NATO SANS CLASSIFICATION

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RAPPORT DU COLLÈGE INTERNATIONAL DES COMMISSAIRES AUX COMPTES DE L'OTAN SUR LA VÉRIFICATION DES ÉTATS FINANCIERS CONSOLIDÉS DU COMMANDEMENT ALLIÉ OPÉRATIONS (ACO) POUR L'EXERCICE 2014

SUITE DONNÉE

Le 15 janvier 2016, au terme d'une procédure d'accord tacite, le Conseil a pris note du rapport du Collège international des commissaires aux comptes de l'OTAN diffusé sous la cote IBA-AR(2015)19 et figurant en annexe au C-M(2016)0003, et il a approuvé les recommandations contenues dans le rapport du Bureau de la planification et de la politique générale des ressources.

(signé) Alexander Vershbow
Secrétaire général délégué

NOTE : La présente note fait partie du C-M(2016)0003 et doit être placée en tête de ce document.

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RAPPORT DU COLLÈGE INTERNATIONAL DES COMMISSAIRES AUX COMPTES DE L'OTAN SUR LA VÉRIFICATION DES ÉTATS FINANCIERS CONSOLIDÉS DU COMMANDEMENT ALLIÉ OPÉRATIONS (ACO) POUR L'EXERCICE 2014

Note du secrétaire général délégué

1. On trouvera ci-joint le rapport du Collège international des commissaires aux comptes de l'OTAN (IBAN) sur la vérification des états financiers du Commandement allié Opérations (ACO) pour l'exercice clos le 31 décembre 2014.

2. L'IBAN a émis une opinion avec réserve sur les états financiers 2014 de l'ACO et une opinion avec réserve sur la conformité pour l'exercice 2014. Dans son rapport, il souligne les progrès accomplis par l'ACO dans de nombreux domaines, mais il met aussi l'accent sur les nombreuses lacunes recensées dans les rapports précédents auxquelles il n'a pas encore été pleinement remédié. Bien que des progrès aient été réalisés, notamment pour ce qui est de donner une suite aux observations remontant à des exercices précédents, l'incidence positive attendue de l'adoption du cadre comptable OTAN ne s'est pas encore concrétisée.

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

4. J'estime que les rapports précités ne nécessitent pas d'examen plus approfondi. Par conséquent, **sauf avis contraire me parvenant d'ici au vendredi 15 janvier 2016 à 16 heures**, je considérerai que le Conseil aura pris note du rapport de l'IBAN diffusé sous la cote IBA-AR(2015)19 et qu'il aura approuvé les recommandations contenues dans le rapport du RPPB.

(signé) Alexander Vershbow

4 annexes
1 pièce jointe

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ANNEXE 1
C-M(2016)0003

RAPPORT DU COLLÈGE INTERNATIONAL DES COMMISSAIRES AUX COMPTES DE L'OTAN SUR LA VÉRIFICATION DES ÉTATS FINANCIERS CONSOLIDÉS DU COMMANDEMENT ALLIÉ OPÉRATIONS (ACO) POUR L'EXERCICE 2014

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

Références :

(a) IBA-A(2015)134 et IBA-AR(2015)19

(b) BC-D(2015)0211-FINAL

Contexte

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

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

Conclusions du RPPB

3. Le RPPB note avec préoccupation que l'IBAN a émis une réserve sur les états financiers 2014 de l'ACO et sur la conformité. L'impossibilité persistante de formuler une opinion sans réserve sur les états financiers de l'ACO et la nécessité d'améliorer la situation avaient été mises en évidence dans le cadre du rapport du RPPB sur la vérification des états financiers 2013 de l'ACO[1]. Même si des progrès ont été réalisés, ils n'ont pas été suffisamment significatifs pour ce qui est en particulier des immobilisations corporelles (IPSAS 17[2]). Le rapport de l'IBAN à l'examen contient quatre observations et recommandations sur les états financiers[3], un grand nombre d'entre elles portant sur des aspects des immobilisations corporelles pour lesquels on s'attendait à plus de progrès en raison des mesures et du plan d'action décidés par l'ACO suite à l'audit de 2013.

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1 C-M(2015)0048.

2 Norme comptable internationale du secteur public.

3 a) Inexactitudes significatives dans les immobilisations corporelles ; b) Inexactitudes dans la présentation des actifs acquis avant 2013 ; c) Surévaluation de 15,3 MEUR des créances à long terme et des produits non acquis dans les états financiers consolidés et d) Insuffisances dans la gestion et la comptabilisation des actifs de la Force internationale d'assistance à la sécurité (FIAS) (aujourd'hui la mission Resolute Support (RSM)).

4. Le RPPB continue de considérer que l'ACO doit fournir des éléments permettant de déterminer que des documents comptables complets répertoriant tous les biens ont été établis et tenus. Les lacunes persistantes dans l'établissement et la tenue de tels documents ont une incidence sur les états financiers de l'ACO. Pour y remédier, l'ACO devra continuer de travailler avec des tiers (en particulier avec l'Agence OTAN d'information et de communication (NCIA) et avec l'Agence OTAN de soutien et d'acquisition (NSPA)) et étendre l'application des meilleures pratiques aux théâtres d'opérations. Il existe un problème endémique au sein de l'OTAN s'agissant de la comptabilisation des acquisitions faites par l'intermédiaire de tiers et la gestion des stocks, étant donné que de multiples commandements, de multiples agences et de multiples systèmes de stocks entrent en considération. Les difficultés qui se posent pour ce qui est de la consolidation et de la centralisation, y compris celles qui concernent la comptabilité financière, les stocks et le compte rendu financier, montrent qu'il est nécessaire d'harmoniser davantage les divers processus, systèmes et normes adoptés au fil des ans. Les services fonctionnels « logistique » fourniront certes une plateforme commune en 2018, mais il n'est pas acceptable d'attendre jusque là pour atténuer et résoudre les problèmes.

5. Le RPPB continue de penser qu'il reste à l'évidence du travail à faire au sein de l'ACO en coopération avec les agences de l'OTAN et avec l'aide du responsable OTAN de la politique en matière d'information financière ainsi que de l'IBAN pour tirer pleinement parti des avantages offerts par le nouveau cadre comptable. À cet égard, il est possible que le RPPB soit sollicité à un moment ou à un autre si des éclaircissements supplémentaires sont nécessaires.

6. Concernant les précédents audits, le RPPB note que l'ACO a réalisé des progrès dans le règlement des questions ayant fait l'objet d'observations, mais que sept observations n'ont pas encore reçu une suite satisfaisante (deux questions ont été partiellement réglées et cinq questions restent à régler). Le RPPB prend note, en y souscrivant, des observations que le Comité des budgets a faites au sujet des questions restant à régler lorsqu'il a jugé que cela pouvait présenter un intérêt, en particulier lorsqu'il s'agissait de questions structurelles ou interorganisationnelles[4]. Il note aussi que le Comité des budgets a demandé à l'ACO de fournir pour la fin du premier trimestre de 2016 des informations complètes actualisées sur l'avancement de toutes les questions restant à régler[5]. Le RPPB invite le Comité des budgets à le tenir informé selon les besoins. Cette approche devrait faciliter la mise en place de mesures correctives - sauf pour ce qui concerne le rapprochement des données du System Program Office (SPO) des États-Unis et des ventes militaires à l'étranger - et la présentation de ces mesures dans les états financiers de 2015. Le RPPB continuera, avec l'aide du Comité des budgets, d'assurer le suivi des observations formulées lors des audits précédents.

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4 BC-D(2015)0035-FINAL – a) Nécessité d'une confirmation par les entités OTAN du solde des éléments d'actif et de passif en fin d'exercice ; b) Indemnité de représentation ; c) Interaction entre l'ACO et la NSPA (l'ACO est tributaire des activités qui sont externalisées à la NSPA, mais il n'évalue pas la performance de la NSPA) ; d) Absence d'accord juridique avec la NCIA pour la fourniture de services à la FIAS ; e) Insuffisances dans les procédures de validation s'agissant des acquisitions faites auprès d'autres entités OTAN et des pays ; f) US System Program Office et ventes militaires à l'étranger.

5 BC-DS(2015)0067 (point VII).

7. Le contrôleur des finances de l'ACO a examiné les états financiers au regard des politiques agréées et n'a pas relevé de questions sur lesquelles il souhaite appeler l'attention du RPPB avant que celui-ci ne finalise ses recommandations à l'intention du Conseil[6].

8. Le RPPB estime que le rapport à l'examen ne contient pas d'informations qui, selon la politique relative à la mise en lecture publique de l'information OTAN, ne peuvent être rendues publiques et, conformément à la politique agréée dans le PO(2015)0052, il recommande au Conseil d'accepter que les états financiers 2014 de l'ACO et le rapport de l'IBAN y afférent soient communiqués au public.

