'audit font l'objet d'une lettre qui a été adressée à la direction de l'ACO. En effet, l'IBAN estime que les questions soulevées relèvent de la responsabilité de celle-ci.

1. NÉCESSITÉ DE RENFORCER LES MÉCANISMES DE CONTRÔLE INTERNE RELATIFS À L'ÉTABLISSEMENT DES ÉTATS FINANCIERS

Contexte

1.1 D'après le cadre comptable OTAN (NAF) (IPSAS 1) : « les états financiers doivent présenter une image fidèle de la situation financière, de la performance financière et des flux de trésorerie de l'entité. La présentation d'une image fidèle nécessite une représentation sincère des effets des transactions, autres événements et conditions selon les définitions et les critères de comptabilisation des actifs, des passifs, des produits et des charges exposés dans les IPSAS. L'application des [IPSAS], accompagnée de la présentation d'informations supplémentaires [si] nécessaire, est présumée conduire à des états financiers qui donnent une image fidèle. »

1.2 Selon l'article 34.1 du Règlement financier de l'OTAN (NFR), « les organismes OTAN adoptent des prescriptions comptables et des normes de compte rendu conformes au cadre comptable OTAN, tel qu'approuvé par le Conseil ».

1.3 L'une des fonctions principales de tout système de contrôle interne est de garantir l'existence de procédures appropriés pour l'établissement, l'examen et la présentation des états financiers. L'existence d'une procédure d'examen appropriée conditionne la possibilité d'obtenir une assurance raisonnable sur le point de savoir si ceux-ci sont conformes au cadre de compte rendu financier applicable.

Constatations

1.4 Dans le cadre de l'audit de la première version des états financiers consolidés de l'ACO, qui lui a été soumise le 31 mars 2023, l'IBAN a relevé une erreur significative, à savoir la non-présentation de certaines informations (voir paragraphe suivant). Cette erreur a été corrigée dans les états financiers rectifiés, soumis à l'IBAN le 27 juin 2023.

1.5 La correction suivante a été apportée à la première version des états financiers consolidés de l'ACO : présentation dans la note D (*Actif éventuel, passif éventuel et provisions)* d'un élément de passif éventuel concernant l'engagement d'octroyer un prêt d'un montant allant jusqu'à 23 MEUR au profit de l'Accélérateur d'innovation de défense pour l'Atlantique Nord (DIANA).

1.6 L'inexactitude relevée a, certes, été corrigée, mais elle montre que, pour éviter les inexactitudes ou erreurs significatives dans les informations présentées, il faut pouvoir s'appuyer sur des procédures adéquates d'établissement, d'examen et de présentation des états financiers.

Recommandation

1.7 L'IBAN recommande à l'ACO de renforcer les mécanismes de contrôle interne relatifs à l'établissement des états financiers afin qu'une assurance raisonnable puisse être obtenue quant à la conformité de ceux-ci avec le cadre comptable OTAN et le Règlement financier de l'OTAN.

2. NON-RESPECT DU RÈGLEMENT FINANCIER AINSI QUE DES RÈGLES ET PROCÉDURES FINANCIÈRES DE L'OTAN CONCERNANT L'OBLIGATION DE DOUBLE SIGNATURE POUR LES VIREMENTS BANCAIRES

Contexte

2.1 Selon l'article 12.2 du NFR, « afin qu'il soit satisfait aux critères souhaités de contrôle interne, le contrôleur des finances veille à :

(a) établir un système de contrôle financier et budgétaire interne couvrant tous les aspects de la gestion financière, et notamment les opérations sur autorisations ouvertes et les opérations sur les fonds extrabudgétaires dont il peut autoriser la constitution dans le cadre de ses attributions ».

2.2 Aux termes de l'article 12.3 du NFR, « les activités de contrôle interne portent notamment sur : (a) la séparation des tâches ; […] ».

2.3 L'article 31 du NFR définit quant à lui les principes relatifs aux dépôts et aux placements des fonds des organismes OTAN.

2.4 La disposition XXXI des règles et procédures financières (FRP) de l'OTAN donne en outre des précisions sur la gestion des comptes bancaires et sur les droits et obligations en matière de signature.

« Gestion des comptes bancaires
(1) Le contrôleur des finances est chargé de l'ouverture et de la gestion générale de tous les comptes bancaires et comptes de placements à court terme et à faible risque que doivent utiliser les responsables trésoriers et les responsables payeurs désignés en application de la FRP VI. »

« Double signature
(2) Les opérations de virement et de retrait effectuées sur les comptes bancaires et les comptes de placements à court terme et à faible risque qu'utilisent les responsables trésoriers et les responsables payeurs (lorsque ces postes existent) nécessitent la signature de deux personnes désignées par le contrôleur des finances. »

Constatations

2.5 L'IBAN a constaté que, pour six comptes bancaires de l'ACO, il n'y avait pas d'obligation de double signature pour les virements bancaires, et que cinq de ces comptes concernaient les activités socioérécréatives. Cela n'est pas conforme au principe de séparation des tâches (article 12 du NFR) et aux dispositions du point (2) de la disposition XXXI des FRP.

2.6 On trouvera ci-après des informations détaillées au sujet des six comptes bancaires en question :

- un compte a été ouvert au niveau central par la Branche Comptabilité générale et contrôle de l'ACO pour les transactions en dollars des États-Unis (solde de fin d'exercice : 1 348 783 EUR) ;

- trois comptes ont été ouverts au niveau local au sein du Commandement aérien allié (AIRCOM) pour des activités sociorécréatives :
  - un compte pour le Centre multinational d'opérations aériennes d'Uedem (solde de fin d'exercice : 17 994 EUR) ;

- deux comptes pour le Centre déployable de commandement et de contrôle aériens de Poggio Renatico (solde cumulé de fin d'exercice : 277 260 EUR) ;

- deux comptes ont été ouverts au niveau local au sein du Groupe Systèmes d'information et de communication de l'OTAN (NCISG) pour les activités sociorécréatives du 1er bataillon OTAN de transmissions, basé à Wesel (solde cumulé de fin d'exercice : 12 867 EUR).

2.7 S'agissant du compte géré au niveau central par la Branche Comptabilité générale et contrôle, l'ACO nous a informés qu'il ne savait pas qu'il était possible d'installer une fonction « double signature » sur la plateforme bancaire en ligne. Il a toutefois mis en place en interne des mécanismes de contrôle d'atténuation, grâce auxquels tous les signataires désignés reçoivent les détails des paiements à effectuer avant que ceux-ci soient traités sur la plateforme bancaire avec une seule signature. L'IBAN n'a pas trouvé de mécanisme de contrôle similaire pour les cinq comptes relatifs aux activités sociorécréatives.

Recommandation

2.8 L'IBAN recommande à l'ACO de se conformer au NFR et à la disposition XXXI des FRP pour ce qui concerne le principe de séparation des tâches et l'obligation de double signature pour les virements bancaires effectués par sa branche Comptabilité générale et contrôle, par l'AIRCOM et par le NCISG.

3. JUSTIFICATION INSUFFISANTE DE DÉROGATIONS À LA PROCÉDURE D'ACQUISITION NORMALE

Contexte

3.1 Selon l'article 32.1 du NFR, l'activité d'acquisition et de passation de marchés à l'OTAN doit être conforme aux principes suivants :

> « a) l'acquisition, en temps voulu, de biens et de services se fait autant que possible par appel à la concurrence, [...] par application des procédures d'acquisition approuvées ;
> (b) l'acquisition des biens et services se fait d'une manière transparente et équitable sur la base du principe de non-discrimination et d'équité, en vertu duquel les fournisseurs admissibles se voient donner les mêmes chances et réserver le même traitement ».

3.2 De plus, d'après les alinéas a) et b) du paragraphe 5 de la disposition XXXII des FRP :

> « (a)(iii) pour les biens et services dont le coût estimatif est supérieur au double du niveau B des LFE [limites financières établies] (40 000 EUR) mais

inférieur au niveau D des LFE (160 000 EUR), au moins cinq fournisseurs dont il est avéré qu'ils satisfont aux normes techniques et aux critères commerciaux sont invités à soumissionner.
(b) Procédure d'acquisition formelle : appels d'offres et de propositions internationaux pour tous les marchés d'un montant supérieur au niveau D des LFE (160 000 EUR) ».

3.3 S'agissant des dérogations à la procédure d'acquisition normale, le paragraphe 13 de la disposition XXXII des FRP prévoit ce qui suit :

« Les dérogations aux prescriptions exposées ci-dessus ne peuvent être accordées par le contrôleur des finances que pour des raisons de sécurité, en cas d'urgence, à des fins de normalisation de matériels ou dans des circonstances exceptionnelles. Lorsque le montant total est supérieur au niveau E des LFE (800 000 EUR), le dossier est soumis à la décision du Comité des budgets. »

3.4 En outre, l'annexe B de la directive 060-070 des deux commandements stratégiques prévoit ce qui suit :

4. Marché de gré à gré. La passation d'un marché de gré à gré constitue non seulement une dérogation à la procédure de passation de marché, mais aussi un contournement des garde-fous et des protections qui sont associés aux appels d'offres internationaux. Pour cette raison, l'octroi d'une autorisation de dérogation est strictement encadré et doit reposer sur au moins un des quatre critères suivants :
a. sécurité : informations classifiées ou accès à des informations OTAN ou à des informations couvertes par un droit de propriété ;
b. urgence opérationnelle : délai serré, nouveau besoin (une mauvaise planification n'est pas une justification valable) ;
c. normalisation : intégration dans d'autres systèmes OTAN et communication avec ces systèmes ;
d. considérations pratiques impérieuses : notamment le coût, la faisabilité et l'expérience passée.

5. Procédure du mieux-disant. Il s'agit de donner une pondération aux divers critères définis dans le cahier des charges (SOW). (...) les pratiques de passation de marché selon la procédure du mieux-disant doivent toujours respecter les principes fondamentaux de mise en concurrence équitable et de transparence des décisions de passation de marchés. Pour cette raison, toutes les qualifications requises, ainsi que leur pondération, doivent être spécifiées préalablement au lancement d'un appel d'offres.

3.5 Dans la lettre sur les LFE applicables aux activités d'achat de l'ACO portant la référence SH/J8/BUP/FC021/1, diffusée le 8 février 2018 et signée par le directeur des marchés de l'ACO et par le contrôleur des finances de l'ACO, on peut lire ce qui suit :

même si la procédure d'acquisition simplifiée permet de faire appel à des fournisseurs connus, invités à soumettre des offres, il est recommandé aux responsables marchés de s'assurer à intervalles réguliers que les offres restent équitables et raisonnables et qu'il n'existe pas d'autres fournisseurs potentiels susceptibles de satisfaire aux normes techniques et aux critères commerciaux.

3.6 Pour terminer, la section 2.6 de la directive 060-102 de l'ACO, qui concerne le recours aux services de conseillers juridiques externes, prévoit ce qui suit :

> b. Dans le cadre du processus de sélection des fournisseurs, il faut tenir compte du fait que lorsqu'il s'agit de questions très complexes, spécialisées et inhabituelles, on obtiendra probablement de meilleurs résultats en faisant appel à des fournisseurs ayant une expérience et une expertise spécifiques. Par conséquent, dans le cadre du processus de sélection, l'accent sera mis principalement sur l'expertise des soumissionnaires pour les dossiers soulevant des questions juridiques complexes ou spécialisées. Dans ce contexte, le principe du mieux-disant sera pris en considération.

Constatations

3.7 Sur les 25 dossiers qu'il a examinés, l'IBAN a relevé deux cas de dérogation à la procédure d'acquisition normale pour lesquels il estimé, sur la base des dispositions du NFR et des FRP, que la justification fournie n'était pas suffisante.

3.8 Le premier cas concerne l'approbation par la Force OTAN de la capacité alliée de surveillance terrestre (NAGSF) d'une dérogation en vue de l'adaptation d'une salle de conférences. Le cahier des charges comprenait la mise en place de mesures de réduction du bruit, l'installation d'un système de présentation vidéo, l'adaptation du système de conférences et le renouvellement du mobilier de bureau. Le montant estimatif du marché était de 160 000 EUR.

3.9 Selon les FRP, pour un marché d'une telle valeur, il faut inviter au moins cinq fournisseurs à soumissionner dans le cadre d'une procédure d'acquisition normale. Au lieu de cela, le contrôleur des finances de la NAGSF a approuvé une dérogation à cette procédure, et un marché de gré à gré a été passé. Le marché signé porte sur un montant de 159 834 EUR.

3.10 La raison avancée pour justifier la dérogation est l'urgence opérationnelle, en l'occurrence la nécessité impérieuse de garantir un bon niveau de confort, de mettre en place des mesures de réduction du bruit et d'optimiser la configuration des places assises dans la salle de conférences.

3.11 L'urgence opérationnelle invoquée dans la demande de dérogation ne satisfait pas aux critères énoncés dans la directive 060-070 des deux commandements stratégiques (délai serré, nouveau besoin). En outre, aucune information n'a été donnée sur la date pour laquelle les travaux devaient être effectués ni sur les incidences en cas de non-respect des échéances. De ce fait, la justification fournie n'explique pas pourquoi il n'était pas possible de répondre aux besoins au moyen d'une procédure de mise en concurrence, autrement dit d'une procédure d'acquisition normale.

3.12 Pour étayer le recours à un marché de gré à gré, les seuls arguments avancés sont la performance passé du fournisseur dans l'exécution de contrats ainsi que le fait qu'il a déjà mené des projets similaires sur d'autres sites de l'ACO et qu'il possède une habilitation de sécurité pour l'exécution de travaux dans des zones classifiées. Cela n'est pas conforme aux orientations en place au sein de l'ACO, dans lesquelles il est recommandé aux commandements de vérifier s'il existe d'autres fournisseurs potentiels qui satisfont aux normes techniques et aux critères commerciaux. Par exemple, aucune information n'est donnée sur ce qui a amené la NAGSF à considérer que le fournisseur choisi était le seul à posséder l'habilitation de sécurité nécessaire ou qu'il était le seul à avoir l'expertise technique nécessaire pour réaliser les travaux.

3.13 Étant donné que le marché signé porte sur un montant très proche du niveau D (160 000 EUR) des LFE, à partir duquel un appel d'offres international doit être lancé, la NAGSF aurait pu envisager d'avoir recours à des études de marché (au niveau national et international) pour savoir si d'autres fournisseurs pouvaient entrer en ligne de compte.

3.14 Le second cas relevé par l'IBAN concerne l'approbation par le Commandement allié de forces interarmées de Naples (JFCNP) d'une dérogation à la procédure d'acquisition normale en vue du recours à des services d'assistance juridique spécialisés en droit civil italien.

3.15 Le montant estimatif de ce marché était de 90 000 EUR : il fallait donc, selon les FRP, inviter au moins cinq fournisseurs à soumissionner dans le cadre d'une procédure d'acquisition normale. Au lieu de cela, le contrôleur des finances du JFCNP a approuvé une dérogation à cette procédure, et un marché de gré à gré a été passé.

3.16 La raison avancée pour justifier la dérogation est « autres considérations pratiques », à savoir le fait que le cabinet juridique choisi fournit une assistance juridique au JFCNP depuis plus de 20 ans, qu'il a une connaissance professionnelle des règles applicables dans l'environnement OTAN et qu'il représente actuellement le Commandement dans trois affaires en justice ayant d'importantes incidences financières. Une autre raison avancée est le fait que, dans l'environnement légal italien, la passation d'un marché pour des services juridiques ne doit pas se faire sur la base de considérations purement financières, mais sur la base du niveau de confiance dans les compétences professionnelles et de la moralité du fournisseur de services considéré.

3.17 Les raisons avancées pour justifier la dérogation n'expliquent pas pleinement pourquoi les besoins définis ne pouvaient pas être satisfaits dans le cadre d'une procédure d'acquisition normale. Le fournisseur choisi connaît, certes, très bien les règles juridiques en vigueur à l'OTAN et jouit d'une très bonne réputation dans le domaine du droit civil italien. Cela ne veut pas dire qu'il n'y a pas d'autres cabinets juridiques qui ont des compétences similaires et qui seraient parfaitement à même de fournir les services juridiques demandés. La seule façon de savoir si de tels fournisseurs existent est de suivre une procédure de mise en concurrence, ainsi que le prévoit le NFR.

3.18 En outre, le marché passé porte sur des services d'assistance juridique et de représentation auprès des tribunaux par un avocat spécialisé en droit civil italien. Même si les affaires pour lesquelles une aide juridique est demandée peuvent porter sur des questions pointues, le niveau de spécialisation juridique et le type de représentation demandés au fournisseur n'entrent pas dans la catégorie des services ayant un caractère inhabituel décrite dans la directive 060-102 de l'ACO.

3.19 Pour terminer, l'IBAN a constaté que, depuis au moins 2013, le fournisseur choisi s'est vu octroyer des contrats successifs sur la base de dérogations à la procédure d'acquisition normale. Une telle pratique est contraire au principe fondamental de mise en concurrence défini dans le NFR et dans les directives de l'ACO.

3.20 Sur la base de ce qui précède, l'IBAN estime que, dans chacun des deux cas décrits plus haut, la justification de la dérogation à la procédure d'acquisition normale n'est pas suffisante.

Recommandation

3.21 L'IBAN recommande à l'ACO de dûment justifier et documenter ses décisions d'approbation de dérogations à la procédure d'acquisition normale, en se référant aux dispositions du NFR et aux FRP.

4. NON-RESPECT DES PROCÉDURES DANS LE RECOURS AUX SERVICES DE CONSULTANTS

Contexte

4.1 Selon son préambule, le Règlement du personnel civil (RPC) s'applique à l'OTAN dans son ensemble et régit l'administration du personnel de chacun des organismes OTAN appartenant aux catégories suivantes : personnel civil international, consultants, et personnel (civil) temporaire.

4.2 Le chapitre XVI du RPC précise les dispositions applicables aux consultants :

> « *68.1 Le chef d'organisme OTAN peut, en cas de besoin, faire appel au concours de consultant(e)s.*
>
> *68.2 Par consultant(e), il faut entendre toute personne experte ou spécialiste reconnue, engagée à titre consultatif ou technique.* […]

69.1 La durée de l'emploi des consultant(e)s est stipulée dans le contrat et ne dépasse pas, en principe, 90 jours consécutifs. Toutefois, si les circonstances l'exigent, la durée du contrat peut être prolongée d'une nouvelle période n'excédant pas 90 jours.

69.2 Lorsque, dans des cas exceptionnels et bien déterminés, il s'avère que les services d'un(e) consultant(e) sont nécessaires pendant plus de 180 jours, des crédits doivent être ouverts spécialement à cette fin. »

4.3 Par ailleurs, selon les directives internes relatives à l'emploi de personnel temporaire et de consultants établies à l'intention des administrateurs OTAN (AP-WP(2009)0001-Final, du 17 mars 2010), on entend par consultant « *toute personne experte ou spécialiste reconnue, recrutée pour remplir des fonctions consultatives non prévues au tableau d'effectifs de l'organisme OTAN intéressé. ²Les consultants sont généralement recrutés pour atteindre des objectifs clairement définis plutôt que pour accomplir des tâches quotidiennes* ».

4.4 Dans ces mêmes directives, il est également stipulé que « *3.6. Avant que soit prise la décision d'engager un consultant au titre du chapitre XVI du RPC, il convient de réfléchir à la possibilité de se procurer ces services dans le cadre des procédures d'acquisition et de passation de marchés de l'organisme OTAN concerné, en particulier si la valeur du contrat devait être supérieure au niveau déclenchant une mise en concurrence d'après le Règlement financier de l'OTAN* ».

4.5 Enfin, selon la section 5 des instructions permanentes du Commandement allié de forces interarmées de Brunssum (JFCBS) relatives aux consultants et au personnel temporaire du 10 décembre 2010, trois méthodes peuvent être utilisées pour engager des consultants : appel d'offres, procédure de gré à gré ou agence de recrutement.

Constatations

4.6 L'IBAN a constaté que, dans un des huit cas examinés, la méthode utilisée par l'ACO pour le recrutement et l'emploi d'un consultant n'avait pas été pleinement conforme aux dispositions du RPC.

4.7 En effet, le JFCBS, qui relève de l'ACO, a fait appel aux services d'un consultant de janvier 2012 à décembre 2022 de manière ininterrompue à l'exception des périodes suivantes : à six reprises, pause entre deux contrats n'excédant pas quinze jours et, à deux reprises, pause entre deux contrats inférieure à un mois. Même si des dispositions ont été prises sur le plan budgétaire pour tenir compte du fait qu'il s'agissait de périodes d'emploi de plus de 180 jours, l'IBAN n'a pas trouvé d'éléments qui prouveraient que ces différents contrats ont été conclus pour faire face à des situations exceptionnelles et bien déterminées, comme prévu à l'article 69.2 du RPC.

4.8 Dans le cadre de ses différents contrats, le consultant a occupé toute une série de fonctions (analyste, conseiller sénior, administrateur et consultant) dans des domaines variés (application de la politique interarmées, mise en œuvre du programme de transition du quartier général, conseil intégré, adaptation de la structure de commandement de l'OTAN, etc.). Or, selon la définition donnée à l'article 68.2 du RPC, un consultant est une personne experte ou spécialiste reconnue, généralement recrutée pour atteindre des objectifs clairement définis plutôt que pour accomplir des tâches quotidiennes.

4.9 Le JFCBS a fait appel au consultant en question puis prolongé son contrat dans le cadre d'une procédure de gré à gré. Le montant total des honoraires qu'il lui a versés entre janvier 2012 et décembre 2022 s'est révélé supérieur à 160 000 EUR, seuil à partir duquel un appel d'offres international est requis selon la disposition XXXII des FRP.

4.10 En raison de ce qui précède, l'IBAN estime que, dans ce cas précis, la méthode utilisée par l'ACO n'a pas été pleinement conforme aux dispositions du RPC relatives au recours aux services de consultants. De plus, étant donné la longueur de la période d'emploi et la nature du travail effectué par le consultant, il aurait fallu envisager de procéder à un appel d'offres.

Recommandations

4.11 L'IBAN recommande à l'ACO de se conformer aux dispositions du RPC concernant le recrutement et l'emploi de consultants :

a) en veillant à ce que l'octroi de contrats portant sur des périodes de plus de 180 jours n'intervienne que dans des cas exceptionnels et bien déterminés ;

b) en examinant la possibilité de procéder à un appel d'offres, surtout si la valeur du contrat devait être supérieure au niveau déclenchant une mise en concurrence d'après le Règlement financier de l'OTAN.

5. INSUFFISANCES DANS LE PROCESSUS DE RECRUTEMENT D'AGENTS TEMPORAIRES

Contexte

5.1 Selon son préambule, le RPC s'applique à l'OTAN dans son ensemble et régit l'administration du personnel de chacun des organismes OTAN appartenant aux catégories suivantes : personnel civil international, consultants, et personnel (civil) temporaire.

5.2 Le chapitre XVII du RPC précise les dispositions applicables au personnel temporaire :

« *78.2 Lorsque, dans des cas exceptionnels, les services d'un agent temporaire sont nécessaires pour une période dépassant un an, ou s'il est nécessaire d'offrir un contrat temporaire d'une durée de six mois à un an, le chef d'organisme OTAN doit obtenir l'accord des pays sur le plan budgétaire avant d'offrir le contrat.*

78.3 Les contrats temporaires de moins de trois mois peuvent être résiliés par l'une ou l'autre des parties moyennant un préavis d'une semaine. Les contrats temporaires de trois mois ou plus peuvent être résiliés par l'une ou l'autre des parties moyennant un préavis de deux semaines. À titre exceptionnel, le chef d'organisme OTAN peut remplacer en totalité ou en partie le délai de préavis par le versement des émoluments correspondants.

78.4 L'organisme OTAN qui employait un agent temporaire dont le contrat est arrivé à expiration ne peut lui offrir un nouvel emploi temporaire avant que se soit écoulée une période d'une durée égale à celle du contrat initial, sans toutefois être supérieure à trois mois.

79.1 La rémunération de l'agent temporaire, calculée suivant les barèmes fixés par le Conseil, est spécifiée dans le contrat de cet agent.

79.2 À moins que les arrangements bilatéraux visés à l'article 85 n'en disposent autrement, la rémunération de l'agent temporaire n'est pas exonérée de l'impôt. Il incombe à l'agent temporaire d'effectuer lui/elle-même les démarches nécessaires pour s'acquitter de l'impôt dû. »

Constatations

5.3 L'IBAN a constaté que, dans trois des onze cas examinés, la méthode utilisée par l'ACO pour le recrutement et l'emploi d'agents temporaires n'avait pas été pleinement conforme aux dispositions du RPC.

5.4 De 2020 à 2022, le Quartier général du Commandement terrestre allié (LANDCOM) a employé quatre agents temporaires. Au cours de cette période, trois d'entre eux ont occupé les mêmes fonctions, dans le cadre de contrats successifs de six puis de douze mois, jusqu'à la fin 2022.

5.5 Selon l'article 78.2 du chapitre XVII du RPC, si les services d'un agent temporaire sont jugés nécessaires pour une période de plus de six mois, les pays doivent au préalable donner leur accord sur le plan budgétaire. L'IBAN note qu'il s'agit là d'une condition spécifiquement requise par le RPC, en plus de toute autre exigence prévue dans le cadre de l'établissement des budgets annuels. Le LANDCOM n'a pas fourni d'éléments qui prouveraient qu'il avait obtenu l'accord du Comité des budgets avant d'offrir les différents contrats aux trois temporaires. La non-obtention d'un tel accord est contraire aux dispositions de l'article 78.2 du RPC.

5.6 Par ailleurs, l'IBAN a constaté que les contrats conclus avec ces personnes ne mentionnaient ni le RPC ni les articles du Règlement qui régissent l'emploi d'agents temporaires OTAN. En revanche, ils contenaient plusieurs références au droit du travail turc, précisant en particulier que « *les dispositions de la législation nationale s'appliquent pour toute question non prévue par le présent contrat* ». Dans les faits, la formulation des contrats de ces agents était pratiquement la même que celle des contrats offerts au personnel à statut local, auquel le RPC ne s'applique pas.

5.7 L'absence de contrats spécifiques pour les agents temporaires OTAN, contenant les références adéquates au RPC et précisant la base utilisée pour le calcul de la rémunération ainsi que les règles applicables concernant les prestations sociales et l'imposition, expose le LANDCOM à un risque accru de contentieux et de demandes de paiements indus.

5.8 À titre d'exemple, le LANDCOM a versé aux trois agents mentionnés précédemment des indemnités de cessation d'emploi d'une valeur d'environ 5 400 EUR à la fin de leur dernier contrat, en 2022, se fondant sur les dispositions de la législation nationale, alors que le RPC ne prévoit pas de tels paiements pour le personnel temporaire OTAN.

5.9 Compte tenu de ce qui précède, l'IBAN estime que la méthode utilisée par le LANDCOM pour le recrutement et l'emploi d'agents temporaires n'a pas été pleinement conforme aux dispositions du RPC.

Recommandations

5.10 L'IBAN recommande à l'ACO de se conformer pleinement aux dispositions du RPC concernant le recrutement et l'emploi d'agents temporaires :

a) en veillant, si les services d'un agent temporaire sont jugés nécessaires pour une période de plus de six mois, à obtenir l'accord préalable des pays sur le plan budgétaire ;

b) en actualisant la formulation des contrats de travail offerts au personnel temporaire OTAN sur la base d'une analyse juridique de leur conformité avec les dispositions du RPC.

SUITES DONNÉES AUX OBSERVATIONS ANTÉRIEURES

L'IBAN a fait le point sur les suites données aux observations formulées lors de précédents audits. On trouvera dans le tableau ci-après un récapitulatif de ces observations et recommandations et des mesures prises par l'entité (pour autant qu'elles aient été examinées par l'IBAN), ainsi que l'état de la question.

Une question est considérée comme étant « à traiter » lorsqu'aucun progrès notable n'a encore été réalisé en vue de son règlement. Une question est considérée comme étant « en cours de traitement » lorsque l'entité a commencé à mettre en œuvre la recommandation correspondante ou lorsque certains éléments de la recommandation (mais pas tous) ont été suivis d'effets. Une question est considérée comme étant « traitée » lorsque la recommandation correspondante a été mise en œuvre ou qu'elle a été rendue ou est devenue caduque. Lorsque la recommandation se subdivise en plusieurs éléments, l'état de la question est indiqué pour chacun d'eux dans la colonne « Mesures prises ».

OBSERVATION/RECOMMANDATION	MESURES PRISES PAR L'ENTITÉ	ÉTAT DE LA QUESTION
(1) Exercice 2021 **IBA-AR(2022)0011-REV1, paragraphe 1** **NÉCESSITÉ DE RENFORCER LES MÉCANISMES DE CONTRÔLE INTERNE RELATIFS À L'ÉTABLISSEMENT DES ÉTATS FINANCIERS** **Recommandation de l'IBAN** L'IBAN recommande à l'ACO de renforcer les mécanismes de contrôle interne relatifs à l'établissement des états financiers afin qu'une assurance raisonnable puisse être obtenue quant à la conformité de ceux-ci avec le cadre comptable OTAN et le Règlement financier de l'OTAN.	Sous-question traitée car rendue caduque par l'observation 1 formulée pour l'exercice 2022.	Question **traitée**.
(2) Exercice 2021 **IBA-AR(2022)0011-REV1, paragraphe 2** **INSUFFISANCES DANS LE CONTRÔLE INTERNE DES ACTIVITÉS SOCIORÉCRÉATIVES ET MANQUE D'EXHAUSTIVITÉ DE LA NOTE JOINTE AUX ÉTATS FINANCIERS QUI SE RAPPORTE À CES ACTIVITÉS** **Recommandation de l'IBAN** L'IBAN recommande à l'ACO de veiller à ce que la gestion des activités sociorécréatives et des activités connexes ainsi que le compte rendu s'y rapportant fassent l'objet d'un contrôle interne approprié englobant tous les aspects du règlement relatif à ces activités, du NFR et du cadre comptable OTAN. Pour ce faire, l'ACO pourrait :	L'IBAN a relevé plusieurs insuffisances dans le contrôle interne, qui risquent d'avoir des incidences négatives sur la préservation des fonds et des biens relatifs aux activités sociorécréatives. S'agissant des activités sociorécréatives relevant du SHAPE, ces insuffisances concernent les liquidités : i. les responsables des activités sociorécréatives relevant du SHAPE n'effectuent pas de rapprochement pour ce qui est des comptes bancaires présentés dans la note relative aux activités sociorécréatives qui est jointe aux états financiers de l'ACO ;	Question **en cours de traitement.**

OBSERVATION/RECOMMANDATION	MESURES PRISES PAR L'ENTITÉ	ÉTAT DE LA QUESTION
	ii. dans plusieurs cas, s'agissant des liquidités disponibles en caisse en fin d'exercice (petite caisse et fonds de caisse), les soldes relatifs aux activités sociorécréatives relevant du SHAPE sont soit supérieurs, soit inférieurs aux soldes autorisés en interne.	
a) veiller à ce que toutes les activités sociorécréatives et les activités connexes soient officiellement approuvées par les commandants locaux et à ce que les activités non approuvées ne puissent pas avoir lieu, ainsi que le prévoit l'article 4.2 du règlement applicable aux activités sociorécréatives ;	a) L'IBAN n'a pas relevé de cas d'activité sociorécréative qui n'aurait pas été approuvée par les commandants locaux. Sous-question **traitée.**	
b) veiller à ce que toutes les activités sociorécréatives et activités connexes menées dans le cadre de l'ACO soient présentées dans les rapports financiers, y compris les activités financées sur des fonds extrabudgétaires telles que les activités des clubs, ainsi que le prévoient les articles 3.5 et 4.7 du règlement applicable aux activités sociorécréatives et l'article 6.2 du cadre comptable OTAN ;	b) L'IBAN constate que, dans la note M (« Activités sociorécréatives de l'ACO ») jointe aux états financiers 2022 de l'ACO, celui-ci n'a pas présenté les éléments de passif (y compris les provisions et les éléments de passif éventuel) ni le nombre d'équivalents temps plein employés à l'appui direct des activités sociorécréatives pour ce qui concernait les 69 clubs et associations existant dans l'ensemble du Commandement. Étant donné que ces activités sont gérées dans le cadre autorisé pour les activités sociorécréatives, l'absence d'informations dans les notes jointes aux états financiers est contraire aux exigences d'information prévues dans le paragraphe 6.2 du cadre comptable OTAN et dans le règlement applicable aux activités sociorécréatives. Sous-question **à traiter.**	
c) établir une politique de contrôle interne pour les activités sociorécréatives et les activités connexes, sur la base des articles 3.5 et 4.1 du règlement applicable à ces activités ;	c) L'ACO a mis à jour la méthode comptable qu'il applique aux activités sociorécréatives ainsi que les documents dans lesquels il donne des orientations pour le traitement comptable des activités sociorécréatives en fin d'exercice, le but étant de donner des instructions et des éclaircissements sur la manière de rendre compte des activités menées par les clubs et les associations. Il a en outre mis en place des mécanismes de contrôle :	

OBSERVATION/RECOMMANDATION	MESURES PRISES PAR L'ENTITÉ	ÉTAT DE LA QUESTION
	établissement de modèles pour le compte rendu de fin d'exercice, obligation de certification des données financières émanant des quartiers généraux locaux, réalisation d'une clôture intermédiaire et demande d'informations supplémentaires en vue de l'identification des comptes bancaires relatifs aux activités sociorécréatives. L'IBAN estime que les mesures décrites ci-dessus, ainsi que d'autres mesures en place visant à renforcer le contrôle interne relatif aux activités sociorécréatives, peuvent être intégrées dans une version actualisée de la directive de l'ACO relative à ces activités. Sous-question **en cours de traitement.**	
d) effectuer chaque année un audit interne ou une vérification interne des activités sociorécréatives et des fonds extrabudgétaires ainsi que le prévoit l'article 4.7 du règlement applicable à ces activités.	d) S'agissant des activités sociorécratives, à l'exception du SHAPE, qui a créé une fonction de vérificateur interne, les entités de l'ACO qui gèrent de telles activités s'appuient sur la fonction d'audit interne de l'ACO pour ce qui est de répondre aux exigences d'audit et de vérification internes définies dans le règlement applicable à ces activités (C-M(2019)0026 (INV)). Dans ce contexte, la réalisation de tels audits et vérifications est tributaire des ressources disponibles et de la planification annuelle des activités d'audit interne. L'IBAN rappelle toutefois que l'alinéa c) de l'article 4.7 du règlement applicable aux activités sociorécréatives prévoit expressément que « les activités sociorécréatives et les recettes tirées des activités connexes font à tout le moins l'objet chaque année d'une évaluation réalisée par l'audit interne ou d'une vérification interne. » Sous-question **en cours de traitement.**	
(3) Exercice 2021 **IBA-AR(2022)0011-REV1, paragraphe 3** **NÉCESSITÉ DE FAIRE EN SORTE QUE LES SOLDES NON UTILISÉS RELATIFS AUX CHARGES À PAYER SOIENT ANNULÉS AU PLUS TÔT**		Question **en cours de traitement.**

OBSERVATION/RECOMMANDATION	MESURES PRISES PAR L'ENTITÉ	ÉTAT DE LA QUESTION
Recommandation de l'IBAN L'IBAN recommande à la NAEW&CF de se conformer aux alinéas 20 à 22 de la disposition XXV des FRP en faisant en sorte que les soldes non utilisés relatifs aux charges à payer soient annulés sur la base des charges réelles en fin d'exercice. Pour ce faire, la Force pourrait : a) demander aux délégations des pays auprès de l'OTAN ou au Comité des budgets de veiller à ce que les demandes de paiement soient présentées sans retard ; b) communiquer au Comité des budgets les demandes de paiement restant à recevoir en indiquant, en regard, les autorisations engagées qui ont été reportées et sont susceptibles d'être définitivement annulées à la fin de l'année.	a) et b) L'ACO a mis en place une procédure d'examen et de clôture des soldes en souffrance concernant les charges à payer, en vertu de laquelle il faut assurer le suivi du processus de rapprochement mensuel effectué par les quartiers généraux, envoyer une demande d'aide aux délégations concernées si nécessaire et rendre compte au Comité des budgets. Le résultat de l'examen des charges en souffrance recensées est attendu pour la fin 2023. Sous-questions **en cours de traitement.**	
(4) Exercice 2021 **IBA-AR(2022)0011-REV1, paragraphe 3** **NÉCESSITÉ DE CLARIFIER, SUR LA BASE DU STATUT JURIDIQUE DE L'ÉCOLE INTERNATIONALE DU SHAPE, LES RÈGLES FINANCIÈRES ET LE CADRE DE COMPTE RENDU APPLICABLES À CET ÉTABLISSEMENT** **Recommandation de l'IBAN** L'IBAN recommande que, sur la base de l'article 7.1 du NFR, le contrôleur des finances du SHAPE, en concertation avec l'École internationale du SHAPE, se fasse préciser par l'organe directeur approprié du SHAPE si l'administration financière de l'École doit être régie par le NFR.	L'IBAN note que, ainsi que le prévoit le PO(2022)0504, l'ACO collaborera avec les parties concernées (École internationale du SHAPE, Bureau des affaires juridiques et Bureau OTAN des ressources) pour clarifier le cadre réglementaire applicable à l'École ainsi que la voie à suivre. Le Conseil de l'Atlantique Nord est l'organe directeur chargé de veiller à la bonne exécution et à la supervision des fonctions de gestion incombant aux entités OTAN créées en vertu de la convention d'Ottawa ou du protocole de Paris. Parmi ces entités figurent le SHAPE, lequel comprend, du point de	Question **en cours de traitement.**

OBSERVATION/RECOMMANDATION	MESURES PRISES PAR L'ENTITÉ	ÉTAT DE LA QUESTION
	vue juridique, l'École internationale du SHAPE. Dans ce contexte, l'IBAN réaffirme que le contrôleur des finances du SHAPE et l'École internationale du SHAPE doivent clarifier avec le Conseil de l'Atlantique Nord les dispositions de gouvernance qui s'appliquent à l'École et notamment déterminer si le NFR et le cadre comptable OTAN s'y appliquent. Question **en cours de traitement.**	
(5) Exercice 2020 **IBA-AR(2021)0030, paragraphe 1** **INCIDENCE FINANCIÈRE DU RETRAIT DES FORCES DE LA MISSION RESOLUTE SUPPORT : ESTIMATION NON ENCORE DISPONIBLE** **Recommandation de l'IBAN** L'IBAN recommande à l'ACO : a) d'achever au plus vite l'analyse de l'incidence financière estimée du retrait des forces de la mission Resolute Support et de communiquer les conclusions de cette analyse à toutes les parties prenantes ; b) de mettre en place, pour les autres missions OTAN en cours, des procédures pour faire en sorte qu'une analyse et un aperçu à jour de l'incidence financière d'une éventuelle restructuration ou clôture des activités puissent être obtenus facilement au moins une fois par an.	a) L'IBAN note qu'un nombre important d'éléments de passif liés au retrait des forces de la mission Resolute Support ont été clôturés. L'ACO collabore avec la NSPA en vue du contrôle et de la clôture de tous les éléments restants. Sous-question **traitée.** b) L'IBAN réaffirme qu'il faudrait, à tout le moins, mettre en place une procédure visant à recenser les principales incidences financières, à définir les principales mesures à prendre et à déterminer les principales responsabilités dans un scénario de restructuration ou de clôture. L'IBAN examinera cette procédure dès qu'elle aura été diffusée. Sous-question **à traiter.**	Question **en cours de traitement.**
(6) Exercice 2020 **IBA-AR(2021)0030, paragraphe 2** **COMPTABILISATION ET PRÉSENTATION DES CONTRIBUTIONS EN NATURE À LA NAEW&CF ET À L'AGS** **Recommandation de l'IBAN** L'IBAN recommande à l'ACO :		Question **traitée**.