Recommandations du RPPB

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

(a) de prendre note du rapport de l'IBAN diffusé sous la cote IBA-AR(2015)19 ainsi que du présent rapport ;

(b) d'entériner les conclusions figurant dans les paragraphes 3 à 8 du présent rapport ;

(c) d'inviter l'ACO à mettre en œuvre les recommandations formulées par l'IBAN ;

(d) de noter que le RPPB a l'intention de suivre le travail du responsable OTAN de la politique en matière d'information financière concernant l'observation relative au System Program Office des États-Unis et aux ventes militaires à l'étranger ainsi que toute adaptation nécessaire du Règlement financier de l'OTAN et des procédures comptables ;

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

(f) d'accepter que, en vertu de la politique agréée dans le PO(2015)0052, les états financiers 2014 de l'ACO et le rapport de l'IBAN correspondant (IBA-AR(2015)19) soient communiqués au public.

[6] SHJ8/CAC/FC271/15-310657, du 11 septembre 2015.

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ANNEXE 2
C-M(2016)0003

Note succincte du Collège international des commissaires aux comptes de l'OTAN à l'intention du Conseil sur la vérification des états financiers consolidés du Commandement allié Opérations (ACO) pour l'exercice clos le 31 décembre 2014

Le Collège a vérifié les états financiers consolidés du Commandement allié Opérations (ACO) pour l'exercice clos le 31 décembre 2014. En 2014, les dépenses (engagements plus déboursements effectifs) effectuées par l'ACO sur les budgets relevant du Comité des budgets se sont établies au total à 1 238,1 million d'euros (MEUR), contre 1 201,8 MEUR en 2013. Outre l'exécution des budgets relevant du Comité du budget militaire, l'ACO a déboursé 7,5 MEUR (7,7 MEUR en 2013) pour d'autres dépenses (frais remboursables, fonds d'affectation spéciale, etc.) et 0,5 MEUR (1,16 MEUR en 2013) pour des dépenses liées à des projets du programme OTAN d'investissement au service de la sécurité (NSIP).

Le Collège a émis une opinion avec réserve sur les états financiers 2014 et la conformité pour l'exercice clos le 31 décembre 2014.

À l'issue de l'audit, le Collège a formulé quatre observations ainsi que des recommandations. Ses constatations sont présentées dans la lettre d'observations et de recommandations (annexe 3).

On trouvera ci-dessous un relevé des principales constatations. La première observation a une incidence sur l'opinion émise par le Collège.

1. Inexactitudes significatives dans les immobilisations corporelles
2. Inexactitudes dans la présentation des actifs acquis avant 2013
3. Surévaluation de 15,3 MEUR des créances à long terme et des produits non acquis dans les états financiers consolidés
4. Insuffisances dans la gestion et la comptabilisation des actifs de la Force internationale d'assistance à la sécurité (FIAS) (aujourd'hui la mission Resolute Support (RSM))

Le Collège a également fait le point sur les observations formulées lors de ses précédents audits. Ses constatations sont récapitulées dans la partie « Suites données aux observations antérieures » de la lettre d'observations et de recommandations (annexe 4).

Les commentaires officiels de l'ACO et la position du Collège à leur sujet sont reproduits dans l'appendice à l'annexe 4. L'ACO souscrit globalement aux observations du Collège. Ses commentaires officiels détaillés donnent un complément d'information au lecteur, mais ne modifient pas les observations et les recommandations du Collège. Lorsqu'il y avait lieu, le Collège a émis une position sur certains des commentaires officiels de l'ACO.

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ANNEXE 3
C-M(2016)0003
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COLLÈGE INTERNATIONAL DES COMMISSAIRES AUX COMPTES DE L'OTAN

OPINION SUR LES ÉTATS FINANCIERS CONSOLIDÉS DU COMMANDEMENT ALLIÉ OPÉRATIONS (ACO) POUR L'EXERCICE CLOS LE 31 DÉCEMBRE 2014

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

Rapport sur les états financiers consolidés

Le Collège international des commissaires aux comptes de l'OTAN a procédé à la vérification des états financiers consolidés du Commandement allié Opérations (ACO) ci-joints, composés de l'état consolidé de la situation financière de l'ACO au 31 décembre 2014 et de l'état consolidé de la performance financière, de l'état consolidé des variations de la situation nette et du tableau consolidé des flux de trésorerie pour l'exercice clos à cette date, ainsi que d'un résumé des méthodes comptables importantes et de diverses notes explicatives. Le Collège a également vérifié l'état de l'exécution du budget pour l'exercice clos le 31 décembre 2014.

Responsabilité de la direction

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

Responsabilité du Collège

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

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

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

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

Le Collège n'a pas été en mesure d'obtenir suffisamment d'éléments pour déterminer si toutes les immobilisations corporelles et toutes les immobilisations incorporelles acquises par l'ACO au cours de l'exercice 2014 avaient été correctement comptabilisées dans les états financiers consolidés du Commandement.

En particulier, l'ACO ne dispose pas d'éléments suffisants pour établir si toutes les immobilisations corporelles fournies à la mission de la Force internationale d'assistance à la sécurité (FIAS) en Afghanistan, principalement au moyen du programme OTAN d'investissement au service de la sécurité (NSIP) ont été notifiées dans les états financiers consolidés.

De ce fait, le Collège n'a pas obtenu suffisamment d'éléments pour déterminer si les soldes des immobilisations corporelles et des immobilisations incorporelles figurant dans l'état de la situation financière donnaient une image fidèle de la valeur comptable des actifs de l'ACO. Cela a aussi un impact sur les charges d'amortissement dans l'état de la performance financière, étant donné que toute inexactitude s'y répercute. Une autre conséquence est que les soldes des produits dans l'état de la performance financière et des produits non acquis dans l'état de la situation financière sont aussi affectés.

Par ailleurs, le Collège n'est pas en mesure de fournir l'assurance voulue quant à la conformité des états financiers de 2014 s'agissant des informations de 2013 relatives aux immobilisations corporelles et aux immobilisations incorporelles qui y sont présentées à des fins de comparaison. Cette restriction tient au fait que les questions ayant motivé la réserve formulée par le Collège sur les états financiers 2013 de l'ACO n'ont pas été réglées. Il en résulte que son opinion sur les états financiers de 2014 est également modifiée en raison des effets que cela pourrait avoir sur la comparabilité des chiffres de 2014 relatifs aux immobilisations corporelles et aux immobilisations incorporelles avec ceux de 2013.

Le Collège n'a pas non plus été en mesure de déterminer si les chiffres présentés dans les tableaux 6B des notes jointes aux états financiers consolidés, qui portent sur les immobilisations corporelles acquises avant 2013 et dont la présentation est obligatoire en vertu du cadre comptable OTAN, donnent une image fidèle de la situation

Opinion avec réserve sur les états financiers consolidés

L'opinion du Collège est que, à l'exception des effets possibles des questions mentionnées au paragraphe précédent, les états financiers consolidés donnent, à tous égards significatifs, une image fidèle, conforme au cadre comptable de l'OTAN, de la situation financière de l'ACO au 31 décembre 2014, ainsi que de sa performance financière et de ses flux de trésorerie pour l'exercice clos à cette date.

Rapport sur la conformité

Responsabilité de la direction

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

Responsabilité du Collège

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

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

Justification de l'opinion avec réserve émise sur la conformité

Le Collège n'a pas obtenu suffisamment d'éléments pour établir avec certitude que des documents comptables complets répertoriant tous les biens acquis par l'ACO ont été établis et tenus comme le requiert l'article 18 du Règlement financier de l'OTAN. En particulier en raison des insuffisances dans la gestion des actifs au sein de la FIAS, et de l'absence d'une procédure de livraison des projets NSIP au sein de la Force, l'ACO ne peut fournir des garanties quant à l'exactitude des documents comptables relatifs à ces biens.

Opinion avec réserve sur la conformité

L'opinion du Collège est que, à l'exception des effets possibles des questions mentionnées au paragraphe précédent, les opérations financières et les informations présentées dans les états financiers sont, à tous égards significatifs, conformes au Règlement financier de l'OTAN et au Règlement du personnel civil de l'OTAN.

Bruxelles, le 25 septembre 2015

Lyn Sachs
Présidente

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ANNEXE 4
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COLLÈGE INTERNATIONAL DES COMMISSAIRES AUX COMPTES DE L'OTAN

LETTRE D'OBSERVATIONS ET DE RECOMMANDATIONS

CONCERNANT LE COMMANDEMENT ALLIÉ OPÉRATIONS (ACO)

POUR L'EXERCICE CLOS LE 31 DÉCEMBRE 2014

Introduction

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

Observations et recommandations

À l'issue de l'audit, le Collège a formulé quatre observations ainsi que des recommandations. Les observations 1 et 2 ont une incidence sur l'opinion émise par le Collège. Les observations faites sont résumées ci-après :

1. Inexactitudes significatives dans les immobilisations corporelles
2. Inexactitudes dans la présentation des actifs acquis avant 2013
3. Surévaluation de 15,3 MEUR des créances à long terme et des produits non acquis dans les états financiers consolidés
4. Insuffisances dans la gestion et la comptabilisation des actifs de la Force internationale d'assistance à la sécurité (FIAS) (aujourd'hui la mission Resolute Support (RSM))

Le Collège a également fait le point sur la suite donnée aux questions ayant fait l'objet d'observations lors d'audits précédents, et il a constaté que deux d'entre elles avaient été réglées, que deux avaient été partiellement réglées, que deux avaient été rendues caduques par des observations formulées à l'issue de la vérification des états financiers de 2014 et que cinq attendaient encore une suite.

Le Collège a adressé une lettre (référence : IBA-AML(2015)07) au chef d'état-major de l'ACO.

Les commentaires officiels de l'ACO et la position du Collège à leur sujet sont reproduits dans l'appendice à l'annexe 3. L'ACO souscrit globalement aux observations du Collège. Ses commentaires officiels détaillés donnent un complément d'information au lecteur, mais ne modifient pas les observations et les recommandations du Collège. Lorsqu'il y avait lieu, le Collège a émis une position sur certains des commentaires officiels de l'ACO.

OBSERVATIONS ET RECOMMANDATIONS

1. INEXACTITUDES SIGNIFICATIVES DANS LES IMMOBILISATIONS CORPORELLES ET LES IMMOBILISATIONS INCORPORELLES

Contexte

1.1 En vertu du cadre comptable OTAN, les immobilisations corporelles et les immobilisations incorporelles acquises après le 1er janvier 2013 doivent être inscrites à l'actif si l'entité OTAN considérée en exerce le contrôle. À cet égard, tous les équipements fournis à l'ACO, ses entrepôts, les entrepôts gérés en son nom par des tiers ainsi que les équipements fournis au théâtre après janvier 2013 doivent être inscrits à l'actif dans les états financiers du Commandement si les critères indicatifs du contrôle des actifs sont remplis.

Observations

1.2 Le Collège avait formulé une opinion avec réserve sur les états financiers 2013 de l'ACO en raison d'inexactitudes significatives dans les immobilisations corporelles et les immobilisations incorporelles. En 2014, il a constaté que l'ACO avait réalisé de grands progrès et déployé une grande énergie pour recenser les actifs fournis par les agences OTAN sur le théâtre, en particulier au travers des projets relevant du programme OTAN d'investissement au service de la sécurité (NSIP). La coopération avec l'Agence OTAN de soutien et d'acquisition (NSPA), qui joue le rôle de pays hôte pour les projets NSIP, s'est améliorée et, en fin d'exercice, l'Agence a fourni à l'ACO une liste des actifs fournis au théâtre en 2013 et en 2014, en réponse à une demande écrite qui lui avait été adressée par l'ACO, dans laquelle le Commandement spécifiait les informations détaillées à fournir par projet livré.

1.3 S'agissant de l'Agence OTAN d'information et de communication (NCIA), l'ACO lui a demandé d'indiquer si, dans le cadre du rôle de pays hôte joué par l'Agence pour des projets NSIP, des actifs non liés à des systèmes d'information et de communication (SIC) ont été fournis au Commandement en 2014. L'ACO a indiqué au Collège qu'il n'avait reçu aucune information de la NCIA concernant les actifs livrés.

1.4 Dans ses états financiers de 2014, l'ACO a rectifié les chiffres de 2013 afin d'y inclure les actifs qui ont été fournis sur le théâtre mais qui n'ont pas été comptabilisés précédemment. En tout, un montant brut de 32,9 MEUR a été enregistré en tant qu'immobilisations corporelles en 2013, et 10,7 MEUR en 2014, sur la base de la contribution de la NSPA et des données propres à l'ACO.

1.5 Le Collège a toutefois constaté que les immobilisations corporelles enregistrées étaient incomplètes. Il a noté qu'un certain nombre d'actifs que les agences de l'OTAN ont fournis en 2013 et en 2014 à l'ACO en tant qu'utilisateur dans le cadre de la FIAS n'ont pas été comptabilisés par le Commandement dans les états financiers. C'est le cas de projets NSIP que la NSPA a fournis sur le théâtre et qui ont été utilisés par l'ACO, mais dont l'Agence n'a pas dûment rendu compte à l'ACO. Dans deux cas, la NSPA a signalé que les projets étaient achevés, mais l'ACO ne les a pas comptabilisés en tant qu'immobilisations corporelles. Par ailleurs, le Collège a constaté au cours de ses activités d'audit sur le théâtre que deux scanneurs à bagages avaient bien été livrés sur le théâtre en 2014, mais que l'ACO ne les avait pas enregistrés en tant qu'immobilisations corporelles.

1.6 Le Collège estime que les immobilisations corporelles sont sous-évaluées d'un montant considérable.

1.7 Par ailleurs, bien que la NCIA livre principalement des équipements SIC dont elle exerce elle-même le contrôle et qu'elle enregistre dans ses comptes, elle fournit aussi à l'ACO, dans certains cas, des équipements non SIC sur le théâtre. La NCIA n'ayant pas transmis à l'ACO de chiffres concernant les actifs livrés en 2014, le Commandement n'a enregistré aucune immobilisation corporelle reçue de l'Agence. Par ailleurs, l'ACO n'a pas vérifié en interne si la NCIA lui avait livré des équipements non SIC sur le théâtre. Le Collège constate aussi qu'il n'y existe pas de définition claire du terme « équipement SIC » sur laquelle la NCIA et ses utilisateurs se seraient mis d'accord. De ce fait, il est difficile de déterminer qui doit enregistrer les actifs. Enfin, il est à noter que le processus de remise/reprise des équipements SIC au sein de la FIAS n'est pas encore achevé. Ce processus est en cours sur le théâtre et devrait être finalisé pour la fin septembre 2015. La remise/reprise des actifs SIC n'étant pas encore achevée, le Collège ne peut obtenir l'assurance que le registre des actifs de l'ACO est correct et complet s'agissant des actifs non SIC.

1.8 Le Collège prend note des améliorations apportées par l'ACO pour ce qui est du recensement des actifs livrés sur le théâtre et de la coordination avec les agences, mais il estime qu'il y a encore des progrès à faire dans ce domaine.

1.9 Tous ces facteurs ont une incidence importante sur les états financiers consolidés de l'ACO. En particulier, l'existence d'éléments qui auraient dû être inscrits à l'actif se répercute sur le montant des immobilisations corporelles, des produits non acquis (passif), des produits et des charges d'amortissement. Le Collège estime que cela a une incidence significative sur les états financiers ainsi que sur leur conformité et, de ce fait, il émet une opinion avec réserve sur ces questions.

Recommandations

1.10 Le Collège recommande à l'ACO de respecter le cadre comptable OTAN et le Règlement financier de l'OTAN pour la comptabilisation et la présentation des immobilisations corporelles.

1.11 L'ACO devrait s'assurer qu'il reçoit les informations pertinentes au sujet de tous les actifs qui lui sont fournis au cours d'un exercice financier, quelle que soit la source de financement (par exemple le NSIP ou le budget militaire). À cette fin, le Commandement devrait établir une procédure claire pour la livraison et la réception des actifs financés sur le NSIP, qui préciserait que les officiers sur le théâtre réceptionnent les actifs et les projets de construction et en rendent compte à la communauté financière. Les ingénieurs sur le théâtre détiennent des informations clés sur l'avancement des projets en cours d'exécution, et l'ACO devrait faire en sorte que toutes les informations disponibles en interne au sein du Commandement soient utilisées pour l'évaluation et le recensement des immobilisations corporelles.

1.12 Par ailleurs, l'ACO devrait demander avec insistance aux agences de l'OTAN de lui fournir des informations actualisées plus détaillées concernant tous les projets achevés ou en cours, y compris ceux qui ont fait l'objet d'une livraison partielle.

1.13 Enfin, dans le cadre de la remise/reprise des actifs SIC de théâtre, l'ACO devrait faire en sorte qu'une définition claire des équipements SIC soit établie et que la remise/reprise soit achevée comme prévu pour la fin septembre 2015.

2. INEXACTITUDES DANS LA PRÉSENTATION DES ACTIFS ACQUIS AVANT 2013

Contexte

2.1 Ainsi que le prévoit le cadre comptable OTAN, les organismes OTAN doivent, dans les notes jointes aux états financiers, présenter des informations sur les actifs qui ont été acquis avant le 1er janvier 2013 mais qui n'ont pas été inscrits précédemment à l'actif. Il faut préciser dans ces notes la nature des immobilisations corporelles, leur emplacement et le nombre approximatif d'articles par catégorie d'actifs. Cette liste doit également répertorier tous les actifs contrôlés par l'entité.

2.2 De plus, selon l'article 18 du Règlement financier de l'OTAN, les organismes OTAN établissent et font tenir des documents comptables complets de tous les biens acquis.