OBSERVATION/RECOMMANDATION	MESURES PRISES PAR L'ENTITÉ	ÉTAT DE LA QUESTION
a) de comptabiliser, ou à tout le moins de présenter dans ses états financiers, les contributions en nature fournies par deux pays à la NAEW&CF et les charges correspondantes ; b) d'établir une méthode spécifique pour la comptabilisation des CiK et le compte rendu financier s'y rapportant.	a) Sous-question **traitée** (voir IBA-AR(2022)0011-REV1). b) L'IBAN note que la question des contributions en nature concerne l'ensemble de l'OTAN et que l'ACO entend donner suite à cette recommandation dans le cadre du réexamen du cadre comptable OTAN (NAF). Sous-question **traitée.**	
(7) Exercice 2020 **IBA-AR(2021)0030, paragraphe 4** **COMPTABILISATION ET PRÉSENTATION DES ACTIFS D'INFRASTRUCTURE FINANCÉS SUR LE NSIP** **Recommandation de l'IBAN** L'IBAN recommande à la NAEW&CF : a) de comptabiliser et de présenter en tant qu'immobilisations corporelles les actifs d'infrastructure financés sur le NSIP d'un montant de 22 MEUR qui ont été achevés et mis en service ; b) d'implémenter un processus permettant de saisir en temps utile tous les actifs d'infrastructure financés sur le NSIP qui ont été transférés ou modernisés.	a) Question **traitée** (voir IBA-AR(2022)0011-REV1). b) L'IBAN note que l'ACO a mis en place des mesures pour faire en sorte que tous les actifs financés sur le NSIP soient inscrits en temps voulu dans les registres des immobilisations corporelles. Ainsi, chaque quartier général examine chaque trimestre les données générées par le système intégré d'information sur les ressources financées en commun (CIRIS) afin de recenser tous les actifs d'infrastructure qui sont sous son contrôle. L'IBAN a toutefois mis le doigt en 2022 sur un certain nombre d'actifs - d'importance certes négligeable - qui n'avaient pas été inscrits en temps voulu dans les registres des immobilisations corporelles du Commandement allié de forces interarmées de Brunssum (JFCBS) et de la Force pour le Kosovo (KFOR). Sous-question **en cours de traitement.**	Question **en cours de traitement.**

OBSERVATION/RECOMMANDATION	MESURES PRISES PAR L'ENTITÉ	ÉTAT DE LA QUESTION
(8) Exercice 2018 **IBA-AR(2019)0016, paragraphe 1** **L'ACO DOIT ÊTRE UN « CLIENT INTELLIGENT » DES AGENCES OTAN FINANCÉES PAR LE CLIENT** **Recommandation de l'IBAN** L'IBAN recommande que l'ACO établisse un plan d'action visant à lui permettre d'être davantage en mesure de mettre en question la validité des informations et des solutions fournies par les deux grandes agences de l'OTAN.	L'IBAN note que l'ACO n'a pas encore rassemblé dans un plan d'action les mesures prises pour mettre en œuvre le concept de client intelligent.	Question **en cours de traitement.**
a) Concernant les services SIC, l'ACO devrait mettre en place des systèmes informatiques pour la réalisation des tâches décrites ci-après, et en assurer le suivi : - vérification des estimations fournies par la NCIA concernant le temps de travail du personnel et les coûts s'y rapportant ; - vérification de la cohérence entre les investissements et les coûts d'exploitation et de maintenance (O&M) liés aux paquets de capacités ; - mesure de la qualité et de la performance des services fournis par la NCIA.	a) L'ACO a amélioré le contrôle par les quartiers généraux de la performance de la NCIA et il a mis en place des groupes de travail chargés de se pencher sur les questions relatives à la mesure de la performance au moyen d'indicateurs spécifiques. Sous-question **en cours de traitement.**	
b) Pour les autres biens et services militaires, l'ACO devrait : - clarifier avec la NSPA, au niveau des processus de travail, les rôles et les responsabilités respectifs du Commandement et de l'équipe Intégration des contrats et les consigner dans l'accord de soutien logistique et dans le programme de travail s'y rapportant ; - se doter de moyens lui permettant de mettre en question les avis et les solutions de soutien logistique qui sont définis par l'équipe Intégration des contrats et que la NSPA fournit au Commandement, en améliorant pour cela l'utilisation d'indicateurs de performance.	b) L'ACO a eu des contacts avec la NSPA pour clarifier la répartition des responsabilités dans des domaines tels que la navigabilité des moyens de la capacité alliée de surveillance terrestre (AGS). L'ACO continue également de travailler avec la NSPA à la mise en place d'accords de soutien logistique dans divers domaines, notamment pour le système OTAN de défense aérienne et antimissile intégrée (NATINAMDS), et d'améliorer le contrôle de la performance de l'Agence. Sous-question **en cours de traitement.**	

OBSERVATION/RECOMMANDATION	MESURES PRISES PAR L'ENTITÉ	ÉTAT DE LA QUESTION
(9) Exercice 2018 **IBA-AR(2019)0016, paragraphe 2** **L'ACO DOIT ATTÉNUER LES RISQUES LIÉS AU RECOURS À DES AGENCES OTAN FINANCÉES PAR LE CLIENT** **Recommandation de l'IBAN** L'IBAN recommande à l'ACO de gérer tous les grands risques opérationnels, financiers et juridiques liés au recours à des agences OTAN financées par le client et, pour ce faire, d'inscrire ces risques dans les registres des risques opérationnels et financiers et d'établir des mesures d'atténuation claires. L'IBAN recommande en particulier de traiter les risques suivants : - longueur des délais pour les opérations et les missions de l'OTAN et coûts s'y rapportant ; - qualité insuffisante des équipements et des services SIC fournis notamment par des contractants SIC externes en dehors de l'accord sur les niveaux de service passé avec la NCIA ; - dépassement des coûts liés aux contractants SIC externes en raison du manque de cohérence dans l'application des accords fondés sur des prix fermes et définitifs ; - peu de possibilités de prendre des mesures dans le cadre des accords passés avec les agences et manque de clarté concernant la répartition des obligations financières découlant de ces accords.	L'IBAN note que les risques opérationnels et financiers sont désormais inscrits dans le registre global des risques tenu par l'ACO et qu'ils font l'objet d'une surveillance. Sous-question **traitée.**	Question **traitée**.
(10) Exercice 2016 **IBA-AR(2017)08, paragraphe 3** **ABSENCE DE GARANTIE QUANT AU FONCTIONNEMENT CONTINU D'UN SYSTÈME ESSENTIEL AU SEIN DE LA FORCE AÉROPORTÉE DE DÉTECTION LOINTAINE ET DE CONTRÔLE DE L'OTAN (NAEW&CF)** **Recommandation de l'IBAN** L'IBAN recommande à la Force NAEW&C d'établir un plan destiné à garantir la bonne administration du PILS. Pour y parvenir, la Force pourrait par exemple veiller à former	La mise à niveau du PILS a été achevée en 2022. Des mesures sont en train d'être mises en place pour pallier le manque de personnel : ainsi, un agent	Question **traitée**.

OBSERVATION/RECOMMANDATION	MESURES PRISES PAR L'ENTITÉ	ÉTAT DE LA QUESTION
un plus grand nombre d'agents, désigner des suppléants, établir des procédures par écrit ainsi qu'un manuel sur le processus à suivre, ou réfléchir aux possibilités de recours à des contractants extérieurs pour l'exécution de certaines fonctions. La Force NAEW&C devrait en outre faire en sorte qu'une capacité adéquate de maintenance et d'administration du PILS soit en place.	nouvellement recruté est entré en fonction début 2023, et un autre devrait arriver fin 2023. L'IBAN note qu'aucun plan formel n'a été établi, mais, au vu des améliorations décrites ci-dessus, il estime que la question a été traitée. Question **traitée.**	
(11) Exercice 2016 **IBA-AR(2017)08, paragraphe 5** **ABSENCE DE MÉMORANDUM D'ACCORD AVEC LA NCIA** **Recommandation de l'IBAN** Le Collège recommande à l'ACO de poursuivre le travail d'établissement d'un mémorandum d'accord (MOA) avec la NCIA.	L'IBAN note qu'il n'y a toujours pas de MOA avec la NCIA et qu'il n'y a pas de consensus entre les parties prenantes sur la nécessité d'établir un tel document. Selon le point 3 de la disposition XXVII des FRP, un MOA est assimilable à un accord global, qui décrit les principes généraux régissant la relation entre deux parties. Toutefois, ce type d'accord avec des organismes financés par le client est établi « en principe » seulement, selon ces FRP. Compte tenu de ce qui précède et des efforts que l'ACO déploie globalement afin d'établir des SLA avec la NCIA pour la plupart de ses activités, cette question est considérée comme étant traitée. Sous-question **traitée.**	Question **en cours de traitement.**
Il faudrait aussi établir au plus vite un SLA pour la KFOR.	L'IBAN note que des discussions ont lieu entre la KFOR, le Commandement allié de forces interarmées de Naples et la NCIA en vue de l'établissement d'un SLA pour la KFOR. Sous-question **en cours de traitement.**	

COMMENTAIRES OFFICIELS DU COMMANDEMENT ALLIÉ OPÉRATIONS (ACO) SUR LE RAPPORT D'AUDIT ET POSITION DU COLLÈGE INTERNATIONAL DES AUDITEURS EXTERNES DE L'OTAN (IBAN)

OBSERVATION N° 1
NÉCESSITÉ DE RENFORCER LES MÉCANISMES DE CONTRÔLE INTERNE RELATIFS À L'ÉTABLISSEMENT DES ÉTATS FINANCIERS

Commentaires officiels de l'ACO

L'ACO souscrit à la recommandation.

L'ACO s'emploie sans relâche à améliorer les mécanismes de contrôle interne et à faire en sorte que les règles soient mieux respectées, notamment en organisant des ateliers « retour d'expérience » de fin d'exercice visant à recenser les améliorations à apporter au processus de clôture d'exercice et à l'établissement des états financiers. De nouvelles améliorations seront apportées aux mécanismes de contrôle interne pour l'établissement des états financiers de l'exercice 2023.

Pour l'établissement des états financiers de 2022, des mesures de contrôle supplémentaires ont été mises en place, en plus des nombreuses mesures déjà en vigueur (orientations annuelles actualisées pour les procédures de fin d'exercice, listes de vérification et procédures de certification). En voici quelques exemples :

- *regroupement des listes des comptes bancaires pour faire en sorte que le compte rendu relatif aux comptes et soldes bancaires soit exhaustif ;*
- *mise en place d'un nouveau processus de comptabilisation des actifs relatifs aux projets NSIP ;*
- *mise en place de mesures de contrôle supplémentaires pour le compte rendu concernant les activités sociorécréatives.*

En outre, la Direction FINAC a entamé une revue des différents processus financiers, et notamment celui qui concerne l'établissement du compte rendu financier. La réalisation d'une revue est considérée comme une approche efficace pour la mise en œuvre de mesures de contrôle interne. Cela permet en effet de recenser systématiquement les risques ainsi que de concevoir, de documenter et de tester des activités de contrôle appropriées.

OBSERVATION N° 2 :
NON-RESPECT DU RÈGLEMENT FINANCIER AINSI QUE DES RÈGLES ET PROCÉDURES FINANCIÈRES DE L'OTAN CONCERNANT L'OBLIGATION DE DOUBLE SIGNATURE POUR LES VIREMENTS BANCAIRES

Commentaires officiels de l'ACO

L'ACO souscrit à la recommandation.

La Branche Comptabilité générale et contrôle de l'ACO a entamé des discussions avec la banque concernée afin que changements nécessaires soient apportés en vue du respect de l'obligation de double signature pour les virements bancaires définie dans le NFR et les FRP. Toutefois, en raison des incidences que les modifications envisagées pourraient avoir sur d'autres entités OTAN et en raison des problèmes informatiques qui pourraient se poser au niveau des systèmes bancaires externes et de l'OTAN (ce qui nécessite de faire appel à la NCIA), on ne sait pas à ce stade quand ces modifications seront effectuées.

S'agissant des comptes bancaires relatifs aux activités sociorécréatives, l'AIRCOM et le NCISG ont commencé à modifier les exigences pour faire en sorte qu'une double signature soit obligatoire pour les virements bancaires.

OBSERVATION N° 3 :
JUSTIFICATION INSUFFISANTE DE DÉROGATIONS À LA PROCÉDURE D'ACQUISITION NORMALE

Commentaires officiels de l'ACO

L'ACO souscrit à la recommandation dans son principe.

L'ACO met tout en œuvre pour se conformer au NFR et aux FRP. Il souscrit à la recommandation de l'IBAN selon laquelle il est important de faire en sorte que les quartiers généraux (QG) justifient et documentent dûment leurs décisions d'approbation de dérogations à la procédure d'acquisition normale.

Dans les deux cas de justification insuffisante relevés par l'IBAN, le problème ne concerne pas la demande de dérogation, mais bien son approbation. Chacun des deux cas relevés se situe au niveau d'un QG : il incombe au contrôleur des finances concerné de faire en sorte que la décision soit prise dans le respect des règles et qu'elle soit dûment documentée de sorte que les auditeurs (internes et externes) puissent comprendre les facteurs et circonstances tout à fait particuliers sur lesquels le QG n'a pas de prise et qui font partie du dossier final. Le directeur des marchés de l'ACO donne des informations aux contrôleurs des finances des QG et chefs des bureaux

Marchés et achats à chacune des conférences les réunissant, le but étant de faire en sorte que toutes les personnes concernées comprennent pleinement qu'il est impératif de fournir une documentation exhaustive.

Pour terminer, un acteur clés du processus est le demandeur, qui est le mieux placé pour fournir une évaluation de l'incidence. Il est impératif que, dans le cadre des futurs audits, des entretiens aient lieu avec les demandeurs lorsque, à première vue, l'IBAN estime insuffisante la justification d'une dérogation à la procédure d'acquisition normale.

Position de l'IBAN

L'IBAN note que le problème concerne l'approbation de dérogations à la procédure d'acquisition normale. Il a modifié en conséquence la recommandation formulée dans le paragraphe 3.21.

OBSERVATION N° 4 :
NON-RESPECT DES PROCÉDURES DANS LE RECOURS AUX SERVICES DE CONSULTANTS

Commentaires officiels de l'ACO

L'ACO souscrit aux recommandations.

L'ACO met tout en œuvre pour se conformer aux dispositions du RPC concernant le recours aux services de consultants. Cependant, étant donné que les besoins relatifs aux opérations et aux exercices supervisés par les commandements opérationnels sont en constante évolution, il peut être compliqué de cerner correctement les besoins de l'organisme et de trouver des solutions commerciales satisfaisantes. L'ACO examinera la possibilité de procéder à un appel d'offres dans de telles circonstances et veillera à fournir une justification adéquate lorsqu'il sera amené à employer un consultant pendant une période excédant 180 jours.

OBSERVATION N° 5 :
INSUFFISANCES DANS LE PROCESSUS DE RECRUTEMENT D'AGENTS TEMPORAIRES

Commentaires officiels de l'ACO

L'ACO souscrit partiellement aux recommandations.

a) L'ACO n'est pas d'accord avec la conclusion de l'IBAN selon laquelle l'obtention de l'accord préalable des pays pour la prolongation de contrats temporaires au-delà d'un an est « une condition spécifiquement requise par *le RPC, en plus de toute autre exigence prévue dans le cadre de l'établissement des budgets annuels ». L'ACO estime qu'il s'agit là d'une interprétation du RPC, qui n'est étayée ni par le texte du RPC ni par les directives et/ou les pratiques du Comité des budgets.*

Selon lui, l'« accord préalable sur le plan budgétaire » peut être obtenu dans le cadre de l'approbation du budget annuel si le poste temporaire a été clairement identifié et justifié dans le projet de budget. Cette pratique est largement utilisée pour le budget relatif à l'adaptation de l'ACO (BC124) en raison du grand nombre de postes temporaires, et le Comité des budgets ne s'y est jamais opposé. Comme l'ACO emploie un nombre élevé d'agents temporaires (surtout dans le contexte de l'initiative OTAN 2030), il est compliqué de demander des prolongations de contrat au cas par cas.

Pour être fixé sur ce point, l'ACO va demander au Comité des budgets de se positionner clairement sur la question dans sa directive budgétaire annuelle (établie vers mars-avril).

c) L'ACO souscrit à cette recommandation. La formulation des contrats de travail offerts au personnel temporaire OTAN sera actualisée de manière à rendre ces documents conformes aux dispositions du RPC.

d)

Position de l'IBAN

L'IBAN a recommandé à l'ACO de veiller, si les services d'un agent temporaire sont jugés nécessaires pour une période de plus de six mois, à obtenir l'accord préalable des pays sur le plan budgétaire, comme le prévoit l'article 78.2 du chapitre XVII du RPC. Cette condition est distincte des exigences propres à l'établissement du projet de budget annuel. L'IBAN reconnaît toutefois qu'un tel accord pourrait être donné dans le cadre de l'approbation du budget annuel pour autant que la demande de prolongation soit clairement indiquée, expliquée et justifiée dans le projet de budget annuel. Il examinera les précisions que le Comité des budgets aura pu apporter dans sa directive budgétaire annuelle. L'IBAN maintient sa recommandation.

SUITES DONNÉES AUX OBSERVATIONS ANTÉRIEURES

(1) Exercice 2021
IBA-AR(2022)0011-REV1, paragraphe 1
NÉCESSITÉ DE RENFORCER LES MÉCANISMES DE CONTRÔLE INTERNE RELATIFS À L'ÉTABLISSEMENT DES ÉTATS FINANCIERS

Commentaires officiels de l'ACO

L'ACO souscrit à l'analyse de l'IBAN.

Observation rendue caduque par l'observation 1 formulée dans l'IBA-AR(2023)0012.

(2) Exercice 2021
IBA-AR(2022)0011-REV1, paragraphe 2
INSUFFISANCES DANS LE CONTRÔLE INTERNE DES ACTIVITÉS SOCIORÉCRÉATIVES ET MANQUE D'EXHAUSTIVITÉ DE LA NOTE JOINTE AUX ÉTATS FINANCIERS QUI SE RAPPORTE À CES ACTIVITÉS

L'ACO souscrit partiellement à l'analyse de l'IBAN.

En principe, l'ACO reste d'accord avec les recommandations de l'IBAN, même si elles ne semblent pas réalistes en raison du niveau actuel des ressources. L'ACO redit qu'il ne dispose pas de ressources pour donner la suite voulue à toutes les recommandations et que, pour toutes les questions concernant les activités sociorécréatives, il faut adopter une approche fondée sur les risques étant donné l'importance de ces activités et l'insuffisance des ressources disponibles.

En 2022, le contrôle interne a été renforcé grâce à la mise en place de mesures supplémentaires de contrôle et de validation. Exemples :

- *mise à jour de la méthode comptable de l'ACO relative aux activités sociorécréatives ainsi que des orientations relatives à la clôture d'un exercice ;*
- *établissement d'une liste d'éléments à contrôler par les contrôleurs des finances des quartiers généraux locaux, le but étant de certifier que les données soumises en vue de l'établissement des états financiers sont complètes et conformes aux règles et directives en vigueur ;*
- *envoi de demandes de données supplémentaires à des fins de validation (liste des entités sous le contrôle de l'ACO qui mènent des activités sociorécréatives, liste des comptes bancaires, etc.) ;*
- *amélioration du modèle à suivre pour la clôture d'un exercice, le but étant d'améliorer l'efficience et de réduire le risque d'erreur humaine.*

Par ailleurs, s'agissant du compte rendu financier relatif aux activités sociorécréatives, le processus d'examen par la Direction FINAC a été achevé en avril 2023. Ce processus a pour objet de repérer systématiquement les risques ainsi que de concevoir, de documenter et de tester les activités de contrôle appropriées.

Enfin, pour ce qui concerne la réalisation, chaque année, d'un audit interne ou d'une vérification interne, seul le SHAPE dispose, sur son site, d'un vérificateur interne pour ses activités sociorécréatives. Les autres sites ne disposent pas de ressources pour effectuer des vérifications internes de ces activités et, pour pouvoir réaliser ce travail, ils seraient tributaires du Bureau d'audit interne de l'ACO (AIA), basé au SHAPE. Ce bureau ne dispose pas de ressources suffisantes pour fournir un soutien à tous les quartiers généraux et la question des activités sociorécréatives ne serait pas considérée comme suffisamment prioritaire dans un profil de risques à l'échelle de l'ACO, profil devant guider la programmation annuelle des activités du Bureau.

Il est recommandé d'envisager une autre approche pour atteindre les objectifs équivalents à ceux d'une vérification ou d'un audit interne.

Position de l'IBAN

L'IBAN prend note de l'insuffisance des ressources signalée par l'ACO pour ce qui concerne la question des activités sociorécréatives. Toutefois, le règlement applicable à ces activités (C-M(2019)0026 (INV)), approuvé par le Conseil et entré en vigueur le 1er janvier 2022, définit précisément ce sur quoi doit porter le compte rendu financier relatif à ces activités et demande que des audits et des vérifications internes soient effectués et qu'un environnement de contrôle interne approprié soit mis en place. L'IBAN maintient donc ses recommandations.

(3) Exercice 2021
IBA-AR(2022)0011-REV1, paragraphe 3
NÉCESSITÉ DE FAIRE EN SORTE QUE LES SOLDES NON UTILISÉS RELATIFS AUX CHARGES À PAYER SOIENT ANNULÉS AU PLUS TÔT

L'ACO souscrit à l'analyse de l'IBAN.

Un processus cyclique a été mis en place pour traiter la question des soldes inutilisés relatifs aux charges à payer, non seulement au sein de la NAEW&CF, mais aussi à l'échelle de l'ACO.

Des instructions ont été données aux QG de l'ACO au sujet de la procédure à suivre pour l'examen et la clôture des charges en souffrance et, dans les dossiers de rapprochement mensuel envoyés aux QG, les charges en question sont recensées, vérifiées et clôturées lorsqu'il y a lieu.
S'agissant de la NAEW&CF, une partie des charges en souffrance ont été clôturées, et le travail se poursuit sur celles qui restent à traiter.

Au cours du premier cycle de ce processus, on a constaté que seul un petit nombre de pays avaient des soldes en souffrance remontant à plus de

12 mois, et que les informations dont on disposait étaient insuffisantes pour étayer l'envoi d'une demande d'assistance aux délégations concernées auprès de l'OTAN.

Le processus cyclique sera renforcé en 2024 : en effet, le chef de la Branche Comptabilité et contrôle (CAC) de la Direction FINAC de l'ACO prendra contact avec les délégations concernées auprès de l'OTAN si nécessaire.

(4) Exercice 2021
IBA-AR(2022)0011-REV1, paragraphe 3
NÉCESSITÉ DE CLARIFIER, SUR LA BASE DU STATUT JURIDIQUE DE L'ÉCOLE INTERNATIONALE DU SHAPE, LES RÈGLES FINANCIÈRES ET LE CADRE DE COMPTE RENDU APPLICABLES À CET ÉTABLISSEMENT

L'ACO souscrit à l'analyse de l'IBAN dans son principe.

L'ACO a travaillé avec les parties concernées (à savoir l'École internationale du SHAPE, le Bureau des affaires juridiques et le Bureau OTAN des ressources) pour clarifier le cadre réglementaire. Il faut toutefois encore préciser avec le Conseil de l'Atlantique Nord les dispositions relatives à la gouvernance.

(5) Exercice 2020
IBA-AR(2021)0030, paragraphe 1
INCIDENCE FINANCIÈRE DU RETRAIT DES FORCES DE LA MISSION RESOLUTE SUPPORT : ESTIMATION NON ENCORE DISPONIBLE

a) L'IBAN note qu'un nombre important d'éléments de passif liés au retrait des forces de la mission Resolute Support ont été clôturés. L'ACO coordonne son action avec celle de la NSPA en vue du contrôle et de la clôture de tous les éléments restants.
Sous-question traitée.

b) En raison de la complexité inhérente aux opérations et aux missions ainsi que du manque d'informations sur les circonstances de leur clôture potentielle, toute analyse des données, ainsi que les informations qui en découleraient, seraient incertaines et peu fiables. Par conséquent, l'ACO continue d'affirmer que, dans la pratique, il n'est pas possible d'appliquer cette recommandation à la lettre et que cela ne serait d'ailleurs pas économiquement rationnel en raison de l'ampleur du travail à effectuer, du manque de personnel pour le faire et du manque d'intérêt que cela aurait pour l'Organisation.

Position de l'IBAN

L'IBAN note que, comme le souligne l'ACO, l'environnement dans lequel se déroulent les opérations et missions est complexe. Compte tenu de cet environnement particulier et de ce qui s'est passé concernant la mission Resolute Support, l'IBAN réaffirme qu'il faudrait, à tout le moins, mettre en place une procédure visant à recenser les principales incidences financières, à définir les principales mesures à prendre et à déterminer les principales responsabilités dans un scénario de restructuration ou de clôture. L'IBAN maintient donc sa recommandation.

(6) Exercice 2020
IBA-AR(2021)0030, paragraphe 2
COMPTABILISATION ET PRÉSENTATION DES CONTRIBUTIONS EN NATURE À LA NAEW&CF ET À L'AGS

L'ACO souscrit à l'analyse de l'IBAN.

a) Sous-question traitée (voir IBA-AR(2022)0011-REV1).
b) L'IBAN note que la question des contributions en nature concerne l'ensemble de l'OTAN et que l'ACO entend donner suite à cette recommandation dans le cadre du réexamen du cadre comptable OTAN (NAF).
Sous-question traitée.

(7) Exercice 2020
IBA-AR(2021)0030, paragraphe 4
COMPTABILISATION ET PRÉSENTATION DES ACTIFS D'INFRASTRUCTURE FINANCÉS SUR LE NSIP

L'ACO souscrit à l'analyse de l'IBAN.

(a) Sous-question traitée (voir IBA-AR(2022)0011-REV1).

b) L'ACO continue d'améliorer la comptabilisation des actifs financés sur le NSIP en s'employant à institutionnaliser le processus de génération de rapports trimestriels dans le CIRIS et communique avec ses quartiers généraux afin que les actifs soient comptabilisés de manière appropriée.

(8) Exercice 2018
IBA-AR(2019)0016, paragraphe 1
L'ACO DOIT ÊTRE UN « CLIENT INTELLIGENT » DES AGENCES OTAN FINANCÉES PAR LE CLIENT

L'ACO souscrit à l'analyse de l'IBAN.

La Direction FINAC s'emploie à finaliser le plan d'action de l'ACO visant à mettre en œuvre le concept de client intelligent pour ce qui concerne les agences de l'OTAN. Ce plan tient compte des mesures mises en place jusqu'à présent à l'appui de l'application de ce principe, et de celles qui sont prévues pour les exercices à venir. Il contiendra la contribution de la Division J6 et celle de la NCIA.

(9) Exercice 2018
IBA-AR(2019)0016, paragraphe 2
L'ACO DOIT ATTÉNUER LES RISQUES LIÉS AU RECOURS À DES AGENCES OTAN FINANCÉES PAR LE CLIENT

L'ACO souscrit à l'analyse de l'IBAN.

L'IBAN note que les risques opérationnels et financiers sont désormais inscrits dans le registre global des risques tenu par l'ACO et qu'ils font l'objet d'une surveillance.
Sous-question traitée.

(10) Exercice 2016
IBA-AR(2017)08, paragraphe 3
ABSENCE DE GARANTIE QUANT AU FONCTIONNEMENT CONTINU D'UN SYSTÈME ESSENTIEL AU SEIN DE LA FORCE AÉROPORTÉE DE DÉTECTION LOINTAINE ET DE CONTRÔLE DE L'OTAN (NAEW&CF)

La mise à niveau du PILS a été achevée en 2022. Des mesures sont en train d'être mises en place pour pallier le manque de personnel : ainsi, un agent nouvellement recruté est entré en fonction début 2023, et un autre devrait arriver fin 2023. L'IBAN note qu'aucun plan formel n'a été établi, mais estime que, au vu des améliorations décrites ci-dessus, la question peut être considérée comme étant traitée.
Question traitée.

(11) Exercice 2016
IBA-AR(2017)08, paragraphe 5
ABSENCE DE MÉMORANDUM D'ACCORD (MOA) AVEC LA NCIA

L'ACO souscrit à l'analyse de l'IBAN.

L'IBAN note qu'il n'y a toujours pas de MOA avec la NCIA et qu'il n'y a pas de consensus entre les parties prenantes sur la nécessité d'établir un tel document.

Selon l'alinéa 3 de la disposition XXVII des FRP, un MOA est assimilable à un accord global, qui décrit les principes généraux régissant la relation entre deux parties. Toutefois, ce type d'accord avec des organismes financés par le client est établi « en principe » seulement, selon ces FRP. Compte tenu de ce qui précède et des efforts que l'ACO déploie globalement afin d'établir des SLA avec la NCIA pour la plupart de ses activités, cette question est considérée comme étant traitée.
Sous-question traitée.

Les discussions se poursuivent entre la KFOR, le JFCNP et la NCIA en vue de l'établissement d'un SLA pour la KFOR.

GLOSSAIRE

En application de la norme internationale des institutions supérieures de contrôle des finances publiques (ISSAI) 2705, les opinions émises au sujet des états financiers et au sujet de la conformité peuvent être des opinions sans réserve, des opinions avec réserve, des déclarations d'abstention ou des opinions défavorables.

- L'IBAN émet une opinion sans réserve (*unqualified opinion*) lorsqu'il estime que les états financiers et le rapport sur l'exécution du budget sont exacts et que rien ne lui donne à penser que les fonds n'ont pas été employés aux bonnes fins – pour le règlement de dépenses autorisées – et en conformité avec la réglementation en vigueur.

- L'IBAN émet une opinion avec réserve (*qualified opinion*) lorsque, d'une manière générale, il est satisfait de la présentation des états financiers mais que, pour certains éléments clés, il constate que les états n'ont pas été correctement établis ou que l'ampleur de l'audit a été limitée, ou lorsque certains éléments lui donnent à penser que les fonds n'ont pas été employés aux bonnes fins – pour le règlement de dépenses autorisées – et en conformité avec la réglementation en vigueur.

- L'IBAN se déclare dans l'impossibilité d'exprimer une opinion (*disclaimer of opinion*) lorsque l'ampleur de l'audit est extrêmement limitée – au point qu'il n'est pas en mesure d'exprimer une opinion – ou lorsque d'importantes incertitudes entourent les états financiers ou l'emploi des fonds.

- L'IBAN émet une opinion défavorable (*adverse opinion*) lorsqu'une erreur ou une anomalie présente dans les états financiers a des conséquences si étendues et si importantes que, selon lui, une réserve n'est pas suffisante pour faire apparaître le caractère trompeur ou incomplet des états financiers.

En application des normes d'audit, trois types de paragraphe peuvent figurer dans le rapport d'audit :

- Questions clés de l'audit (ISSAI 2701) – Paragraphe qui concerne des questions qui, selon le jugement professionnel de l'IBAN, sont les plus importantes parmi celles qui ressortent de l'audit des états financiers de la période considérée. Les questions clés de l'audit sont portées à l'attention du Conseil.

- Observation particulière (ISSAI 2706) – Paragraphe que l'IBAN ajoute dans la section « Opinion » du rapport d'audit afin d'appeler l'attention sur un élément présenté dans les états financiers dont l'importance est telle, selon lui, qu'il est indispensable à l'utilisateur pour sa compréhension de ces documents.

- Autre observation (ISSAI 2706) – Paragraphe que l'IBAN ajoute dans la section « Opinion » du rapport d'audit pour fournir des informations sur un élément autre que ceux présentés dans les états financiers qui, selon lui, est important pour la compréhension, par l'utilisateur, de l'audit, des responsabilités de l'auditeur ou du rapport d'audit.

Enclosure 2 to
PO(2023)0469 (INV)

ALLIED COMMAND OPERATIONS

CONSOLIDATED FINANCIAL STATEMENTS 2022

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Allied Command Operations Consolidated Financial Statements 2022

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ACO Consolidated Financial Statements 2022

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CERTIFICATION OF THE 2022 ACO CONSOLIDATED FINANCIAL STATEMENTS

1. As per the NATO Financial Regulation (NFR) 35.1, ACO shall submit consolidated annual financial statements for audit to the International Board of Auditors for NATO (IBAN) by the 31 March following the end of the financial year. Attached herewith is the full set of the 2022 ACO Consolidated Financial Statements including the Statement of Internal Control.

2. The ACO Financial Controller is required by the NFRs and the Financial Rules and Procedures (FRPs) to maintain accounting records and to prepare consolidated annual financial statements. To lay the foundations for the financial statements, the ACO Financial Controller is responsible for establishing detailed financial rules and procedures to ensure that funds entrusted to ACO by the NATO Nations to support critical activities and operations are spent in an effective and efficient manner, transparently and with full accountability. The ACO Financial Controller is also required to maintain internal financial control, which shall provide an effective control mechanism of the financial transactions to ensure the regularity of the receipt, custody and use of all funds and other financial resources of the entity; and the conformity of expenditures with the appropriations approved by the Committees.

3. Significant activities from 2022 involve the strengthening of internal controls due to ongoing initiatives at ACO and in response to prior year observations in spite of the fact that the position of ACO Financial Controller was only filled towards the end of 2022, and the Finance & Acquisition Directorate saw the departure of key finance and accounting personnel from central and local teams. This has placed additional pressure and challenges on the directorate in the run up to the financial closure and during the preparation of the ACO Consolidated Financial Statements.

4. Nonetheless, in Finance & Accounting, a process was developed and implemented to improve the identification and reporting of NSIP funded assets, and for financial reporting, additional controls were introduced to ensure the completeness of data in relation to bank accounts and MWA.

5. The ACO Corporate Accounting and Control Branch Head (CAC BH), responsible for all finance and accounting processes including the ACO Consolidated Financial Statements, provided reasonable assurance that the ACO Consolidated accounts present fairly, in all material aspects, the financial position, the results of the operations, the cash-flow and the notes of the ACO entity. This is assured due to the well-established finance and accounting processes and controls and the level of expertise and professional knowledge of key positions at corporate and decentralised level. The key business processes enable risk management, guarantee transparency, promote accountability and ensure the integrity of financial data. The annual financial closure is performed with an annually updated end of year guidance including a specific checklist and certification that provide evidence of the controls in place and alert the CAC Branch Head of any areas that require action.

RESPONSIBILITY

6. The attached, unaudited fiscal year 2022 ACO Consolidated Financial Statements for the period starting 01 January 2022 and ending 31 December 2022 have been prepared in accordance with the NFR, NATO Accounting Framework (NAF) and relevant International Public Sector Accounting Standards (IPSAS). In accordance with NFR Article 3.2, they are jointly signed by the ACO Strategic Commander and the ACO Financial Controller, and conform to the responsibility and accountability principles prescribed in the NFR 3.1, and are submitted to the International Board of Auditors for NATO in accordance with the NFR 35.

7. In preparing these accounts, ACO has:

a. Observed the relevant accounting and disclosure requirements, and applied suitable accounting policies on a consistent basis.

b. Made judgements and estimates on a reasonable basis.

c. Prepared the accounts on a going concern basis.

8. We hereby certify that to the best of our knowledge, we have a reasonable assurance that the attached financial statements and notes present a true and fair view of the financial activities of ACO as at 31 December 2022.

Javier Carrasco Pena
Financial Controller
Allied Command Operations

Christopher G. Cavoli
General, U.S. Army
Supreme Allied Commander Europe

2022 ACO STATEMENT OF INTERNAL CONTROL

1. The policies and procedures adopted by the management for the proper execution of all functional activities constitute the ACO Internal Control Framework[1]. ACO Internal Control Framework is COSO[2]-based and applies to all activities within ACO entities. The System of Internal Control has been in place and operated for the entire year of 2022.

2. The ACO System of Internal Control is designed to provide reasonable assurance that ACO will achieve its objectives and conduct proper execution of all functional activities. Absolute assurance cannot be achieved due to internal features (like human mistakes or errors of judgment) and factors outside of ACO control (like natural or man-made disasters).

ACO System of Internal Control and Review of its Effectiveness

3. A description and brief assessment[3] of the key elements of ACO System of Internal Control are:

a. **Control Environment.** The Control Environment sets the tone for ACO. The Key Documents, Boards, Stakeholders and their basic responsibilities are detailed in ACO Directive 015-029, Internal Control Framework in ACO, dated 28 January 2021. ACO staff are familiar with the extant regulations of ACO Directive 040-007 Standards of Conduct, ACO Directive 015-028 Fraud Prevention, Detection and Investigation, Bi-SC Directive 040-001 Integrating Gender Perspective into the NATO Command Structure, ON(2017)0026 Building Integrity – Code of Conduct and ON(2020)0057 NATO Policy on the Prevention, Management and Combatting of Harassment, Bullying and Discrimination in the Workplace.

b. **Objective Setting.** The ACO Strategic Management Plan (ASMP) provides the highest strategic-level direction and guidance for the development of ACO objectives to successfully contribute to the delivery of NATO's core tasks: Deterrence and Defence, Crisis Prevention and Management, and Cooperative Security. Lower level objectives are set in accordance with the ASMP and Statement of Functions determined by NATO's International Peacetime Establishment[4]. All ACO Headquarters and Divisions are aware of the importance and have established clear and SMART[5] objectives which are actively monitored. Irregularities are identified, responded to and escalated as necessary.

c. **Risk Management.** Risks and Issues for the achievement of objectives, the execution of organizational functions and operations/missions are managed within and in accordance with the ACO Strategic Management process[6]. Risks and Issues are identified and assessed on a regular basis and response strategies are routinely discussed and updated as required[7].

d. **Control Activities.** The design, implementation and operation of policies and procedures through proportionate controls is based on the assessment of related

[1] Details are in ACO Directive 015-029 on Internal Control Framework in ACO, dated 28 January 2021. The Purpose of the System of Internal Control and the Scope of Responsibilities derives from C-M(2015)0025, Review NATO Financial Regulations, dated 24 April 2015, Article 12.
[2] Committee of Sponsoring Organization of the Treadway Commission.
[3] Based on management self-assessment, and internal and external audit opinions.
[4] MC 0500/2 Final.
[5] SMART: Specific, Measurable, Achievable, Relevant, and Time-bounded.
[6] In accordance with ACO Directive 015-027, ACO Strategic Management System, dated 12 July 2022.
[7] Based on management self-assessment questionnaires.

risks. Controls are subject to review, irregularities are properly investigated and corrective actions are taken. ACO's dynamic strategic direction and the associated risk and issue profile requires a continuous evolution of internal controls; for example, the replacement of paper transactions with automated processes and embedded internal controls of a preventive nature in day-to-day operations.

e. **Information and Communication.** ACO has extensive documentation of its procedures, processes and control mechanisms including job descriptions, policies, directives, standard operating procedures, manuals, risk registers, issue logs, and records of audit findings. Documents and necessary information are processed using the Enterprise Document Management System and the NATO Information Portal. Workforce and personnel data is identified, captured and processed using the Automated Personnel Management System and the Human Resource Data Services Establishment Review Tool. Personnel have access to relevant information from reliable sources in a timely manner based on the need-to-know principle.

f. **Monitoring.** Evaluations are initiated, developed and performed to ascertain whether activities are performed according to expectations. Identified deficiencies are timely communicated to the parties involved and corrective actions are taken. Procedures are in place to ensure that external and internal audit findings, and other reviews are promptly evaluated, appropriate responses are selected, and issues resolved as early as possible.

g. **Financial Management system.** A certification of self-assessment of internal controls was obtained from NCIA confirming that general IT and application controls were implemented to maintain Information Communication Technologies security, including control activities in the following areas: integrity/availability, security, confidentiality/privacy, access to security controls, and application software development and change controls.

h. **Responsibilities.** Responsibilities are established and expectations are set for ACO personnel. All ACO Headquarters and Divisions have communicated statement of functions for key activities[8]. In 2022 Job-descriptions (JD) were updated during the yearly Peacetime Establishment Refinement Cycle and NATO 2030 efforts, and their content is aligned with the related Statement of Functions. The review of JDs continues to ensure they remain relevant.

Three-Line-Model

4. ACO adopted the Three-Line-Model[9] to inform our understanding of the structures that best assist the achievement of objectives and facilitate strong governance and risk management. Governance requires appropriate structures and processes that enable: Accountability, Actions, Assurance, and Advice.

5. The first line is managerial, the second line is subject matter experts providing support to leadership (Internal Control Officers, Risk Officers, Health and Safety Officers, etc.), and the third line is ACO Internal Audit (AIA).

[8] As per MC 0500/2 Final.
[9] Details are in ACO Directive 015-029 on Internal Control Framework in ACO, dated 28 January 2021.

a. As part of the first line assurance, ACO Division and Directorate Heads completed their annual certification through self-assessment[10].

b. With the exception of Financial Control, second line assurance sources offer room for improvement, providing only limited visibility of the control framework and reporting requires improvement. Work is ongoing to strengthen the second line assurances including the establishment of command-wide, cross-functional Internal Control Officer posts in the Command Groups of ACO Headquarters under the 2022-23 Peacetime Establishment refinement cycle.

c. Third line assurance (AIA) identified a number of deficiencies in 2022 and identified the need for risk-based judgements to better drive the allocation of resources and prioritisation of activity at all levels.

Significant Internal Control Deficiencies and Areas of Improvement

6. The following Internal Control deficiencies were identified in 2022:

a. **Distribution and Applicability of ACO Policy Documents.** Inconsistencies in the construct, distribution and applicability of ACO Policy Documents from SHAPE, the policy lifecycle management and the amount of orphan Directives were identified in 2022. Corrective actions have been developed, however, the focus on UKR and DDA development has slowed down the corrective actions.

b. **Occupational Health and Safety (OHS).** The audits of Occupational Health and Safety indicated the need to mature OHS management systems and better articulate responsibilities towards OHS across the command structure in order to provide senior management with a clearer understanding of the safety, reputational and legal OHS risks.

c. **Education and Individual Training (E&IT).** The approach to E&IT at SHAPE was not coherent, consistent or coordinated. Requirement setting, training allocation, delivery, and quality management processes all required improvement to better align training provision to organisational needs.

d. **Management and Accounting of Property.** The system of internal control for the management and accounting of property required improvement in areas such as record keeping, stock and inventory tracking, reconciliation of property records, and controlling expendable items. One of the issues requiring further action is the handover/takeover of assets delivered through the NATO Investment Programme[11] that led to the restatement of the 2021 ACO Consolidated Financial Statements. Steps have already been taken to improve the process and the International Board of Auditors for NATO (IBAN) was informed about the progress made so far.

e. **Destruction of documents/records/information.** An ACO entity reported concerns with the availability of safeguards to prevent unauthorized destruction of documents/records/information. This issue, compounded by the fact that information was not always timely available, is being addressed via the creation of a new internal tasker and the results will be initially assessed in the first quarter of 2023.

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[10] As required by SHAPE COS Order No. 228, 2022 Internal Control Certification Process and the designation/confirmation of the Internal Control Focal Points, dated 22 July 2022.

[11] International Board of Auditors for NATO (IBAN) audit finding.

7. Plans to address identified deficiencies will continue to be monitored and refined and will be a key focal point in the coming year's Certification Process.

Control Improvements achieved in 2022

8. The following further control improvements were achieved in 2022:

a. **ACO Strategic Management (ASM).** The members of the ACO Management Board (AMB) continued to enhance the employment of the ASM cycle by updating their Strategic Objectives, Initiatives and Deliverables for incorporation in the interim ACO Strategic Management Plan 2023-2027[12]. The enhancements to the ASM Cycle support ongoing DDA alignment, Strategic Warfighting, and NATO 2030 work strands. AMB members' management of risks and issues has matured in parallel, resulting in a significantly enhanced ASM system overall.

b. **The alignment of the Medium Term Resource Planning process with the process for identifying future Collective Training & Exercise requirements.** Establishment of the J7 Resource Programming Planning Board to ensure alignment between resources and requirements significantly assisted in aligning these processes.

c. **Business Continuity (BC).** The ACO BC Policy and Planning Directive (AD 080-116) was revised, the first SHAPE BC Directive (SD 080-021) was published and a live SHAPE BC exercise was conducted. A SHAPE Emergency Response Plan (SD 070-007) was developed and implemented, and finally, ACO-wide Business Continuity Management System Maturity Levels were assessed.

d. **Mitigation measures for the prevention of Harassment, Bullying and Discrimination in the Workplace.** SHAPE mitigation measures included training, an information campaign, launch of a survey by an independent provider, and introduction of a help line.

9. Based on ACO's 2022 Certification Process, the involvement of the AMB, the ACO Audit Advisory Panel, and the ACO Financial Controller's independent fiduciary assessment, we are satisfied that actions were taken to remedy significant identified weaknesses, including the prevention and detection of potential fraudulent activities within ACO.

10. Therefore, we confirm that, over the past calendar year, to the best of our knowledge after undertaking all relevant procedures, and subject to the ongoing work to address the deficiencies identified, ACO had an effective Framework of Internal Control in place to provide reasonable assurance regarding the effectiveness and efficiency of operations, the reliability and accuracy of reporting (including financial information), the compliance with applicable rules and regulations, and the safeguarding of assets.

Finance and Acquisition Directorate
OFFICIAL
OFFICIAL
FINCON

Javier Carrasco Pena
Financial Controller
Allied Command Operations

Christopher G. Cavoli
General, U.S. Army
Supreme Allied Commander Europe

[12] Signed by AMB Chairperson, COS SHAPE, on 2 February 2023, and will be finalised after the NATO summit in Vilnius.

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STATEMENT 1: ACO CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(I)

As at 31 December 2022			*Restated*	
in EUR	***Notes***	***2022***	***2021 (II)***	***2021***
ASSETS				
Current Assets				
Cash and Cash Equivalents	B.1	819,694,656	1,363,491,891	1,363,491,891
Short Term Investments	B.2	930,497,605	520,048,947	520,048,947
Receivables	B.3	81,555,751	205,102,748	205,102,748
Prepayments & Loans	B.4	11,759,072	10,282,089	10,282,089
Other Current Assets	B.5	5,336,899	940,973	940,973
Inventories	B.6	60,183,724	52,720,982	47,007,170
Total Current Assets		**1,909,027,707**	**2,152,587,630**	**2,146,873,818**
Non-current Assets				
Receivables	B.7	1,028,017	1,031,072	1,031,072
Property, Plant & Equipment	B.8	915,255,718	794,242,663	789,230,102
Other Non-current Assets	B.9	6,727,350	7,297,226	7,297,226
Total Non-current Assets		**923,011,084**	**802,570,961**	**797,558,400**
Total ASSETS		**2,832,038,791**	**2,955,158,591**	**2,944,432,218**
LIABILITIES				
Current Liabilities				
Payables (III)	B.10	(381,117,539)	(372,435,901)	(372,435,901)
Deferred Revenue & Other liab.	B.11	(1,264,799,663)	(1,578,201,831)	(1,572,488,019)
Advances	B.12	(333,306,758)	(280,327,948)	(280,327,948)
Short Term Provisions	B.13	(1,126,709)	(543,052)	(543,052)
Total Current Liabilities		**(1,980,350,669)**	**(2,231,508,732)**	**(2,225,794,920)**
Non-current Liabilities				
Long Term Provisions	B.14	(8,953,626)	(9,312,981)	(9,312,981)
Non-current Deferred Revenue	B.15	(842,734,496)	(714,336,878)	(709,324,316)
Total Non-current Liabilities		**(851,688,122)**	**(723,649,859)**	**(718,637,297)**
Total LIABILITIES		**(2,832,038,791)**	**(2,955,158,591)**	**(2,944,432,217)**
NET ASSETS	C.19	-	-	-

(I) In all tables, credit amounts/balances such as liabilities and revenue are presented with negative signs. Debit amounts such as assets and expenses carry a positive sign.

(II) Restatements relate to PP&E and inventory. More information can be found in the relevant note disclosure.

(III) Not all balances provided are reported on accrual basis. More information can be found in the notes A (Significant accounting policies - basis of preparation) and B.10.

STATEMENT 2: ACO CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE

(I)

For the year ended 31 December 2022 *in EUR*	*Notes*	*2022*	*Restated 2021 (II)*	*2021*
Revenue				
Revenue		(1,171,658,486)	(1,125,930,847)	(1,132,489,146)
Other Revenue		(4,113,074)	(3,292,051)	(3,292,051)
Financial Revenue		(4,057,462)	(923,766)	(923,766)
Total to be returned to the Nations	C.18	2,145,866	(1,025,986)	(1,025,986)
Total Revenue	C.16	**(1,177,683,156)**	**(1,131,172,650)**	**(1,137,730,949)**
Expenses				
Personnel		208,272,317	195,544,716	195,544,716
Contractual Supplies and Services		847,116,396	764,238,011	771,031,820
Foreign Military Sales (FMS) *(III)*		32,816,575	15,222,118	15,222,118
Depreciation and Amortization		83,439,418	151,857,921	151,622,411
Provisions		53,657	856,903	856,903
Other Expenses		113	1,453	1,453
Financial Costs		5,984,681	3,451,527	3,451,527
Total Expenses	C.17	**1,177,683,156**	**1,131,172,650**	**1,137,730,949**
Result of the year		-	-	-

(I) In all tables, credit amounts/balances such as liabilities and revenue are presented with negative signs. Debit amounts such as assets and expenses carry a positive sign.

(II) Restatement concerns PP&E. More information can be found in the relevant note disclosure

(III) The amount for FMS is on cash rather than accrual basis. More information can be found in the note A (Significant accounting policies - basis of preparation).

STATEMENT 3: ACO CONSOLIDATED STATEMENT OF CASH FLOWS

(I)

As at 31 December 2022 *in EUR*	*2022*	*Restated 2021 (II)*	*2021*
CASH FLOWS FROM OPERATING ACTIVITIES			
Result of the year	-	-	-
Non-cash movements			
Depreciation	83,439,418	151,857,921	151,622,411
Increase (Decrease) in payables	9,086,908	88,481,869	88,481,869
Increase (Decrease) in other current liabilities	(252,860,407)	(26,576,064)	(32,289,876)
Increase (Decrease) in other non-current liabilities	(359,355)	(961,872)	(961,872)
Increase (Decrease) in current deferred revenue for PP&E	(7,384,564)	(23,855,861)	(23,855,861)
Increase (Decrease) in non-current deferred revenue for PP&E	128,397,619	29,291,548	24,278,986
(III) Property, plant and equipment, from other funding	(188,864,207)	(99,958,139)	(101,503,876)
(Increase) Decrease in other current assets	(5,872,909)	(960,537)	(960,537)
(Increase) Decrease in other non-current assets	572,931	738,714	738,714
(Increase) Decrease in receivables	123,546,997	(24,987,392)	(24,987,392)
(Increase) Decrease in Inventories	(7,462,743)	(7,518,390)	(1,804,578)
Net cash flows from operating activities	(117,760,312)	85,551,797	78,757,988
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment and AuC	(15,588,266)	(57,335,469)	(50,541,660)
Proceeds from sale of plant and equipment	-	-	-
Proceeds from sale of investments	-	-	-
Short term investment	(410,448,657)	412,836,526	412,836,526
Net cash flows from investing activities	(426,036,923)	355,501,057	362,294,866
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings	-	-	-
Repayment of borrowings	-	-	-
Distribution/dividend to Nations	-	-	-
Net cash flows from financing activities	-	-	-
Change in cash flow	**(543,797,235)**	**441,052,854**	**441,052,853**
Cash and cash equivalents at beginning of period	*1,363,491,891*	*922,439,037*	*922,439,037*
Cash and cash equivalents at end of period	*819,694,656*	*1,363,491,891*	*1,363,491,891*
Net increase/(decrease) in cash and cash equivalents	**(543,797,235)**	**441,052,854**	**441,052,854**

(I) In all tables, credit amounts/balances such as liabilities and revenue are presented with negative signs. Debit amounts such as assets and expenses carry a positive sign.

(II) Restatements relate to PP&E and inventory. More information can be found in the relevant note disclosure.

(III) Other funding refers to assets funded through NSIP, or programmes like NAPMA, where other entities than SHAPE are acting as Host Nation, and of AuC that has been completed and capitalised within the reporting year. This did not require any cash outflow from ACO.

ACO Consolidated Financial Statements 2022

STATEMENT 4: ACO CONSOLIDATED STATEMENT OF CHANGES IN NET EQUITY

For the year ended 31 December 2022 *in EUR*	*Notes*	*2022*	*Restated 2021*	*2021*
Equity at beginning of year		-	-	-
Result of for the year		-	-	-
Net recognized revenue and expenses for the year		**-**	**-**	**-**
Equity at End of year	C.19	**-**	**-**	**-**

ACO Consolidated Financial Statements 2022

STATEMENT 5/1: ACO BC BUDGET EXECUTION REPORT

(Note H)

EUR

	Initial budget	*Transfers*	*BA2*	*Transfers*	*BA3*	*Transfers*	*Final Budget*	*Commitments/ Special Carry Forward (*)*	*Expenses*	*Total spent*	*Carry Forward/ Special Carry Forward (*)*	*Lapsed*
2022 NCSEP												
	589,117,895	***-***	***589,117,895***	***-***	***589,117,895***	***-***	***589,117,895***	***35,503,361***	***538,805,612***	***574,308,974***	***35,503,361***	***14,808,922***
Budget 101 SHAPE	79,284,306	1,940,000	81,224,306	1,720,971	82,945,277	-	82,945,277	2,759,076	77,827,439	80,586,515	2,759,076	2,358,762
Budget 103 JFC HQ BRUNSSUM	26,489,027	704,016	27,193,043	400,019	27,593,062	350,000	27,943,062	638,593	27,304,469	27,943,062	638,593	-
Budget 104 JFC HQ NAPLES	29,117,567	2,700,000	31,817,567	4,000,000	35,817,567	305,000	36,122,567	276,621	34,248,167	34,524,788	276,621	1,597,779
Budget 105 HQ AIRCOM RAMSTEIN	24,225,805	-	24,225,805	-	24,225,805	362,394	24,588,199	1,550,948	22,484,342	24,035,290	1,550,948	552,909
Budget 111 HQ LANDCOM IZMIR	10,842,819	-	10,842,819	61,000	10,903,819	179,789	11,083,608	1,397,252	9,019,917	10,417,169	1,397,252	666,439
Budget 118 HQ MARCOM NORTHWOOD	11,007,022	267,469	11,274,491	160,577	11,435,068	122,204	11,557,272	467,746	10,904,738	11,372,483	467,746	184,789
Budget 131 HQ DEPLOYABLE ASSETS	11,906,974	-	11,906,974	-	11,906,974	420,000	12,326,974	493,524	11,777,695	12,271,219	493,524	55,755
Budget 157 MILITARY TRAINING AND EXERCISE PROGRAMME	16,941,000	-	16,941,000	-	16,941,000	(1,200,000)	15,741,000	760,814	11,398,227	12,159,041	760,814	3,581,959
Budget 164 NATINAMDS NON C2 ELEMENTS	37,592,727	-	37,592,727	(1,752,048)	35,840,679	(420,000)	35,420,679	6,925,241	27,758,398	34,683,639	6,925,241	737,040
Budget 166 NATINAMDS C2 ELEMENTS	106,727,932	-	106,727,932	(1,721,386)	105,006,546	-	105,006,546	14,067,625	87,573,811	101,641,436	14,067,625	3,365,110
Budget 177 NCCB	183,443,115	(5,209,437)	178,233,678	(2,171,181)	176,062,497	(586,154)	175,476,343	3,040,762	171,898,025	174,938,787	3,040,762	537,556
Budget 178 NATO CIS GROUP (NCISG)	47,029,601	(402,048)	46,627,553	(697,952)	45,929,601	1,006,767	46,936,368	2,987,000	43,139,595	46,126,595	2,987,000	809,773
Budget 502 OUTREACH PROGRAMMES (ACO)	4,510,000	-	4,510,000	-	4,510,000	(540,000)	3,970,000	138,159	3,470,791	3,608,950	138,159	361,050
2022 NCSEP												
	4,559,879	***-***	***4,559,879***	***-***	***4,559,879***	***-***	***4,559,879***	***-***	***4,087,669***	***4,087,669***	***-***	***472,210***
Budget 176 NCNCB	4,559,879	-	4,559,879	-	4,559,879	-	4,559,879	-	4,087,669	4,087,669	-	472,210
2022 NCS-ADAPTATION												
	32,456,224	***-***	***32,456,224***	***-***	***32,456,224***	***-***	***32,456,224***	***577,385***	***28,192,391***	***28,769,776***	***577,385***	***3,686,447***
Budget 124 NCS-ADAPTATION (ACO)	32,456,224	-	32,456,224	-	32,456,224	-	32,456,224	577,385	28,192,391	28,769,776	577,385	3,686,447
2022 AGS												
	191,722,313	***-***	***191,722,313***	***-***	***191,722,313***	***-***	***191,722,313***	***69,533,350***	***111,437,920***	***180,971,270***	***69,533,350***	***10,751,043***
Budget 167 AGS O&S	191,722,313	-	191,722,313	-	191,722,313	-	191,722,313	69,533,350	111,437,920	180,971,270	69,533,350	10,751,043
2022 AGS												
	3,610,500	***-***	***3,610,500***	***-***	***3,610,500***	***-***	***3,610,500***	***1,165***	***3,556,747***	***3,557,912***	***1,165***	***52,588***
Budget 168 AGS CIS	3,610,500	-	3,610,500	-	3,610,500	-	3,610,500	1,165	3,556,747	3,557,912	1,165	52,588
2022 NAEW												
	186,956,000	***15,100,000***	***202,056,000***	***-***	***202,056,000***	***16,965,508***	***219,021,508***	***31,130,463***	***186,799,134***	***217,929,597***	***31,130,463***	***1,091,910***
Budget 163 NAEW&CF EMPLOYMENT	186,956,000	15,100,000	202,056,000	-	202,056,000	16,965,508	219,021,508	31,130,463	186,799,134	217,929,597	31,130,463	1,091,910
2022 NAEW												
	129,944,000	***(15,100,000)***	***114,844,000***	***-***	***114,844,000***	***-***	***114,844,000***	***45,912,650***	***68,806,935***	***114,719,585***	***45,912,650***	***124,415***
Budget 162 NAEW&CF PROVISIONING	129,944,000	(15,100,000)	114,844,000	-	114,844,000	-	114,844,000	45,912,650	68,806,935	114,719,585	45,912,650	124,415
2022 AOM												
	47,548,619	***-***	***47,548,620***	***(405,270)***	***47,143,349***	***-***	***47,143,349***	***8,348,326***	***37,094,536***	***45,442,862***	***8,348,326***	***1,700,487***
Budget 183 BALKANS OPERATIONS	26,165,439	-	26,165,439	-	26,165,439	-	26,165,439	2,234,359	23,315,525	25,549,884	2,234,359	615,555
Budget 187 NATO SUPPORT TO THE AFRICAN UNION	517,565	-	517,565	(130,000)	387,565	-	387,565	1,441	247,821	249,263	1,441	138,302
Budget 189 OPERATION SEA GUARDIAN	909,430	-	909,430	(275,270)	634,160	-	634,160	6,805	610,234	617,038	6,805	17,122
Budget 195 NATO MISSION IRAQ	19,956,185	-	19,956,185	-	19,956,185	-	19,956,185	6,105,720	12,920,956	19,026,677	6,105,720	929,508
Total 2022	**1,185,915,430**	**-**	**1,185,915,430**	**(405,270)**	**1,185,510,160**	**16,965,508**	**1,202,475,667**	**191,006,700**	**978,780,945**	**1,169,787,645**	**191,006,700**	**32,688,022**

(*) See Table H.D. - ACO Special Carry Forward.

EUR

	Initial budget	Transfers	BA2	Transfers	BA3	Transfers	Final Budget	Commitments/ Special Carry Forward (*)	Expenses	Total spent	Carry Forward/ Special Carry Forward (*)	Lapsed
2021 NCSEP												
	43,981,342	**-**	**43,981,342**	**-**	**43,981,342**	**-**	**43,981,342**	**11,537,298**	**26,123,261**	**37,660,559**	**11,537,298**	**6,320,783**
Budget 101 SHAPE	1,707,457	-	1,707,457	-	1,707,457	-	1,707,457	29,325	1,476,808	1,506,133	29,325	201,324
Budget 103 JFC HQ BRUNSSUM	460,307	-	460,307	-	460,307	-	460,307	-	433,111	433,111	-	27,196
Budget 104 JFC HQ NAPLES	1,052,245	-	1,052,245	-	1,052,245	-	1,052,245	17,925	938,388	956,313	17,925	95,932
Budget 105 HQ AIRCOM RAMSTEIN	892,917	-	892,917	-	892,917	68,454	961,371	387,984	544,774	932,758	387,984	28,613
Budget 111 HQ LANDCOM IZMIR	682,732	-	682,732	-	682,732	-	682,732	1,716	399,896	401,613	1,716	281,120
Budget 118 HQ MARCOM NORTHWOOD	1,005,986	-	1,005,986	-	1,005,986	-	1,005,986	687,698	208,534	896,232	687,698	109,754
Budget 131 HQ DEPLOYABLE ASSETS	326,221	-	326,221	-	326,221	-	326,221	10,130	299,462	309,592	10,130	16,629
Budget 157 MILITARY TRAINING AND EXERCISE PROGRAMME	2,999,216	-	2,999,216	-	2,999,216	(68,454)	2,930,762	2,300	1,942,956	1,945,257	2,300	985,505
Budget 164 NATINAMDS NON C2 ELEMENTS	7,367,666	-	7,367,666	-	7,367,666	-	7,367,666	2,161,761	4,834,537	6,996,298	2,161,761	371,369
Budget 166 NATINAMDS C2 ELEMENTS	14,834,905	-	14,834,905	-	14,834,905	-	14,834,905	4,427,695	10,407,100	14,834,796	4,427,695	109
Budget 177 NCCB	11,234,179	-	11,234,179	-	11,234,179	-	11,234,179	3,457,471	3,735,678	7,193,149	3,457,471	4,041,030
Budget 178 NATO CIS GROUP (NCISG)	1,378,540	-	1,378,540	-	1,378,540	-	1,378,540	351,093	876,171	1,227,264	351,093	151,277
Budget 502 OUTREACH PROGRAMMES (ACO)	38,970	-	38,970	-	38,970	-	38,970	2,200	25,844	28,044	2,200	10,926
2021 NCSEP												
	300,000	**-**	**300,000**	**-**	**300,000**	**-**	**300,000**	**-**	**-**	**-**	**-**	**300,000**
Budget 176 NCNCB	300,000	-	300,000	-	300,000	-	300,000	-	-	-	-	300,000
2021 NCS-ADAPTATION												
	1,220,620	**-**	**1,220,620**	**-**	**1,220,620**	**-**	**1,220,620**	**126,001**	**999,311**	**1,125,312**	**126,001**	**95,307**
Budget 124 NCS-ADAPTATION (ACO)	1,220,620	-	1,220,620	-	1,220,620	-	1,220,620	126,001	999,311	1,125,312	126,001	95,307
2021 AGS												
	46,366,277	**-**	**46,366,277**	**-**	**46,366,277**	**-**	**46,366,277**	**4,455,132**	**41,718,212**	**46,173,344**	**4,455,132**	**192,933**
Budget 167 AGS O&S	46,366,277	-	46,366,277	-	46,366,277	-	46,366,277	4,455,132	41,718,212	46,173,344	4,455,132	192,933
2021 AGS												
	139,309	**-**	**139,309**	**-**	**139,309**	**-**	**139,309**	**-**	**139,309**	**139,309**	**-**	**-**
Budget 168 AGS CIS	139,309	-	139,309	-	139,309	-	139,309	-	139,309	139,309	-	-
2021 NAEW												
	23,284,048	**-**	**23,284,048**	**-**	**23,284,048**	**-**	**23,284,048**	**6,240,818**	**15,562,855**	**21,803,673**	**6,240,818**	**1,480,375**
Budget 163 NAEW&CF EMPLOYMENT	23,284,048	-	23,284,048	-	23,284,048	-	23,284,048	6,240,818	15,562,855	21,803,673	6,240,818	1,480,375
2021 NAEW												
	63,739,788	**-**	**63,739,788**	**-**	**63,739,788**	**-**	**63,739,788**	**30,201,185**	**33,269,375**	**63,470,559**	**30,201,185**	**269,228**
Budget 162 NAEW&CF PROVISIONING	63,739,788	-	63,739,788	-	63,739,788	-	63,739,788	30,201,185	33,269,375	63,470,559	30,201,185	269,228
2021 AOM												
	81,210,408	**-**	**81,210,408**	**-**	**81,210,408**	**-**	**81,210,408**	**74,958,955**	**5,754,697**	**80,713,652**	**74,958,955**	**496,756**
Budget 183 BALKANS OPERATIONS	1,600,503	-	1,600,503	-	1,600,503	-	1,600,503	818,220	623,334	1,441,554	818,220	158,949
Budget 187 NATO SUPPORT TO THE AFRICAN UNION	12,526	-	12,526	-	12,526	-	12,526	-	-	-	-	12,526
Budget 189 OPERATION SEA GUARDIAN	6,914	-	6,914	-	6,914	-	6,914	71	5,335	5,406	71	1,507
Budget 194 RESOLUTE SUPPORT	73,097,238	-	73,097,238	-	73,097,238	(650,000)	72,447,238	70,475,934	1,954,729	72,430,662	70,475,934	16,576
Budget 195 NATO MISSION IRAQ	3,948,972	-	3,948,972	-	3,948,972	-	3,948,972	3,610,832	238,850	3,849,682	3,610,832	99,289
Budget 196 ALLIED SOLACE	2,544,255	-	2,544,255	-	2,544,255	650,000	3,194,255	53,898	2,932,449	2,986,347	53,898	207,908
Total 2021	**260,241,791**	**-**	**260,241,791**	**-**	**260,241,791**	**-**	**260,241,791**	**127,519,389**	**123,567,019**	**251,086,409**	**127,519,389**	**9,155,382**

(*) See Table H.D. - ACO Special Carry Forward.

EUR

	Initial budget	*Transfers*	*BA2*	*Transfers*	*BA3*	*Transfers*	*Final Budget*	*Commitments/ Special Carry Forward (*)*	*Expenses*	*Total spent*	*Carry Forward/ Special Carry Forward (*)*	*Lapsed*
2020 NCSEP												
	8,454,963	***-***	***8,454,963***	***-***	***8,454,963***	***-***	***8,454,963***	***263,885***	***7,582,789***	***7,846,674***	***263,885***	***608,289***
Budget 101 SHAPE	11,333	-	11,333	-	11,333	-	11,333	-	206	206	-	11,127
Budget 103 JFC HQ BRUNSSUM	17,272	-	17,272	-	17,272	-	17,272	-	15,522	15,522	-	1,750
Budget 104 JFC HQ NAPLES	375	-	375	-	375	-	375	-	-	-	-	375
Budget 105 HQ AIRCOM RAMSTEIN	5,091	-	5,091	-	5,091	97,500	102,591	-	102,480	102,480	-	111
Budget 111 HQ LANDCOM IZMIR	27,118	-	27,118	-	27,118	-	27,118	-	10,186	10,187	-	16,931
Budget 118 HQ MARCOM NORTHWOOD	167,788	-	167,788	-	167,788	-	167,788	-	163,238	163,238	-	4,550
Budget 131 HQ DEPLOYABLE ASSETS	17,362	-	17,362	-	17,362	-	17,362	-	1,000	1,000	-	16,362
Budget 157 MILITARY TRAINING AND EXERCISE PROGRA	42,091	-	42,091	-	42,091	-	42,091	-	879	879	-	41,212
Budget 164 NATINAMDS NON C2 ELEMENTS	971,686	-	971,686	-	971,686	-	971,686	-	668,118	668,118	-	303,568
Budget 166 NATINAMDS C2 ELEMENTS	6,074,536	-	6,074,536	-	6,074,536	(97,500)	5,977,036	-	5,977,036	5,977,036	-	-
Budget 177 NCCB	792,772	-	792,772	-	792,772	-	792,772	263,885	526,651	790,536	263,885	2,236
Budget 178 NATO CIS GROUP (NCISG)	327,540	-	327,540	-	327,540	-	327,540	-	117,472	117,472	-	210,067
2020 NCS-ADAPTATION												
	204,540	***-***	***204,540***	***-***	***204,540***	***-***	***204,540***	***-***	***9,392***	***9,392***	***-***	***195,148***
Budget 124 NCS-ADAPTATION (ACO)	204,540	-	204,540	-	204,540	-	204,540	-	9,392	9,392	-	195,148
2020 AGS												
	22,630,537	***-***	***22,630,537***	***-***	***22,630,537***	***-***	***22,630,537***	***13,600,000***	***9,029,494***	***22,629,494***	***13,600,000***	***1,043***
Budget 167 AGS O&S	22,630,537	-	22,630,537	-	22,630,537	-	22,630,537	13,600,000	9,029,494	22,629,494	13,600,000	1,043
2020 NAEW												
	3,734,601	***-***	***3,734,601***	***-***	***3,734,601***	***-***	***3,734,601***	***-***	***2,818,548***	***2,818,548***	***-***	***916,053***
Budget 163 NAEW&CF EMPLOYMENT	3,734,601	-	3,734,601	-	3,734,601	-	3,734,601	-	2,818,548	2,818,548	-	916,053
2020 NAEW												
	12,048,535	***-***	***12,048,535***	***-***	***12,048,535***	***-***	***12,048,535***	***-***	***7,391,948***	***7,391,948***	***-***	***4,656,587***
Budget 162 NAEW&CF PROVISIONING	12,048,535	-	12,048,535	-	12,048,535	-	12,048,535	-	7,391,948	7,391,948	-	4,656,587
2020 AOM												
	8,639,138	***-***	***8,639,138***	***-***	***8,639,138***	***-***	***8,639,138***	***7,500,000***	***465,186***	***7,965,186***	***7,500,000***	***673,952***
Budget 183 BALKANS OPERATIONS	347,883	-	347,883	-	347,883	-	347,883	-	46,999	46,999	-	300,884
Budget 194 RESOLUTE SUPPORT	388,921	-	388,921	-	388,921	-	388,921	-	38,059	38,059	-	350,862
Budget 195 NATO MISSION IRAQ	7,902,334	-	7,902,334	-	7,902,334	-	7,902,334	7,500,000	380,128	7,880,128	7,500,000	22,206
Total 2020	**55,712,314**	**-**	**55,712,314**	**-**	**55,712,314**	**-**	**55,712,314**	**21,363,885**	**27,297,357**	**48,661,242**	**21,363,885**	**7,051,072**

(*) See Table H.D. - ACO Special Carry Forward.

EUR

	Initial budget	*Transfers*	*BA2*	*Transfers*	*BA3*	*Transfers*	*Final Budget*	*Commitments/ Special Carry Forward (*)*	*Expenses*	*Total spent*	*Carry Forward/ Special Carry Forward (*)*	*Lapsed*
2019 AGS												
	7,000,000	***-***	***7,000,000***	***-***	***7,000,000***	***-***	***7,000,000***	***7,000,000***	***-***	***7,000,000***	***7,000,000***	***-***
Budget 167 AGS O&S	7,000,000	-	7,000,000	-	7,000,000	-	7,000,000	7,000,000	-	7,000,000	7,000,000	-
Total 2019	**7,000,000**	**-**	**7,000,000**	**-**	**7,000,000**	**-**	**7,000,000**	**7,000,000**	**-**	**7,000,000**	**7,000,000**	**-**

(*) See Table H.D. - ACO Special Carry Forward.

EUR

	Initial budget	*Transfers*	*BA2*	*Transfers*	*BA3*	*Transfers*	*Final Budget*	*Commitments/ Special Carry Forward (*)*	*Expenses*	*Total spent*	*Carry Forward/ Special Carry Forward (*)*	*Lapsed*
2018 AGS												
	5,000,000	***-***	***5,000,000***	***-***	***5,000,000***	***-***	***5,000,000***	***5,000,000***	***-***	***5,000,000***	***5,000,000***	***-***
Budget 167 AGS O&S	5,000,000	-	5,000,000	-	5,000,000	-	5,000,000	5,000,000	-	5,000,000	5,000,000	-
Total 2018	**5,000,000**	**-**	**5,000,000**	**-**	**5,000,000**	**-**	**5,000,000**	**5,000,000**	**-**	**5,000,000**	**5,000,000**	**-**

(*) See Table H.D. - ACO Special Carry Forward.

EUR

	Initial budget	*Transfers*	*BA2*	*Transfers*	*BA3*	*Transfers*	*Final Budget*	*Commitments/ Special Carry Forward (*)*	*Expenses*	*Total spent*	*Carry Forward/ Special Carry Forward (*)*	*Lapsed*
2017 AGS												
	23,986,887	***-***	***23,986,887***	***-***	***23,986,887***	***-***	***23,986,887***	***-***	***23,986,887***	***23,986,887***	***-***	***-***
Budget 167 AGS O&S	23,986,887	-	23,986,887	-	23,986,887	-	23,986,887	-	23,986,887	23,986,887	-	-
Total 2017	**23,986,887**	**-**	**23,986,887**	**-**	**23,986,887**	**-**	**23,986,887**	**-**	**23,986,887**	**23,986,887**	**-**	**-**

(*) See Table H.D. - ACO Special Carry Forward.

EUR

	Initial budget	Transfers	BA2	Transfers	BA3	Transfers	Final Budget	Commitments/ Special Carry Forward (*)	Expenses	Total spent	Carry Forward/ Special Carry Forward (*)(**)	Lapsed
2014 AOM												
	5,193,159	***-***	***5,193,159***	***-***	***5,193,159***	***-***	***5,193,159***	***4,917,774***	***275,385***	***5,193,159***	***4,917,774***	***-***
Budget 185 ISAF	5,193,159	-	5,193,159	-	5,193,159	-	5,193,159	4,917,774	275,385	5,193,159	4,917,774	-
Total 2014	**5,193,159**	**-**	**5,193,159**	**-**	**5,193,159**	**-**	**5,193,159**	**4,917,774**	**275,385**	**5,193,159**	**4,917,774**	**-**
Total for all MB Cost Shares, Years and Budgets	**1,543,049,581**	**-**	**1,543,049,581**	**(405,270)**	**1,542,644,311**	**16,965,508**	**1,559,609,818**	**356,807,748**	**1,153,907,592**	**1,510,715,341**	**356,807,748**	**48,894,477**

(*) See Table H.D. - ACO Special Carry Forward.
(**) ACO SCF represents 27.63% of the overall amount.

Notes to the ACO Consolidated Financial Statements 2022

NOTES TO THE ACO CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022

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A. Significant Accounting Policies

Basis for Preparation

The Allied Command Operation Consolidated Financial Statements (ACO FS) have been prepared in accordance with the NATO Accounting Framework[1] (NAF) as adopted by the NATO Council. The NAF is an adaptation of the International Public Sector Accounting Standards (IPSAS).

The Financial Statements comply with the financial reporting requirements of the NATO Financial Regulations (NFRs) and relevant ACO directives and policies. Where the NAF permits a choice of accounting policy, the accounting policy judged as the most appropriate to the particular circumstances of the ACO for giving a true and fair view was selected.

These Financial Statements have been prepared on the basis that ACO is a going concern and will continue in operation and meet its mandate for the near future. The principal accounting policies are set out below. They have been applied consistently to all periods presented. The accounting principles deemed as appropriate for the recognition, measurement and reporting of the financial position, performance and cash flows on an accrual-based accounting using historical costs have been applied consistently throughout the reporting period. Financial instruments are measured at fair value at the end of each reporting period. There is one exception related to the Foreign Military Sales acquired directly or via a NATO Agency from the US Defence Department where the financial data on accrual basis are not always available and are therefore reflected on a modified cash basis[2]. Details are disclosed in the relevant notes.

In accordance with Article 2.1 of the NFRs, the ACO financial year begins on 01 January 2022 and ends on 31 December 2022.

Changes in Accounting Standards

ACO discloses whenever it has not yet applied a new accounting standard, and provides any information relevant to assessing the possible impact that the initial application of the new standard would have on the FS.

The standards reported below are effective for future annual financial statements.

IPSAS	***Name***	***Effective date for periods beginning on or after***	***ACO Assessment***
IPSAS 43	*Leases*	*01 January 2025*	*This standard replaces IPSAS 13, approved in December 2021 and issued in January 2022. De-facto, the new standard will align IPSAS to International Financial Reporting Standard 16, which relates to Leases. This standard will remove the distinction between finance and operating leases and require the recognition of assets and liabilities created by all leases.* *ACO has few leases that require specific disclosure in the Financial Statements. The effective date allows preparers like ACO sufficient time to identify and assess the impacts of and to prepare for the implementation of the new standard, if required.*

Accounting Estimates and Judgments

In accordance with IPSAS and generally accepted accounting principles, the FS necessarily include amounts based on estimates and assumptions made by the management and based on historical experience as well as on the most reliable information available.

The estimates and underlying assumptions are reviewed on an on-going basis. These estimates and assumptions affect the amounts of assets, liabilities, revenue and expenses reported. By their nature, these estimates are subject to measurement uncertainty. The effect of changes to such estimates and assumptions in future periods could be significant to the FS.