Observations

2.3 Le tableau 6.B des états financiers 2014 consolidés de l'ACO présente, par quartier général, les actifs contrôlés par l'ACO qui ont été acquis avant 2013. Le Collège a relevé un certain nombre d'inexactitudes et d'incohérences dans le tableau :

- parmi les 802 bâtiments répertoriés dans le tableau, on compte un bâtiment – et les équipements installés s'y rapportant – qui est contrôlé exclusivement par un pays, et non par l'ACO, et au moins 16 bâtiments – et les équipements installés s'y rapportant – qui sont utilisés par la communauté des activités sociorécréatives dans chacun des quartiers généraux. Le Collège estime que ces deux types de bâtiments et les équipements installés s'y rapportant n'auraient pas dû être inclus dans les chiffres, étant donné qu'un bâtiment ne relève pas du contrôle de l'ACO, et que, s'agissant des bâtiments affectés aux activités sociorécréatives, même si l'ACO en exerce en définitive le contrôle, le cadre comptable OTAN prévoit expressément qu'ils ne doivent pas être présentés dans les états financiers.
- Le nombre d'articles présentés dans le tableau 6.B pour chacun des quartiers généraux ne représente pas le nombre réel d'articles (actifs), mais plutôt le nombre d'articles dans les registres d'actifs, même si de nombreuses lignes budgétaires font apparaître plusieurs unités du même type d'actifs. Par exemple, pour la composante E–3A de la Force aéroportée de détection lointaine et de contrôle de l'OTAN (NAEW&CF), le nombre d'articles présentés s'élève à 10 082, mais le nombre réel d'articles dans le registre d'actifs est supérieur à 60 600. De ce fait, le tableau ne donne pas des informations exactes et fiables sur les actifs détenus avant 2013.
- Certains quartiers généraux présentent les terrains dans leurs actifs, tandis que d'autres ne le font pas. Les arguments avancés pour justifier les différences dans les pratiques de présentation selon les quartiers généraux ne sont pas clairs pour le Collège, qui a par ailleurs constaté que les quartiers généraux ne traitaient pas tous de la même manière les équipements installés.
- Le Collège a constaté que, dans certains cas, le tableau présenté donnait des informations qui semaient la confusion dans l'esprit du lecteur. Par exemple, 1 057 avions sont répertoriés pour la Composante E-3A et 5 pour la FIAS, alors que, en réalité, la Composante dispose d'une flotte de 17 avions et que la FIAS n'en possède aucun. Le chiffre mentionné englobe les pièces de rechange et les équipements destinés aux avions, et il est donc inexact.
- Si l'on compare les informations données dans le tableau 6.B avec les informations correspondantes figurant dans le tableau 7.A des états financiers 2013 consolidés de l'ACO, il apparaît que le nombre d'articles a considérablement augmenté dans plusieurs quartiers généraux. Cette hausse s'explique notamment par la prise en compte des équipements installés dans le bâtiment du quartier général du Commandement allié de forces interarmées de Naples (JFCNP) et à la FIAS, ainsi que d'autres actifs de la FIAS qui n'avaient pas été enregistrés correctement l'année précédente. Ainsi, le tableau 6.B est en

fait une rectification des chiffres présentés en 2013. Cela n'est pas indiqué clairement par l'ACO dans les notes jointes aux états financiers.

- Dans une entité, les radiations effectuées en 2014 n'ont pas été prises en compte et n'ont pas été déduites dans le registre des actifs.

Recommandations

2.4 Le Collège recommande à l'ACO de revoir sa méthode d'élaboration du tableau pour l'établissement des états financiers de 2015 en tenant compte de l'objectif général de présentation d'informations sur les actifs anciens, et de faire en sorte que des informations claires et exactes soient présentées dans les états financiers.

2.5 En outre, le Collège recommande à l'ACO de faire en sorte que tous les quartiers généraux relevant du Commandement traitent de la même manière et comptabilisent dans les mêmes catégories les immobilisations corporelles acquises avant 2013. Enfin, l'ACO devrait veiller à ce que seuls les actifs dont il exerce le contrôle soient présentés.

3. SURÉVALUATION DE 15,3 MEUR DES CRÉANCES À LONG TERME ET DES PRODUITS NON ACQUIS DANS LES ÉTATS FINANCIERS CONSOLIDÉS

Contexte

3.1 Les montants à recevoir ne devraient être portés à l'actif dans l'état de la situation financière que si l'entité considérée attend des avantages économiques futurs ou un potentiel de service du fait d'événements passés.

Observations

3.2 Le Collège a constaté que, au 31 décembre 2014, l'ACO avait enregistré un montant de près de 15,4 MEUR en tant que provisions pour le règlement de questions juridiques concernant la FIAS et les opérations dans les Balkans. Une créance à long terme correspondant à cette provision a été enregistrée, ce qui était conforme aux orientations de fin d'exercice communiquées par l'ACO s'agissant des provisions.

3.3 Toutefois, des crédits destinés au financement des provisions (principalement pour l'Expression des besoins capacitaires du niveau de théâtre) avaient déjà été prévus dans le budget 2014 relatif à la FIAS et aux opérations dans les Balkans, et le Comité des budgets avait accepté leur report sur 2015 à titre spécial. Étant donné que l'ACO détenait déjà, au 31 décembre 2014, les fonds nécessaires pour couvrir les provisions, il n'y avait pas lieu d'enregistrer un montant à recevoir. Il aurait plutôt fallu, au moment de l'enregistrement de la provision, réduire d'autant les produits non acquis qui sont également un élément de passif.

3.4 Il résulte de ce qui précède que les créances à long terme et les produits non acquis sont surévalués de près de 15,4 MEUR dans les états financiers 2014 consolidés de l'ACO.

Recommandation

3.5 Le Collège recommande à l'ACO de s'assurer, avant d'enregistrer des créances à long terme correspondant à des provisions, que des fonds n'ont pas déjà été reçus à cet effet.

4. INSUFFISANCES DANS LA GESTION ET LA COMPTABILISATION DES ACTIFS DE LA FORCE INTERNATIONALE D'ASSISTANCE À LA SÉCURITÉ (FIAS) (AUJOURD'HUI LA MISSION RESOLUTE SUPPORT (RSM))

Contexte

4.1 Dans le cadre d'opérations complexes et de longue durée, comme celles de la FIAS et, maintenant de la mission Resolute Support, une gestion efficace des actifs est un élément important pour la bonne marche des activités au quotidien et des procédures de réaffectation et de clôture. Les personnels clés doivent avoir une connaissance approfondie des systèmes logistiques et comptables de l'OTAN, et il faut suivre une approche cohérente et globale pour la gestion des actifs de l'OTAN sur le terrain.

Observations

4.2 Dans le cadre de ses activités d'audit sur le terrain, le Collège a constaté que le système de gestion et de compte rendu en place pour les actifs était lacunaire. Cela est dû principalement au manque de personnel qualifié et stable. Actuellement, tous les gestionnaires d'actifs qui jouent un rôle clé, comme le gestionnaire des actifs de théâtre, l'officier comptable des biens (PAO) et l'officier liquidateur des biens (PDO), changent tous les 6 mois. De plus, le poste de PAO au quartier général de la FIAS est resté vacant en 2014. Le Collège a constaté que les personnels en question n'étaient pas correctement formés à l'utilisation du système de soutien des dépôts de l'OTAN (NDSS), qui couvre un large éventail de domaines de soutien logistique, comme la gestion des articles, l'approvisionnement, la maintenance, la gestion du pool et de la flotte de véhicules motorisés et la comptabilité des biens.

4.3 Les conséquences de ce qui précède sont les suivantes :

- caractère incomplet des registres d'actifs concernant le QG de la FIAS (aujourd'hui le QG de la mission Resolute Support) et la base située à l'aéroport international de Kaboul (KAIA) ;

- retards et confusion dans l'application des instructions permanentes (SOP) définies par le Grand Quartier général des Puissances alliées en Europe (SHAPE) pour la réaffectation, la radiation et la liquidation des équipements financés par l'OTAN ;
- non-respect des procédures de radiation au KAIA, en raison de l'application d'une instruction permanente périmée ; cela signifie que les radiations n'ont pas dans tous les cas été dûment approuvées par le contrôleur des finances de théâtre ;
- annulation par le PAO, sans qu'il se soit vu déléguer l'autorité nécessaire, de certaines décisions prises par la commission d'enquête (BOI) concernant la destruction et la mise au rebut de véhicules ; ces véhicules mis hors service par la BOI étaient toutefois encore utilisés et donnaient lieu à des coûts de réparation et de maintenance ;
- augmentation du volume des équipements qui n'étaient pas pleinement en état de service après des années d'utilisation mais qui étaient toujours enregistrés en tant qu'articles en état de service, alors que des réparations étaient grandement nécessaires ; il s'agit d'équipements qui sont souvent sensibles et qui sont d'importance vitale, mais dont l'état général se dégrade considérablement, après des années d'utilisation dans des conditions difficiles ; il incombe à l'agent comptable des biens et au PAO de faire en sorte que tous les équipements répondent aux besoins opérationnels fixés ;
- insuffisance des échanges d'informations entre les agences qui fournissent un soutien à l'OTAN (NSPA et NCIA) et l'ACO au moment de la livraison de biens sur le théâtre et absence de coordination efficace avec le PAO ;
- manque de compréhension des risques liés à la gestion des actifs de l'OTAN dans le cadre des opérations.