Changes in Accounting Policy

The same accounting policies are applied within each period and from one period to the next, unless a change in accounting policy meets one of the criteria set in IPSAS 3. For the 2022 FS, the NAF and ACO accounting policies have been applied consistently throughout the reporting period.

There are no major changes in the 2022 ACO accounting policy.

If any specific change in the financial data, the impacts have been identified in the notes under the appropriate

[1] C-M(2016)0023, NATO Accounting Framework, dated 29 April 2016
[2] In accordance with NAF's adaptation of *IPSAS 1 – Presentation of Financial Statement*, ACO reports data on a modified cash basis where ACO Commands are unable to satisfy themselves that the data is presented on a reliable accrual basis. The modified cash basis reflects the FMS goods and services delivered according to United States DD645 reports and for which the United States government received cash payment.

headings.

Reclassification

For 2022, there were two types of reclassifications made. The first is derived from the reporting of Inventory qualified as “strategic” as a separate category. This reclassification met the materiality criteria for retrospective restatement. The second type of reclassification relates to items of Plant, Property & Equipment (PP&E) that were reported in the Building and Installed equipment categories in the 2021 FS but were reclassified as items of Installed Equipment and Other infrastructure in 2022. The reclassification did not trigger a retrospective restatement as it did not meet the materiality criteria defined in the related ACO policy. No other reclassifications were applied to the 2022 financial data.

Restatements

The ACO Policy is in line with IPSAS 3: Accounting Policies, Changes in Accounting estimates and errors. Retrospective restatements are reported only if an error was made and the value of the restatement is material.

An error is defined as an omission/misstatement in the financial statements as the result of the failure to use or misuse of information that was available when the financial statements were authorized for issue and/or could have been reasonably expected to be obtained and taken into account for the preparation and presentation of those financial statements.

Materiality is defined as items that could individually or collectively influence the decisions or assessments of the users of the financial statements.

Based on these criteria, ACO restated PP&E balances for a number of asset categories (the main restatements related to the Other infrastructure and Installed equipment categories). Inventory balances were also restated due to the adjustment and reclassification of some inventory balances.

Further information on these restatements is provided in the notes for Property, Plant and Equipment and Inventory.

Foreign Currency

These FS are presented in EUR, the ACO functional and reporting currency. All entities included in the consolidated FS adopt EUR as functional currency. Data from ACO budgets approved in different currency are converted and reported in EUR using a fixed rate. The fixed rate applied for GBP for 2022 is equal to 0.8973 EUR representing the NATO exchange rate as of 01 January 2021.

Foreign currency transactions are translated into EUR at the NATO exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at year-end are translated into EUR using the NATO exchange rates applicable at 31 December 2022.

Consolidation

The ACO Consolidated FS include the financial results of the controlling entity[3] and its controlled entities. Entities which are consolidated into the financial statements are listed below.

ACO HQ NAME	LOCATION
SHAPE HQ	Casteau, Belgium
JFC Brunssum HQ	Brunssum, Netherlands
NAEW&C Force GK HQ	Geilenkirchen, Germany
JFC Naples HQ[4]	Naples, Italy
AIRCOM Ramstein[5] HQ	Ramstein, Germany
MARCOM Northwood HQ	Northwood, UK
NCIS Group HQ[6]	Casteau, Belgium
KFOR HQ	Pristina, Kosovo

[3] ACO is a functional chain of military command and neither a legal entity nor an organization. The consolidation of statements into the ACO FS cannot be construed as creating any other legal effect that for financial reporting purposes in accordance with IPSAS 6 principles. The term “ACO Headquarters” relates only to those principles and does not supersede the legal status or personality of existing Headquarters across ACO

[4] Includes data related to NATO Mission Iraq (NMI), under the control of JFCNP HQ.

[5] Includes data related to AIRCOM HQ, Ramstein, Germany, Deployable Air Command and Control Centre (DACCC), Poggio Renatico, Italy, Combined Air Operations Centre (CAOC), Uedem, Germany, Combined Air Operations Centre (CAOC), Torrejon, Spain

[6] Includes data related to the NCISG HQ, SHAPE, Belgium, 1st NSB, Wesel, Germany, 2nd NSB, Grazzanise, Italy, 3rd NSB, Bydgoszcz, Poland

NHQSa HQ	Sarajevo, Bosnia Herzegovina
LANDCOM Izmir HQ	Izmir, Turkey
NAGSF HQ	Sigonella, Italy
ACO Corporate Accounting and Control Office	Casteau, Belgium

Inter-entity balances and transactions have been eliminated in the consolidation. The Financial Controllers of the above-mentioned controlled entities have certified the correctness of the data reported to ACO Corporate Accounting and Control (CAC) for further analysis and consolidation in the ACO FS. This includes the assurance of the checks and balances for the asset reporting.

Moreover, the overall consolidation and reporting process continued to be extremely difficult due to the critical status of the corporate finance and accounting workforce, and the personnel turnover in some HQs.

The ACO MWA financial data are not consolidated into the primary ACO FS in line with the current NAF and adapted IPSAS Standards, even when they are under the control, from a financial reporting perspective, of the NATO Reporting Entity preparing and issuing the FS.

Relevant details are reported by way of a disclosure note (Note M).

Services in-Kind

In these consolidated FS, services in kind are not recognised.

Contributions in-Kind

In these consolidated FS, contributions in-kind are not recognised.

The current IPSAS 23 does not require but only encourages the recognition of Contributions in-Kind (CiK). In accordance with ACO accounting policies, ACO does not recognise or disclose CiK. This treatment is consistent with the deliberations of the Working Group of NATO Financial Controllers regarding this matter.

In NATO, CiK are traditionally seen as the provision of a service in lieu of a financial contribution, and were never foreseen nor intended to be financially measured; formal agreement for CiK is in place for one Ally, for both NAEW&CF and NAGSF Capabilities; formal agreement for CiK is in place for another Ally for the NAGSF Capability, but not for the NAEW&CF Capability.

In February 2022[7], the RPPB noted this practice and, considering the broader political and military implications of a potential CiK disclosure, recommended to address the question of the recognition of CiK as part of the review of the NATO Accounting Framework that will take place after the ongoing review of the NATO Financial Regulations.

Financial Instruments Disclosure/Presentation

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument.

ACO uses only non-derivative financial instruments as part of its normal operations. These financial instruments include cash and cash equivalents, term deposits, accounts receivable, liabilities. They are recognised in the statement of financial position at fair value.

Financial risk factors

The ACO financial statements prepared under NAF and IPSAS provide details of how the entity manages its financial risk, including credit risk, market risk (foreign currency exchange and interest rate) and liquidity risk. From an overall perspective, the ACO's investment management prioritizes capital preservation as its primary objective, ensuring sufficient liquidity to meet cash operating requirements, and then earning a market rate of return on its portfolio within these constraints.

ACO has no powers to borrow money or to invest surplus funds. Other than financial assets and liabilities which are generated by day-to-day operational activities, no financial instruments are held.

Credit risk

ACO's clients are mainly NATO Member Nations or Troop Contributing Nations (TCN), often sponsored by NATO Nations and NATO agencies. Therefore, ACO is not exposed to material credit risks.

[7] AC/335-D(2022)0013, dated 18 Feb 2022, approved under AC/335-D(2022)0013-AS1.

Liquidity risk

ACO is not exposed to any liquidity risk due to the funding mechanisms from the contributing NATO Member Nations, as well as internal policies and procedures put in place to ensure there are always appropriate resources to meet the financial obligations.

Foreign currency risk

ACO has some exposure to foreign currency risk due to some contracts and activities managed in different currencies than EUR, mainly USD, GBP, TRY. Constant monitoring of the activities in foreign currencies is executed to identify the potential exposure to exchange rate variations and to manage the risk accordingly. ACO does not maintain significant assets or liabilities in foreign currencies, except for some operational balances for services provided at MARCOM HQ, NAEW&CF, and the TCN in theatre.

Realised and unrealised gains and losses resulting from the settlement of transactions in foreign currencies and from the revaluation at the reporting date are recognised in the Statement of Financial Performance. Realised foreign exchange gains are generally returnable to the Nations. More information can be found in the relevant notes.

Interest rate risk

ACO has successfully implemented a centralised Cash Management office. The cash holdings are mainly kept and managed at corporate level with a few exceptions. Liquidity is invested in call accounts, saving accounts up to 3 months, short-term deposits not exceeding 12 months, and term deposits divided in packages that can be liquidated within 31 calendar days at no cost. All investment profiles are in accordance with NFRs, to ensure the best possible return on cash holdings considering the current financial market situation. The exposure to interest rate risk strictly follows the current market for all public and international organisations. Additional details are disclosed at Note B.1 and B.2.

Assets

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, petty cash, current bank accounts, deposits held with banks, other short-term highly liquid investments with original maturities of three months or less.

Any amounts held in a foreign currency are translated into Euro at the exchange rate at the date of reporting.

Short-term investments

These are term deposits mainly with a maturity of more than 3 months and not exceeding 12 months. ACO also has term deposit packages for a nominal period up to 36 months with the possibility to withdraw the liquidity at no cost within 31 calendar days. This measure helped to mitigate the risk of negative interest until July 22 on the EUR balance held in Treasury for the ACO budget groups and the various projects. The related interest for those packages is accrued at year-end when required.

Receivables

Receivables are stated at net realisable value, after provisions for doubtful and uncollectible debts. It also includes amounts due by other NATO entities and nations.

Contribution receivables are recognised when a call for contribution is issued to the member nations. No allowance for impairment loss is recorded with respect to member nations' assessed contributions receivable except for exceptional and agreed technical reasons.

Prepayments and Loans

Prepayments, deposits and loans are payments to suppliers, employees and other NATO entities in advance of the period to which they pertain, and are reflected under this category in the Statement of Financial Position.

Inventories

In accordance with the adapted IPSAS 12 as approved within the NAF, items held in stock at the reporting date are recorded as inventories if their useful life is less than one year and they exceed the materiality threshold reported in the table below.

Inventory Categories	Threshold	Basis
Consumables	€ 50,000	Per location/warehouse
Spare parts	€ 50,000	Per location/warehouse
Strategic Stock	€ 50,000	Per location/warehouse

Ammunition	€ 50,000	Per location/warehouse

ACO Inventory items are classified by group classes, with the exception of NAEW&C Force GK HQ for which the Tech Degree codes (ERRC) is considered the first filter for categorizing items as inventory. Remaining codes are classified in accordance with the assigned group class.

Shipping/transportation costs have been added for the recognition of new items as actual cost, if identifiable, or apportioned from the total costs of delivering inventory to the warehouse. The materiality threshold is 2% of the overall budget executed by the respective ACO Command.

ACO inventories are reported using the Weighted Average Cost (WAC) method, with the exception of the spare parts used in meeting NCISG's readiness requirements for NRF kept in a central stock at NSPA in Capellen that are assessed to be under the control of NCISG and valued at replacement cost in the ACO FS.

Inventories qualified as non-strategic held on stock at the reporting date, and which were identified as "slow moving" are written down to a net realizable value of 35% of its WAC if the following conditions are met:

- the total value of non-strategic slow moving items exceeds the materiality threshold of 50,000 EUR;
- the items have not been used over a period of 36 months.

These conditions are met only at NAEW&C Force HQ.

ACO reports legacy assets (i.e. those acquired before 01 January 2013) for NAEW&C Force only by way of a disclosure note to include the approximate number of items per inventory category for each respective location in accordance with NAF.

Property, Plant and Equipment

According to the NAF, all assets qualified as PP&E, which were under the control of ACO at the reporting date, acquired (received) from 01 January 2013 are capitalised and recognised as non-current assets in the Statement of Financial Position if acquisition cost exceeds the ACO capitalisation thresholds.

Depreciation is recognised to write off the cost of the assets, less their residual values, over their estimated useful lives, using the straight-line method.

An item of PP&E is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. To ensure procedures are followed for the proper authorisation for write-off of an international property, the moment of de-recognition is the date when the item of PP&E was formally approved for write-off. Any gain or loss arising from the disposal or retirement of an item is determined as the difference between the sales proceeds and the carrying amount of the asset and it is recognised in the Statement of Financial Performance.

ACO PP&E categories for static HQs are listed in the table below:

Category	Threshold	Depreciation life
Land	€ 200,000	N/A
Buildings	€ 200,000	40 years
Other infrastructure	€ 200,000	Dependent on type
Installed equipment	€ 30,000	Dependent on type
Machinery	€ 30,000	10 years
Vehicles	€ 10,000	5 years
Aircraft (Planes, Major Inspections, Upgrades, Spare parts)	€ 200,000	Dependent on type
Vessels	€ 200,000	Dependent on type
Mission equipment	€ 50,000	3 years
Furniture	€ 30,000	10 years
Communications	€ 50,000	3 years
Automated Information Systems	€ 50,000	3 years

The above categories and thresholds are valid also for the ACO Allied Operations and Missions (AOM) assets physically located in a theatre of operation. However, according to the NAF, each of the AOM PP&E asset category has a useful life of one year to reflect the intensive nature of the operations.

PP&E items have been identified based on the groups and classes identified by the US Federal Supply Classification, which classifies items of supply identified under the Federal Cataloguing Program. This approach is in place within all the ACO Commands, with the exception of NAEW&C Force GK HQ where the primary criterion is related to the serialisation of the item.

Assets acquired through other NATO entities and handed-over at the reporting date to ACO or managed by third parties on behalf of ACO, such as the deployable non-CIS assets stored in the NSPA Depot in Taranto (ITA), are included in the ACO FS.

Most of the Communication and Automated Information System (CIS) assets reported in the 2022 ACO FS relate to NHQSa and NAEW&C Force GK HQ. In those ACO sites, the CIS assets are not under the control of the NCIA, but of ACO.

The category of "Asset under Construction" (AuC) refers to NSIP projects expenses occurred after 01 January 2013 for ACO requirements and implementation by SHAPE as Host Nation (HN). AuC are reported by ACO until the project is accepted by the users (completed) and put in service by the receiving HQ. It also includes building, equipment installation and infrastructure projects managed by local HQ via annual budgets. They mainly relate to SHAPE HQ and NAEW&C Force GK HQ. The AuC also includes the Depot Level Maintenance costs at NAEW&C Force GK HQ relating to ongoing Aircraft Major Inspections. ACO does not recognise any other AuC.

Buildings and infrastructure facilities in use across the ACO Static Commands have been analysed in light of the control criteria set forth by the NAF and the Garrison Support Agreements as well as the Host Nation Support Policy and Standards[8], the Base Support Concept[9] and the NSIP regulations, to determine whether they are under the control of ACO or the HNs. Although the analysis highlighted that the HN, besides being the owner, also maintains a certain level of control over the infrastructure; these buildings and infrastructure are reported in the ACO FS even when for some criteria the control over the infrastructure resulted to be either of ACO, or shared between ACO and the HNs. The HQ facilities in Sarajevo for NHQSa are not reported as they are under the control and responsibility of EUFOR based on the Berlin Plus Agreement.

Further to the PO(2015)0342, Organisational Framework for the Operations and Support of NATO Alliance Ground Surveillance (AGS) Force, dated 17 June 2015, the assets of the NATO AGS Force Core System are not reported by ACO, as they fall under the direct responsibility of the AGS Support Partnership which is governed by the NATO Support and Procurement Agency (NSPA) as executive body. Equipment facilities, buildings and capital improvements provided by the HN Italy will remain the property of the HN. Buildings and capital improvements provided through NATO funding will be reported by NAGSF; whilst ownership rights and accountability responsibilities of the AGS Core System assets are transferred from NAGSMO to NSPA as the NATO AGS Governance Body.

ACO does not report assets of the Alliance Defence Ground (ADG) and Air Command and Control System (ACCS) either, as they are under national control and responsibility.

ACO is reporting the legacy assets (i.e. those acquired before 01 January 2013) by way of a disclosure note to include the approximate number of items per asset category for each respective location.

Leases

Leases are classified as finance leases whenever the terms of the lease substantially transfer all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Rental payable under lease contract are recognised as an expense in the statement of financial performance on a straight-line basis over the lease term.

In these FS, ACO is not reporting any assets or liabilities related to finance lease.

Intangible Assets

ACO does not hold intangible assets at the reporting date.

Impairment of tangible and intangible assets

For 2022, ACO is not reporting any impairment.

[8] PO(2011)0020. dated 08 February 2011
[9] CM-128-2011, dated 16 November 2011

Liabilities

Payables

Payables (including amounts due to other NATO entities) are amounts due to third parties for goods and services received that remained unpaid as at the reporting date. They are recognised at their fair value. This includes estimates of accrued obligations for goods and services received at year-end, but not invoiced yet.

Deferred revenue

Deferred revenue represents income/contributions from member nations and/or third parties that have been called for current or prior years' budgets, and that have not yet been recognised as revenue.

Advances

Advances are income/contributions from member nations/third parties called or received related to future years' budgets.

Employee benefits

The NATO Civilian employees subject to the NATO Civilian Personnel Regulations (NCPR) in the ACO HQs[10] participate in one of the three NATO pension funds: the Provident Fund, the Coordinated Pension Scheme or the Defined Contribution Pension Scheme (DCPS), all administered by NATO and the Retirees Medical Claims Fund (RMCF). The assets and liabilities for these pension schemes are accounted for centrally at NATO Headquarters, and therefore not recognised in these FS; ACO only accounts for the contributions paid during the year.

<u>DCPS and Provident Fund:</u>

ACO HQs contribute a specified percentage of payroll costs to the DCPS and to the Provident Fund to fund the benefits. In addition to the employer's contribution, a portion of the employees' salaries is deducted and contributed to the annual financing of the DCPS, or provident fund. These contributions are recognised as an expense during the year the services are rendered, and represent the total pension obligation of the ACO HQs.

<u>Coordinated Pension Scheme:</u>

NATO Civilians employees who have joined NATO before 01 July 2005 are members of the NATO Coordinated Pension Scheme, which is a funded defined benefit plan. Under the plans and upon completion of 10 years employment with NATO, the employees are entitled to retirement benefits of 2% per year of service of final basic salary on attainment of a retirement age of 60. No other post-retirement benefits are provided to these employees. Staff members whose length of service is not sufficient to entitle them to a retirement pension are eligible for a leaving allowance.

Local Wage Rate Employees Termination/Severance/Bonus Benefit

ACO recognises a provision in the Statement of Financial Position for the Trattamento di Fine Rapporto (TFR) to be paid to the Italian Local Wage Rate employees by JFC HQ Naples as a termination benefit (further details are disclosed in Note D). Other severance and/or bonus obligations to Local Wage Rate Employees are recognised in line with national legislations. The accounting treatment consists of partial advance to the national entity responsible for the collection and the allocation of the remaining obligation as provision. The amount is counterbalanced by a receivable from the Nation for future funding when required.

Provisions

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

Net Assets

Net assets represent the residual interest in the assets of the entity after deducting its liabilities. Unspent revenue and potential revenue from liquidation of assets are to be reimbursed to the contributing nations and is recorded as a liability. ACO is therefore not recording any net assets.

[10] ACO is neither a legal entity nor an organization in the legal sense of the term. ACO cannot exert the rights and prerogatives, nor bear the liabilities of an employer. In conformity with NAF and IPSAS 6 principles, the term "employee" is meant for the purposes of financial reporting exclusively. It cannot be construed as superseding existing status or contracts between the relevant legal persons, either moral or natural.

Revenue and Expense Recognition

Revenue

Revenue comprises contributions from Member Nations and income from other customers to fund ACO requirements through the Military Budget (MB) and the NATO Security Investment Programme (NSIP). It is recognised in the year when these contributions are used for their intended purpose. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be measured reliably. Unused contributions and other revenue that relate to future periods are deferred accordingly.

Interest income is accrued on a time-basis, by reference to the principal outstanding and at the effective interest rate applicable.

Bank interests earned and accrued as of 31 December 2022 exchange rate revenue due to transactions in foreign currency and realised exchange rate revenue in accordance with the entity Policy IPSAS 4 – Effect of the foreign exchange rate are recognised as financial revenue.

Expenses

Budgetary expenses are recognised when they occur, regardless of the timing of payment, in accordance with the accrual basis principle.

Bank charges, exchange rate losses due to transactions in foreign currency and realised/unrealised exchange rate losses, are recognised as finance costs.

Result of the Year

In accordance with ACO accounting policies, ACO revenue is recognised up to the amount of the matching expenses; therefore, any result is the net of financial and/or other miscellaneous income and expenses.

Trust Funds

ACO manages a number of trust funds on behalf of other entities. The primary purpose of trust funding is to provide a mechanism for the NATO Commander to achieve objectives and undertake authorised activities, complementary to the mission, which are not eligible for NATO common funding through the Military budget or the NSIP.

Trust Funds are not considered core activities of ACO. NATO recognises an asset when it controls access to the asset and gains economic benefit or service potential but matches this to an equal liability. ACO does not recognise any expenditure or revenue, in relation to the trust funds in its statement of financial performance which it does not control with the only exception of the remaining KSF project related to KFOR, if required. Details are shown in Note K.

Cash Flow Statement

The Cash Flow Statement is prepared using the indirect method, and the format follows the layout provided by IPSAS 2 (Cash Flow Statement).

B. Notes to the Statement of Financial Position

Assets – Current Assets

1. Cash and Cash Equivalents

Cash and Cash Equivalents	2022	2021 Restated	2021
Cash accounts	252,520	203,675	203,675
Petty Cash and Advances	167,045	215,866	215,866
Current Bank Accounts	617,160,181	965,877,937	965,877,937
Clearing-Bank accounts	(125,942)	(74,601)	(74,601)
Cash Equivalent	202,240,852	397,269,013	397,269,013
Total	**819,694,656**	**1,363,491,891**	**1,363,491,891**

2. Short Term Investments

Short Term Investments	2022	2021 Restated	2021
Total	**930,497,605**	**520,048,947**	**520,048,947**

The overall cash holdings (Note 1 and 2) in ACO for 2022 is lower compared to the balance of the previous year, due to a decrease of 133 MEUR. The main variances are for the MB cash holdings with an increase of 103 MEUR, ANA TF cash holdings with a decrease of 249 MEUR. The MB cash holdings increase can be explained by the large decrease in receivables at year-end compared to previous year, while the decrease in ANA TF cash holdings is attributed to the closure of the ANA TF initiated in summer of 2021, proceeding with the execution of final drawdowns and close-out return requests from donor nations. This downward trend for the ANA TF cash holdings is expected to continue over the next couple of years.

The ACO cash holdings include a balance of 206 KEUR related to the management of the International Continental Mess (ICM) at SHAPE HQ. As stipulated in the SHAPE ICM directive, any ICM surplus above EFL level C are considered as miscellaneous income in these FS and returned to the Nations. For the fiscal year 2022, the surplus above EFL level C amounts to 69,061 EUR.
The corresponding balance of the Escrow account, net of the 2022 outflow and the accrued interest is higher than 2021 due to the exchange rate between EUR/USD as of 31 December 2022.
The local cash holdings are kept as low as possible due to the centralised cash management structure within ACO. ACO holds bank accounts in foreign currencies to execute the management of activities conducted in foreign currencies.

The variance in total cash and cash equivalents can be attributed to a shift from type of investments. In July 2022, the European Central Bank (ECB) raised the key interest rate by 0.50% for the first time in 11 years and remuneration on accounts were 0% effective Aug 2022 eliminating the risk of negative interest. As a result the financial markets started to offer positive rates for EUR liquidity and term deposits. In addition, the US financial market showed an upward trend in the last quarter of 2022, resulting in favourable interest rates for USD term deposit placements.

ACO continuously reviews its banking arrangements to ensure that there is a low risk of capital loss. At the date the FS were issued, ACO considers that the value of cash and investment balances are correctly stated. During the Resolute Support mission, ACO was using some local bank accounts at the Afghan International Bank (AIB) to support the requirements associated to local contracts and personnel at Resolute Support HQ. In light of the Resolute Support mission closure in 2021, ACO initiated the transfer of all existing cash holdings in AIB towards ACO's primary bank. However, due to the critical events that took place in August 2021 in Afghanistan, the status of Afghanistan's international transfers are still pending. The Afghan Central Bank instructed all banks to stop any international transfer and cash withdrawals from corporate accounts, with the exception of humanitarian activities under specific conditions. As a result, SHAPE is unable to determine when and whether these funds will eventually be transferred back to SHAPE, giving rise to the very significant risk that these cash holdings may not be recovered, despite the efforts engaged by SHAPE. In October 2022, a request for write off was submitted to the Budget Committee (BC). The BC concluded that it was premature to write off the requested amount and requested the topic to be rescheduled at a future meeting[11]. The potential loss remains at approx. 1.98 MEUR (converted amount) of which 91% of this liquidity

[11] BC-DS(2022)0056 (INV), dated 2 February 2023.

belongs to AOM, while 9% relates to MWA. The overall cash holdings is reported net of the potential impairment related to the AIB liquidity.

Cash equivalents under IPSAS and NFRs/FRPs

ACO's cash equivalents represent call accounts and term-deposits, which can be quickly converted into a known amount of liquidity and subject to insignificant risks of changes in value. Under IPSAS, cash equivalents are considered as short-term when they have a maturity of less than three months from the original investment; however, this does not exclude potential longer durations. The NFRs/FRPs allow ACO to make "short-term" investments where short-term is considered to be up to one year. Therefore, ACO shows short-term investments as term deposits, which can be liquidated in up to one year.

To ensure the effective and efficient financial management of funds held at ACO and to mitigate the risk linked to the negative interest on the EUR excess held in Treasury for the ACO budget groups and various projects, the BC authorised a deviation[12] to the current FRPs to exceptionally allow EUR denominated term deposits, not to exceed four years up to a cumulative amount of 400 MEUR.

During 2022, ACO continued to work with term deposit packages for a nominal period of maximum 36 months with the possibility to withdraw the liquidity at no cost within 31 calendar days.

Moreover, in 2022, ACO continued to work on ad-hoc payment schedules with some Nations for the first call for contributions, as an additional measure to reduce the impact of negative interest on excess EUR liquidity. Following this approach and the recurring monitoring of the potential financial institutions, ACO managed to limit the impact of negative interest rates.

Effective 1 August 2022, the negative interest rates were no longer used by the banks, and thus the deviation authorised by the BC was no longer applied for new deposits.

Short-term investments reported at the end of 2022 are related to MB Funds for 674 MEUR, ANA Trust Funds for 164 MEUR, other USD accounts for 92 MEUR.

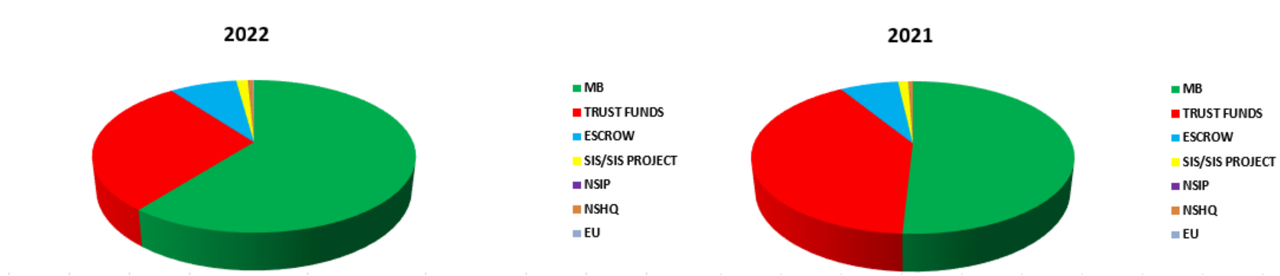
All cash holdings (savings, on-call accounts and term deposits) are managed centrally by ACO CAC Branch.

At ACO, the cash and cash equivalents shown in Note B.1 include balances for purposes other than MB budget and NSIP. Since ACO has control of these balances, they are reflected as assets of ACO with a matching liability.

ACO continues to diversify its approach, placing cash liquidity with different financial institutions and focusing on its cash forecast analysis in close coordination with all involved parties (ACO Commands, Nations, NATO Agencies and Financial Institutions). As already indicated, ACO's investment management prioritizes capital preservation as its primary objective, ensuring sufficient liquidity to meet cash operating requirements.

The breakdown for the main categories is reported below:

Table B.1/2.A – ACO Cash holdings breakdown

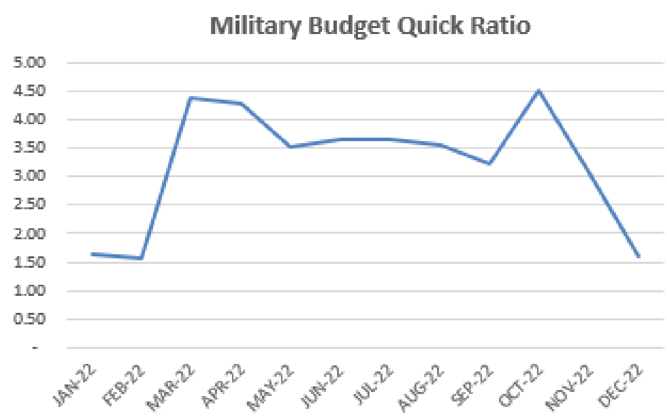


The cash holdings are shown in the chart below through the Quick Ratio. This ratio measures the ability of the entity to meet its short-term obligations at a certain point in time; a value higher than 1 means that the entity can pay off all its short-term liabilities.

[12] BC-DS(2020)0002(INV), dated 05 February 2020

The ratio during the entire year is higher than 1.

Table B.1/2.B – ACO MB Quick ratio Fiscal year 2022



3. Receivables (current)

Accounts receivable	**2022**	**2021 Restated**	**2021**
Receivables Contribution from NATO Nations	5,720,333	141,495,237	141,495,237
Receivable from Troop Contributing Nations	26,175,716	20,035,926	20,035,926
Receivables from Other NATO bodies	6,684,452	4,455,339	4,455,339
Receivables from Staff Members	110,618	145,640	145,640
Receivables from Nations	10,061,309	4,244,880	4,244,880
Other Receivables/Recoverable	32,803,322	34,725,726	34,725,726
Total	**81,555,751**	**205,102,748**	**205,102,748**

The main accounts receivable balance is reported in the ACO CAC segment reporting. ACO CAC receives funds mainly from Nations for Calls for Contributions, recovery of the Nation Borne Costs (NBC) and other calls for contributions.

The balances in foreign currencies are converted to the reporting currency at the NATO exchange rate prevailing at the end of the reporting period.

Receivables Contribution from NATO Nations

The balance represents mainly outstanding calls for contribution for the various ACO Annual budgets: NCSEP and NCS-Adaptation (NCS-A) for 2.5 MEUR (55.8 MEUR in 2021), NAEW&C FC for 1.9 MEUR (64 MEUR in 2021), AOM for 53 KEUR (13.5 MEUR in 2021), AGS for 444 KEUR (8 MEUR in 2021). There is an outstanding credit for NSIP for 824 KEUR (173K in 2021).

Receivables from Troop Contribution Nations and Other Receivables/Recoverable

These credits are mainly for NBC outstanding from Nations participating in the AOM activities and for which ACO is providing services related to their troops. Some of these amounts are at year-end still to be invoiced to the Troop Contributing Nations (TCN).

The NBC outstanding credits are monitored on a recurring basis and a follow-up procedure is in place. The NBC financial management workload continues to be high due to the constant necessary liaison between ACO and the TCN. While some of the amounts have been outstanding for a significant period of time, it is considered that they remain collectable and ACO will continue to work with Nations to pursue resolution.

NMI: The NATO Mission in Iraq NBC activities continued to increase in 2022. In view of the complexity of the NMI process, due to different locations, parties involved and criteria, timeline for the billing mechanism is often times longer than typical, while occasionally adjustments need to be made. The outstanding receivable at the end of 2022 for NMI was 15.2 MEUR, of which 7.2MEUR represents actual validated expenditures that were not billed yet to TCN at year end.

ISAF/Resolute Support NBC: The ending receivable balances for 2022 amounts to 8.2 MEUR and is mainly related to HKIA pre-financing. Due to the rigorous reminder procedures and interaction with TCN and sponsor Nations, ACO CAC collected most of these outstanding amounts in February 2023. ACO CAC is working very closely with the Nations involved to pursue resolution of outstanding amounts.

NHQSa/EUFOR: NBC continues to be raised for the remaining troops at Camp Butmir. Since 2011, the charges have included some additional charges of severance being made to the TCN. The NBC calculation and reports continue to be under EUFOR responsibility. NHQSa, in cooperation with EUFOR, remains responsible for the validation and submission of the data on a quarterly basis.

KFOR: The NBC pre-financing at the end of 2022 amounted to 2.4 MEUR, of which 1.5 MEUR were not billed yet to TCN.

RAC (NATO Reach-back Analytic Cell): With the closure of Resolute Support mission effective June 2021, the RAC in support of Resolute Support also ceased operations. All costs were billed to the Contributing Nations at the end of 2021. At the end of 2022, 11K EUR were still outstanding.

Allied Solace Mission: With the evacuation of NATO Affiliated Afghan (NAA) citizens and their onward movement and re-settlement within allied countries, the Real Life Support (RLS) costs of TCN personnel attributed to the Allied Solace Mission at Camp Bechtel were approved to be pre-financed and recovered through the NBC Mechanism. These costs incurred during the period December 2021 until March 2022 amounting to 260 KEUR have been billed to TCNs in the 2nd quarter 2022. As at the end of 2022, 230 KEUR were still outstanding.

The other receivables balance is related to outstanding invoices or invoices to be established balances for reimbursable activities, including accrued expenses for NBC. SHAPE has a balance of 3.4 MEUR. In addition, 7.7 MEUR are related to the untaken leave for which the details are at note C.17.

Receivable from Staff Members[13]

These are receivables from staff members, such as short term loans, salaries and allowances to be reimbursed by staff members and other receivables. Collections are assured through payroll withholding and staff separation payments.

4. Prepayments and Loans

Prepayments and Loans	**2022**	**2021 Restated**	**2021**
Advances and Prepayments	8,466,257	10,282,089	10,282,089
Loans	3,292,815	-	-
Total	**11,759,072**	**10,282,089**	**10,282,089**

Prepayments are net of related accruals previously recorded and associated expenses. Advances entered in foreign currency were accrued in that currency.

The reported amount reflects mainly advances and prepayments related to FMS for 3.8 MEUR (3.9 MEUR in 2021) and JFC Naples LWR Severance Pay (TFR) for 2.2 MEUR (2 MEUR in 2021) as described in Note A – "Employee benefits".

The loan refers to a temporary transfer of funds made by SHAPE to the Defence Innovation Accelerator for the North Atlantic (DIANA), represented by the NATO International Staff Financial Controller performing the interim duties of DIANA Financial Controller, to support DIANA implementation transition costs[14].

[13] See footnote 10
[14] PO(2022)0277-AS1 dated 08 July 2022 and FC(DIA)(2022)0002 dated 28 July 2022

5. Other Current Assets

Other current assets	2022	2021 Restated	2021
Bank Interest Accrued	4,210,190	397,921	397,921
Receivable for provisions	1,126,709	543,052	543,052
Total	**5,336,899**	**940,973**	**940,973**

The majority of the Bank Interest Accrued relates to deposits with ACO CAC bank accounts and the other USD bank accounts managed by ACO CAC.

Details for the provisions are reported in Note D.

6. Inventories

Inventories	2022	2021 Restated	2021
Consumable	18,379,918	13,967,729	16,913,526
Spare parts	9,488,475	9,412,177	30,093,644
Strategic Stock	32,315,331	29,341,076	-
Total	**60,183,724**	**52,720,982**	**47,007,170**

ACO is reporting inventory as established in the ACO accounting policy.

The category with the highest value of Inventory for 2022 is represented by Strategic Stock held at NAEW&CF. They mainly refer to Airframe Structural Components, Aircraft Hydraulic, Electrical and Electronic accessories and equipment which are deemed essential to the effective operation of the AWACS fleet.

No inventory is pledged as security for liabilities.

Table B.6 – Inventory

Inventory	
Opening as of 1 January 2021	45,202,592
Adjustments to opening	17,211
Adjusted opening as of 1 January 2021	**45,219,803**
Variance	4,211,742
Write off	(2,256,848)
Adjustments to ending	(167,526)
Ending balance as of 31 December 2021	**47,007,170**
Restatement 2021	5,713,812
Ending balance as of 31 December 2021 Restated	**52,720,982**
Opening as of 1 January 2022	52,720,982
Adjustments to opening	27,899
Adjusted opening as of 1 January 2022	**52,748,881**
Variance	7,934,061
Write off	(499,217)
Adjustments to ending	-
Ending balance as of 31 December 2022	**60,183,724**

Restatements of the 2021 Inventories

The main restatement reported for 2021 relates to an increase of 5.7 MEUR of the NAEW&CF Inventory value, and to the reclassification of Consumables and Spare Parts into Strategic Stock items category at NAEW&CF. A minor restatement (51 KEUR) was made at SHAPE for the HRDS equipment erroneously reported previously for a smaller value.

Adjustments of the 2022 Inventories

The adjustment to the 2022 opening balance is due to the inclusion of beginning balances of accounts/warehouses in NHQSa (27 KEUR), and NCISG HQ (2 KEUR) that reached the reporting threshold in 2022. In addition, a minor negative adjustment (1 KEUR) is due to an error in the working paper for Write-Off calculation at SHAPE.

Assets - non-Current Assets

7. Receivables (non-current)

Other Non-Current Assets	2022	2021 Restated	2021
Non-current Receivables	1,028,017	1,031,072	1,031,072
Total	**1,028,017**	**1,031,072**	**1,031,072**

The 2022 balance is made up of a long-term guarantee for infrastructure projects to Bundeswehr Dienstleistungszentrum (Bw-DLZ) in NAEW&C Force for 1,022,584 EUR, and 5,433 EUR of deposit payment for the natural gas membership as a guarantee payment in LANDCOM.

8. Property, Plant and Equipment

Property, Plant & Equipment	2022	2021 Restated	2021
Land	-	-	-
Buildings	185,633,117	100,017,550	99,666,968
Other infrastructure	77,130,828	39,763,820	35,047,517
Installed Equipment	60,391,791	36,555,960	35,287,240
Machinery	8,309,106	9,070,982	9,075,760
Vehicles	10,415,001	13,628,259	13,628,259
Aircrafts (Planes, Major inspection, Upgrades, Spare parts)	464,613,829	512,501,151	512,501,151
Mission Equipment	3,727,989	3,756,765	3,756,765
Furniture	2,619,775	2,224,700	2,805,889
Communication	11,493,320	9,813,820	9,764,964
Automated Information Systems	8,372,929	2,685,789	2,685,789
Assets under Construction[15]	82,548,033	64,223,867	65,009,800
Total	**915,255,718**	**794,242,663**	**789,230,102**

In compliance with the NAF, all assets qualified as PP&E under the control of ACO at the reporting date, acquired (received) from 01 January 2013, have been capitalized and recognised as non-current assets in the statement of financial position in accordance with the ACO capitalisation thresholds.

The CIS assets relate mainly to CIS assets located at NAEW&C Force GK HQ and NHQSa HQ.

No assets are pledged as security for liabilities.

[15] The category includes the Major Inspection on-going for the NAEW&C Force aircraft (DLM)

Restatement 2021

The main restatements to 2021 data result from the improved process throughout ACO for following up on the status of NSIP projects for which SHAPE is not the Host Nation, that may result in assets that are assessed to be under ACO control. At three HQs, NAGSF (3.1 MEUR), AIRCOM DACCC (1.1 MEUR) and JFCBS (0.8 MEUR), assets were identified and assessed as being under ACO control and put into service in prior financial years and met the criteria for restatement. The effect of this restatement is shown in Table B.8.

Other restatements included 822 KEUR for assets brought into service in 2021 for which the handover date confirmation was not received until 2022. This restatement was for two projects at SHAPE HQ (773 KEUR) with the remaining amount of 49 KEUR for KFOR.

Finally, as part of a pilot initiative aimed at improving internal control of assets, JFCBS received approval for a deviation to the ACO Directive for Property Accounting and Control aiming to remove the obligation to track items of PP&E below a threshold of 1,000 EUR. This led to the removal from the asset register of low value assets and resulted in the reduction of JFCBS 2021 Net Book Value assets of 586 KEUR.

2022 Data

NAEW&CF: Fleet modernisation

The highest value PP&E reported is related to NAEW&C Force GK HQ that operates a fleet of fourteen surveillance (E-3A) airplanes. However, as they relate to data prior 2013, they are not accounted for with financial value.

The costs (and associated depreciation) from a programme of material upgrades to the airplanes is accounted for with financial value, and is reported in these financial statements.

As reported in 2021, the cost of major inspections for the airplanes is recognised with ongoing costs recognised as Assets under Construction (AuC) until the plane receives its military certificate of airworthiness. When this certificate is received, the AuC costs are capitalised and depreciation is started. In 2022, 17.3 MEUR of costs were recognised as AuC for major inspection costs on six of the airplanes currently undergoing the major inspection cycle. Five of the planes are estimated to complete their major inspection maintenance in 2023 with the other plane estimated for completion in 2024.

In 2022, additional costs were received from NAPMA for upgrades and training systems relating to the airplanes. The significant cost adjustments are summarised below:

- Additional costs for the Full Flight Simulator (FFS) were received resulting in a further 1.5 MEUR added to the capitalised cost of this asset.
- Following the upgrades of the communication and navigation systems (CNS/ATM) from analogue to digital in 2017 and 2018, further additional costs of 4.4 MEUR were received from NAPMA in 2022, and added to the capitalised cost of the upgrade.

NSIP projects

In 2022, a number of high value NSIP projects were completed and resulted in the handover of assets to a number of ACO HQs.

At NAGSF, 93 MEUR of assets were recorded for major infrastructure improvements for the mission operation and flight areas including 72.4 MEUR in the Buildings category, 9.3 MEUR in the Other infrastructures and 11.7 MEUR in Installed equipment.

At NAEW&CF, 60.4 MEUR of assets were recognised in relation to Buildings, Infrastructure and Installed equipment improvements at the main operating base (MOB) in Geilenkirchen (37.6 MEUR), at the Forward Operating Location (FOL) in Oerland, Norway (15.6 MEUR) and at the Forward Operating Bases (FOB) in Konya, Republic of Türkiye (6.7 MEUR) and Trapani, Italy (0.5 MEUR).

At LANDCOM, Izmir and NCISG (2NSB Grazzanise, Italy) building works were completed, both for the value of 1.3 MEUR. Finally, MARCOM, Northwood reported Communications equipment to the value of 0.8 MEUR)

Other significant variances

The other significant variances between 2021 and 2022 PP&E relate to the Vehicles category where 2.8 MEUR of armoured vehicles, procured by NSPA, were handed over to JFC Naples, NHQSa and KFOR in 2022.

For other categories, the variance relates to immaterial additions less depreciation expenses for 2022.

TABLE B.8 – Property, Plant and Equipment – Breakdown of transactions for the year

Property, Plant and Equipment

	Land		Buildings		Other Infrastructures		Installed Equipment		Machinery		Vehicles	
Acquisition cost as of 1 January 2021		-		157,028,967		86,559,799		58,952,886		14,101,182		37,625,110
Adjustment to opening balance		-		-		5,686,249		1,054,263		(8,958)		-
		-		157,028,967		92,246,048		60,007,149		14,092,225		37,625,110
Additions FinS	-		287,761		-		2,471,769		3,069,393		1,549,425	
Manual additions - NSIP/Other funding	-		9,326,827		69,915,546		4,067,995		1,523,790		1,579,467	
Adjustment to additions 2021	-		359,571		-		426,362		-		-	
Adjustment to additions - NSIP/Other funding	-		-		-		-		-		-	
+ Total Additions	-		9,974,159		69,915,546		6,966,125		4,593,183		3,128,892	
- Disposals/retirements	-		(45,066,431)		(107,605,648)		(11,780,026)		(2,857,755)		(7,547,777)	
- Capitalized/Expensed WIP	-		-		-		-		-		-	
+ Revaluations	-		-		-		-		-		-	
- Impairments	-	-	-	(35,092,272)	-	(37,690,103)	-	(4,813,901)	-	1,735,428	-	(4,418,885)
		-		121,707,223		54,555,945		55,422,720		15,827,653		33,206,225
- Accumulated depreciation	-		(57,435,066)		(57,978,480)		(23,739,206)		(7,523,215)		(21,411,971)	
Adjustment to opening balance	-		-		(760,051)		(102,925)		4,180		(896)	
	-		(57,435,066)		(58,738,531)		(23,842,131)		(7,519,035)		(21,412,867)	
+ Disposals/retirements	-		41,818,515		51,636,142		10,220,783		2,706,949		7,547,777	
- Depreciation 2021	-		(6,064,134)		(7,479,840)		(5,136,433)		(1,944,584)		(5,713,771)	
Adjustment to depreciation 2021	-	-	(8,989)	(21,689,674)	(209,895)	(14,792,125)	(108,979)	(18,866,760)	-	(6,756,671)	896	(19,577,965)
Ending balance as of 31 December 2021		**-**		**100,017,550**		**39,763,820**		**36,555,960**		**9,070,982**		**13,628,259**
Acquisition cost as of 1 January 2022		-		121,707,223		54,555,945		55,422,720		15,827,653		33,206,225
Adjustment to opening balance		-		-		-		-		-		-
		-		121,707,223		54,555,945		55,422,720		15,827,653		33,206,225
Additions FinS	-		31,290		-		1,801,164		842,774		1,053,194	
Manual additions - NSIP/Other funding	-		89,481,756		42,926,862		27,950,103		-		3,552,971	
+ Total additions	-		89,513,046		42,926,862		29,751,267		842,774		4,606,166	
- Disposals/retirements	-		(0)		-		(220,515)		(180)		(24,605)	
- Capitalized/Expensed WIP	-		-		-		-		-		-	
+ Revaluations	-		-		-		-		-		-	
- Impairments	-	-	-	89,513,046	-	42,926,862	-	29,530,752	-	842,594	-	4,581,561
Accumulated acquisition cost		-		211,220,269		97,482,808		84,953,472		16,670,247		37,787,786
- Accumulated depreciation as of 1 January 2022	-		(21,689,674)		(14,792,125)		(18,866,760)		(6,756,671)		(19,577,965)	
Adjustment to opening balance	-		-		-		(71,001)		(2,362)		-	
	-		(21,689,674)		(14,792,125)		(18,937,761)		(6,759,032)		(19,577,965)	
+ Disposals/retirements	-		-		-		220,515		126		24,605	
- Depreciation 2022	-	-	(3,897,478)	(25,587,152)	(5,559,855)	(20,351,980)	(5,844,436)	(24,561,682)	(1,602,235)	(8,361,141)	(7,819,424)	(27,372,785)
Ending balance as of 31 December 2022		**-**		**185,633,117**		**77,130,828**		**60,391,791**		**8,309,106**		**10,415,001**

	Airplanes & Components		Mission Equipment		Furniture		Communications		AIS		AuC		Total	
Acquisition cost as of 1 January 2021		684,141,393		115,044,494		4,310,739		37,106,864		12,784,359		2,951,669		1,210,607,462
Adjustment to opening balance		-		-		(958,985)		-		-				5,772,569
		684,141,393		115,044,494		3,351,754		37,106,864		12,784,359		2,951,669		1,216,380,031
Additions FinS	5,628,341		690,022		324,761		66,875		451,747				14,540,095	
Manual additions - NSIP/Other funding	32,523,919		-		766,922		460,964		-		82,536,586		202,702,016	
Adjustment to additions 2021	-		-		-		53,298		-				839,230	
Adjustment to additions - NSIP/Other funding	-		-		-		-		-		-		-	
+ Total Additions	38,152,260		690,022		1,091,683		581,136		451,747		82,536,586		218,081,340	
- Disposals/retirements	-		(3,373,124)		(414,554)		(826,112)		(93,904)		-		(179,565,331)	
- Capitalized/Expensed WIP	-		-		-		-		-		(21,264,388)		(21,264,388)	
+ Revaluations	-		-		-		-		-				-	
- Impairments	-	38,152,260	-	(2,683,102)	-	677,129	-	(244,976)	-	357,844		61,272,198	-	17,251,621
		722,293,653		112,361,392		4,028,883		36,861,888		13,142,203		64,223,867		1,233,631,652
- Accumulated depreciation	(153,095,329)		(108,777,921)		(1,778,059)		(24,608,100)		(9,872,946)		-		(466,220,293)	
Adjustment to opening balance	-		-		281,897		-		-		-		(577,795)	
	(153,095,329)		(108,777,921)		(1,496,163)		(24,608,100)		(9,872,946)		-		(466,798,088)	
+ Disposals/retirements	-		3,247,276		140,187		524,129		93,621		-		117,935,379	
- Depreciation 2021	(56,697,173)		(3,073,983)		(544,107)		(2,959,656)		(677,089)		-		(90,290,770)	
Adjustment to depreciation 2021	-	(209,792,501)	-	(108,604,627)	95,899	(1,804,183)	(4,441)	(27,048,068)	-	(10,456,414)	-	-	(235,510)	(439,388,989)
Ending balance as of 31 December 2021		**512,501,151**		**3,756,765**		**2,224,700**		**9,813,820**		**2,685,789**		**64,223,867**		**794,242,663**
Acquisition cost as of 1 January 2022		722,293,653		112,361,392		4,028,883		36,861,888		13,142,203		64,223,867		1,233,631,652
Adjustment to opening balance		-		-		-		-		-		-		-
		722,293,653		112,361,392		4,028,883		36,861,888		13,142,203		64,223,867		1,233,631,652
Additions FinS	990,152		711,657		213,864		1,625,391		6,220,710				13,490,195	
Manual additions - NSIP/Other funding	6,500,308		-		630,770		836,677		829,665		22,529,449		195,238,561	
+ Total additions	7,490,460		711,657		844,633		2,462,068		7,050,374		22,529,449		208,728,756	
- Disposals/retirements	(34,013,229)		(7,244)		(17,917)		(491)		(451,289)		-		(34,735,472)	
- Capitalized/Expensed WIP	-		-		-		-		-		(4,205,284)		(4,205,284)	
+ Revaluations	-		-		-		-		-		-		-	
- Impairments	-	(26,522,769)	-	704,413	-	826,716	-	2,461,577	-	6,599,085	-	18,324,165	-	169,788,002
Accumulated acquisition cost		695,770,883		113,065,805		4,855,599		39,323,465		19,741,288		82,548,032		1,403,419,654
- Accumulated depreciation as of 1 January 2022	(209,792,501)		(108,604,627)		(1,804,183)		(27,048,068)		(10,456,414)		-		(439,388,989)	
Adjustment to opening balance	-		-		2,362		-		-		-		(71,001)	
	(209,792,501)		(108,604,627)		(1,801,822)		(27,048,068)		(10,456,414)		-		(439,459,990)	
+ Disposals/retirements	34,013,229		7,244		13,972		491		447,838		-		34,728,021	
- Depreciation 2022	(55,377,782)	(231,157,054)	(740,433)	(109,337,816)	(447,974)	(2,235,824)	(782,568)	(27,830,145)	(1,359,783)	(11,368,359)	-	-	(83,431,968)	(488,163,938)
Ending balance as of 31 December 2022		**464,613,829**		**3,727,989**		**2,619,775**		**11,493,320**		**8,372,929**		**82,548,032**		**915,255,717**

9. Other Non-Current Assets

Other Non-Current Assets	2022	2021 Restated	2021
Long Term Receivables for Provisions	6,727,350	7,297,226	7,297,226
Total	**6,727,350**	**7,297,226**	**7,297,226**

The accounts Long Term Receivable for Provisions cover amounts reported as provisions for which it is not expected a settlement at short-term. Details are provided in Note D.

Liabilities – Current Liabilities

10. Payables

Payables	2022	2021 Restated	2021
Payables to Suppliers	(372,635,244)	(363,273,714)	(363,273,714)
Payables to Staff members	(122,433)	(351,358)	(351,358)
Payable to Governments	(459,074)	(670,152)	(670,152)
Other Payables	(7,900,787)	(8,140,677)	(8,140,677)
Total	**(381,117,539)**	**(372,435,901)**	**(372,435,901)**

Accrued amounts for goods and services are not automatically classified by the accounting system to match the reported categories. They are reported as Payable to suppliers.

Payables to Suppliers

Payables to suppliers include third parties invoices received from commercial vendors not settled, and goods and services received and accrued where no invoice was received by the reporting date. In 2022, there was an increase of 9.4 MEUR compared to the previous year.

Foreign Military Sales (FMS) Cases

This category represents payables due for goods and services acquired for NAEW&CF via NSPA, including those related to FMS cases acquired from the US Defence Department through the Agency. To note that ACO is managing directly FMS cases only in SHAPE. Further details are shown in the Note C.17.

Untaken Leave

The balance of untaken leave is classified as "Other payable". For 2022 the balance is 7.7 MEUR (7.8 MEUR in 2021). Detailed information for the amount reported as untaken leave is disclosed in Note C.17.

11. Deferred Revenue and other Liabilities

Deferred Revenue and other Liabilities	2022	2021 Restated	2021
Deferred Revenue	(1,185,464,688)	(1,419,994,611)	(1,414,280,799)
Other Liabilities	(79,334,976)	(158,207,219)	(158,207,219)
Total	**(1,264,799,663)**	**(1,578,201,831)**	**(1,572,488,019)**

Details are reported in the tables below.

Deferred Revenue	2022	2021 Restated	2021
Deferred Revenue MB	(356,807,750)	(357,134,149)	(357,134,149)
Other Deferred Revenue	(695,951,992)	(930,233,695)	(930,233,695)
Deferred Revenue Inventory	(60,183,724)	(52,720,982)	(47,007,170)
Deferred Revenue PP&E	(72,521,221)	(79,905,785)	(79,905,785)
Total	**(1,185,464,688)**	**(1,419,994,611)**	**(1,414,280,799)**

Deferred Revenue MB

Deferred revenue for MB budgets corresponds to contributions for each budget/cost share under ACO responsibility eligible for call to NATO members nations, for which corresponding expenditures will be incurred after the reporting date. It is accounted for by type, cost share and year in accordance with the ACO policy. The balance corresponds to the Carry Forward (CF) and Special Carry Forward (SCF) reported at the end of 2022 fiscal year.

Other Deferred Revenue

The amount represents funds related to ACO non-core activities like SHAPE International School (SIS), NSHQ, EU Operation Althea, USD cash holding Account, and Trust Funds. Although defined as non-core activities, these can be assessed as critical activities due to their financial management complexity. For two of them, the volume is material.

Details related to Trust Funds are reported at Note K.

Deferred Revenue Inventory

This amount consists of Deferred Revenue received from Nations used for acquisition of inventories. It will be recognised as revenue in the applicable reporting period.

Deferred Revenue PP&E

Revenue is recognised incrementally and equally with the depreciation. The revenue is matched to the depreciation to correspond to revenue earned with the consumption of the asset. With this option, there is no surplus or deficit resulting from asset depreciation or acquisition.

The Current Deferred Revenue reported here represents the counterpart of the PP&E Net Value.

Other Liabilities

This category includes lapsed appropriations and results of the year as the result of the overall 2022 financial year execution. The ad-hoc liabilities are reported by nature (i.e. budgetary lapses, overestimated accruals, other adjustments) and are accounted for by type, cost share and year in accordance with the ACO policy. Those liabilities represent the main component of the refundable surpluses for the fiscal year 2022, together with the 2022 MB result of the financial year. There is also a liability related to an AOM budget decrease that was approved after the call for contributions where issued.

Other Liabilities	**2022**	**2021 Restated**	**2021**
Liabilities from lapsed appropriations	(76,006,134)	(156,919,956)	(156,919,956)
Liabilities from budget decrease	(405,270)	-	-
Liabilities from result of the year	(3,477,226)	(1,897,074)	(1,897,074)
Liabilities from unrealised exch. rate differences	(94,135)	(1,426,205)	(1,426,205)
Liabilities from NSIP cash call	621,593	2,009,110	2,009,110
Liabilities from NSIP accum. result of the year	26,196	26,906	26,906
Total	**(79,334,976)**	**(158,207,219)**	**(158,207,219)**

Liabilities from Lapsed Appropriations

Lapsed appropriations (MB)	**2022**	**2021 Restated**	**2021**
Budgetary lapses	(48,894,477)	(141,762,252)	(141,762,252)
Overestimated accruals	(26,661,894)	(15,313,822)	(15,313,822)
Other adjustments	(449,763)	156,117	156,117
Total	**(76,006,134)**	**(156,919,956)**	**(156,919,956)**

The amount of overestimated accruals increased by 11.3 MEUR compared to 2021. These include 13.2 MEUR related to Resolute Support mission, 5.5 MEUR to SHAPE and 3.5 MEUR to NAEW&CF. The 2022 breakdown by budget group is disclosed at Table B.11.

Liabilities from Result of the Year

Distribution of Result of the Year	**2022**	**2021 Restated**	**2021**
Result of the year	(2,145,866)	1,025,986	1,025,986
Unrealised exchange rate gain/loss	(1,332,070)	(2,922,997)	(2,922,997)
Net of NSIP result of the year	710	(63)	(63)
Total Liabilities from Result of the year	**(3,477,226)**	**(1,897,074)**	**(1,897,074)**

The amount of 3,477,226 EUR is made of miscellaneous income, provisions for bad debts (for 39,876 EUR), interest revenue, bank charges, and realised exchange rate gain/losses. The unrealised gain/loss for exchange rate is not part of the redistribution.

Table B.11 – Refundable Surpluses

Type	NCSEP	NCS-A	AGS	NAEW	AOM	TOTAL
Budgetary lapse	(22,510,204)	(3,976,903)	(10,997,607)	(8,538,568)	(2,871,195)	(48,894,477)
Overestimated accruals	(6,879,777)	(157,078)	(590,443)	(3,495,178)	(15,539,419)	(26,661,894)
Other Adjustments	(423,999)	-	-	-	(25,764)	(449,763)
Liabilities from budget decrease	-	-	-	-	(405,270)	(405,270)
TOTAL	***(29,813,980)***	***(4,133,981)***	***(11,588,049)***	***(12,033,746)***	***(18,841,648)***	***(76,411,404)***
Result of the year	(1,667,762)	(72,432)	245,151	(1,728,854)	(253,329)	(3,477,226)
GRAND TOTAL	**(31,481,742)**	**(4,206,413)**	**(11,342,898)**	**(13,762,600)**	**(19,094,977)**	**(79,888,630)**

The overall refundable surplus as at 31 December 2022 is reflected by nature. It will be included in the 2nd Assessment call for 2023 and duly allocated by type, cost share and budget year, unless decided differently by the Budget Committee.

Liabilities from NSIP Cash Call

ACO is reporting NSIP expenses on a quarterly basis.

Liabilities Result for NSIP

NSIP Results	**2022**	**2021 Restated**	**2021**
Accumulated result of previous years	26,906	26,843	26,843
Result of the year	(710)	63	63
Accumulated liabilities from NSIP Result	**26,196**	**26,906**	**26,906**

Interest and results, distributed by cost share will be reported to the IS-NOR who is responsible for the redistribution to the Nations via the NSIP call for contributions.

On a quarterly basis, expenses, forecasts and status of the projects are updated in the CIRIS system tracking the NSIP projects for all HNs. The quarterly revision is the basis for the calculations of the NSIP calls for contributions.

12. Advances

Advances	**2022**	**2021 Restated**	**2021**
Advance MB Contributions	(332,494,920)	(280,223,690)	(280,223,690)
Other Advance	(811,838)	(104,258)	(104,258)

Total	**(333,306,758)**	**(280,327,948)**	**(280,327,948)**

Advance MB Contributions

The amount is related to:

- Advance contribution allocated via the 2nd call 2022 for an amount of 331,926,141 EUR (AGS/NCSEP/AOM/NAEW cost share)[16]. These advances are recorded using appropriate account code by type/year/cost share. While there is no outstanding voluntary advance for MB contributions, a credit balance of 551,283 EUR related to USA AOM 2nd Call 2022 and 17,495 EUR related to UK NAEW 2nd call 2022 are considered as additional advances for the 2023 MB contributions.
- Other advances relate mainly to amounts received for NBC and other centralised activities.

13. Short Term Provisions

Short Term Provisions	2022	2021 Restated	2021
Personnel	-	(5,000)	(5,000)
Services	(1,126,709)	(538,052)	(538,052)
Total	**(1,126,709)**	**(543,052)**	**(543,052)**

Provisions are assessed using the best accounting estimate available.

Provisions are reported either as short term, or long term liability, based on the assessment of when the cases are expected to be settled, and separated into Personnel or Service categories based on the nature of the liability. ACO is reporting as overall provisions 10,080,335 EUR (9,856,033 EUR in 2021); the amount of 1,126,709 EUR (543,052 EUR in 2021) is considered as short term. The main variance between 2022 and 2021 relates to the closure of one case in relation to suppliers at the now terminated Resolute Support mission and the opening of a new case at SHAPE HQ.

The amounts of the provisions reported in the Statement of Financial Position are shown in more detail in Note D, Table B.

Liabilities – Non-Current Liabilities

14. Long Term Provisions

Long Term Provisions	2022	2021 Restated	2021
Personnel	(4,005,206)	(4,289,452)	(4,289,452)
Services	(4,948,420)	(5,023,529)	(5,023,529)
Total	**(8,953,626)**	**(9,312,981)**	**(9,312,981)**

The variance between 2022 and 2021 for long term provisions relates to the closure of cases at Resolute Support mission and the reassessment of other provisions at JFCNP and LANDCOM. The amounts of the provisions reported are shown in more detail in Note D, Table B.

15. Non-Current Deferred Revenue

Deferred Revenue	2022	2021 Restated	2021
Deferred Revenue for PP&E and AuC	842,734,496	714,336,878	709,324,316
Total	**842,734,496**	**714,336,878**	**709,324,316**

[16] NCSEP: FC(CC(2022)0012(MB-02) dated 19 October 2022; AGS: FC(CC)(2022)0020(AGS-02) dated 24 October 2022; AOM: FC(CC)(2022)0006(AOM-02) dated 24 October 2022; NAEW: FC(CC)(2022)0005(NAEW-02) dated 18 November 2022

Revenue is recognised incrementally and equally with the depreciation. The revenue is matched to the depreciation to correspond to revenue earned with the consumption of the asset. With this option, there is no surplus or deficit resulting from asset depreciation or acquisition.

The non-current deferred revenue is the counterpart of the PP&E net of the amount recorded as current deferred revenue.

C. Notes to Statement of Financial Performance

16. Revenue

The revenue recognition is matched with the recognition of expenses against the ACO budgets.

17. Expenses

Expenses for ACO entities are recognised by nature as follows:

a) Personnel[17]

Personnel	2022	2021 Restated	2021
Total	**208,272,317**	**195,544,716**	**195,544,716**

All civilian and military Personnel 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 permanent civilian positions and temporary personnel, for other salary related and non-related allowances including overtime, medical examinations, recruitment, installation, and removal and for contracted consultants and training.

Employee Disclosure

NATO civilian employees subject to the NCPR

NATO civilian employees subject to the NCPR in ACO are compensated for the service they provide in accordance with rules and amounts established by NATO. The compensation consists of basic salary, various allowances, health insurance, pension plan and other benefits as agreed with each Host Nation and the Protocols of NATO. Cash compensations are exempt from income tax in accordance with NATO Nations agreement. ACO HQs are not liable for retirement benefits.

Different pension plans are applicable to NATO civilian employees subject to the NCPR within the ACO HQs. All pension plans are managed by NATO HQ and are therefore not included in the ACO FS. Contributions to the plans are expensed when occurred. The total amount paid for 2022 is 6,978,432 EUR (which shows an increase compared to 5,795,353 EUR reported in 2021) for NIC staff.

Table C.17.A - Untaken leave - NATO civilian employees subject to the NCPR

Untaken Leave	2022	2021
Opening	7,781,029	7,803,315
Restatements 2021	n/a	n/a
Increase / (decrease) in liability	(31,430)	(22,286)
Ending	7,749,598	7,781,029

The cost for these untaken leave days has been absorbed during the year through the monthly salaries whereas the loss of production capacity when the leave to be taken is pushed forward into the next year. This constitutes ACO HQs liability towards the future, which is recognized.

[17] See footnote n. 10

Locally hired staff

This categories are not under the NCPR. Data for financial reporting is not available for locally hired staff, LWR and LCH, due to each site recording differently.

Other

Termination benefits are applicable if PE positions are deleted and replacement of an employee is not possible. This change requires approval at high level and budget credits must be approved by the BC. Termination benefits are recorded as a liability when employees have been notified of termination, as described under Note D for provision, and expensed when paid.

Within the ACO HQs various groups of workforces with different status are supporting the ACO activities[18]. Below is a table showing a summary of the different groups with number for filled positions.

The category 'Others' includes mainly Local Civilian Hire (LCH), Local Wage Rates (LWR), Voluntary National Contribution (VNC), International Military Partnership Staff Post (PSP), interim/temps, Manpower Overage (MO).

Table C.17.B – ACO Workforce Groups

ACO	Total Filled Positions
PE Positions total	**7,224**
Military	6,225
Civilian	999
CE Positions total	**765**
Military	629
NIC (NATO International Civilian)	1
NCIV (National Civilian)	61
MCIV/ICC	74
Others	**1,553**

b) Contractual Supplies and Services

Contractual Supplies and Services	2022	2021 Restated	2021
Total	**847,116,396**	**764,238,011**	**771,031,820**

Contractual Supplies and Services expenses include expenses for general administrative overheads, and the maintenance costs of buildings/grounds, communication and information systems, transportation, travel expenses, representation/hospitality and miscellaneous expenses. These expenses were mainly needed to meet HQs' operational requirements in order to fulfil the different missions. The expenses reflected in this area are also related to budget credits nominally labelled '*Capital & Investment*'.

In 2022, the total expense recorded for Foreign Military Sales (FMS) is 32,816,575 EUR (15,222,118 EUR in 2021). This financial information is reported in a separate line in accordance with the ACO Policy reported at Note A.

Foreign Military Sales	2022	2021 Restated	2021
Total	**32,816,575**	**15,222,118**	**15,222,118**

The 2022 FMS related expenses for SHAPE amount to 4,755 EUR, the remaining amount of EUR 32,811,820 EUR belongs to FMS cases for NAEW&CF managed directly by NSPA. These expenses are reported in the ACO FS on a modified cash basis built on the cash credit request/outflows exchange between the two NATO entities. The expenses for the financial year are not recognised on accrual basis with the exception of the FMS cases where

[18] See footnote n. 10

tangible information is provided by the NAEW&CF customers with regards to the effective delivery of goods and services.

As a result, credits provided by NAEW&CF to NSPA for those FMS cases may be reconciled by the FMS organisation with a considerable time gap between the NATO release of the funds and the final bill. NAEW&CF conducts twice a year (March and September) FMS case review meetings with several US organisations (AFSAC, DFAS, ANG, NAPMO US Agent, TCG) in close coordination with NSPA. Key factor of these meetings is the review of each single pending FMS case with respect of period of performance, deliveries and budgets in order to ensure financial correctness, at least in terms of cash expenditures as no accruals data are available.

Operating Leases

The following table shows a list of operating leases in force in the various ACO Commands at the reporting date. The disclosure of this information is made for those leases that exceed ACO's financial reporting materiality threshold of 50 KEUR per lease contract/year, in relation to lease payments occurred during the reporting year, and expose ACO to future liabilities beyond the reporting period. The information shown in the table includes the amount of payments recognized as an expense in the reporting period, the total of future payments to be made in the subsequent periods, a general description of the leasing arrangements including renewal or purchase options and/or restrictions.

Table C.17.C – Operating leases

ACO HQ	Asset leased / lease description	Amount Paid in 2022 converted to EURO (if other currency)	Amount to pay in 2023	Amount to pay in 2024-2026	Amount to pay after 2026	Renewal/restrictions	Purchase options/restrictions
SHAPE HQ	Rental services 2020 - 28 vehicles 16 vehicles C category 12 vehicles D category	229,516	231,811	-	-	N/A	N/A
SHAPE HQ	4- Year Operational Lease of 2 business passenger vehicles for COS & DSACEUR	51,220	4,268	-	-	N/A	N/A
SHAPE HQ	SACEUR, Renting/Leasing ARMOURED VEHICLE	88,450	-	-	-	N/A	N/A
NAGSF HQ	Blue Fleet, 9 vehicles	60,612	60,612	121,223	-	36-month contract as of May 2020.	2-year Contract Option till 2025. PO includes commitment until EOY 2022
NAEW&C Force GK HQ	(BizHub) Printers	160,893	165,000	-	-	Annual renewal based on contractual terms.	N/A
NAEW&C Force GK HQ	13 Oracle T5-2 Servers	196,162	196,162	196,162	-	Annual renewal.	N/A
JFC Brunssum HQ	Blue fleet	147,137	126,071	-	-	Extended till 30-NOV-2023	N/A
JFC Naples HQ	Lease and maintenance of 2 vehicles for NAUC in Addis Ababa	54,000	54,000	199,275	-	N/A	N/A
JFC Naples HQ	Lease of Villa in Addis Ababa for NAUC	120,000	120,000	360,000	-	N/A	N/A

Depreciation

Depreciation and Amortization	2022	2021 Restated	2021
Total	**83,439,418**	**151,857,921**	**151,622,411**

The amount recognised for 2022 includes depreciation for the different asset categories set out in Table B.8. – Property, Plant and Equipment.

The depreciation for each category in 2022 was as follows; 55.4 MEUR for Aircraft (upgrades, spare parts Major Inspection DLM costs), 7.8 MEUR for Vehicles, 5.8 MEUR for installed equipment, 5.6 MEUR for Other infrastructure, 3.9 MEUR for buildings, 1.6 MEUR for Machinery, 1.4 MEUR for AIS (Automated Information Systems), 0.8 MEUR for Communication systems, 0.7 MEUR for Mission Equipment and 0.4 MEUR for Furniture. Finally, the Net Book Value (NBV) of assets retired resulted in retirement losses of 7.5 KEUR (61.3 MEUR in 2021).

Provisions

The Provision variance reported in 2022 of 53,657 EUR is made by an update to the provision for the funds currently blocked with the AIB bank to reflect the foreign exchange rate at the reporting date, by a small increase in the provisions indicated under Note D, and to provisions for bad and doubtful debts for 39,876 EUR.

Reimbursable activities

ACO manages a number of reimbursable activities on behalf of other non-ACO entities. The total expenses made by ACO for reimbursable activities in 2022 amount to 62.3 MEUR which reflects an increase of 8.2 MEUR compared to 2021. The reimbursable costs relate to a variety of services financially administered by ACO, as follows:

An amount of 3 MEUR (2021 2.1 MEUR) corresponds to travel services provided to the NCIA by JFC Naples HQ, JFC Brunssum HQ, LANDCOM Izmir HQ, AIRCOM Ramstein HQ and MARCOM Northwood HQ.

A total amount of approximately 24.3 MEUR (2021 24.9 MEUR) corresponds to real life support services provided mainly by JFC Naples HQ (NMI) and KFOR HQ to the TCN, such as messing, water, billeting, and laundry, fuel whose costs are not eligible for common funding and, therefore, shall be borne by the Nations (NBC). The NBC costs are, therefore, pre-financed by ACO and afterwards recovered from the TCN through an established cost recovery mechanism.

Expenses for the remaining amount of 34.9 MEUR were made mainly by the ACO Commands on behalf of local NMRs or NSEs, MWAs, Host Nations and other co-located entities in accordance with Memorandum of Understanding or other ad-hoc agreements. This includes, but is not limited to, advance payments made by ACO for shared utilities, maintenance and cleaning services, etc. which are recovered from the customers through charges calculated on a pro-rata basis. Some expenses are related to the Special Litigation Team at SHAPE[19].

18. Total to be returned

The result of the year is the difference of non-budgetary revenue and expenses. The amount, except unrealised gain/losses for exchange rate, is part of the refundable surpluses at year end.

19. Net Asset

As explained in Note A, ACO is not recording any net assets.

[19] Reference to BC-DS(2016)0054, dated 14 November 2016, BC-DS(2017)0021, dated 02 June 2017, AC/335-N(2018)0015-AS1

D. Contingent Assets, Contingent Liabilities and Provisions

The estimates of the outcome and the financial impact of the reported provisions and contingencies were determined based on judgment supplemented by past experience of similar transactions.

The provisions and contingencies reported below are based on the information provided by the Legal Offices of the respective ACO Commands and the local ACO Financial Controllers. All reported contingencies and provisions were further analysed at corporate level by SHAPE to make a final assessment on the recognition of provisions and the disclosure of contingent liabilities. This final assessment is the result of internal coordination and additional clarifications occurred during the preparation of the ACO FS between SHAPE, the local sites and the NATO agencies when involved in the business. From each ACO HQ, ACO collected all the necessary detailed information on the cases reported, which are available upon request for auditing purposes.

Other than those recognised and disclosed in the Notes to the financial statements, SHAPE is not aware of any other event that could give rise to potential provisions, contingent assets and/or liabilities.

Contingent Assets

As required by IPSAS 19. Para 105, a contingent asset is disclosed where an inflow of economic benefits or service potential is probable.

For the 2022 Financial Year, ACO is reporting one contingent asset relating to interest allocations to be received from NSPA in relation to interest earned on funds held by NSPA for the period 2012 – 2018. The amount and timing of the allocation is unknown but is expected to occur towards the end of 2023.

Contingent Liabilities and Provisions

Based on IPSAS 19 and the nature of items identified in the 2022 reporting period, ACO aggregated Contingent Liabilities and Provisions reported by ACO consolidated entities in the following categories:

I. NATO Administrative Tribunal: Includes cases related to NATO employees pending before the NATO Administrative Tribunal (NAT).

***II. Claims under Art. VIII SOFA*:** Includes cases related to damages caused to third parties by NATO personnel. The majority of the cases reported relate to damages to property or to individuals, including those provoked due to car accidents or initiated through health and safety offices. The category also includes claims raised in the Bosnia and Herzegovina (BiH) theatre of operations, although the claim process is governed by the GFAP SOFA and Claims Annex to the Technical Arrangement between the Republic of BiH Ministry of Justice and Implementation forces, and not by article VIII of NATO SOFA. The amounts, when disclosed and related to article VIII SOFA, represent 75% due by NATO and the remaining 25% to be paid by the Host Nation; the same cost share does not apply in the BiH where under the terms of GFAP SOFA, the entire burden (100%) for the payment of claims rests with NATO HQ Sarajevo, as legal successor of IFOR and SFOR.

***III. Labour court cases*:** Includes cases pending before local Courts in relation to employment issues.

IV. Litigations: Includes other cases of legal or contractual litigations such as contractual claims for alleged damages.

V. Liabilities due to HQs closure: Includes costs for dismantling/removal of NATO property or any type of direct/indirect liabilities derived from closure of AOMs, ACO Commands, their transformation and transfer or for closure of programmes of works previously contracted.

VI. Others: This is a residual category where there are reported cases that do not fall within one of the above mentioned categories, including liabilities for employees' emoluments due to severance pay, Trattamento di Fine Rapporto (TFR)[20], pension's contributions, etc.

Contingent Liabilities

The table below provides the summary of the Contingent Liabilities (CL) pending at the reporting date as reported by the ACO Commands, broken down into the above mentioned categories, whose possible out-flow of resources can be reliably estimated.

[20] Liabilities due to TFR for JFCNP are only reported as provisions.

TABLE D.A – Summary of the 2022 Contingent Liabilities

Contingent Liability Categories	Amount (EUR)
I NATO Administrative Tribunal	-
II Claims under Art. VIII SOFA	374,436
III Labour court cases	10,094,512
IV Litigations	589,044
V Liabilities due to HQs closure	131,563
VI Others	2,144,347
Total	**13,333,902**

A breakdown of these amounts is provided in the following paragraphs, including the disclosure of the CL whose outflow of resources cannot be reliably estimated.

I. NATO Administrative Tribunal: Nothing to report for 2022.

II. Claims under Art. VIII SOFA: The total amount disclosed under this category is 374,436 EUR (373,436 EUR in 2021).

In this category, an amount of 363,436 EUR was reported by NHQSa for two claims related to damages arising from the usage of a factory in Visoko, BIH. The remaining amount of 11,000 EUR relates to cases falling under this category for AIRCOM Ramstein and NHQSa. This category also includes various cases reported by SHAPE and NAEW&C Force GK for which it is not possible to reliably estimate the amount required to settle the potential liability. For NAEW&C Force GK, this includes potential liabilities relating to contamination of local waterworks.

III. Labour court cases: Out of the total amount of 10,094,512 EUR (10,650,904 EUR in 2021) disclosed in this category, the amount of 9,819,512 EUR relates to NHQSa's potential liability due to a labour contract dispute. There has been no further update from the reported 2021 figures.

An amount of 275,000 EUR is reported by SHAPE for litigations pending before the Labour Court in relation to the transfer of the Fire Brigade to the Belgium HN under the HNS Policy and Standards.

This category also includes a case where the amount cannot be determined by JFC Naples in relation to a death allegedly caused by asbestos.

IV. Litigations: The total amount disclosed under category IV is 589,044 EUR (476,019 EUR in 2021) and relates to two cases. The first CL relates to KFOR, amounting to 507,171 EUR (537,500 USD) for a claim for accommodation for rental services, contracted in 1999, with a private company to rent premises for housing and related services for KFOR troops at the Sports and Recreation Centre in Pristina. This case is being handled by the NATO/IS LEGAD. The second CL relates to potential liabilities relating to food and catering services in Afghanistan from 2012-2015. This case is being handled by JFCBS.

This category also includes one case relating to a claim by a former contractor for NATO and TCN fuel services for ISAF that could be counterbalanced by the ACO counter claim against the company. However, at this stage the potential outflows/inflows of resources cannot be reliably measured, as previously reported.