Recommandation

4.4 Le Collège recommande à l'ACO d'envisager de créer des postes à plus long terme pour les fonctions clés de gestion des actifs de théâtre afin de garantir la stabilité et une meilleure gestion des actifs dans le cadre des opérations. De plus, l'ACO devrait faire en sorte que les gestionnaires d'actifs respectent ses directives et ses instructions permanentes actualisées concernant la gestion des actifs.

4.5 Enfin, le Collège recommande à l'ACO de faire en sorte que les principaux gestionnaires d'actifs sur le terrain soient adéquatement formés à l'utilisation du NDSS afin que les actifs des missions soient gérés efficacement.

ANNEXE 4
C-M(2016)0003
IBA-AR(2015)19

SUITES DONNÉES AUX OBSERVATIONS ANTÉRIEURES

Le Collège a fait le point sur la suite donnée aux questions ayant fait l'objet d'observations lors d'audits précédents et il a constaté que deux d'entre elles avaient été réglées, que deux avaient été partiellement réglées, que deux avaient été rendues caduques par des observations formulées à l'issue de la vérification des états financiers de 2014 et que cinq attendaient encore une suite. Ces observations sont résumées ci-dessous, avec un point de la situation.

(1) SUITES DONNÉES AUX OBSERVATIONS ANTÉRIEURES

OBSERVATION/RECOMMANDATION	MESURES PRISES	ÉTAT DE LA QUESTION
(1) ACO – Exercice 2013 **IBA-AR(2014)20, paragraphe 1** **INEXACTITUDES SIGNIFICATIVES DANS LES IMMOBILISATIONS CORPORELLES ET LES STOCKS** **Recommandation du Collège** Le Collège recommande à l'ACO de respecter la norme comptable internationale du secteur public (IPSAS) 17 *(Immobilisations corporelles)*, l'IPSAS 12 *(Stocks)*, le cadre comptable OTAN et le Règlement financier de l'OTAN pour la comptabilisation et la présentation des immobilisations corporelles et des stocks. L'ACO devrait s'assurer qu'il reçoit les informations pertinentes au sujet de tous les actifs acquis en 2013, quelle que soit la source de financement (par exemple le NSIP ou le budget militaire). À cette fin, l'ACO devrait veiller à se procurer les informations voulues auprès des sources pertinentes (par exemple les divisions J5 et J6 de l'ACO, les agences OTAN et le Bureau OTAN des ressources).	Le Collège a trouvé des éléments montrant que les données relatives aux immobilisations corporelles et aux immobilisations incorporelles n'étaient pas complètes, en particulier pour ce qui concerne la FIAS. Voir l'observation 1 formulée pour l'exercice 2014.	Question **rendue caduque par une observation formulée pour l'exercice 2014 .**
(2) ACO – EXERCICE FINANCIER 2013 **IBA-AR(2014)20, paragraphe 2** **APPLICATION INCORRECTE DES MÉTHODES DE VALORISATION DES STOCKS** **Recommandation du Collège** Le Collège recommande à l'ACO d'adapter sa politique et d'appliquer les méthodes agréées (CMP et PEPS). De plus, l'ACO devrait envisager de revaloriser et d'inscrire à l'actif tous les articles des stocks dont la valeur dépasse les montants seuils. Le Collège estime que c'est faisable.	L'ACO a adapté sa méthode comptable de valorisation des stocks et utilise maintenant la méthode du coût moyen pondéré (CMP). L'ACO a rectifié les chiffres de 2013 donnés pour comparaison.	Question **réglée**.

(3) ACO – EXERCICE FINANCIER 2013 **IBA-AR(2014)20, paragraphe 3** **L'ACO EST TRIBUTAIRE DES ACTIVITÉS QUI SONT EXTERNALISÉES À L'AGENCE OTAN DE SOUTIEN ET D'ACQUISITION (NSPA), MAIS IL N'ÉVALUE PAS LA PERFORMANCE DE LA NSPA** **Recommandation du Collège** L'ACO et la NSPA devraient fixer des priorités et continuer de mettre en œuvre des mécanismes devant permettre au Commandement d'évaluer la conception et l'efficacité opérationnelle des contrôles en place sur le terrain. Par exemple, il faudrait établir des indicateurs de qualité et des indicateurs de performance en vue de l'évaluation de la qualité de la gestion de projet par la NSPA. Cette recommandation est conforme aux conclusions du rapport spécial du Collège au Conseil évoqué plus haut. Dans ce rapport, le Collège estime qu'il incombe aux services logistiques et financiers de l'ACO, et aux autres départements qui seraient concernés, de trouver collectivement le juste équilibre entre les différents risques. Comme le Collège le recommande, il convient, dans cette perspective, qu'ils participent plus activement à la définition de toute la gamme des besoins, formulent des orientations plus claires à l'intention de la NSPA et assurent un meilleur suivi des résultats. L'ACO devrait être en mesure de s'assurer que tous les processus de la NSPA le concernant soient solides et cohérents. Considérant qu'aux échelons « dépôt », plus de 1,6 million de pièces de rechange sont traitées pour l'ACO, il faut veiller à ce que des systèmes de contrôle efficaces soient en place. Il faudrait envisager d'autoriser le service d'audit interne de l'ACO à examiner les processus qui ont été externalisés et confiés à la NSPA. Le Collège recommande que tous les mécanismes de contrôle proposés soient spécifiés dans le mémorandum d'accord et dans les modalités de soutien logistique (LSA) établis entre la NSPA et l'ACO.	Le 10 juin 2015, l'ACO a signé un nouveau mémorandum d'accord (MOA) avec la NSPA en matière de coopération logistique. Il s'agit d'un accord complet et détaillé dans lequel un grand nombre d'éléments ont été améliorés par rapport aux précédents MOA. Le Collège estime que le nouveau MOA définit bien les rôles et les responsabilités de l'ACO et de la NSPA. Il note aussi avec satisfaction qu'une clause d'audit figure dans ce MOA. Le Collège constate en outre que les nouvelles modalités de soutien logistique (LSA) portant sur le soutien de la mission Resolute Support contiennent des indicateurs de performance qui devraient améliorer le compte rendu de la NSPA à l'intention de l'ACO et devraient répondre aux besoins de l'ACO pour ce qui est d'obtenir de la NSPA des informations pertinentes. C'est ce que le Collège avait recommandé dans le cadre de ses précédents audits. S'agissant du programme AWACS, le Collège a été informé que l'ACO était en train de revoir le texte de base n°182 (Accord entre la NSPA et l'ACO concernant le programme AWACS). Il recommande à l'ACO de faire en sorte qu'un nouvel accord sur les niveaux de service définisse clairement les services à fournir, les rôles et	Question **restant à régler en 2014.** **Le nouveau MOA ayant été signé, le Collège considérera la question comme réglée dans le cadre de son audit de 2015.**

	les responsabilités de chacun, les conditions, l'accès aux informations relatives aux contrats et détermine les indicateurs de performance, les indicateurs de qualité et les besoins en matière de compte rendu. Le Collège recommande en outre à l'ACO et à l'E-3A de bien comprendre la portée de l'activité d'audit interne de la NSPA chez les contractants à l'échelon dépôt ainsi que les résultats de ces activités. Par ailleurs, le Collège sait que l'ACO a l'intention de signer avec la NSPA un certain nombre d'autres LSA importantes, par exemple pour les actifs et les stocks appartenant à l'ACO qui se trouvent à Tarante et pour les projets NSIP gérés par la NSPA.	
(4) ACO – EXERCICE FINANCIER 2013 **IBA-AR(2014)20, paragraphe 4** **ABSENCE D'ACCORD JURIDIQUE AVEC L'AGENCE OTAN D'INFORMATION ET DE COMMUNICATION (NCIA) POUR LA FOURNITURE DE SERVICES À LA FORCE INTERNATIONALE D'ASSISTANCE À LA SÉCURITÉ (FIAS)** **Recommandation du Collège** Le Collège recommande que le QG du JFCBS établisse officiellement des arrangements détaillés relatifs au soutien des SIC pour la FIAS avant d'émettre un ordre d'achat portant sur une année et destiné à couvrir les coûts d'exploitation et de maintenance. Cela fait maintenant plusieurs années que le Collège formule une telle recommandation.	L'ACO s'emploie actuellement à établir un projet d'accord pour la fourniture de services SIC sur le théâtre. Le projet d'accord est pour le moment examiné en interne au sein de l'ACO, et il fera ensuite l'objet d'une négociation avec la NCIA. L'ACO compte qu'un accord sera en place à l'automne 2015.	Question **restant à régler.**

(5) ACO – EXERCICE FINANCIER 2013 **IBA-AR(2014)20, paragraphe 5** **NÉCESSITÉ D'UNE CONFIRMATION PAR LES ENTITÉS OTAN DU SOLDE DES ÉLÉMENTS D'ACTIF ET DE PASSIF EN FIN D'EXERCICE** **Recommandation du Collège** Le Collège recommande que, à partir de l'exercice 2014, l'ACO se fasse confirmer par les autres organismes OTAN concernés le solde des éléments d'actif et de passif leur correspondant en prévision de l'établissement des états financiers.	Pour les procédures de fin d'exercice, l'ACO envoie une lettre aux autres entités OTAN dans laquelle il leur demande de confirmer le solde des éléments d'actif et de passif restants entre elles. De plus, chacun des commandements relevant de l'ACO a été en contact avec les autres entités OTAN pendant la clôture des comptes afin de confirmer les soldes détaillés. Certains soldes ont été confirmés, mais l'ACO n'a pas dans tous les cas reçu de réponse officielle à sa demande de confirmation. Le Collège recommande à l'ACO de continuer de suivre la procédure en vigueur pour la confirmation par les autres entités OTAN des soldes restants. L'ACO devrait faire en sorte que tous les commandements qui lui sont subordonnés lui envoient une confirmation claire avant la publication des états financiers, et veiller à ce que cette confirmation soit présentée et étayée de manière structurée.	Question **partiellement réglée**.
(6) ACO – EXERCICE FINANCIER 2013 **IBA-AR(2014)20, paragraphe 6** **CERTAINS ÉQUIPEMENTS FOURNIS À L'AFGHANISTAN N'ONT PAS ÉTÉ UTILISÉS ET SONT DEVENUS OBSOLÈTES** **Recommandation du Collège** Le Collège a trouvé des éléments permettant d'établir que les articles des stocks fournis à	Voir l'observation 1 formulée pour l'exercice 2014.	Question **rendue caduque par**

l'Afghanistan, pour les équipements SIC et non SIC, n'étaient pas correctement enregistrés et traités. Le Collège est conscient qu'il n'est pas possible de recenser rétrospectivement tous les articles des stocks concernés, et que les équipements SIC relèvent de la responsabilité de la NCIA ; il a toutefois recommandé qu'un examen approfondi du stock existant soit effectué dans le cadre du processus de désengagement.		**une observation formulée pour l'exercice 2014 .**
(7) ACO – EXERCICE FINANCIER 2013 **IBA-AR(2014)20, paragraphe 7** **NÉCESSITÉ D'AMÉLIORER LE PROCESSUS DE RADIATION D'ÉQUIPEMENTS SUR LE THÉÂTRE** **Recommandation du Collège** Le Collège recommande que les décisions de radiation soient prises beaucoup plus vite. Il faudrait aussi qu'elles soient appliquées rapidement.	Le Collège a constaté qu'il y avait eu moins de retard dans l'approbation des radiations en 2014.	Question **réglée**.
(8) ACO EXERCICE FINANCIER 2013 **IBA-AR(2014)20, paragraphe 8** **NON-RESPECT DES NOUVELLES RÈGLES RELATIVES À L'INDEMNITÉ DE REPRÉSENTATION** **Recommandation du Collège** Le Collège recommande à l'ACO de poursuivre, en collaboration avec les commandements qui lui sont subordonnés, ses travaux portant sur l'élaboration de modalités d'application afin qu'il puisse mettre en œuvre correctement les règles et procédures nouvellement établies concernant la perception et l'utilisation de l'indemnité de représentation. Le Collège recommande également à l'ACO de fournir dans ses états financiers des informations sur l'indemnité de représentation, ainsi qu'il est prévu dans la procédure approuvée par le Conseil.	L'ACO a diffusé une nouvelle directive sur les indemnités de représentation le 19 septembre 2013, et des instructions détaillées le 6 janvier 2015. L'ACO a également présenté des informations sur les indemnités de représentation dans ses états financiers de 2014. Le Collège a constaté que, au sein de la FIAS, aucun rapport trimestriel sur l'utilisation des crédits destinés au versement de l'indemnité de représentation n'était envoyé au contrôleur des finances de la Force. En l'absence de tels rapports, il n'a pas été possible de vérifier qui avait bénéficié de certains cadeaux. De plus, certaines dépenses n'étaient pas admissibles au financement.	Question **partiellement réglée**.

	Le Collège a par ailleurs relevé des exemples montrant que, au sein du JFCBS, des honoraires de conférence pour des personnels militaires avaient été payés au moyen de crédits destinés à l'indemnité de représentation. L'utilisation de ces crédits pour le paiement d'honoraires de conférence à des personnels militaires n'ayant pas droit à l'indemnité de représentation n'est pas conforme à l'objectif de cette indemnité.	
(9) ACO – EXERCICE FINANCIER 2013 **IBA-AR(2014)20, paragraphe 9** **INEXACTITUDES DANS LES SPÉCIFICATIONS TECHNIQUES CONTRACTUELLES ET NON-RESPECT DES EXIGENCES RELATIVES AUX APPELS D'OFFRES INTERNATIONAUX AU QUARTIER GÉNÉRAL DU COMMANDEMENT ALLIÉ DES FORCES INTERARMÉES DE NAPLES (QG DU JFCNP)** **Recommandation du Collège** Le Collège recommande que, à l'avenir, le QG du JFCNP se conforme pleinement aux règles relatives à la passation de marchés. Il recommande également au QG du JFCNP de faire en sorte que les spécifications techniques contractuelles et les estimations de coût soient dûment prises en compte et déterminées avant l'octroi du marché. Il note, certes, que les marchés étaient exceptionnellement complexes (services de maintenance au nouveau QG du JFCNP), mais estime que le QG du JFCNP devrait solliciter un avis professionnel s'il ne dispose pas des ressources nécessaires ou si son expertise n'est pas suffisante.	Le Collège n'a pas trouvé, dans l'échantillon examiné, de cas où des spécifications techniques contractuelles ou des estimations de coût n'étaient pas présentées ou calculées correctement. Le Collège a toutefois relevé au sein du JFCNP deux cas où la justification de la demande de dérogation ne reposait pas sur des motifs valables définis dans la directive 60/70 des commandements stratégiques. Dans un cas, le Collège estime que la dérogation s'expliquait par l'absence de décision en temps utile, ce qui ne constitue pas un motif suffisant pour ne pas respecter les exigences relatives au nombre minimum de fournisseurs définies dans la directive 60/70. Dans l'autre cas, la dérogation à la procédure d'appel d'offres international était motivée par le fait que « les entreprises	Question **restant à régler.**

	internationales seraient confrontées à des coûts fixes et à des coûts d'installation de chantier qui représenteraient une charge initiale inégale, ce qui ne leur permettrait pas d'être compétitives par rapport aux entreprises italiennes ». La dérogation repose donc sur l'hypothèse qu'aucune entreprise étrangère ne souhaitera faire une offre. Le Collège considère qu'il ne s'agit pas d'un motif valable de dérogation au sens de la directive 60-70 des commandements stratégiques et du Règlement financier de l'OTAN. Le Collège recommande au JFCNP de revoir sa stratégie de passation de marchés afin que les dérogations aux procédures d'achat normales soient limitées aux seuls cas où la justification de la dérogation est fondée sur des motifs énoncés dans la directive 60/70 des commandements stratégiques.	
(10) ACO – EXERCICE FINANCIER 2011 **IBA-AR(2012)30, paragraphe 5.1.4** **INSUFFISANCES DANS LES PROCÉDURES DE VALIDATION S'AGISSANT DES ACQUISITIONS FAITES AUPRÈS D'AUTRES ENTITÉS OTAN ET DES PAYS** **Recommandation du Collège** Alors que le Collège a noté que l'ACO travaillait avec les agences à l'amélioration des procédures en la matière, il recommande au Commandement et aux organismes de définir un calendrier pour la finalisation des processus d'atténuation des risques. Les processus doivent être adaptés à l'environnement d'exploitation, et les procédures sur le théâtre doivent être suffisamment solides pour faire face aux fréquentes rotations du personnel.	Le 10 juin 2015, l'ACO a signé un nouveau mémorandum d'accord (MOA) avec la NSPA en matière de coopération logistique. Il s'agit d'un accord complet et détaillé dans lequel un grand nombre d'éléments ont été améliorés par rapport aux précédents MOA. Le Collège note avec satisfaction qu'une clause d'audit a été ajoutée au MOA, selon laquelle l'ACO a la possibilité d'effectuer des audits portant sur l'utilisation par le SHAPE	Question **restant à régler.** **Le nouveau MOA ayant été signé, le Collège considérera la question comme réglée dans le cadre de son audit de 2015.**

	de services au sein de la NSPA. S'agissant de la NCIA, l'ACO s'emploie actuellement à établir un projet d'accord pour la fourniture de services SIC sur le théâtre. Le projet d'accord est pour le moment examiné en interne au sein de l'ACO, et il fera ensuite l'objet d'une négociation avec la NCIA. L'ACO compte qu'un accord sera en place à l'automne 2015.	
(11) ACO – EXERCICE FINANCIER 2011 **IBA-AR(2012)30, paragraphe 5.5** **MANQUE DE COHÉRENCE DES DONNÉES POUR LES VENTES MILITAIRES À L'ÉTRANGER (FMS)** **Recommandation du Collège** Le Collège reconnaît que la validation des informations concernant les livraisons présente des difficultés sur le plan logistique, et que l'ACO n'a pas de prise sur certains éléments de ce processus. Il recommande néanmoins à l'ACO de travailler avec la NAMSA en vue d'obtenir des données plus précises, qui lui permettront de préparer des états financiers qui soient conformes aux principes de la comptabilité d'exercice.	La question a été portée à l'attention du responsable OTAN de la politique en matière d'information financière, l'objectif étant d'essayer de mettre en place une approche OTAN commune. Le travail n'est pas encore terminé.	Question **restant à régler.**