V. Liabilities due to HQs closure: Within this category, JFCBS has reported possible liabilities due to the termination of the ISAF operation and Resolute Support mission. The liability is related to the ACO responsibility towards NSPA for the payment of the Loss of Job Indemnities (LOJI) associated with redundant NSPA NIC workforce approved by SHAPE to support the ISAF operation and the Resolute Support mission. The amount of 131,563 (168,264 EUR in 2021) represents NATO's estimated share of the remaining liability.

This category also includes contingent liabilities with no reliable amount relating to fuel Claims via Afghan Fuel Stakeholder Coordination Forum (AFSCF) and NSPA claims linked to the close out of the ISAF operation and Resolute Support mission.

On 29 March 2023, JFCBS received a request for arbitration relating to the Resolute Support mission. SHAPE is unable to assess this claim within the Financial Statements release timeframe. However SHAPE will continue to monitor the progress of the claim and will update its disclosures as additional information becomes available, if required, in the following Financial Statements.

VI. Others: Of the total 2,144,347 EUR reported in this category, an amount of 1,530,127 EUR is reported by JFCNP for retroactive social contributions in relation to sick and maternity leave. The remaining 614,220 EUR reported in this category relates to Turkish VAT liabilities levied against IAMCO (278,220 EUR) and claims by Resolute Support mission outsourced civilian consultants (336,000 EUR).

This category also includes contingent liabilities with no reliable amount for JFCBS relating to indexation costs for some local wage rate employee pensions.

Provisions

The table below provides the summary of the legal provisions pending at the reporting date as reported by the ACO Commands, broken down into the categories disclosed above for cases where the likelihood of the out-flow of resources required to settled the obligation is considered to be probable or virtually certain and the amount is above the materiality threshold of 5,000 EUR and can be reliably measured.

Table D.B – Summary of the 2022 Provisions

Provisions	Amount (EUR)
I NATO Administrative Tribunal	-
II Claims under Art. VIII SOFA	97,125
III Labour court cases	1,204,098
IV Litigations	4,779,906
V Liabilities due to HQs closure	-
VI Others	3,999,206
Total	**10,080,335**

The breakdown of these amounts is provided in the following paragraphs.

I. NATO Administrative Tribunal: Nothing to report for 2022.

II. Claims under Art. VIII SOFA: NHQSa reported provisions within this category totalling 91,125 EUR relating to claims due to car accidents or damages to land and property. The remaining amount of 6,000 EUR is for JFC Naples.

III. Labour court cases: Out of the total amount of 1,204,098 EUR, SHAPE reports 1,038,930 EUR in relation to the transfer of the Fire Brigade to the Belgium HN under the HNS Policy and Standards. KFOR HQ is reporting a provision of 122,721 EUR (previously 150,000 EUR in 2021) relating to Camp Novo Selo and the specific situation related to private land parcels. The final provision under this category for 42,447 EUR relates to a contract dispute at LANDCOM Izmir.

IV. Litigations: The total reported in this category refers to a claim of the former JFCNP energy supplier that has requested the payment of arrears for the period 2005 – 2008 due to a malfunctioning of the electrical meter in the Bagnoli compound. The amount of 4,779,906 EUR has increased from last year (3,864,502 EUR reported in 2021) due to a reassessment of potential interest costs on the arrears amount.

V. Liabilities due to HQs closure: Nothing to report for 2022.

VI. Others: Out of a total 3,999,206 EUR recognised in this category 3,381,916 EUR relates to "Trattamento di Fine Rapporto" (TFR) for JFC Naples. In application of the Italian Law and in accordance with IPSAS 19, TFR is a vested benefit payable to the employee for a part of his/her salary deferred in time to the moment when termination of contract takes place; this applies to LWR. The value of this liability is determined annually and includes interests for the loan forcedly made by the employee to the employer given the fact that payment is deferred to a later time. In view of the foregoing, TFR has to be considered as a termination benefit calculated as one extra monthly instalment of the annual pay.

The remainder of the provision recognised in this category (617,290 EUR) relates to severance allowances that would be payable to local wage rate employees if they were to leave LANDCOM Izmir HQ. The amount is calculated based on the LWR leaving as at the reporting date plus a seven month notice allowance payable on retirement or termination by employer.

E. Segment Reporting

In accordance with IPSAS 18, ACO discloses financial statement information about distinguishable activities of its consolidated reporting entities. IPSAS 18 distinguishes two types of "segments":

- **"Service Segments"** refer to a distinguishable component of an entity as engaged in providing outputs or achieving particular operating objectives consistent with the overall mission of each entity; and

- **"Geographical Segments"** are a distinguishable component of an entity as engaged in providing outputs or achieving particular operating objectives within a specific geographical area.

The financial reporting by segments elected by ACO is based on service segments on the HQ structure shown under the "Consolidation" section, that represents the grouping of activities for which ACO is responsible. In the preparation of the ACO 2022 FS the segment reporting has been prepared in conformity with the accounting policies and also reported in the ACO guidance for EOY 2022.

The tables presented for the segment reporting are adjusted for balances against other parts/segments within the entity. Where reported, the column "restated" reflects mainly the changes in PP&E and inventory. Each segment includes the intercompany balance at year-end between ACO consolidated entities that is cleared at consolidated level.

NSIP is shown as a separate segment and includes all four locations executing the different projects for which SHAPE is HN. The aggregated segment information disclosed is reconciled to the information reported in the consolidated FS, according to IPSAS 18, para 64.

Residual assets and liabilities, non-budgetary expenses and revenue and overestimated accruals related to the financial closure of Resolute Support mission are reported under the JFC Brunssum HQ segment.

ACO Consolidated Financial Statements 2022

Segment reporting MB

Statement of Financial Position per HQ

	SHAPE HQ			NAGSF HQ			JFC Brunssum HQ		
	2022	2021 RESTATED	2021	2022	2021 RESTATED	2021	2022	2021 RESTATED	2021
ASSETS									
Current Assets									
Cash and Cash Equivalents	35,086	20,441	20,441	-	-	-	41,287	49,203	49,203
Interentity	112,269,930	140,071,653	140,071,653	99,011,901	15,800,762	15,800,762	41,487,245	86,925,844	86,925,844
Receivables	12,692,874	10,821,133	10,821,133	121,819	113,733	113,733	1,083,738	1,091,090	1,091,090
Prepayments	3,678,612	3,769,350	3,769,350	5,380	149,177	149,177	9,307	12,333	12,333
Other Current Assets	1,038,930	-	-	-	-	-	-	435,127	435,127
Inventories	858,314	757,620	706,208	90,614	133,001	133,001	185,357	291,354	291,354
Total Current Assets	***130,573,745***	***155,440,197***	***155,388,785***	***99,229,713***	***16,196,673***	***16,196,673***	***42,806,933***	***88,804,952***	***88,804,952***
Non-current Assets									
Receivables	-	-	-	-	-	-	-	-	-
Property, plant & equipment	23,948,779	22,993,039	23,005,581	111,357,839	20,970,327	17,825,430	13,703,913	14,521,886	14,261,941
Other Non-current Assets	-	-	-	-	-	-	-	853,660	853,660
Total Non-current Assets	***23,948,779***	***22,993,039***	***23,005,581***	***111,357,839***	***20,970,327***	***17,825,430***	***13,703,913***	***15,375,545***	***15,115,601***
Total ASSETS	**154,522,524**	**178,433,236**	**178,394,367**	**210,587,552**	**37,167,000**	**34,022,103**	**56,510,847**	**104,180,497**	**103,920,553**
LIABILITIES									
Current Liabilities									
Payables	(118,806,192)	(149,040,871)	(149,040,871)	(98,548,172)	(15,096,329)	(15,096,329)	(26,492,477)	(81,059,530)	(81,059,530)
Deferred Revenue & Other Current Liabilities	(12,694,177)	(8,783,380)	(8,731,968)	(5,497,180)	(2,112,146)	(2,112,146)	(15,568,453)	(9,348,454)	(9,348,454)
Advances	(367,993)	(20,092)	(20,092)	-	-	-	-	-	-
Short Term Provisions	(1,038,930)	-	-	-	-	-	(1,798,848)	(2,222,224)	(2,222,224)
Surpl./Deficit to be returned	(360,913)	50,646	50,646	(887)	10,128	10,128	6,562	2,742,582	2,742,582
Total Current Liabilities	***(133,268,205)***	***(157,793,698)***	***(157,742,286)***	***(104,046,239)***	***(17,198,346)***	***(17,198,346)***	***(43,853,216)***	***(89,887,625)***	***(89,887,625)***
Non-current Liabilities									
Payables	-	-	-	-	-	-	-	-	-
Long Term Provisions	-	-	-	-	-	-	-	(853,660)	(853,660)
Deferred Revenue	(21,254,319)	(20,639,539)	(20,652,081)	(106,541,313)	(19,968,654)	(16,823,757)	(12,657,631)	(13,439,213)	(13,179,268)
Other Non-current Liabilities	-	-	-	-	-	-	-	-	-
Total Non-current Liabilities	***(21,254,319)***	***(20,639,539)***	***(20,652,081)***	***(106,541,313)***	***(19,968,654)***	***(16,823,757)***	***(12,657,631)***	***(14,292,872)***	***(14,032,928)***
Total LIABILITIES	**(154,522,524)**	**(178,433,236)**	**(178,394,367)**	**(210,587,552)**	**(37,167,000)**	**(34,022,103)**	**(56,510,847)**	**(104,180,497)**	**(103,920,553)**
NET ASSETS	-	-	-	-	-	-	-	-	-

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	AIRCOM Ramstein HQ			NAEW&C Force HQ			JFC Naples HQ		
	2022	2021 RESTATED	2021	2022	2021 RESTATED	2021	2022	2021 RESTATED	2021
ASSETS									
Current Assets									
Cash and Cash Equivalents	29,162	27,798	27,798	124,226	139,452	139,452	796,353	425,955	425,955
Interentity	4,830,936	2,772,388	2,772,388	71,060,045	48,146,328	48,146,328	9,586,887	17,070,630	17,070,630
Receivables	532,711	468,031	468,031	5,545,036	4,169,213	4,169,213	24,858,372	24,007,290	24,007,290
Prepayments	15,876	9,928	9,928	2,173,749	3,855,459	3,855,459	2,309,464	2,066,868	2,066,868
Other Current Assets	-	-	-	-	5,000	5,000	-	-	-
Inventories	120,619	285,734	285,734	52,514,664	44,981,354	39,318,954	295,250	233,151	233,151
Total Current Assets	***5,529,304***	***3,563,878***	***3,563,878***	***131,417,721***	***101,296,806***	***95,634,406***	***37,846,325***	***43,803,895***	***43,803,895***
Non-current Assets									
Receivables	-	-	-	1,022,584	1,022,584	1,022,584	-	-	-
Property, plant & equipment	3,768,068	3,861,250	2,289,844	694,426,121	662,915,179	662,915,179	1,443,928	183,500	183,500
Other Non-current Assets	-	-	-	-	-	-	5,941,546	5,131,640	5,131,640
Total Non-current Assets	***3,768,068***	***3,861,250***	***2,289,844***	***695,448,705***	***663,937,762***	***663,937,762***	***7,385,474***	***5,315,140***	***5,315,140***
Total ASSETS	**9,297,372**	**7,425,128**	**5,853,722**	**826,866,426**	**765,234,568**	**759,572,169**	**45,231,799**	**49,119,035**	**49,119,035**
LIABILITIES									
Current Liabilities									
Payables	(5,280,785)	(3,171,544)	(3,171,544)	(75,226,770)	(51,958,373)	(51,958,373)	(34,006,512)	(41,890,318)	(41,890,318)
Deferred Revenue & Other Current Liabilities	(595,295)	(654,013)	(654,013)	(112,530,796)	(115,972,992)	(110,310,592)	(3,284,427)	(457,103)	(457,103)
Advances	-	-	-	-	-	-	(1,440)	(1,440)	(1,440)
Short Term Provisions	-	-	-	-	(5,000)	(5,000)	-	-	-
Surpl./Deficit to be returned	(42,166)	3,459	3,459	(1,208,134)	(1,471,421)	(1,471,421)	324,242	518,915	518,915
Total Current Liabilities	***(5,918,246)***	***(3,822,099)***	***(3,822,099)***	***(188,965,699)***	***(169,407,787)***	***(163,745,387)***	***(36,968,137)***	***(41,829,946)***	***(41,829,946)***
Non-current Liabilities									
Payables	-	-	-	-	-	-	-	-	-
Long Term Provisions	-	-	-	-	-	-	(8,167,822)	(7,147,395)	(7,147,395)
Deferred Revenue	(3,379,126)	(3,603,030)	(2,031,624)	(637,900,727)	(595,826,782)	(595,826,782)	(95,840)	(141,693)	(141,693)
Other Non-current Liabilities	-	-	-	-	-	-	-	-	-
Total Non-current Liabilities	***(3,379,126)***	***(3,603,030)***	***(2,031,624)***	***(637,900,727)***	***(595,826,782)***	***(595,826,782)***	***(8,263,662)***	***(7,289,088)***	***(7,289,088)***
Total LIABILITIES	**(9,297,372)**	**(7,425,128)**	**(5,853,722)**	**(826,866,426)**	**(765,234,568)**	**(759,572,169)**	**(45,231,799)**	**(49,119,035)**	**(49,119,035)**
NET ASSETS	-	-	-	-	-	-	-	-	-

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	NHQSa HQ			LANDCOM Izmir HQ			NCIS Group HQ		
	2022	2021 RESTATED	2021	2022	2021 RESTATED	2021	2022	2021 RESTATED	2021
ASSETS									
Current Assets									
Cash and Cash Equivalents	146,422	303,958	303,958	730,414	1,385,589	1,385,589	14,483	17,458	17,458
Interentity	229,982	13,318	13,318	1,249,867	279,071	279,071	5,174,128	12,586,015	12,586,015
Receivables	115,035	98,704	98,704	2,838,548	1,099,458	1,099,458	746,785	620,982	620,982
Prepayments	-	-	-	21,300	-	-	1,337	1,268	1,268
Other Current Assets	45,332	102,925	102,925	44,760	5,164	5,164	-	-	-
Inventories	1,163,444	1,490,396	1,490,396	680,201	592,496	592,496	3,939,959	3,624,720	3,624,720
Total Current Assets	***1,700,215***	***2,009,302***	***2,009,302***	***5,565,090***	***3,361,778***	***3,361,778***	***9,876,691***	***16,850,443***	***16,850,443***
Non-current Assets									
Receivables	-	-	-	5,433	8,488	8,488	-	-	-
Property, plant & equipment	87,121	29,338	29,338	6,502,850	5,284,729	5,284,729	56,109,415	60,177,608	60,177,608
Other Non-current Assets	45,793	-	-	617,290	1,161,926	1,161,926	-	-	-
Total Non-current Assets	***132,914***	***29,338***	***29,338***	***7,125,573***	***6,455,143***	***6,455,143***	***56,109,415***	***60,177,608***	***60,177,608***
Total ASSETS	**1,833,129**	**2,038,640**	**2,038,640**	**12,690,663**	**9,816,921**	**9,816,921**	**65,986,106**	**77,028,050**	**77,028,050**
LIABILITIES									
Current Liabilities									
Payables	(473,838)	(411,071)	(411,071)	(2,730,951)	(3,580,782)	(3,580,782)	(5,838,195)	(13,176,026)	(13,176,026)
Deferred Revenue & Other Current Liabilities	(1,263,460)	(1,523,256)	(1,523,256)	(1,840,060)	(863,582)	(863,582)	(8,555,497)	(9,921,680)	(9,921,680)
Advances	-	-	-	-	-	-	-	-	-
Short Term Provisions	(45,332)	(102,925)	(102,925)	(42,447)	-	-	-	-	-
Surpl./Deficit to be returned	(4,706)	(1,388)	(1,388)	(1,216,968)	870,699	870,699	(98,136)	9,635	9,635
Total Current Liabilities	***(1,787,336)***	***(2,038,640)***	***(2,038,640)***	***(5,830,426)***	***(3,573,665)***	***(3,573,665)***	***(14,491,828)***	***(23,088,071)***	***(23,088,071)***
Non-current Liabilities									
Payables	-	-	-	-	-	-	-	-	-
Long Term Provisions	(45,793)	-	-	(617,290)	(1,161,926)	(1,161,926)	-	-	-
Deferred Revenue	-	-	-	(6,242,947)	(5,081,331)	(5,081,331)	(51,494,278)	(53,939,980)	(53,939,980)
Other Non-current Liabilities	-	-	-	-	-	-	-	-	-
Total Non-current Liabilities	***(45,793)***	***-***	***-***	***(6,860,237)***	***(6,243,257)***	***(6,243,257)***	***(51,494,278)***	***(53,939,980)***	***(53,939,980)***
Total LIABILITIES	**(1,833,129)**	**(2,038,640)**	**(2,038,640)**	**(12,690,663)**	**(9,816,921)**	**(9,816,921)**	**(65,986,106)**	**(77,028,050)**	**(77,028,050)**
NET ASSETS	-	-	-	-	-	-	-	-	-

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	KFOR HQ			MARCOM Northwood HQ			ACO Corporate Accounting and Control Office		
	2022	2021 RESTATED	2021	2022	2021 RESTATED	2021	2022	2021 RESTATED	2021
ASSETS									
Current Assets									
Cash and Cash Equivalents	369,445	2,836,821	2,836,821	56,900	90,958	90,958	818,564,090	1,359,449,582	1,359,449,582
Interentity	2,935,437	(254,046)	(254,046)	7,188,819	6,154,722	6,154,722	(355,025,177)	(329,566,684)	(329,566,684)
Receivables	726,154	658,270	658,270	326,721	281,492	281,492	31,144,330	161,500,023	161,500,023
Prepayments	178,312	372,085	372,085	72,920	45,621	45,621	3,292,815	-	-
Other Current Assets	-	-	-	-	-	-	4,207,877	392,757	392,757
Inventories	240,890	253,747	253,747	94,413	77,408	77,408	-	-	-
Total Current Assets	***4,450,238***	***3,866,876***	***3,866,876***	***7,739,774***	***6,650,201***	***6,650,201***	***1,432,681,539***	***1,711,824,625***	***1,711,824,625***
Non-current Assets									
Receivables	-	-	-	-	-	-	-	-	-
Property, plant & equipment	417,293	1,610,122	1,561,266	1,461,950	766,122	766,122	-	-	-
Other Non-current Assets	122,721	150,000	150,000	-	-	-	-	-	-
Total Non-current Assets	***540,014***	***1,760,122***	***1,711,266***	***1,461,950***	***766,122***	***766,122***	-	-	-
Total ASSETS	**4,990,252**	**5,626,998**	**5,578,142**	**9,201,724**	**7,416,323**	**7,416,323**	**1,432,681,539**	**1,711,824,625**	**1,711,824,625**
LIABILITIES									
Current Liabilities									
Payables	(3,944,392)	(3,455,752)	(3,455,752)	(7,666,596)	(6,518,442)	(6,518,442)	(450,871)	(335,749)	(335,749)
Deferred Revenue & Other Current Liabilities	(711,029)	(1,845,936)	(1,845,936)	(431,885)	(180,242)	(180,242)	(1,098,592,698)	(1,426,677,988)	(1,426,677,988)
Advances	-	-	-	-	-	-	(332,937,325)	(280,306,415)	(280,306,415)
Short Term Provisions	-	-	-	-	-	-	-	-	-
Surpl./Deficit to be returned	(212,110)	(126,454)	(126,454)	36,634	598	598	(700,644)	(4,504,472)	(4,504,472)
Total Current Liabilities	***(4,867,531)***	***(5,428,142)***	***(5,428,142)***	***(8,061,847)***	***(6,698,085)***	***(6,698,085)***	***(1,432,681,539)***	***(1,711,824,625)***	***(1,711,824,625)***
Non-current Liabilities									
Payables	-	-	-	-	-	-	-	-	-
Long Term Provisions	(122,721)	(150,000)	(150,000)	-	-	-	-	-	-
Deferred Revenue	-	(48,856)	(0)	(1,139,877)	(718,238)	(718,238)	-	-	-
Other Non-current Liabilities	-	-	-	-	-	-	-	-	-
Total Non-current Liabilities	***(122,721)***	***(198,856)***	***(150,000)***	***(1,139,877)***	***(718,238)***	***(718,238)***	-	-	-
Total LIABILITIES	**(4,990,252)**	**(5,626,998)**	**(5,578,142)**	**(9,201,724)**	**(7,416,323)**	**(7,416,323)**	**(1,432,681,539)**	**(1,711,824,625)**	**(1,711,824,625)**
NET ASSETS	-	-	-	-	-	-	-	-	-

	NSIP		
	2022	2021 RESTATED	2021
ASSETS			
Current Assets			
Cash and Cash Equivalents	585,638	531,771	531,771
Short Term Investment	-	-	-
Interentity	-	-	-
Receivables	823,629	173,329	173,329
Prepayments	-	-	-
Other Current Assets	-	-	-
Inventories	-	-	-
Total Current Assets	***1,409,267***	***705,100***	***705,100***
Non-current Assets			
Receivables	-	-	-
Property, plant & equipment	2,028,440	929,564	929,564
Other Non-current Assets	-	-	-
Total Non-current Assets	***2,028,440***	***929,564***	***929,564***
Total ASSETS	**3,437,707**	**1,634,664**	**1,634,664**
LIABILITIES			
Current Liabilities			
Payables	(2,057,056)	(2,741,116)	(2,741,116)
Deferred Revenue & Other Current Liabilities	621,593	2,009,110	2,009,110
Advances	-	-	-
Short Term Provisions	-	-	-
Surpl./Deficit to be returned	26,196	26,906	26,906
Total Current Liabilities	***(1,409,267)***	***(705,100)***	***(705,100)***
Non-current Liabilities			
Payables	-	-	-
Long Term Provisions	-	-	-
Deferred Revenue	(2,028,440)	(929,564)	(929,564)
Other Non-current Liabilities	-	-	-
Total Non-current Liabilities	***(2,028,440)***	***(929,564)***	***(929,564)***
Total LIABILITIES	**(3,437,707)**	**(1,634,664)**	**(1,634,664)**
NET ASSETS	**-**	**-**	**-**

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	TOTAL FOR SEGMENTS			ELIMINATIONS			CONSOLIDATED		
	2022	2021 RESTATED	2021	2022	2021 RESTATED	2021	2022	2021 RESTATED	2021
ASSETS									
Current Assets									
Cash and Cash Equivalents	821,493,505	1,365,278,987	1,365,278,987	1,798,848	1,787,096	1,787,096	819,694,656	1,363,491,891	1,363,491,891
Short Term Investment	930,497,605	520,048,947	520,048,947	-	-	-	930,497,605	520,048,947	520,048,947
Interentity	-	-	-	-	-	-	-	-	-
Receivables	81,555,751	205,102,748	205,102,748	-	-	-	81,555,751	205,102,748	205,102,748
Prepayments	11,759,072	10,282,089	10,282,089	-	-	-	11,759,072	10,282,089	10,282,089
Other Current Assets	5,336,899	940,973	940,973	-	-	-	5,336,899	940,973	940,973
Inventories	60,183,724	52,720,982	47,007,170	-	-	-	60,183,724	52,720,982	47,007,170
Total Current Assets	***1,910,826,555***	***2,154,374,726***	***2,148,660,914***	***1,798,848***	***1,787,096***	***1,787,096***	***1,909,027,707***	***2,152,587,630***	***2,146,873,818***
Non-current Assets									
Receivables	1,028,017	1,031,072	1,031,072	-	-	-	1,028,017	1,031,072	1,031,072
Property, plant & equipment	915,255,718	794,242,663	789,230,102	-	-	-	915,255,718	794,242,663	789,230,102
Other Non-current Assets	6,727,350	7,297,226	7,297,226	-	-	-	6,727,350	7,297,226	7,297,226
Total Non-current Assets	***923,011,084***	***802,570,961***	***797,558,399***	-	-	-	***923,011,084***	***802,570,961***	***797,558,400***
Total ASSETS	**2,833,837,639**	**2,956,945,687**	**2,946,219,313**	**1,798,848**	**1,787,096**	**1,787,096**	**2,832,038,791**	**2,955,158,591**	**2,944,432,218**
LIABILITIES									
Current Liabilities									
Payables	(381,522,809)	(372,435,901)	(372,435,901)	(405,270)	-	-	(381,117,539)	(372,435,901)	(372,435,901)
Deferred Revenue & Other Current Liabilities	(1,260,943,363)	(1,576,331,662)	(1,570,617,850)	3,856,300	1,870,169	1,870,169	(1,264,799,663)	(1,578,201,831)	(1,572,488,019)
Advances	(333,306,758)	(280,327,948)	(280,327,948)	-	-	-	(333,306,758)	(280,327,948)	(280,327,948)
Short Term Provisions	(2,925,557)	(2,330,149)	(2,330,149)	(1,798,848)	(1,787,097)	(1,787,097)	(1,126,709)	(543,052)	(543,052)
Surpl./Deficit to be returned	(3,451,030)	(1,870,168)	(1,870,168)	(3,451,030)	(1,870,168)	(1,870,168)			
Total Current Liabilities	***(1,982,149,517)***	***(2,233,295,828)***	***(2,227,582,016)***	***(1,798,848)***	***(1,787,097)***	***(1,787,097)***	***(1,980,350,669)***	***(2,231,508,732)***	***(2,225,794,920)***
Non-current Liabilities									
Payables	-	-	-	-	-	-			
Long Term Provisions	(8,953,626)	(9,312,981)	(9,312,981)	-	-	-	(8,953,626)	(9,312,981)	(9,312,981)
Deferred Revenue	(842,734,496)	(714,336,878)	(709,324,316)	-	-	-	(842,734,496)	(714,336,878)	(709,324,316)
Other Non-current Liabilities	-	-	-	-	-	-	-	-	-
Total Non-current Liabilities	***(851,688,122)***	***(723,649,859)***	***(718,637,297)***	-	-	-	***(851,688,122)***	***(723,649,859)***	***(718,637,297)***
Total LIABILITIES	**(2,833,837,639)**	**(2,956,945,687)**	**(2,946,219,313)**	**(1,798,848)**	**(1,787,097)**	**(1,787,097)**	**(2,832,038,791)**	**(2,955,158,591)**	**(2,944,432,217)**
NET ASSETS	-	-	-	-	-	-	-	-	-

Segment reporting MB

Statement of Financial Performance per HQ

	SHAPE HQ			NAGSF HQ			JFC Brunssum HQ		
	2022	2021 RESTATED	2021	2022	2021 RESTATED	2021	2022	2021 RESTATED	2021
REVENUE									
Revenue	(429,533,046)	(412,934,937)	(412,922,395)	(191,164,586)	(40,523,962)	(44,377,568)	(17,677,456)	(219,405,990)	(220,451,622)
Other Revenue	(364,722)	(23,530)	(23,530)	-	-	-	(1,342,578)	(420,344)	(420,344)
Financial Revenue	(571,409)	(303,340)	(303,340)	(3,741)	3,118	3,118	14,208	820,089	820,089
Total to be returned to the Nations	360,913	(50,646)	(50,646)	887	(10,128)	(10,128)	(6,562)	(2,742,582)	(2,742,582)
Total REVENUE	**(430,108,263)**	**(413,312,452)**	**(413,299,910)**	**(191,167,440)**	**(40,530,973)**	**(44,384,579)**	**(19,012,387)**	**(221,748,827)**	**(222,794,458.78)**
EXPENSES									
Expenses	**424,677,843**	**410,647,288**	**410,647,288**	**188,311,573**	**39,395,417**	**43,381,906**	**17,836,512**	**149,537,254**	**150,591,517**
Personnel	48,187,329	43,615,670	43,615,670	1,371,328	1,415,836	1,415,836	11,677,089	27,710,978	27,710,978
Contractual Supplies and Services	376,485,759	367,031,618	367,031,618	186,940,245	37,979,581	41,966,070	6,159,423	121,826,276	122,880,539
Foreign Military Sales (FMS)	4,755	-	-	-	-	-	-	-	-
Depreciation	3,816,272	2,287,649	2,275,107	2,853,013	1,128,545	995,662	1,129,730	70,708,397	70,699,765
Provisions	1,037,905	669	669	-	-	-	-	1,308,198	1,308,198
Other Expenses	-	-	-	-	-	-	-	1,243	1,243
Financial Costs	576,243	376,846	376,846	2,854	7,011	7,011	46,145	193,736	193,736
Total EXPENSES	**430,108,263**	**413,312,452**	**413,299,910**	**191,167,440**	**40,530,973**	**44,384,579**	**19,012,387**	**221,748,827**	**222,794,459**
Result of the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

	AIRCOM Ramstein HQ			NAEW&C Force HQ			JFC Naples HQ		
	2022	2021 RESTATED	2021	2022	2021 RESTATED	2021	2022	2021 RESTATED	2021
REVENUE									
Revenue	(27,881,708)	(23,061,240)	(24,683,987)	(340,295,809)	(274,329,384)	(274,329,384)	(59,971,261)	(60,385,065)	(60,385,065)
Other Revenue	-	(25,625)	(25,625)	(1,396,435)	(2,668,714)	(2,668,714)	(138,110)	(40,211)	(40,211)
Financial Revenue	(16,930)	3,605	3,605	(1,250,076)	(539,907)	(539,907)	177,729	528,322	528,322
Total to be returned to the Nations	42,166	(3,459)	(3,459)	1,208,134	1,471,421	1,471,421	(324,242)	(518,915)	(518,915)
Total REVENUE	**(27,856,471)**	**(23,086,719)**	**(24,709,467)**	**(341,734,186)**	**(276,066,584)**	**(276,066,584)**	**(60,255,884)**	**(60,415,868)**	**(60,415,868)**
EXPENSES									
Expenses	**27,461,385**	**22,586,693**	**24,286,453**	**275,031,668**	**205,690,605**	**205,690,605**	**58,836,051**	**60,334,470**	**60,334,470**
Personnel	6,531,708	5,963,488	5,963,488	89,936,430	72,281,829	72,281,829	19,642,198	19,383,777	19,383,777
Contractual Supplies and Services	20,929,676	16,623,205	18,322,965	152,283,419	118,186,658	118,186,658	39,193,853	40,950,693	40,950,693
Foreign Military Sales (FMS)	-	-	-	32,811,820	15,222,118	15,222,118	-	-	-
Depreciation	420,323	474,546	397,534	65,269,141	68,633,779	68,633,779	325,305	51,239	51,239
Provisions	-	-	-	-	5,000	5,000	809,906	-	-
Other Expenses	-	-	-	-	-	-	-	-	-
Financial Costs	(25,236)	25,480	25,480	1,433,377	1,737,200	1,737,200	284,623	30,159	30,159
Total EXPENSES	**27,856,471**	**23,086,719**	**24,709,467**	**341,734,186**	**276,066,584**	**276,066,584**	**60,255,884**	**60,415,868**	**60,415,868**
Result of the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

NATO UNCLASSIFIED

ACO Consolidated Financial Statements 2022

	NHQSa HQ			LANDCOM Izmir HQ			NCIS Group HQ		
	2022	2021 RESTATED	2021	2022	2021 RESTATED	2021	2022	2021 RESTATED	2021
REVENUE									
Revenue	(4,492,005)	(3,266,656)	(3,266,656)	(11,591,351)	(12,763,953)	(12,763,953)	(56,039,688)	(47,857,980)	(47,857,980)
Other Revenue	(17,181)	(16,651)	(16,651)	(2,163,522)	(49,734)	(49,734)	(97,125)	(2,590)	(2,590)
Financial Revenue	(1,114)	(1,344)	(1,344)	(50,126)	(35,480)	(35,480)	(3,409)	14,038	14,038
Total to be returned to the Nations	4,706	1,388	1,388	1,216,968	(870,699)	(870,699)	98,136	(9,635)	(9,635)
Total REVENUE	**(4,505,593)**	**(3,283,263)**	**(3,283,263)**	**(12,588,031)**	**(13,719,866)**	**(13,719,866)**	**(56,042,085)**	**(47,856,167)**	**(47,856,167)**
EXPENSES									
Expenses	**3,984,497**	**3,233,401**	**3,233,401**	**11,833,027**	**12,584,736**	**12,584,736**	**49,864,226**	**41,741,588**	**41,741,588**
Personnel	2,517,141	2,214,627	2,214,627	2,975,248	2,946,709	2,946,709	15,061,160	10,240,792	10,240,792
Contractual Supplies and Services	1,467,357	1,018,773	1,018,773	8,857,779	9,638,027	9,638,027	34,803,065	31,500,796	31,500,796
Foreign Military Sales (FMS)	-	-	-	-	-	-	-	-	-
Depreciation	519,308	48,255	48,255	260,513	200,831	200,831	6,175,463	6,116,392	6,116,392
Provisions	-	-	-	-	-	-	-	-	-
Other Expenses	113	210	210	-	-	-	-	-	-
Financial Costs	1,675	1,397	1,397	494,491	934,299	934,299	2,397	(1,812)	(1,812)
Total EXPENSES	**4,505,593**	**3,283,263**	**3,283,263**	**12,588,031**	**13,719,866**	**13,719,866**	**56,042,085**	**47,856,167**	**47,856,167**
Result of the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

	KFOR HQ			MARCOM Northwood HQ			ACO Corporate Accounting and Control Office		
	2022	2021 RESTATED	2021	2022	2021 RESTATED	2021	2022	2021 RESTATED	2021
REVENUE									
Revenue	(17,059,676)	(15,984,720)	(16,033,576)	(14,634,019)	(12,784,717)	(12,784,717)	-	-	-
Other Revenue	(233,301)	(189,109)	(189,109)	-	-	-	(154,254)	(314,727)	(314,727)
Financial Revenue	(6,646)	(9,461)	(9,461)	(526)	(4,878)	(4,878)	(2,344,608)	(1,398,250)	(1,398,250)
Total to be returned to the Nations	212,110	126,454	126,454	(36,634)	(598)	(598)	(631,426)	1,581,475	1,581,475
Total REVENUE	**(17,087,514)**	**(16,056,835)**	**(16,105,692)**	**(14,671,179)**	**(12,790,193)**	**(12,790,193)**	**(3,130,287)**	**(131,503)**	**(131,503)**
EXPENSES									
Expenses	**14,557,453**	**13,881,338**	**13,934,635**	**14,493,171**	**12,739,810**	**12,739,810**	-	-	-
Personnel	6,969,106	6,563,659	6,563,659	3,403,579	3,207,351	3,207,351	-	-	-
Contractual Supplies and Services	7,588,347	7,317,679	7,370,976	11,089,592	9,532,460	9,532,460	-	-	-
Foreign Military Sales (FMS)	-	-	-	-	-	-	-	-	-
Depreciation	2,529,502	2,163,382	2,158,941	140,848	44,906	44,906	-	-	-
Provisions	-	-	-	-	-	-	-	2,220	2,220
Other Expenses	-	-	-	-	-	-	-	-	-
Financial Costs	558	12,116	12,116	37,160	5,476	5,476	3,130,287	129,282	129,282
Total EXPENSES	**17,087,514**	**16,056,835**	**16,105,692**	**14,671,179**	**12,790,193**	**12,790,193**	**3,130,287**	**131,503**	**131,503**
Result of the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

	NSIP		
	2022	2021 RESTATED	2021
REVENUE			
Revenue	(1,317,881)	(2,632,245)	(2,632,245)
Other Revenue	-	-	-
Financial Revenue	(817)	(275)	(275)
Total to be returned to the Nations	710	(63)	(63)
Total REVENUE	**(1,317,988)**	**(2,632,583)**	**(2,632,583)**
EXPENSES			
Expenses	**1,317,881**	**2,632,245**	**2,632,245**
Personnel	-	-	-
Contractual Supplies and Services	1,317,881	2,632,245	2,632,245
Foreign Military Sales (FMS)	-	-	-
Depreciation	-	-	-
Provisions	-	-	-
Other Expenses	-	-	-
Financial Costs	107	338	338
Total EXPENSES	**1,317,988**	**2,632,583**	**2,632,583**
Result of the year	**-**	**-**	**-**

	TOTAL FOR SEGMENTS			ELIMINATIONS			CONSOLIDATED PERFORMANCE		
	2022	2021 RESTATED	2021	2022	2021 RESTATED	2021	2022	2021 RESTATED	2021
REVENUE									
Revenue	(1,171,658,486)	(1,125,930,847)	(1,132,489,146)	-	-	-	(1,171,658,486)	(1,125,930,847)	(1,132,489,146)
Other Revenue	(5,907,227)	(3,751,236)	(3,751,236)	(1,794,153)	(459,184)	(459,184)	(4,113,074)	(3,292,051)	(3,292,051)
Financial Revenue	(4,057,462)	(923,766)	(923,766)	-	-	-	(4,057,462)	(923,766)	(923,766)
Total to be returned to the Nations	2,145,866	(1,025,986)	(1,025,986)	-	-	-	2,145,866	(1,025,986)	(1,025,986)
Total REVENUE	**(1,179,477,309)**	**(1,131,631,834)**	**(1,138,190,133)**	**(1,794,153)**	**(459,184)**	**(459,184)**	**(1,177,683,156)**	**(1,131,172,650)**	**(1,137,730,949)**
EXPENSES									
Expenses	**1,088,205,287**	**975,004,845**	**981,798,655**				**1,088,205,287**	**975,004,845**	**981,798,655**
Personnel	208,272,317	195,544,716	195,544,716	-	-	-	208,272,317	195,544,716	195,544,716
Contractual Supplies and Services	847,116,396	764,238,011	771,031,821	-	-	-	847,116,396	764,238,011	771,031,820
Foreign Military Sales (FMS)	32,816,575	15,222,118	15,222,118	-	-	-	32,816,575	15,222,118	15,222,118
Depreciation	83,439,418	151,857,921	151,622,411	-	-	-	83,439,418	151,857,921	151,622,411
Provisions	1,847,810	1,316,087	1,316,087	1,794,153	459,184	459,184	53,657	856,903	856,903
Other Expenses	113	1,453	1,453	-	-	-	113	1,453	1,453
Financial Costs	5,984,681	3,451,527	3,451,527	-	-	-	5,984,681	3,451,527	3,451,527
Total EXPENSES	**1,179,477,309**	**1,131,631,834**	**1,138,190,133**	**1,794,153**	**459,184**	**459,184**	**1,177,683,156**	**1,131,172,650**	**1,137,730,949**
Result of the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

F. Related Parties Disclosure

IPSAS 20 requires that financial statements disclose the existence of related party relationships and transactions between the entity and its related parties. Under IPSAS 20 related parties are parties that control or have significant influence over the reporting entity.

Identification of ACO related parties

(a) Key Management Personnel (KMP) include members of the governing body who have the greatest responsibility for the government of ACO and their close family members. Based on the definitions provided by IPSAS 20, the KMP within ACO have been identified as follows[21]:

- **Members of the governing body of the entity**: SACEUR Commanders Conference (SCC)[22] which acts as **the ACO Board of Directors.**
- **Key advisors:** the members of the SHAPE Management Board/Crisis Operations Board (SMB/COB) are considered as the key advisors.
- **Senior management group of the reporting entity:** the ACO Management Board is the principle executive body within ACO for implementing command-wide strategic management on behalf of SACEUR.

(b) Consolidated entities: they are the ACO subordinate Commands that are controlled by SHAPE. The list of those entities is provided in the Note A.

(c) Other NATO entities: this includes the NATO agencies which provide goods and services to ACO at an agreed price.

Identification of the transactions between ACO and its related parties.

ACO and the KMP. Since the remuneration of the military personnel is a national responsibility under the principle of "costs lie where they fall", the only amount charged against the international funds is to cover the salary payment of 5 NATO International Civilians (NICs) identified within this category, i.e. the ACO Financial Controller, the ACO Office of Legal Affairs Director, the SHAPE Strategic and International Affairs Advisor, the SHAPE Strategic Communications Director and the ACO Internal Audit Head. The net remuneration received during the reporting year by these 5 NICs, including any salary transfer in foreign currencies, amounts to 975,466.97 EUR.

As a result of a campaign of enhancing transparency at ACO and in accordance with IPSAS 20 requirements, as well as the NATO Code of Conduct, the KMP were requested to fill in and sign a declaration statement of any related party transaction between them, their close family members and ACO. The statements will not be given public disclosure but only made available upon request for audit purposes.

ACO and its consolidated entities. All intercompany transactions are posted and balances are reconciled with ACO CAC as of the reporting date. Intercompany balances are eliminated as part of the consolidation.

ACO and other NATO entities. ACO is an integral part of NATO and it transacts in its normal business activities with other NATO bodies and these transactions occur at cost.

Gratuities

As part of the effective management of the ethics program and to specifically ensure that any actual, potential or apparent conflicts of interest arising from staff members' financial interests, business relationships or other outside activities can be identified and managed in the best interest of ACO, a list of gratuities accepted by the ACO Commanders on behalf of the respective Headquarters is submitted annually to ACO. This is in accordance with the prescriptions of the ACO Directive 040-007 Standards of Conduct and the ACO Instruction on the Administration of Gratuities from External Sources.

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[21] The composition and job titles have been updated in accordance with the AD 015-004, ACO High level Business Processes, dated 31 October 2013.

[22] Only the ACO KMP of the SCC that are part of the NATO Command Structure, plus the NAEW&C Force GK Commander and Commander NAGSF.

Representation funds

The current ACO Directive for Hospitality and Representation aims at reducing the bureaucracy and focuses on the distinction between Representations versus Hospitality, aligns the type of expenditures eligible for both Funds as well as the ratio to be used between guest(s) and host(s).

Within ACO Representation and Hospitality funds are provided to high officials of the ACO Headquarters, primarily the commanders who may make sub-allocations to their most senior staff and deputy commanders. During 2022, the total expenditure made by ACO for Representation amounted to 407 KEUR which represents 76% of the overall authorised budget of 536 KEUR.

G. Events after Reporting Date

ACO is required to disclose events, both favourable and unfavourable, that occurred between the reporting date and the date when the FS are authorized for issue by the SACEUR and the ACO Financial Controller. IPSAS requires two types of events which should be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

On 06 February 2023, a powerful 7.7 magnitude earthquake struck southern Türkiye near Gaziantep, followed by a second one of 7.5 magnitude, which struck the Kahramanmaraş area. The earthquakes affected around 10 cities. Following these tragic events, NATO launched the NATO earthquake relief operation and approved a dedicated suspense account to support the earthquake relief activities. This does not affect ACO's 2022 Consolidated Financial Position, Financial Performance, Cash Flow, Net Assets or Budget Execution.

ACO is not aware of any other events categorized under the two categories that need to be reported.

H. Military Budget Execution

According to article 34.4 of the NFRs, ACO included the ACO Budget Execution Report in its FS. An overall assessment of the ACO Budget Execution Report is incorporated directly into this disclosure Note.

The ACO budget execution during 2022 is 97.3%, including Regular and Special Carry Forwards. This percentage was higher than previous years (95.3 % in 2021 and 94.1% in 2020). The high execution was due to the high inflation environment with a very significant impact on salaries, utilities, fuel prices, and the activation of Gradual Response Plans (GRPs). The identified surpluses during the year were used to fund 2022 requirements as directed by the RPPB, repurposed to cover unfunded operational requirements, or returned to the contributing nation as lapsed credits. Lapsable credits came particularly from ACO MTEP, NATINAMDS, NCS-Adaptation and AGS.

The ACO budget groups were approved by the BC in the following amounts:

<u>Table H.A - ACO Budget Groups: approved final amounts</u>

Budget Category	Amount (EUR)
ACO portion - NATO Command Structure Entities and Programmes (NCSEP)	593,677,774
ACO portion - NCS-Adaptation	32,456,224
Alliance Operations and Missions (AOM)	47,143,349
NAEW&C Force	333,865,508
NAGS Force	195,332,813
Total ACO	**1,202,475,667**

The figures in this report represent the net result of all transfers, cost reductions, cost increases, and the impact of parity changes and inflation rates during the reporting period.

During the year a budget ceiling increase (16.96 MEUR) was approved under NAEW& CF for the Employment budget (BC 163) in order to cover the budget deficit due to the high energy prices (air fuel in particular), inflation and the GRP activation associated costs.

NATO COMMAND STRUCTURE ENTITIES AND PROGRAMMES (NCSEP)

In 2022, the Final Budget for the NCSEP budget totalled 594 MEUR. The combined execution rate, including Regular and Special Carry Forwards, reached 97.4% for the ACO part of NCSEP.

Table H.A1 – Final Budget for ACO NCSEP

Budget Code	Budget Title	Final Budget in EUR
101EUR30	SHAPE	82,945,277
103EUR30	JFC HQ Brunssum	27,943,062
104EUR30	JFC HQ Naples	36,122,567
105EUR30	HQ AIRCOM Ramstein	24,588,199
111EUR30	HQ LANDCOM Izmir	11,083,608
118EUR30	HQ MARCOM Northwood	11,557,272
131EUR30	HQ Deployable Assets	12,326,974
157EUR30	ACO MTEP	15,741,000
164EUR30	NATINAMDS Non-C2 Elements	35,420,679
166EUR30	NATINAMDS C2 Elements	105,006,546
176EUR30	NCNCB	4,559,879
177EUR30	NCCB	175,476,353
178EUR30	NATO CIS Group (NCISG)	46,936,368
502EEUR30	Outreach Programmes (ACO)	3,970,000
NCSEP Total		**593,677,774**

The overall annual execution rate, 97.4%, is higher than previous years due to the inflation environment affecting the nations where budgets are executed and the end of most of the Covid-19 restrictions. The figures in this report reflect the impact of the inflation across the portfolio. The inflation affected the utility prices, fuel prices and salaries. Transfers to cover the salary adjustments and electricity prices were mainly covered from the savings identified during the year under NATINAMDS (BC166), NCNCB (BC 176), NCCB (BC 177), and NCISG (BC 178).

The costs associated with the activation of the GRPs under NCSEP, 2.99 MEUR, were also covered from surpluses identified under ACO MTEP (BC 157) and Outreach programmes (BC 502).

The BC approved the following Special Carry Forwards under the 2022 ACO NCSEP budget:

a. SHAPE (BC 101) - A total of 1,725,000 EUR for the refurbishment of the main entrance of the SHAPE Command Center, the CCTV security action plan, the repair and replace roof membrane on several buildings, the repairs of existing building canopies and a contracted Software Engineer for HRDS.
b. HQ AIRCOM (BC 105) - A total of 35,000 EUR to cover two operational requirements, the replacement of a deployable Spectrum Analyser and a Oscilloscope.
c. NATO Integrated Air & Missile Defence System - NATINAMDS C2 (BC 166) - A total 375,980 EUR for the Hardware Network Device Obsolescence Management requirement.
d. NATO Centralized CIS Budget - NCCB (BC 177) - A total of 682,761 EUR to cover:
   i. (SCF) 420,000 EUR to support the ACO/ACT Mission Identification System (AMIS) O&M increase. AMIS 3rd level O&M contract between NCIA and CITI (AMIS Software vendor) will expire at the end-of-year. The 2023 contract cost was higher than anticipated.
   ii. (SCF) 262,761 EUR to support the SHAPE Human Resources Application Service (APP032). SHAPE has requested NCIA to include within APP032 a new validation (staging) environment to enable operational integration/interfaces of several HR applications (reports, scripts, portals, workflows, etc.).

e. NATO Communication & Information System Group (NCISG) (BC 178) - A total of 800,000 EUR for NCIA's support to DCEP according to the FY 2022 SLA. The entire amount is needed to cover the procurement of IT spares next year. The procurement did not materialize in 2022 due to supply chain issues.

It should be noted that the further carry forward of the following SCF from previous years were approved by the BC:

a. NATO Centralized CIS Budget - NCCB (BC 177) - A total of 263,885 EUR from 2020 to finalise the disposal of 10K crypto devices that could not be accomplished in 2022.
b. NATO Integrated Air & Missile Defence System - NATINAMDS NON C2 (BC 164) - A total of 500,000 EUR from 2021 due to delays in the procurement as consequence of ripple effects from the Covid-19 crisis in combination with unscheduled heavy maintenance in 2021.
c. NATO Centralized CIS Budget - NCCB (BC 177) - A total of 3,300,000 EUR from 2021 to support requirements for the NCIA Asset Management Programme.

Surplus credits in 2022 totalled 15,28 MEUR (2.57% of the budget) only for the ACO part of the NCSEP budget group. Most budget showed an execution over 90% with the exception of the MTEP (BC-157) programme.

Below are the surpluses examples:

a. SHAPE (BC 101) – 2,358,762 EUR were identified as surplus due to delays in recruitment, lower than expected average cost per person, the under execution in NCIA services delivery, travel and other administrative costs.
b. JFC HQ Brunssum (BC 103) – No surplus was identified under this budget.
c. JFC HQ NAPLES (BC 104) – 1,597,779 EUR were identified as a surplus due to the electricity price fluctuations. A total of 1,500,000 EUR was forecasted to lapse and was requested as SCF however the BC advise to lapse the amount and add it to the concerned budget in order to improve transparency and comparability between fiscal years and allow entire activities to be accurately captured under the authorised budget (e.g. fuel, utilities and salaries).
d. HQ AIRCOM (BC 105) – 552,909 EUR were identified as surplus due to delays filling two vacant positions, limited travels and training activities.
e. HQ LANDCOM (BC 111) – 666,439 EUR were identified as surplus mainly due to the exchange rate depreciations and inflation affecting personnel cost, and due to several building and installed equipment maintenance projects which could not be executed in FY 2022 due to complexity and higher-than-anticipated pricing
f. HQ MARCOM Northwood (BC 118) – 184,789 EUR were identified as surplus due to savings under travel, trainings, salary allowances, and delays in the server migration.
g. DEPLOYABLE HQ ASSETS (BC 131) – 55,755 EUR were identified as surplus.
h. ACO Military Training Exercise and Programs (MTEP) (BC 157) – 3,581,959 EUR. The current geopolitical situation has affected the implementation of the MTEP during 2022 with cancellation and descaling of some exercises, resulting in significant savings.
i. NATO Integrated Air & Missile Defence System (NATINAMDS NON C2) (BC 164) – 737,040 EUR surplus mainly as part of the NSPA allocation due to delays in contracting procedures for equipment replacement outside the control of NSPA.
j. NATO Integrated Air & Missile Defence System (NATINAMDS C2) (BC 166) – 3,365,110 EUR surplus mainly from the funds allocated for the sustainability improvements of the interim and legacy AirC2 systems, the funds for the execution of several projects within AirC2 IS Programme of Work and the IOC declaration of 2nd and 3rd ACCS entity.
k. NATO Centralized Nuclear CIS Budget (NCNCB) (BC 176) – A total of 472,210 EUR surplus related to frozen credits not required during 2022, 372,210 EUR, and 100,000 EUR not required to support Future Nuclear Exercise Environment (FNEE).
l. NATO Centralized CIS Budget (NCCB) (BC 177) – Note a surplus of 537,566 EUR, the majority (460,000 EUR) related to APP080 TRITON Service which was not implemented during 2022 Most of the identified surpluses during the year were transfer to budget deficits under other NSCEP budgets and to cover the GRP related expenditures.
m. NATO Communication & Information System Group (NCISG) (BC 178) - Note a surplus of 809,773 EUR mainly due to delays in recruitment of personnel, the lower than anticipated number of trainings, and other costs that did not materialize.
n. Outreach Programmes (BC 502) - Note a surplus of 361,050 EUR. The war in Ukraine has a particularly impact on the BC 502, leading to cancellations of some outreach programmes. This has resulted in unintended cost reductions (including training, travel costs, and subsidization of eligible partners).

As per BC-D(2022)0237, the Budget Committee affirmed that there is a funding gap of 54.7 MEUR between the 2023 NCSEP budget and the contribution ceilings agreed by Nations as part of the MTRP for both ACO and ACT.

This funding gap was filled through a combination of refundable surpluses from prior years and a part of the lapsed appropriations detailed above.

NATO Command Structure Adaptation (BC124)

The final Budget Authorization for the ACO NCS-A budget was 32,456,224 EUR.

The execution rate reached 88.6%. The surplus amounts is 3,686,447 EUR but the BC advise to lapse part of the amount requested as SCF, 1,376,303 EUR and add it to the 2023 budget in order to improve transparency and comparability between fiscal years and allow entire activities to be accurately captured under the authorised budget.

Alliance Operations and Missions

The total final Budget Authorization for the AOM budget was 47,143,349 EUR. The Balkans Operations and the NATO Mission Iraq (NMI) were the main cost drivers with a budget of 26,165,439 EUR and 19,956,185 EUR respectively.

Table H.A2 – Final Budget for AOM

Budget Code	Budget Title	Final Budget in Local Currency	Final Budget in EUR
183EUR30	Balkans Operations	26,165,439	26,165,439
187EUR30	NATO Support to the African Union	387,565	387,565
189GBP30	Operation Sea Guardian	569,032	634,160
195EUR30	NATO Mission Iraq	19,956,185	19,956,185
AOM Total		**47,078,221**	**47,143,349**

The AOM budget group execution rate is 96.39% including the SCF and Carry forwards. The execution rate is driven by the Balkans Operations and the NMI. The NATO Support to the African Union shows the lowest execution rate 64.32%.
The 2022 SCF under the AOM amount a total of 5,000,000 EUR. The identified surplus of 5,000,000 under NMI was carried forward for future requirements as result of the new NMI mandate. Amongst others, the revised/NMI Mandate foresees an increase in NMI activities conducted, an increase in NMI personnel, potential additional locations and/or a take-over of some capabilities currently provided by CJTF-OIR.
Finally, it is noted that the Nations agreed to SCF into 2023 the following appropriations from previous years:

a. International Security Assistance Force (ISAF) (BC 185) a total of 5,000,000 EUR from the 2014 SCF, to cover future claims of unpaid ISAF invoices and the salary of an archivist.
b. NATO Mission Iraq (BC 195) - 11,000,000 EUR in 2020 and 2021, of which 5,500,000 EUR were frozen for funding ECM devises.
c. Resolute Support (BC194), a total of 72,341,416 EUR were approved to cover unaccounted contractual claims and cost of post-RS activities. Costs may stem from contractor and personnel claims, early termination of contracts, as well as, a number of other potential residual liabilities.

The total AOM lapsable credits identified is 1,700,487 EUR. The lower than forecast activities in the NMI and the Balkans Operations comprised most of these lapsable credits.
The funding gap between the 2023 approved budget and the contribution ceiling is 34,2 MEUR. The funding gap will be covered through refundable surpluses from previous year and the lapsable credits from 2022.

NATO ALLIANCE GROUND SURVEILLANCE FORCE (NAGSF) – BC167 and BC168

The Budget Authorization (BA3) for the Alliance Ground Surveillance force (AGS) budgets (BC167 and BC168) in 2022 was 195,332,813 EUR, as shown on the table below.

Table H.A3 - Final Budget for NAGSF

Budget Code	Budget Title	Final Budget in Local Currency	Final Budget in EUR
167EUR28+2	AGS Operation & Sustainment	191,772,313	191,772,313
168EUR30	AGS CIS	3,610,500	3,610,500
Total		**195,332,813**	**195,332,813**

The AGS execution rate is 94.45% and the surplus is 10,803,631 EUR. There were no SCF from this budget group.

It should be noted that part of the surplus of AGS budget group, was used to address the budget shortfalls in 2023. There was a funding gap of 6.4 MEUR between the recommended budget for 2023 and the contributions agreed by Nations as part of the MTRP. This funding gap is to be filled through refundable surpluses from 2023.

Total carry forward[23] in the AGS budget amounts to 99,6 MEUR is linked to large commitments to the NATO Support and Procurement Agency (NSPA) for training services, logistics, and other technical support.

NATO AIRBORNE EARLY WARNING AND CONTROL FORCE (NAEW&CF) – BC 162 and BC 163

The final Budget Authorization for NAEW (BC162 and BC163) was 333,865,508 EUR, as shown in the table below.

Table H.A4 - Final Budget for NAEW

Budget Code	Budget Title	Final Budget in Local Currency	Final Budget in Local Currency
162EUR16	NAEW&CF Provisioning	219,021,508	219,021,508
162EUR28+2	NAEW&CF Employment	114,844,000	114,844,000
Total		**333,865,508**	**333,865,508**

The NAEW execution rate is 99.64%, including the Regular Carry Forwards. There were no SCF under this budget group.

The NAEW surplus is 1,216,325 EUR. Further delays in infrastructure maintenance and explain the 0.4% surplus under this budget group.

As per BC-D(2022)0237, there was a funding gap of 15,000,000 EUR between the recommended budget for 2023 and the contributions agreed by Nations as part of the MTRP in 2022. Furthermore, the budget holder identified an additional budgetary shortfall in 2023 to meet the targeted operational requirements. This funding gap was due to the inflation (especially on aviation fuel prices), the exchange rate fluctuation USD/EUR and the additional cost due to the GRP activation which were not considered in the MTRP ceiling.

[23] Amounts of previous years' Special Carry Forward for fiscal years that became committed appropriations are considered as normal carry forward supported by a legal obligation as per the NFR 25.3

ACO Budget Execution/ACO Statement of Financial Performance Reconciliation (EUR)

The table below reports the reconciliation between the ACO Budget Execution and the ACO Consolidated Financial Performance.

Table H.C - ACO Budget Execution/ACO Statement of Financial Performance Reconciliation

Official Tables	ACO Statement of Financial Performance	Budget execution report (adjusted)
	EUR	**EUR**
ACO Budget Execution Report: total expenses		**1,153,907,592**
Budget Execution Report-other: total expenses		-
Inventory variances		(7,434,843)
Property, Plant and Equipment and AuC		(32,892,019)
Over-estimated accruals		(26,661,894)
Untaken Leave		(31,431)
NSIP 2022 execution		1,317,882
		1,088,205,287
ACO Consolidated Statement of Financial Performance:		
Personnel	208,272,317	
Contractual Supplies and Services	847,116,396	
Foreign Military Sales (FMS) (III)	32,816,575	**1,088,205,287**

Statement of Transfers

In accordance with the NFRs, Art. 26, transfers of appropriations approved by the relevant finance committee or the financial controller within his/her delegated authority shall be recorded in the annual financial statements. Further to the FRPs, which have specified that only inter-budget transfers between NATO bodies shall be reported in the annual FS, no inter-budget group transfers occurred during 2022.

The changes between the initial and the final budget, which were due to reallocations either authorised by the BC or by the ACO Financial Controller, are presented in the Budget Execution Report which was prepared using a similar accrual basis approach in place for the preparation of the statements of financial position and performance.

The ACO Budget Execution Report also includes the contract authority already committed against credits converted into cash in the same financial year.

Statement of Credits Carried Forward

The credits carried forward are presented in the Budget Execution Statement together with the Special Carry Forwards (SCF) approved by the relevant authorities.

The carry forwards (CF) represent the remaining credits due to later than expected delivery of goods/services when contracts placed in good faith of delivery before end of 2022 or to specific cases detailed above for each Budget Groups. For all of them, there is a legal liability or a specific authorisation, and are equal to the closing Deferred Revenue.

Special Carry Forward

The total Special Carry Forward of funds authorised into 2023 were 101,024,042 EUR. However, the amount actually specially carried forward from the past eight years for ACO budgets amounts in total to 98,581,156 EUR (2021: 115,855,018 EUR).

NCSEP: An amount of 7,647,626 EUR is carried forward from 2020, 2021 and 2022 to cover various ACO requirements within the ACO Static Commands and programmes. The Special Carry Forward related to BC 105 for a total of 35,000 EUR (2022) approved in BC-D(2022)0237(INV) is not recorded in the table as the funds have been committed at the end of 2022 after the release of the approval document.

AOM: An amount 90,933,530 EUR is carried forward from 2014, 2020, 2021 and 2022 budgets. The 2014 amount for BC 185 relates to the salary of an ISAF Archivist and any other ISAF residual requirements. The amounts for BC 195 for a total of 16,000,000 EUR from 2020 to 2022 relate to emerging requirements for NMI and Electronic Counter

Measure (ECM) devices upgrade. Finally, an amount of 70,015,756 EUR is carried forward from 2021 in BC 194 to ensure coverage of all potential residual requirements arising from the Resolute Support Mission closure.

Details were already provided at Note H – ACO MB Budget Execution. The table below provides an overall summary of the approved special carry forward into 2023 reconciled with the related contingent liabilities and provisions, if any, as further disclosed in the Note D.

Table H.D - ACO Special Carry Forward

Ref: BC-D(2022)0237 (INV)

NCSEP	2014	2020	2021	2022	Total	Reference	Note
BC 101 - Refurbishment for the main entrance of the SHAPE Command Center				300,000	300,000	BC-WP(2022)0010-REV8 (INV), BC-D(2022)0212 (INV)	
BC 101 - CCTV security action plan				600,000	600,000	BC-WP(2022)0010-REV8 (INV), BC-D(2022)0212 (INV)	
BC 101 - Building roof repairs and canopies replacement				705,000	705,000	BC-WP(2022)0010-REV8 (INV), BC-D(2022)0212 (INV)	
BC 101 - Contracted human resources data services engineer				120,000	120,000	BC-WP(2022)0010-REV8 (INV), BC-D(2022)0212 (INV)	
BC 105 - Replacement of deployable Spectrum Analyser				-	-	BC-WP(2022)0010-REV8 (INV), BC-D(2022)0212 (INV)	An amount of 15,000 EUR has been authorised in BC-D(2022)0237(INV) as SCF, however the total amount has been committed in FY 2022.
BC 105 - Replacement of Oscilloscope				-	-	BC-WP(2022)0010-REV8 (INV), BC-D(2022)0212 (INV)	An amount of 20,000 EUR has been authorised in BC-D(2022)0237(INV) as SCF, however the total amount has been committed in FY 2022.
BC 164 - RSRP Replacement			500,000		500,000	BC-WP(2022)0010-REV8 (INV), BC-D(2022)0212 (INV)	
BC 166 - ACCS Hardware Network Device Obsolescence Management				375,980	375,980	BC-WP(2022)0010-REV8 (INV), BC-D(2022)0212 (INV)	
BC 177 - GRP requirements adjustment				682,761	682,761	BC-WP(2022)0010-REV8 (INV), BC-D(2022)0212 (INV)	
BC 177 - NCIA asset management programme			3,300,000		3,300,000	BC-WP(2022)0010-REV8 (INV), BC-D(2022)0212 (INV)	
BC 177 - Crypto disposable services		263,885			263,885	BC-WP(2022)0010-REV8 (INV), BC-D(2022)0212 (INV)	
BC 178 - CIS project support				800,000	800,000	BC-WP(2022)0010-REV8 (INV), BC-D(2022)0212 (INV)	
NCSEP Total	**-**	**263,885**	**3,800,000**	**3,583,741**	**7,647,626**		
AOM	**2014**	**2020**	**2021**	**2022**	**Total**		
BC 185 - To ensure coverage of all potential ISAF related residual requirements	4,917,774				4,917,774	BC-WP(2022)0010-REV8 (INV), BC-D(2022)0212 (INV)	An amount of 5,000,000 EUR has been authorised in BC-D(2022)0237(INV) as SCF, however the difference has been executed in FY 2022.
BC 194 - To ensure coverage of all potential RS related residual requirements			70,015,756		70,015,756	BC-WP(2022)0010-REV8 (INV), BC-D(2022)0212 (INV)	An amount of 72,341,416 EUR has been authorised in BC-D(2022)0237(INV) as SCF, however the difference has been executed in FY 2022.
BC 195 - NMI emerging requirements from revised NMI mandate		7,500,000	3,500,000	5,000,000	16,000,000	BC-WP(2022)0010-REV8 (INV), BC-D(2022)0212 (INV)	
AOM Total	**4,917,774**	**7,500,000**	**73,515,756**	**5,000,000**	**90,933,530**		
Total per Budget Authorisation Year	**2014**	**2020**	**2021**	**2022**	**Total**		
All ACO budget groups	**4,917,774**	**7,763,885**	**77,315,756**	**8,583,741**	**98,581,156**		

Table H.E - ACO CONTRACT AUTHORITIES as of 31 Dec 2022

ACO BC CONTRACT AUTHORITIES

EUR	*Initial Budget*	*Variance*	*BA2*	*Variance*	*BA3*	*Variance*	*Final Budget*	*Net Commitment*
NCSEP								
	186,910,782	***18,870,325***	***205,781,107***	***32,770,242***	***238,551,349***	***10,337,632***	***248,888,982***	***174,827,882***
101 SHAPE	12,309,259.00	5,858,269	18,167,528	-	18,167,528	1,465,974	19,633,502	7,248,114
103 JFC HQ BRUNSSUM	5,932,500	804,452	6,736,952	665,300	7,402,252	1,631,275	9,033,527	167,667
104 JFC HQ NAPLES	3,005,000	5,849,334	8,854,334	-	8,854,334	797,499	9,651,833	2,125,757
105 HQ AIRCOM RAMSTEIN	1,055,368	784,342	1,839,710	(150,000)	1,689,710	1,538,555	3,228,265	2,504,654
111 HQ LANDCOM IZMIR	50,000	475,522	525,522	-	525,522	753,744	1,279,266	1,279,266
118 HQ MARCOM NORTHWOOD	71,194	382,750	453,944	(218,284)	235,660	373,649	609,310	177,963
131 HQ DEPLOYABLE ASSETS	-	-	-	670,875	670,875	-	670,875	-
164 NATINAMDS NON C2 ELEMENTS	30,404,062	2,223,000	32,627,062	750,000	33,377,062	-	33,377,062	33,377,062
166 NATINAMDS C2 ELEMENTS	54,839,772	2,064,000	56,903,772	-	56,903,772	-	56,903,772	48,703,772
177 NCCB	71,002,627	-	71,002,627	31,052,351	102,054,978	3,161,449	105,216,427	71,002,627
178 NATO CIS GROUP (NCISG)	8,241,000	428,656	8,669,656	-	8,669,656	615,487	9,285,143	8,241,000
NCSEP								
	3,200,000	***-***	***3,200,000***	***520,000***	***3,720,000***	***-***	***3,720,000***	***3,200,000***
176 NCNCB	3,200,000	-	3,200,000	520,000	3,720,000	-	3,720,000	3,200,000
NCS-ADAPTATION								
	861,000	***299,491***	***1,160,491***	***23,324***	***1,183,815***	***66,626***	***1,250,441***	***1,112,230***
124 NCS-ADAPTATION (ACO)	861,000	299,491	1,160,491	23,324	1,183,815	66,626	1,250,441	1,112,230
AGS								
	139,797,000	***-***	***139,797,000***	***46,490,000***	***186,287,000***	***-***	***186,287,000***	***118,140,143***
167 AGS O&S	139,797,000	-	139,797,000	46,490,000	186,287,000	-	186,287,000	118,140,143
AGS								
	-	***96,378***	***96,378***	***-***	***96,378***	***89,435***	***185,813***	***-***
168 AGS CIS	-	96,378	96,378	-	96,378	89,435	185,813	-
NAEW								
	102,219,024	***4,731,644***	***106,950,668***	***-***	***106,950,668***	***-***	***106,950,668***	***67,961,960***
162 NAEW&CF PROVISIONING	102,219,024	4,731,644	106,950,668	-	106,950,668	-	106,950,668	67,961,960
NAEW								
	82,121,890	***24,528,412***	***106,650,302***	***13,626,538***	***120,276,841***	***213,637***	***120,490,478***	***75,149,668***
163 NAEW&CF EMPLOYMENT	82,121,890	24,528,412	106,650,302	13,626,538	120,276,841	213,637	120,490,478	75,149,668
AOM								
	6,201,298	***4,891,475***	***11,092,773***	***-***	***11,092,773***	***-***	***11,092,773***	***1,338,479***
183 BALKANS OPERATIONS	2,203,678	109,119	2,312,797	-	2,312,797	-	2,312,797	648,681
195 NATO MISSION IRAQ	3,997,620	4,782,356	8,779,976	-	8,779,976	-	8,779,976	689,798
Total for all MBC Cost Shares, Years and Budget	**521,310,995**	**53,417,725**	**574,728,720**	**93,430,104**	**668,158,824**	**10,707,330**	**678,866,155**	**441,730,362**

The table above shows the ACO Contract Authorities approved by the BC[24] or by Financial Controllers[25] for the fiscal year 2022, in accordance with FRP XXV sub-para 8 of BC-D(2015)0260REV3.

[24] BC-BA(2022)0001, 24 JAN 2022

BC-BA(2022)0002, 22 AUG 2022

BC-BA(2022)0002-COR1, 29 SEP 2022

BC-BA(2022)0003, 22 NOV 2022

BC-BA(2022)0003-COR1, 28 NOV 2022

BC-BA(2022)0003-COR2, 05 DEC 2022

BC-DS(2022)0058, 27 JAN 2023

BC-DS(2022)0066, 10 FEB 2023

BC-BA(2022)0003-COR3, 20 MAR 2023

[25] SH/FINAC/BUP/FC210/22, 13 OCT 2022

060/0004/DACCC/CG/FICO/22, 29 NOV 2022

SH/FINAC/BUP/FC282/22, 01 DEC 2022

SH/FINAC/CAC/FC315/22, 15 DEC 2022

Written approval by the Acting MARCOM FC, 09 MAR 2023, 07 MAR 2023, 21 NOV 2022

Table H.F - Reconciliation between ACO authorized Budgets and Calls in 2022

The ACO annual budgets, for which SACEUR is responsible (ACO entities and programmes in the NATO Command Structure, ACO portion of the NATO Command Structure – Adaptation budget, the Alliance Operations and Missions, NAGS and the NAEW programmes) are covered by the Allies with different cost share per type and year.

PO(2020)0146 includes the military, civil budget and NSIP cost shares from 2021 until 2024, covering the NCSEP, NCS-Adaptation, AOM budget under ACO responsibility.

BC-D(2018)0078 for NAEW Provisioning (16 Nations) cost share; BC-D(2020)0095 for NAEW Employment (28+2 Nations) cost shares; BC-D(2020)0074 for AGS Cost share.

For NAEW&CF programme, starting from 2018 the funding has been split between provisioning and employment and the employment portion now includes contributions from 28 nations in relation to the operation of the HQ and FOB/FOL facilities, including personnel costs[26].

For AGS, the engagement of NATO common funds for infrastructure, communications, operation and support follow the normal funding authorization applicable within the Alliance. For that programme, one Ally has signed a Memorandum of Understanding (MOU) with SHAPE, outlining the modalities for making its contributions in kind available to the Alliance as AGS become operational[27]. A second one as well is to provide contribution in kind to complement the program. The current reporting policy is provided in the Contribution in Kind section at note A.

The table on next page is showing the reconciliation between the Budget Authorization and the Calls made in 2022:

[26] See https://awacs.nato.int/default.aspx and https://www.napma.nato.int/
[27] See https://www.nato.int/cps/en/natohq/topics_48892.htm

Budget authorization 2022

Budget Groups	Total Called as of 31 Dec 2022 (1)	Final Budget (2)	Actual as of 31 Dec 22	CF as of 31 Dec 22	Difference between Calls, Actual and CF as of 31 Dec 22	Lapse	Adjustment
30N NCSEP (2)	589,537,139	589,117,895	538,805,612	35,503,361	15,228,165	(14,808,922)	(419,244)
29N NCSEP	4,559,879	4,559,879	4,087,669	-	472,210	(472,210)	-
30N NCS-A (NCSEP)	32,456,224	32,456,224	28,192,391	577,385	3,686,447	(3,686,447)	-
28N+2 AGS	191,722,313	191,722,313	111,437,920	69,533,350	10,751,043	(10,751,043)	-
30N AGS	3,610,500	3,610,500	3,556,747	1,165	52,588	(52,588)	-
28+2N NAEW&CF	219,021,508	219,021,508	186,799,134	31,130,463	1,091,910	(1,091,910)	-
16N NAEW&CF	114,844,000	114,844,000	68,806,935	45,912,650	124,415	(124,415)	-
30N AOM (2)	47,574,383	47,143,349	37,094,536	8,348,326	2,131,521	(1,700,487)	(431,034)
TOTAL	**1,203,325,946**	**1,202,475,667**	**978,780,945**	**191,006,700**	**33,538,300**	**(32,688,022)**	**(850,278)**

(1) **Total called**: The total 2022 MB contributions called as of 31 Dec 2022 were based on the BA2 (ref: BC-BA(2022)0002-COR1) and the additional approved budget for NAEW&CF employment (ref: PO(2022)0467-AS1).

(2) **Exchange rate**: budgets authorised in GBP were converted and executed using a fixed rate for the fiscal year 2022.
The rate used was as of 1st January 2021, 1 EUR = GBP 0.8973. The 2nd cash call was converted to EUR using the rate 1 EUR = GBP 0.86513 for NCSEP and 1 EUR = GBP 0.87258 for AOM.

Budget authorization 2021

Budget Groups	Carry Forward	Adjustment to Carry Forward	Adjusted Carry Forward	Actual as of 31 Dec 22	CF as of 31 Dec 22	Lapse
30N NCSEP	43,981,342		43,981,342	26,123,261	11,537,298	(6,320,783)
29N NCSEP	300,000		300,000	-	-	(300,000)
30N NCS-A (NCSEP)	1,220,620		1,220,620	999,311	126,001	(95,307)
28N+2 AGS	46,366,277		46,366,277	41,718,212	4,455,132	(192,933)
30N AGS	139,309		139,309	139,309	-	-
28+2N NAEW&CF	23,284,048		23,284,048	15,562,855	6,240,818	(1,480,375)
16N NAEW&CF	63,739,788		63,739,788	33,269,375	30,201,185	(269,228)
30N AOM	81,210,408		81,210,408	5,754,697	74,958,955	(496,756)
TOTAL	**260,241,791**	**-**	**260,241,791**	**123,567,019**	**127,519,389**	**(9,155,382)**

Budget authorization 2020

Budget Groups	Carry Forward	Adjustment to Carry Forward	Adjusted Carry Forward	Actual as of 31 Dec 22	CF as of 31 Dec 22	Lapse
29N/30N NCSEP	8,454,963		8,454,963	7,582,789	263,885	(608,289)
29N/30N NCS-A (NCSEP)	204,540		204,540	9,392	-	(195,148)
27/28+2N AGS	22,630,537		22,630,537	9,029,494	13,600,000	(1,043)
27+2N NAEW&CF	3,734,601		3,734,601	2,818,548	-	(916,053)
16N NAEW&CF	12,048,535		12,048,535	7,391,948	-	(4,656,587)
29N/30N AOM	8,639,138		8,639,138	465,186	7,500,000	(673,952)
TOTAL	**55,712,314**	**-**	**55,712,314**	**27,297,357**	**21,363,885**	**(7,051,072)**

Budget authorization 2019

Budget Groups	Carry Forward	Adjustment to Carry Forward	Adjusted Carry Forward	Actual as of 31 Dec 22	CF as of 31 Dec 22	Lapse
27+2N AGS	7,000,000		7,000,000	-	7,000,000	-
TOTAL	**7,000,000**	**-**	**7,000,000**	**-**	**7,000,000**	**-**

Budget authorization 2018

Budget Groups	Carry Forward	Adjustment to Carry Forward	Adjusted Carry Forward	Actual as of 31 Dec 22	CF as of 31 Dec 22	Lapse
27+2N AGS	5,000,000		5,000,000	-	5,000,000	-
TOTAL	**5,000,000**	**-**	**5,000,000**	**-**	**5,000,000**	**-**

Budget authorization 2017

Budget Groups	Carry Forward	Adjustment to Carry Forward	Adjusted Carry Forward	Actual as of 31 Dec 22	CF as of 31 Dec 22	Lapse
26/27+2N AGS	23,986,887		23,986,887	23,986,887	-	-
TOTAL	**23,986,887**	**-**	**23,986,887**	**23,986,887**	**-**	**-**

Budget authorization 2014

Budget Groups	Carry Forward	Adjustment to Carry Forward	Adjusted Carry Forward	Actual as of 31 Dec 22	CF as of 31 Dec 22	Lapse
28N AOM	5,193,159		5,193,159	275,385	4,917,774	-
TOTAL	**5,193,159**	**-**	**5,193,159**	**275,385**	**4,917,774**	**-**

ACO Budget Groups	Final budget	Actual as of 31 Dec 22	Lapse	Carry Forward	Adjustment
GRAND TOTAL	**1,559,609,818**	**1,153,907,592**	**(48,894,477)**	**356,807,748**	**(850,278)**

I. NSIP Project Execution

Table I.A - NSIP Active projects[28]

OVERALL - NSIP PROJECT EXECUTION STATUS Active projects					
Status	**Authorized Budget**	**Commitments**	**Actuals YTD**	**Actuals PJTD**	**Funds Available**
BRUNSSUM	6,215,088	27,866	(25,430)	3,386,510	2,800,712
NAPLES	22,613,689	444,175	152,982	20,212,643	1,956,871
KFOR	6,410,526	86,500	276,002	5,256,937	1,067,089
NHQSa	7,680,532	-	-	7,680,532	-
SHAPE	95,702,775	698,377	2,724,073	81,696,977	13,307,421
Grand Total	**138,622,610**	**1,256,919**	**3,127,627**	**118,233,599**	**19,132,092**

TABLE I-B - NSIP closed projects[29]

OVERALL - NSIP PROJECT EXECUTION STATUS Closed projects					
Status	**Authorized Budget**	**Commitments**	**Actuals YTD**	**Actuals PJTD**	**Funds Available**
BRUNSSUM	78,165,523	-	-	78,165,523	-
NAPLES	28,071,938	-	-	28,071,938	-
KFOR	92,309,141	-	-	92,309,141	-
NHQSa	115,089,335	-	-	115,089,335	-
SHAPE	558,311,172	-	-	558,311,172	-
Grand Total	**871,947,108**	**-**	**-**	**871,947,108**	**-**

TOTAL TABLES I-A & I-B

Total	**1,010,569,718**	**1,256,919**	**3,127,627**	**990,180,707**	**19,132,092**

The tables A and B above show the overall value, respectively, of the NSIP projects assigned to SHAPE HN still active and of the projects which have been completed and financially closed at the reporting date. The amounts shown in the tables are broken down by the ACO Commands responsible for the implementation of the projects further to the delegation of authority provided by SHAPE.