COMMENTAIRES OFFICIELS DU COMMANDEMENT ALLIÉ OPÉRATIONS (ACO) CONCERNANT LA LETTRE D'OBSERVATIONS ET DE RECOMMANDATIONS ET LA POSITION DU COLLÈGE INTERNATIONAL DES COMMISSAIRES AUX COMPTES DE L'OTAN

OBSERVATION 1:
INEXACTITUDES SIGNIFICATIVES DANS LES IMMOBILISATIONS CORPORELLES ET LES IMMOBILISATIONS INCORPORELLES

Commentaires officiels de l'ACO

L'ACO souscrit de manière générale à cette observation. Il prend note avec satisfaction des commentaires du Collège concernant les progrès considérables réalisés dans le recensement des actifs fournis par les agences de l'OTAN sur le théâtre, en particulier au travers des projets relevant du programme OTAN d'investissement au service de la sécurité (NSIP). Ces progrès sont le fruit des efforts importants qui ont été déployés au cours de ces dernières années en vue du renforcement de la coopération avec les agences extérieures et, ainsi, de l'amélioration de la fiabilité des données financières relatives aux actifs qui sont gérées par les agences de l'OTAN au nom de l'ACO. Si le Collège estime qu'il y a actuellement un bon niveau de contrôle des actifs de l'ACO gérés en interne, et que de grandes améliorations ont été apportées s'agissant des actifs gérés par des tiers, le Commandement considère toutefois qu'il est nécessaire de poursuivre les efforts dans ce domaine, en particulier pour ce qui est des données gérées par la NSPA dans différents sites de l'ACO.

Comme le Collège l'a indiqué dans son rapport, l'ACO a demandé à la NCIA de lui faire savoir si des actifs non liés aux systèmes d'information et de communication (SIC) avaient été fournis au Commandement en 2014. Dans la lettre que l'ACO adresse habituellement aux agences pour leur spécifier les informations financières qui doivent lui être communiquées en fin d'exercice en vue de l'établissement des états financiers, il leur a demandé de lui signaler tout différend ou toute ambiguïté restant à lever quant à savoir si certains actifs devaient ou non être considérés comme des actifs SIC. L'ACO est d'accord avec le Collège pour dire qu'il n'existe pas actuellement de définition claire des termes « équipement SIC », et qu'il en sera ainsi tant que n'aura pas été établie une définition commune et applicable à l'échelle de l'OTAN des critères à utiliser pour faire la distinction entre les actifs SIC et les actifs non SIC. En l'absence d'une définition claire des actifs SIC et non SIC, l'ACO a considéré que les actifs acquis par la NCIA devaient être considérés comme des actifs SIC (étant donné qu'il s'agit du principe de base pour la désignation de la NCIA comme pays hôte), et que, en tant que tels, ils appartenaient à la NCIA, ainsi qu'il est prévu au paragraphe 14 de la section V de la charte de l'Organisation OTAN d'information

et de communication (NCIO). Dans le même ordre d'idées, les actifs qui ont été présentés en tant qu'actifs transférés au QG de la mission Resolute Support et qui sont restés sur le théâtre après le 31 décembre 2014 devaient être repris par la NCIA. Le Collège sait que le processus de remise/reprise au QG de la mission Resolute Support est toujours en cours et qu'il doit être achevé en septembre 2015.

L'ACO souhaiterait appeler l'attention sur le fait qu'il s'est mis d'accord avec la NCIA sur un concept de remise/reprise des SIC, qui permettra d'améliorer en continu l'exactitude des stocks grâce à des inventaires des stocks et au rapprochement des chiffres présentés et des stocks réellement détenus. La NCIA avait demandé qu'un tel processus soit mis en place afin qu'elle puisse disposer de données plus fiables sur les actifs au moment de la migration de la base de données NDSS vers le nouvel outil de gestion des commandes et des stocks, basé sur Oracle. De ce fait, aucun actif physique ne fera l'objet d'une remise/reprise, étant donné que la NCIA est le dépositaire officiel des actifs, et ce depuis 2012, qui marque le transfert à l'Agence des tâches de l'Agence OTAN de services de systèmes d'information et de communication (NCSA).

C'est sur ce point que l'ACO n'est pas pleinement d'accord avec l'observation du Collège lorsque celui-ci déclare que, comme la remise/reprise des actifs SIC n'est pas encore terminée, il ne peut obtenir l'assurance que le registre des actifs de l'ACO est correct et complet pour ce qui concerne les actifs non SIC. Cette approche crée une interdépendance entre le compte rendu concernant les actifs non SIC et le compte rendu concernant les actifs SIC, qui depuis les états financiers de 2012, relèvent de deux entités OTAN différentes présentant des états financiers, à savoir l'ACO et la NCIA. L'exhaustivité des données non SIC notifiées par l'ACO ne doit pas dépendre de l'achèvement du processus de remise/reprise ni de la comptabilisation par la NCIA de données sur les actifs. Si la NCIA avait relevé des cas où la nature des actifs n'était pas claire, il aurait fallu activer la procédure prévue par l'ACO, selon laquelle il faut lui signaler tout différend ou toute ambiguïté quant à la nature d'un actif, et faire ensuite rapport au Bureau OTAN des ressources (NOR) et au Groupe d'experts techniques nationaux (WGNTE) afin d'obtenir leur avis.

Position du Collège

Le Collège estime que, en raison du fait qu'il n'existe pas de définition claire du concept d'équipement SIC, que la NCIA n'a pas communiqué d'informations à l'ACO concernant les équipements non SIC livrés sur le théâtre en 2014 et que la remise/reprise sur le théâtre n'a pas encore eu lieu, il y a un risque que les équipements non SIC ne soient pas enregistrés comme il se doit dans les registres d'actifs du Commandement.

OBSERVATION 2 :
INEXACTITUDES DANS LA PRÉSENTATION DES ACTIFS ACQUIS AVANT 2013

Commentaires officiels de l'ACO

L'ACO souscrit à cette observation. Il est correct de dire que le tableau 6.B des états financiers 2014 consolidés de l'ACO comprend des immobilisations corporelles qui ne relèvent pas du contrôle de l'ACO et qui ne doivent dès lors pas être présentées dans les valorisations des immobilisations corporelles avant l'exercice 2013. Il est également correct de dire que, pour certains quartiers généraux, comme celui du Commandement allié de forces interarmées de Naples (JFCNP), dans certains cas, des données relatives aux équipements installés n'étaient pas disponibles en 2013 et n'ont pu être fournies que fin 2014. L'ACO reverra le format du tableau et formulera des commentaires complémentaires dans les états financiers de 2015 pour faire en sorte que des informations claires et exactes soient présentées.

L'ACO souscrit également aux commentaires du Collège concernant la nécessité d'améliorer la cohérence à l'échelle du Commandement pour ce qui est du compte rendu portant sur les anciens actifs. Il faut toutefois noter que le besoin de cohérence concerne davantage la mise en œuvre que la définition des politiques comptables applicables à l'échelle du Commandement. L'ACO a déployé d'importants efforts en vue de l'établissement d'un ensemble de politiques comptables standard, qui ont été dans une large mesure intégrées dans le cadre comptable OTAN, y compris la création d'un registre d'actifs pour le compte rendu portant sur les anciens actifs. L'ACO compte axer davantage ses efforts sur les mesures de mise en œuvre à l'échelle du Commandement dans le cadre de l'établissement des états financiers de 2015, pour faire en sorte que les politiques comptables relatives aux actifs soient appliquées de manière cohérente et en tenant compte des spécificités de chaque organisation. À cet effet, l'ACO effectuera une clôture de fin de période intermédiaire en septembre 2015, suivie des visites ponctuelles sur place et d'une analyse, en mettant l'accent sur certains thèmes critiques comme la gestion et la comptabilisation des actifs. Parallèlement, l'ACO s'attachera à renforcer l'interaction des parties prenantes internes au sein de chacun de ses commandements, comme les divisions J4, JENG, J6 et le Groupe de commandement, afin de renforcer l'échange d'informations financières portant sur les immobilisations corporelles et les stocks. Les difficultés liées à l'application des dispositions relatives au compte rendu ont été exposées au Bureau de la planification et de la politique générale des ressources (RPPB) dans le plan d'action de l'ACO pour les immobilisations corporelles (SH/J8/CAC/FC166/15-31 0231, du 23 juillet 2015 – Rapport au RPPB sur le plan d'action de l'ACO pour les immobilisations corporelles). Il a été expliqué que les

problèmes concernant le compte rendu financier étaient intrinsèquement liés à la diversité des parties prenantes internes et externes qui jouent un rôle dans la collecte et la gestion des données relatives aux actifs qui apparaissent dans les états financiers consolidés de l'ACO. Des améliorations dans ces domaines ne seront possibles que si toutes les parties concernées font preuve de bonne volonté et coopèrent pleinement.