During 2022 a total amount of (3,127,627 EUR) was spent against 12 NSIP projects in total, which are being executed by SHAPE (2,724,073 EUR) as well as JFCBS (-25,430 EUR), JFCNP (152,982 EUR) and KFOR (276,002 EUR) through delegations. These projects refer to three main categorises as follows:

AOM: A total amount of 250,572 EUR was charged against four AOM projects. This includes an amount of 276,486 EUR spent for a communication upgrade project in KFOR and remaining expenses related to a low value civil work in HKIA. In addition 25,914 EUR of overestimated accruals related to RSM have been reported this year.

Static HQs: A total amount of 2,726,862 EUR was charged against six projects. An amount of 973,093 EUR was spent for temporary NIC personnel and consulting services to support the construction of new ACO Main HQ Building while an amount of 80,984 EUR was spent for personnel supporting the provision of temporary office space required by the NCS adaptation. In addition, an amount of 1,519,804 EUR was spent in three projects for the replacement of obsolete equipment in the main HQ building in SHAPE. Finally, an amount of 152,982 EUR was spent to replace obsolete CIS equipment in JFCNP HQ.

Centralised Projects: An amount of 150,192 EUR was further spent on two projects. One with the amount of 132,252 EUR related to NATO-wide AIR C2 Capabilities and the other one of 13,940 EUR for the upgrade of the ACO/ACT Mission Identification System (AMIS).

[28] YTD indicates the actual data as at 31 December 2022; PJTD indicates the cumulated data for all the projects until 31 December 2022.
[29] The table includes COFFA projects and completed projects where Host Nation responsibilities are formally discharged according to the IBAN changes in NSIP Audits outlined in (C-M(2020)0010) dated on 2 Jun 2020.

The difference of 1,809,746 EUR between the 2022 expenses reported at table A above (3,127,627 EUR), and the expenses reported in the note E – NSIP segment of the Statement of Financial Performance – (1,317,881 EUR) represents the expenses that are not recognised as PP&E assets (i.e. salaries/consulting expenses on projects that did not result in the capitalisation of PP&E assets).

The amounts shown in the tables I-A and I-B above are based on data recorded in the ACO Financial system (FinS). The financial data for these projects in CIRIS have been aligned and reconciled with the actual expenditures incurred and reported.

In terms of NSIP projects closure, 7 projects were submitted to IBAN for "Independent External Auditor's Report" in 2022.

NSIP pre-financed projects ISAF/Resolute Support mission

Further to the RPPB recommendation[30], ACO worked in close coordination with the IS-NOR to present the status of projects pre-financed for third parties for which costs had not been recovered. Based on the recommendations made by the International Staff in their report[31] , the IC agreed[32] that no additional reimbursement could be sought from non-eligible users and that the costs incurred related to non-eligible portions of AOM pre-financed projects for RSM would not be reimbursed to the NSIP.

J. Write-off and Donations

Write-Offs

In accordance with article 17 of the NFRs, an annual summary of property and cash losses written-off in 2022 is provided in the annual FS:

Table J.A - ACO Headquarters International Property Write-off

	SHAPE		AGS		JFCBS		JFCNP		AIRCOM		MARCOM		LANDCOM		NAEW		NCISG		KFOR		NHQSa		TOTAL	
ASSET CATEGORY	**Qty**	**€**	**Qty**	**€**	**Qty**	**€**	**Qty**	**€**	**Qty**	**€**	**Qty**	**€**	**Qty**	**€**	**Qty**	**€**	**Qty**	**€**	**Qty**	**€**	**Qty**	**€**	**Qty**	**€**
BUILDING	-	-	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-
OTHER INFRASTRUCTURE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
INSTALLED EQUIPMENT	-	-	-	-	7	-	3	-	-	-	-	-	-	-	45	-	2	-	86	-	-	-	143	-
MACHINERY	5	-	-	-	230	-	39	-	2	-	2	-	16	-	46	-	13	54	348	-	174	-	875	54
TRANSPORT EQUIPMENT - VEHICLES	1	-	-	-	22	-	9	-	3	-	-	-	-	-	22	-	11	-	15	-	6	-	89	-
AIRCRAFT	-	-	-	-	-	-	-	-	-	-	-	-	-	-	64	-	-	-	-	-	-	-	64	-
MISSION EQUIPMENT	8	-	-	-	8	-	3	-	4	-	-	-	41	-	127	-	27	-	14	-	26	-	258	-
FURNITURE	40	872	-	-	528	-	382	3,072	41	-	6	-	165	-	44	-	137	-	539	-	646	-	2,528	3,944
COMMUNICATIONS	5	-	-	-	192	-	-	-	1	-	-	-	-	-	69	-	-	-	6	-	1,044	-	1,317	-
AUTOMATION INFORMATION SYSTEMS	1	-	-	-	156	-	-	-	-	-	-	-	-	-	876	3,451	47	-	-	-	83	-	1,163	3,451
Consumables	1,219	7,757	-	-	865	91,364	3	422	6	-	-	-	39	6,064	8,915	1,355	703	72,434	5	1,040	379	85,192	12,134	265,627
Spare parts	11	150	-	-	9	-	-	-	-	-	-	-	2	100	3,995	9	4,941	25,465	-	-	380	207,866	9,338	233,590
Strategic Stock	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ammunition	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Grand Total	**1,290**	**8,779**	**-**	**-**	**2,018**	**91,364**	**439**	**3,494**	**57**	**-**	**8**	**-**	**263**	**6,164**	**14,203**	**4,815**	**5,881**	**97,953**	**1,013**	**1,040**	**2,738**	**293,057**	**27,910**	**506,667**

The table above shows the number of items written-off during 2022 by the ACO Commands per asset categories and the related accounting value (net book value).

The majority of the other write-offs relate to the legacy assets (acquired prior to the aforementioned cut-off date) that are fully depreciated with a zero residual value as per the NAF. Some of the items included in the total quantities reported above refer also to PP&E acquired after 01 January 2013. In accordance with the revised NFRs/FRPs the assets were written off under the authority of the Financial Controllers based on the net book value (NBV).

With regard to Inventories, except for NAEW&C Force GK HQ, the accounting policy does not make any distinction between items acquired prior and after 01 January 2013. Therefore, the write-offs are all recorded at the weighted average cost (WAC).

ACO Headquarters International Cash Losses and Irrecoverable Debt Write-off

In 2022, there were no write-offs due to cash losses. NHQSa reported 113 EUR relating to former employees' pension gap and severance payment. In addition, two write-offs, for which a provision for doubtful debts was recognized in the fiscal year 2021, have been approved in 2022. The first one is related to an uncollectable NBC cost for Malaysia

[30] AC/335-D(2022)0013 approved on 25 February 2022

[31] AC/4-D(2022)0007, dated 12 May 2022

[32] AC/4-DS(2022)0013 dated 06 July 2022

(Supreme Food Case Settlement) for 2,220 Eur. The second is related the uncollectable debts for Afghanistan Partnership Directorate office rental at SHAPE for 669 EUR.

Donations

In accordance with article 17.4 of the NFRs, donations of property/assets that ACO has ownership and control of which were authorised during the year by the relevant finance committee shall be reported in the Annual FS.

The table below shows a list of donations approved in 2022 by the relevant Finance Committees.

Table J-B - ACO Headquarters International Property Donations

ASSET CATEGORY	HQ	ITEMS	BENEFICIARY	QTY	BC Approval
Mission Equipment	SHAPE	Nikon Camera	Shape American High School	8	BC-D(2022)0118-ADD1-AS1 (INV)
Mission Equipment	SHAPE	Lenses	Shape American High School	9	
Vehicle	JFCNP	Ford Transit	Italian Red Cross	1	BC-D(2022)0095-ADD1-AS1
Vehicle	JFCNP	Iveco Daily	Italian Red Cross	1	
Mission Equipment	AIRCOM	Sony Camera	Lithuanian Air Force	1	BC-DS(2022)0054 (INV)
Mission Equipment	AIRCOM	Memory card Sony	Lithuanian Air Force	1	
Mission Equipment	AIRCOM	Flash Sony	Lithuanian Air Force	1	
Mission Equipment	AIRCOM	Lens Sony	Lithuanian Air Force	1	
Mission Equipment	AIRCOM	Photo Studio	Lithuanian Air Force	1	
Mission Equipment	AIRCOM	GoPro Camera	Lithuanian Air Force	1	
Mission Equipment	AIRCOM	Filter	Lithuanian Air Force	1	

The table above shows the donations approved in 2022 by the Budget Committee.

K. Trust Funds

The Trust Funds reported in 2022 are the Trust Funds for Afghan National Army (ANA), Kosovo Security Forces (KSF), MHI missions and nationally funded projects. Trust Funds contributions are transferred to the ACO CAC dedicated bank accounts. Upon proper authorisation ACO CAC executes payments on behalf of the Trust Funds Boards. All incoming and outgoing funds are recorded in the Weekly Status Reports and in FinS. All the Trust Funds at ACO are managed purely for inflow and outflow through ACO CAC with the exception of KSF. In 2022 the MHI Trust Fund has been fully executed.

The main remaining fund is the ANA Trust Fund (ANA TF), originally set up by the NAC in 2006 to support the efforts to equip the Afghan National Army. The role of ANA TF was expanded over the years through a series of revised Memorandum of Understandings (MOUs) signed by the US, NATO HQ and SHAPE. These MOUs extended the validity of the ANA Trust Fund Arrangements, Roles and Responsibilities and the terms of Reference for the ANA Trust Fund Board until 31 December 2021 (PO(2018)0091). The role of SHAPE consisted of the financial management of the SHAPE ANA TF bank accounts and providing treasury functions, while the daily management of the ANA TF fell under the NATO ANA TF Office (NATFO).

However, on 15 August 2021, the Government of the Islamic Republic of Afghanistan collapsed and the Afghan National Army ceased to exist. On 20 August 2021, NATO Foreign Ministers decided to suspend all support to the Afghan authorities. Subsequently, the modalities for initiating the closure of the ANA Trust Fund were outlined and a way forward to return residual funds to donors was proposed. In December 2021, the ANA TF Board endorsed the proposed way forward and agreed that the full refund of residual funds would only be finalized upon the complete closure of the Trust Fund once all the claims and potential liabilities will have been covered and residual liquidity duly allocated among Donors. A first tranche of return of funds was approved while its execution started in 2022.

On 7 September 2022 a new MOU (PO(2022)0371) was signed by all the parties involved in order to set out the ANA TF arrangements, roles and responsibilities for the closure of the Fund. The MOU confirmed the role of SHAPE in the financial management of the SHAPE ANA TF bank accounts and treasury function throughout the ANA TF closure program. A second and a third tranche of return of funds to Donors were approved in June and September 2022.

The following table show the Trust Funds balances as of 31 December 2022:

	Funds received	Interests	Actual expenses	Cash transfers	Assessment rate	Total	Accumulated balance
ANA Trust Funds							
Previous years	2,917,965,906	33,118,422	(3,461,093)	(2,192,829,894)	5,578,053	760,371,394	760,371,394
2022	-	6,867,357	-	(259,301,445)	5,043,647	(247,390,440)	512,980,954
Total	2,917,965,906	39,985,779	(3,461,093)	(2,452,131,339)	10,621,700	512,980,954	
KSF Trust Funds							
Previous years	7,673,728	106,303	(7,740,777)	-	-	39,254	39,254
2022	-	58	-	-	-	58	39,313
Total	7,673,728	106,361	(7,740,777)	-	-	39,313	
KSF Trust Funds - US National funded							
Previous years	1,777,500	49,853	(1,777,500)	-	-	49,853	49,853
2022	-	74	-	-	-	74	49,927
Total	1,777,500	49,927	(1,777,500)	-	-	49,927	
Multinational Helicopter Initiative (MHI)							
Previous years	32,305,172	548,068	-	(32,617,932)	(51,822)	183,486	183,486
2022	-	(42)	-	(183,444)	-	(183,486)	-
Total	32,305,172	548,068	-	(32,801,417)	(51,822)	-	
POHRF - ISAF							
Previous years	4,983,792	(5,232)	-	(4,942,720)	-	35,839	35,839
2022	-	-	-	-	-	-	35,839
Total	4,983,792	(5,232)	-	(4,942,720)	-	35,839	

Due to the closure of the ANA Trust Fund initiated in 2021, there were no contributions received from Trust Fund Donors in 2022.

The equivalent of 259 M EUR in cash transfers was processed during 2022. This figure includes receipts and payments related to the closure of projects as well as the execution of the three return tranches approved by the board in 2021 and 2022. In addition, the fund gained over 6.7M USD and 314K EUR in interests after deductions of bank charges during the year 2022, compared to 1.4M USD and 575K EUR in 2021.

As a result of the 2022 execution the overall EUR holdings of the Fund decreased by 61.2% from 369 M EUR to 143 M EUR while the overall USD holdings decreased by 11.2% from 438.8M USD to 389.5M USD compared to 2021.

L. Inventory and PP&E Prior to 2013

Data reported in the tables below are shown net of write-offs, and are presented by location and type of assets with the indication of the approximate number of items held per asset category, in accordance with the requirements set forth by the NAF.

Table L.A - Inventory prior to 2013- status as of 31 December 2022 (quantities per site/category)

Inventory Categories	NAEW&C Force GK
CONSUMABLES	173,382
SPARE PARTS	84,894
STRATEGIC STOCK	2,512,919
AMMUNITION	13,955
TOTAL	**2,785,150**

Inventories acquired prior to 01 January 2013 and still present as of 31 December 2022 are reported only by NAEW&C Force GK HQ. The Force still holds a significant quantity of strategic stocks due to stockpiles accumulated in the past to satisfy maintenance requirements of the of the HQ NAEW&CF AWACS fleet.

The items are continuously monitored through normal stock-counting and technically checked to verify their serviceability. There is currently an effort conducted to identify any parts in excess that would be eligible for sale or relocation while initiating write offs through Reports of Surveys (ROS) for the remainder part. It is important to note that the policy to not consider any parts or equipment as excess when currently installed on E-3A fleet or used by aircrafts support systems, remains applicable. This policy is essential for supporting the E-3A fleet until 2035 due to increasing risk of diminishing manufacturing sources and material shortage.

Amongst the inventories shown in the Table above there are also a minor quantity of ammunition reported by the NAEW&C Force GK HQ which represents an exception as ammunition is normally provided by the Nations.

TABLE L.B - PP&E prior to 2013 – status as of 31 December 2022 (quantities per site/category)

ASSET CATEGORY	SHAPE HQ	JFC Brunssum HQ	AIRCOM HQ	NAEW &C Force GK HQ	JFC Naples HQ	NHQSa HQ	LANDCOM HQ	NCISG HQ	KFOR HQ	MARCOM HQ	Total
LAND	-	1	-	1	-	-	-	-	-	-	**2**
BUILDING	24	43	16	201	9	203	30	23	106	1	**656**
OTHER INFRASTRUCTURE	57	18	9	173	18	-	17	3	11	-	**306**
INSTALLED EQUIPMENT	92	21	146	4,020	65	55	22	38	187	5	**4,651**
MACHINERY	723	256	424	3,545	563	1,248	277	284	1,878	54	**9,252**
TRANSPORT EQUIPMENT - VEHICLES	214	22	84	350	25	70	25	721	36	1	**1,548**
TRANSPORT EQUIPMENT - AIRPLANES (Upgrades, Training Devices & Spare Parts)	-	-	-	15,140	-	-	-	-	-	-	**15,140**
MISSION EQUIPMENT	932	158	187	7,553	198	1,284	193	203	355	5	**11,068**
FURNITURE	26,356	391	10,799	151	13,725	11,382	5,936	2,819	11,027	1,653	**84,239**
COMMUNICATIONS	-	12	11	14,381	-	92	-	2	16	-	**14,514**
AUTOMATION INFORMATION SYSTEMS	-	9	-	4,478	-	291	-	7	-	-	**4,785**
Grand Total	**28,398**	**931**	**11,676**	**49,993**	**14,603**	**14,625**	**6,500**	**4,100**	**13,616**	**1,719**	**146,161**

As specified in Note A (Assets) above, the legal ownership of installations and facilities fixed to the ground belongs to the respective territorial Host Nations. However, due to the fact that ACO exercises a certain control over these assets they are reported in the ACO FS. The category of buildings mainly includes the facilities provided by the HNs to ensure the effective operation of the NATO installations as well as a variety of infrastructure made by concrete/brick and by metal and wood frame. They also include other facilities such as the access control posts at the entrance gates, warehouses, storage houses, garages, bunkers, electrical stations, etc. Although traced, the electrical systems, fire detection, transformers etc. which are part of the infrastructure are not counted as separate assets from the infrastructure they serve.

The HQ facilities of the NHQSa are not reported as they are under the control and responsibility of EU Operation Althea based on the Berlin-Plus Agreement.

The only significant change in quantities reported during 2022 was due to the deviation approved for JFCBS that removed the obligation to track items of PP&E below a threshold of 1,000 EUR. This resulted in the removal of 7,600 assets with the majority coming from the furniture category.

M. ACO Morale & Welfare Activities

The ACO Morale & Welfare Activities (MWA) report is presented on an annual basis to the Budget Committee while the disclosure note and the statement of assurance for the MWA activities, as requested by the MWA regulations, are part of the ACO Statement of Internal Control 2022.

All the ACO commands with the exception of NHQSa have performed MWA activities during 2022. The result is characterised by an overall loss of 28,720 EUR versus the loss of 761,115 EUR incurred in 2021 (restated data). For most HQs, the profit/loss of MWA remained relatively constant due to increased revenue from the re-opening of activities after COVID-19, offset against increased costs of goods and services due to the increased level of sales and activities, as well as the impact of inflation pressures.

Overall, the MWA entities have maintained a positive operating result with the overall loss being due to non-operating results that have reduced by 41% compared to last year but still remain negative. The Overall revenue increased by 24% while the overall expenses have increased by 21% in comparison to 2021. Close to 93% of revenue is derived from fund generating activities such as international stores and fuel card sales. Revenue from fund generating activities increased by 45% in 2022 and is now back above pre-pandemic revenues.

On the expense side, the contractual supplies and services expenses account for 68% of the overall expenses while personnel expenses account for 27%. As a result of a higher level of MWA activities in 2022, these expenses increased by 26% and 14% respectively compared to the previous reporting period. Although, some MWA entities reported staffing reductions, the impact of inflation and subsequent salary increases has resulted in significant cost pressures in this area.

The 2022 loss can mostly be attributed to the larger activities such as NAEW&CF and JFCNP that have been more severely impacted by the pandemic in terms of revenue loss while having higher fixed costs that impede a swift recovery. These sites were able to reduce the losses significantly compared to last year. NAEW&CF improved the revenue by 28% and had a limited increase of costs. Whereas JFCNP has a positive operating performance, with the loss being mainly due to the increase of provisions. Other significant results were at KFOR who faced an increase of prices and salary costs, and DACCC that reported a negative result due to inflationary pressures and high bank charges. At DACCC, the Council approved the increase in selling prices to increase revenue and the closure of a bank account to reduce costs. ACO has 5 other sites reporting negative results: NAGSF, CAOCT, AIRCOM, NCISG, and MARCOM, but the impact of their losses are not significant.

In comparing the 2021 performance to the 2022 performance, a significant amount of the change in financial performance can be attributed to the closure of MWA at the terminated Resolute Support HQ that reported a loss of 271 KEUR in 2021 for costs to close out activities. In 2022, the only activity is related to the reversal of a provision relating to Resolute Support HQ (but now reported centrally as part of the ACO closed MWA balances) for 142 KEUR since the claim is now assessed as having a remote probability of settlement. A revaluation of 10 KEUR has also been completed on the Resolute Support HQ MWA bank deposits and associated bad debt provision. In total this meant that the overall performance of the consolidated MWA entities improved by 732 KEUR.

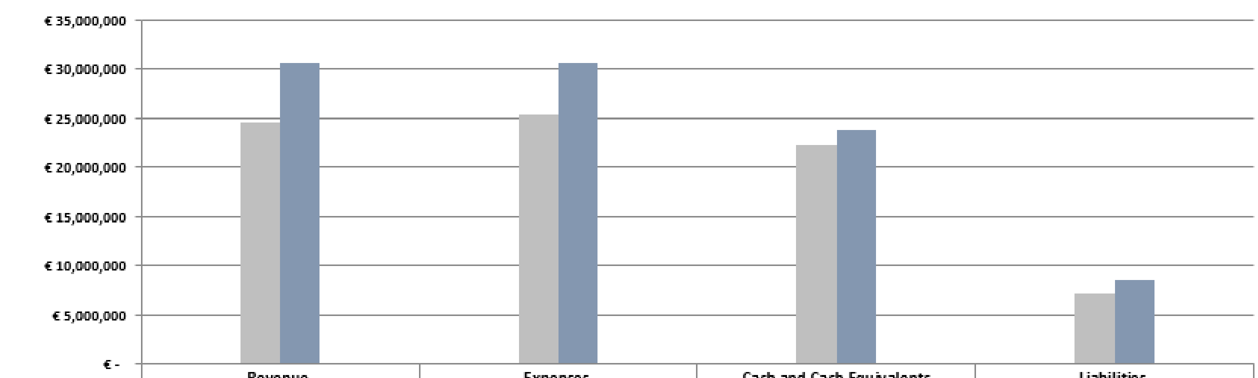
In 2022, the overall cash and cash equivalents have increased by 1.5 MEUR in comparison to 2021. The cash and cash equivalents from Clubs and Associations have been added for a total of 457 KEUR in 2022, with a restatement of 493 KEUR in 2021 added to allow comparative data for the clubs cash and cash equivalent. Besides this, the increase in cash and cash equivalents is attributed to the net cash flow from operating activities and primarily from the overall increase in payables which mainly explains the increase in overall liabilities. In addition, 85% of the cash and cash equivalents are held by the larger activities in SHAPE HQ, NAEW&CF HQ and JFCNP HQ.

The current ratio for the consolidated MWA financial data is 4.21 in 2022 (4.84 in 2021 restated) representing a healthy financial position in the short-term since a ratio above 1:1 indicates that the MWA entities are comfortably able to settle their short-term liabilities. This is reflected in the significant cash and cash equivalents held (23.9 MEUR) when compared to payables (6 MEUR). It must be noted that the current ratio is not an indication of long-term financial health. The assessment of additional criteria is required to evaluate longer-term financial health, especially considering that a number of HQs reported significant cost pressures from inflation that impact on their ability to provide activities that meet the mandate of enhancing life for the individuals at the HQ.

In 2022, the contingent liability reported by LANDCOM HQ was closed relating to former employee whose contract was terminated. Only JFCNP HQ reported other contingent liabilities for which the local MWA Council approved to ring-fence by creating ad hoc reserves. The reserves include a legal reserve for identified legal cases, 371 KEUR, a regional tax reserve of 1 MEUR, the Lago Patria relocation costs of 1.6M EUR, and a loss of Job Indemnity of 2.9 MEUR. Although other MWA entities report reserves, the most significant is in SHAPE HQ that has a severance reserve of 3 MEUR. In the future, SHAPE HQ intends to allocate to this reserve based on a percentage linked to inflation.

SHAPE HQ, NAEW&FC HQ, JFCNP HQ, KFOR HQ, LANDCOM HQ and JFCBS HQ are the only MWA operating entities that reported FTEs formally contracted to support MWA in 2022. The overall number of contracted FTEs was 173.36 for 2022 compared to 184.45 in 2021. A voluntary departure plan was approved in SHAPE HQ to reduce the personnel costs by 4.79 FTE, and at JFCBS, FTE was reduced by 5.3 FTE due to staff leaving the organization. In addition, an estimated total of 14.96 FTE provided direct support to MWA without being directly employed by the activities demonstrating the different sizes and organisational set ups of MWA entities across ACO.

The chart below reflects the 2022/2021 comparative data of the ACO consolidated figures for Revenue, Expense, cash holdings and liabilities:



	Revenue	Expenses	Cash and Cash Equivalents	Liabilities
2021 (Restated)	€ 24,667,525	€ 25,428,640	€ 22,349,556	€ 7,193,391
2022	€ 30,565,214	€ 30,593,934	€ 23,892,043	€ 8,577,054

ACRONYMS

ACO	Allied Command Operations	Strategic NATO Military HQ located in Casteau Belgium
ACT	Allied Command Transformation	Strategic NATO Military HQ located in Norfolk VA, USA
ADG	Air Defence Ground	Network of radars providing an early warning system
AGS	Alliance Ground Surveillance	The AGS system performs wide-area terrestrial and maritime surveillance in near real-time
AMB	ACO Management Board	Principal executive body within ACO for providing command-wide direction on requirements, prioritisation, and resource allocation
ANA	Afghan National Army	A service branch of the military of Afghanistan, which is currently trained by the coalition forces to ultimately take the role in land-based military operations in Afghanistan
AOM	Alliance Operations & Missions	Acronym for operations mounted by NATO in response to a crisis
AWACS	Airborne Warning and Control System	An airborne radar system designed to detect aircraft; used at a high altitude, the radars allow the operators to distinguish between friendly and hostile aircraft from hundreds of miles away
AuC	Assets under Constructions	
BA1	Budget Authorisation 1	Initial Budget Authorisation amount approved by the Budget Committee for a given Fiscal Year
BA2	Budget Authorisation 2	Second Budget Authorisation amount approved by the Budget Committee for a given Fiscal Year after the first review
BA3	Budget Authorization 3	Final Budget Authorisation amount approved by the Budget Committee for a given Fiscal Year after the final review
BC	Budget Committee	NATO body responsible for approving and administering annual NATO budgets
CAC	Corporate Accounting and Control	The Cash, Accounting, Finance and Travel Branch within the NATO, ACO J8 Division
CAOC	Combined Air Operations Centre	The command and control of airpower throughout the theatre of operations.
CE	Crisis Establishment	NATO command structure for a contingency operation
CF	Common Funding	Budgetary contributions provided to the Alliance by the Nations based on established cost-shares
CIS	Communications Information Services	Used occasionally to refer to communications budgets
CNS/ATM	Communication, Navigation and Surveillance/Air Traffic Management	Systems and procedures based largely on digital technologies, satellite systems and various levels of automation to establish a seamless Global Air Traffic Management.
COS	Chief of Staff	A principal staff officer, who is the coordinator of the supporting staff or a primary aide to an important individual
CRP	Consolidated Resource Proposal	Provides a summary of additional NATO and national infrastructure required (as well as associated NATO and national capital costs) and NATO operation and maintenance and manpower costs necessary to achieve the required capability
CSSC	CIS Sustainment Support Centre	NCIA's asset management and repair facility located in Brunssum, Netherlands
DACCC	Deployable Air Command and Control Centre	A fully deployable air command & control centre to support deployed NATO air operations worldwide. Located at Poggio Renatico, Italy
EOY	End of Year	Occurring or done at the end of the fiscal year
ERP	Enterprise Resource Planning	Associated with business application software suites; ERP serves as architecture for integrating business applications, they act as one system even though each module can be implemented alone
EUFOR	European Union Force– Operation Althea	European Union military mission in Sarajevo, starting from 1st December 2004
EUR	Euro	The official currency of the Eurozone; utilized by 19 of the 28 member states of the European Union (EU) consisting of Austria, Belgium, Cyprus, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Latvia, Lithuania (from 2015), Luxembourg, Malta, the Netherlands, Portugal, Slovakia, Slovenia and Spain. The currency is also used in Montenegro, Kosovo, Andorra, Monaco, San Marino and Vatican.
EURIBOR	Euro Interbank Offered Rate	A daily reference rate based on the averaged interest rates at which banks offer to lend unsecured funds to other banks in the euro wholesale money market
FA	Fixed Assets	A term used for assets and property which cannot easily be converted into cash
FinS	Financial Accounting System	NAFS is replaced by a newer version of software and a centralised architecture; this new system, pronounced "finesse" is shortened from the Bi-Strategic Command Automated Information Systems Financial Services (Bi-Sc AIS FinS)
FMS	Foreign Military Sales	Facilitates sales of arms, defense equipment, defense services, and military training to foreign governments

FOC Plus	Full Operational Capability Plus	A dedicated communications backbone; this program provides 66 points of presence across the Afghanistan theatre
FRP	Financial Rules & Procedures	Financial rules laid down by the member nations, via NATO which provide more specific guidance than the over arching rules expressed in the NATO Financial Regulations
FS	Financial Statements	A formal record of the financial activities of a business, person, or other entity
FY	Fiscal Year	Within NATO, runs from 1 January to 31 December
HN	Host Nation	The organization appointed to be responsible for the execution of NSIP projects
HQ	Headquarter(s)	Denotes the location where most, if not all, of the important functions of an organization are coordinated
HRM	Human Resource Management	The management of an organization's workforce, or human resources. It is responsible for the attraction, selection, training, assessment, and rewarding of employees, while also overseeing organizational leadership and culture, and ensuring compliance with employment and labour laws
BSG	Base Support Group	
IASB	International Accounting Standards Board	An independent standard-setting body of the IFRS foundation; it is responsible for developing International Federation Reporting Standards (IFRS)
IBAN	International Board of Auditors for NATO	Provides the North Atlantic Council and the governments of NATO member countries with assurance that common funds have been properly used for the settlement of authorised expenditure.
IC	Infrastructure Committee	Responsible for monitoring, authorisation and overall implementation of all projects funded by the NATO Security Investment Programme
ICC	International Civilian Consultant	These positions are for civilian nationals of NATO Member countries and Troop Contributing Nations who can provide a NATO recognised Security Clearance certificate
IFAC	International Federation of Accountants	The global organization for the accountancy profession; the organization, through its independent standard-setting boards, establishes international standards on ethics, auditing and assurance, accounting education, and public sector accounting
IMS	International Military Staff	The executive body of the Military Committee, NATO's senior military authority
IPSAS	International Public Sector Accounting Standards	A set of accounting standards issued by the International Public Sector Accounting Standards Board of the IFAC for use by public sector entities around the world in the preparation of financial statements
IPSASB	IPSAS Board	IFAC established the IPSASB to develop the IPSAS; these standards are based on the IFRS issued by the IASB with suitable modifications relevant for public sector accounting
ISAF	International Stabilisation Force – Afghanistan	NATO AOM mission in Afghanistan. Completed 31 December 2014
IT	Information Technology	The acquisition, processing, storage and dissemination of data by a microelectronics-based combination of computing and telecommunications
JFC	Joint Forces Command	Joint Headquarters overseeing the activities of separately assigned subordinate headquarters responsible for Air, Land, and Maritime operations within an assigned region of NATO
KAIA	Kabul International Airport	The primary international airfield in Afghanistan; services commercial and military flights each day
KFOR	Kosovo Force	NATO AOM operation in Kosovo
KSF	Kosovo Security Force	Dissolution of the KPC took place in parallel with the creation of the KSF; the KSF has primary responsibility for security tasks that are not appropriate for the police such as emergency response, explosive ordnance disposal and civil protection; it may also participate in crisis response operations, including peace support operations; this professional, all-volunteer force is trained according to NATO standards and placed under civilian-led, democratic control
LCH	Local Civilian Hire	ISAF positions meant for Afghan nationals.
LEGAD	Legal Advisor	A label customarily attached to lawyers who advise commanders in the field in NATO operations and within the countries participating in NATO peacekeeping
LIFO	Last In, First Out	An accounting technique used in managing inventory and financial matters meaning that the newest inventory items are recorded as sold first. This techniques is not allowed in accordance with IPSAS
LOJI	Loss of Job Indemnity	Income replacement indemnity payments extended to individuals who have lost employment
LWR	Local Wage Rate	A member of the NATO work force who typically performs skilled or unskilled manual labour
M & W MWA	Morale and Welfare Morale and Welfare Activities	A network of support and leisure services and activities that enhances the lives of Military, Civilians, Families, and other eligible participants
MB	Military Budget	Follows the principles of the common funding with costs shared by the contributing Nations

MEUR	Million Euro	€ 1,000,000.00
MHI	Multinational Helicopter Initiative	Supports the financing of helicopter deployment-related activities
MOD	Ministry of Defence	The government department responsible for implementation of government defence policy and the headquarters of the Armed Forces
Mode 5		Aircraft transponder that works as an identification system for friendly or enemy forces. Mode 5 is a secure version of Mode S and is used by the military
MOU	Memorandum of Understanding	A document describing a bilateral or multilateral agreement between parties
NAC	North Atlantic Council	The NAC has effective political authority and powers of decision for NATO; consists of permanent representatives of all member nations and meets at least weekly
NAEW&C Force GK	NATO Airborne Early Warning and Control Force HQ	Single International Military HQ comprising the NAEW&C Force HQ, the E3A-Component and the Mission Systems Engineering Centre. Starting date is 1 Dec. 2015.
NAF	Non-Appropriated Funds	Resources internally generated by NATO military and civilian staffs through retails and service facilities operated by the Command
NAF	NATO Accounting Framework	NATO's adaption to IPSAS (approved by the NAC)
NATO	North Atlantic Treaty Organisation	An intergovernmental military alliance based on the North Atlantic Treaty signed on 4 April 1949; the organization constitutes a system of collective defence whereby its member states agree to mutual defence in response to an attack by any external party
NATO IS	NATO International Staff	An advisory and administrative body, working under the authority of the Secretary General and supporting the delegations of NATO members at different committee levels and helps implement their decisions
NBC	Nation Borne Costs	Cost eligible for common funding: covered by Military Budget and the responsibility of the Troop Contributing Nation; NBC, types include: Individual Real Life Support (RLS) related costs (e.g. Food) National Entities RLS related costs (e.g. power) National Entities usage of NATO capabilities (e.g. CIS)
NCCB	NATO Centralised CIS Budget	
NCIA	NATO Communication and Information Agency	NATO Communication and Information Agency. Created by consolidating former NCSA, NC3A, and NACMA.
NCS	NATO Command Structure	Divided into two commands, one for operations and one for transformation. • Allied Command Operations is located at SHAPE, Mons, Belgium. • Allied Command Transformation is located in Norfolk, Virginia. It
NCSEP	NATO Command Structure Headquarters and Programme	Budget formerly known as "MBC 28 Nations"
NDSS	NATO Depot & Support System	A software package maintained by NSPA; it covers most areas of logistics support, such as item identification, supply, maintenance and property accounting
NFR	NATO Financial Regulations	Regulations published by NATO HQ governing the use and reporting of NATO financial assets
NHQSa	NATO Headquarter Sarajevo	NATO AOM operation in Bosnia Herzegovina
NIC	NATO International Civilian	A permanent international post of NATO grade A, L, B, or C authorized to be filled by a civilian whose pay and allowances are established by the North Atlantic Council and provided from the international budget.
NMA	NATO Military Authority	Consisting of ACO, ACT and NCSA
NMR	National Military Representative	Senior military officers from NATO nations serving as members of the Military Committee
NOR	NATO Office of Resources	Brings together all international staff working on NATO military common-funded issues with the aim of reinforcing military common-funded resource management at the NATO HQ
NSHQ	NATO Special Operations Headquarters	Manages the NATO Special Operations capabilities. HQ is located at SHAPE, Casteau
NSIP	NATO Security Investment Programme	Funds authorized and allocated by the BC for specific NATO projects e.g., runways, bunkers, roads, buildings, etc.
NSPA	NATO Support Agency	Agency created by consolidating former NAMSA, NAMA, and CEPMA.
NSU	National Support Unit	Responsible for relaying logistics and personnel support to the respective national units
O&M	Operations and Maintenance	A category of appropriations which traditionally finance those things whose benefits are derived for a limited period of time, i.e., expenses, rather than investments. Examples of costs financed by O&M funds are headquarters operations, civilian salaries and awards, travel, fuel, minor construction projects, expenses of operational military forces, training and education, recruiting, depot maintenance, base operations support,
OCC	Operational Capability Concept	Designed to establish new means and mechanisms to reinforce Partnership for Peace's operational capabilities through enhanced and closer military cooperation
OPLAN	Operational Plan	Military plan prepared by ACO to conduct a mission approved by the NAC

OS	Ocean Shield	NATO's contribution to international efforts to combat piracy off the Horn of Africa
PAO	Property Accountable Officer	Maintains PP&E and inventory records, for NATO-owned equipment and is responsible for assigning property, performing inventories, and for providing reports and information
PE	Peacetime Establishment	NATO command structure
PILS	Program Integrated Logistics System	Used by NAEW&CF to manage the data of procurement, supply and maintenance processes
PO	Private Office (memo)	File designation for correspondence coming directly from the NATO Secretary General's Office
PP&E	Property, Plant and Equipment	Referring to IPSAS 17. this principal a) recognizes the assets, b) determines their carrying amounts and c)depreciates charges and impairment losses to be recognized in relation to them
RAC	Reach Back Analytical Cell	
RAP	Readiness Action Plan	NATO strategy to ensure responds to security challenges
RPPB	Resource Policy and Planning Board	The senior advisory body to the NAC on the management of all NATO resources; responsible for the overall management of NATO's civil and military budgets, as well as NSIP and manpower
RSM	Resolute Support Mission	NATO AOM mission in Afghanistan. Started 1 January 2015
SACEUR	Supreme Allied Commander Europe	The commanding officer of Allied Command Operations
SACT	Supreme Allied Commander Transformation	The commanding officer of Allied Command Transformation
SHAPE	Supreme Headquarters Allied Powers Europe	The major NATO HQ for ACO located Casteau, Belgium
SILCEP	Security Investment, Logistics and Civil Emergency Planning	
SLA	Service Level Agreement	A service level agreement is a negotiated agreement between two parties where one is the customer and the other is the service provider; this can be a legally binding formal or informal "contract"
SMB	SHAPE Management Board	ACO Principal body within SHAPE for providing direction on SHAPE related requirements, prioritisation, and resource allocation issues
SMG	Senior Management Group	Those key advisors who have access to privileged information and have power to exercise control or participate in the financial operating policy decisions of ACO
SOFA	Status of Forces Agreement	Legally binding document entered into between nations governing all legal aspects of military forces treatment when assigned outside their national boundaries; NATO governs the legal administration of NATO assigned forces when operating within a specific country also enters into these agreements
SRB	Senior Resource Board	A subsidiary body of the NAC and the Defence Planning Committee which have given the Board a lead policy and planning role in all military resource areas
SSLP	System Stock List Price	Default system price for item in NDSS
STANAG	Standard NATO Agreement	An agreement promulgated by the Director NATO Standardization Agency under the authority vested in him by the NATO Standardization Organisation Charter
TF	Trust Funds	Funding provided by nations to achieve objectives complimentary to the NATO mission which are not eligible for NATO common funding
TFR	Trattamento di Fine Rapporto	a vested benefit payable to the employee for a part of his/her salary deferred in time to the moment when termination of contract takes place
USAREUR	U. S. Army Europe	Trains and leads Army Forces in support of U.S. European Command and Headquarters, Department of the U. S. Army
VNC	Voluntary National Contribution	Supports NATO's Counter-IED (C-IED) Action Plan the fund facilitates multinational cooperation by combining financial and non-financial national contributions in support of specific C-IED projects
WAC	Weighted Average Cost	A method of calculating ending inventory cost
WG	Working Group	An assembly of experts brought together for intensive work on a specific topic