Il faut aussi noter que les outils très divers utilisés par les entités présentant des états financiers et par les fournisseurs de services ne sont pas actuellement conçus pour enregistrer les données comme il le faudrait pour pouvoir rendre compte comme il se doit et de manière cohérente de la situation financière. Cette question fait actuellement l'objet d'un examen spécifique dans le cadre du projet relatif aux services fonctionnels « logistique » (LOGFS), mais les améliorations qui résulteront de ce projet ne seront mises en œuvre qu'après 2018, et, de ce fait, elles ne résoudront aucun des problèmes de compte rendu qui se posent actuellement. L'ACO continuera donc de mettre en œuvre les mesures d'atténuation déjà présentées en détail plus haut jusqu'à ce que le projet LOGFS soit achevé.

L'ACO souhaiterait aussi appeler l'attention du Collège sur le fait qu'il compte bien continuer de jouer un rôle actif dans l'établissement d'une politique comptable relative aux actifs qui soit cohérente et applicable à l'échelle de l'OTAN, en collaboration avec les services du responsable OTAN de la politique en matière d'information financière (HFRP) par l'intermédiaire du Groupe de travail des contrôleurs des finances (WGFC).

OBSERVATION 3:
SURÉVALUATION DE 15,3 MEUR DES CRÉANCES À LONG TERME ET DES PRODUITS NON ACQUIS DANS LES ÉTATS FINANCIERS CONSOLIDÉS

Commentaires officiels de l'ACO

L'ACO souscrit à cette observation. La présentation de ce montant à recevoir était une erreur, et l'équipe chargée de la consolidation a immédiatement pris des mesures. Les instructions de l'ACO sur la procédure de fin d'exercice à suivre pour 2015 ont été immédiatement mises à jour pour tenir compte de la spécificité des provisions dans les cas où des reports spéciaux ont été approuvés par le Comité. De plus, la liste de vérification finale utilisée pour la validation du processus de consolidation a été remaniée afin qu'un contrôle supplémentaire soit effectué dans ce domaine avant la communication des données du grand livre général qui devront apparaître dans les états financiers consolidés officiels de l'ACO.

OBSERVATION 4 :
INSUFFISANCES DANS LA GESTION ET LA COMPTABILISATION DES ACTIFS DE LA FORCE INTERNATIONALE D'ASSISTANCE À LA SÉCURITÉ (FIAS) (AUJOURD'HUI LA MISSION RESOLUTE SUPPORT (RSM))

Commentaires officiels de l'ACO

L'ACO souscrit à cette observation et a déjà pris des mesures pour répondre aux constatations du Collège. Il est à noter que, selon les dispositions prévues dans le tableau d'effectifs du temps de crise, des personnels militaires doivent occuper les postes inscrits à ce tableau qui ont été précédemment validés et approuvés. Dans les cas où des postes restent vacants pendant plus de 6 mois, ils peuvent faire l'objet d'une réévaluation en vue de leur occupation par des personnels civils. Les postes d'officier comptable des biens (PAO) de théâtre pour la FIAS/la RSM ont été convertis en postes civils en 2015, un de ces postes étant toujours vacant dans l'attente de la validation finale du dossier médical du candidat sélectionné. Le poste d'officier liquidateur des biens (PDO) du tableau d'effectifs du temps de crise demeure un poste militaire et, selon les projections, il devrait rester pourvu jusqu'à la fin de la mission Resolute Support.

Les titulaires actuels de ces postes suivent régulièrement une formation portant sur les directives et les instructions permanentes (SOP) en vigueur, et une supervision est assurée régulièrement par le personnel de la J4 conformément à la directive ACO 80-100, qui a trait à la planification du soutien et à la coordination du désengagement de la FIAS (troisième version révisée). Le Commandement allié de forces interarmées de Brunssum (JFCBS) verse également chaque année des fonds à la NSPA pour l'organisation de formations à l'utilisation du système de soutien des dépôts de l'OTAN (NDSS). En 2014, le JFCBS a financé les activités menées par le personnel de la NSPA auquel il a fait appel pour le traitement de la question des insuffisances dans la gestion des stocks et dans la gestion des systèmes. Le fait que des postes étaient vacants a eu un impact sur l'efficacité de la formation. Comme indiqué plus haut, la J4 du JFCBS fournit régulièrement des formations et une assistance aux gestionnaires d'actifs du théâtre depuis mars 2014, et la prochaine formation est prévue pour août/septembre 2015.

Position du Collège

Au cours de sa mission d'audit en Afghanistan, le Collège n'a pas été en mesure d'obtenir des listes générées à partir du NDSS, étant donné que le personnel sur le théâtre n'était pas adéquatement formé à l'utilisation de ce système.

Le Collège réitère sa recommandation selon laquelle l'ACO doit faire en sorte que tous les principaux gestionnaires d'actifs sur le théâtre soient adéquatement formés à l'utilisation du NDSS.

SUITES DONNÉES AUX OBSERVATIONS ANTÉRIEURES

(3) ACO – EXERCICE FINANCIER 2013
IBA-AR(2014)20, paragraphe 3
L'ACO EST TRIBUTAIRE DES ACTIVITÉS QUI SONT EXTERNALISÉES À L'AGENCE OTAN DE SOUTIEN ET D'ACQUISITION (NSPA), MAIS IL N'ÉVALUE PAS LA PERFORMANCE DE LA NSPA

Commentaires officiels de l'ACO

La NSPA et l'ACO ont signé un mémorandum d'accord officiel le 24 juillet 2015. L'ACO considère donc que la question est réglée du fait que l'IBAN a pris note de la suite qui y a été donnée.

(3) ACO – EXERCICE FINANCIER 2013
IBA-AR(2014)20, paragraphe 4
ABSENCE D'ACCORD JURIDIQUE AVEC L'AGENCE OTAN D'INFORMATION ET DE COMMUNICATION (NCIA) POUR LA FOURNITURE DE SERVICES À LA FORCE INTERNATIONALE D'ASSISTANCE À LA SÉCURITÉ (FIAS)

Commentaires officiels de l'ACO

Suite aux préoccupations exprimées à plusieurs reprises par l'IBAN quant à l'absence d'accord couvrant les services fournis par la NCIA à l'appui des opérations et missions de l'Alliance (AOM), le contrôleur des finances de l'ACO a dirigé les travaux d'établissement d'un plan de soutien de la mission-accord de services entre la NCIA et le JFCBS pour la fourniture de services SIC à la mission Resolute Support. Il a été convenu qu'un accord complet sur les niveaux de service (SLA) semblable aux accords utilisés pour les emplacements fixes, n'était pas un mécanisme approprié pour les AOM en raison des modifications fréquentes qui sont apportées aux besoins et qui sont nécessaires à l'appui d'opérations qui évoluent sans cesse. Toutefois, il est jugé pertinent d'établir un

accord-cadre qui couvrira globalement les services nécessaires et qui coordonnera les processus de soutien existants. Dans cet esprit, un document-cadre a été établi au départ au sein du SHAPE, puis transmis au JFCBS pour l'aider à élaborer un accord définitif. Étant donné qu'il incombera en fin de compte aux titulaires de budget de définir le contenu de l'accord et de l'approuver définitivement, une attention particulière a été accordée à l'élaboration d'une approche cohérente par rapport aux accords existants, dans le respect des dispositions des plans d'opération (OPLAN) approuvés par le Conseil et des arrangements de commandement et de contrôle (C2). L'accord définitif devrait non seulement répondre aux observations de l'IBAN, mais aussi être considéré comme une base de gestion financière saine des ressources confiées à la structure de commandement de l'OTAN. L'ACO prévoit que l'accord devrait être approuvé définitivement en septembre 2015 au plus tard.

(5) ACO – EXERCICE FINANCIER 2013
IBA-AR(2014)20, paragraphe 5
NÉCESSITÉ D'UNE CONFIRMATION PAR LES ENTITÉS OTAN DU SOLDE DES ÉLÉMENTS D'ACTIF ET DE PASSIF EN FIN D'EXERCICE

Commentaires officiels de l'ACO

Comme le Collège l'a constaté, l'ACO a déjà mis en œuvre une procédure pour le compte rendu financier relatif aux entités non consolidées. De plus, le Commandement a mis en œuvre une nouvelle instruction permanente (SOP) (SHAPE/J8/CAC/AAM/1454/15, du 31 juillet 2015) afin de mieux gérer les interactions/la confirmation entre les commandements qui lui sont subordonnés et les entités OTAN non consolidées. En outre, en raison des délais réduits qui ont été fixés pour l'établissement des états financiers de 2015 et pour ceux de toutes les années suivantes, cette SOP met en place un processus itératif d'analyse, de suivi et de contrôle des articles restant à confirmer par les diverses entités OTAN. Elle détermine aussi les responsabilités spécifiques de toutes les entités jouant un rôle et fixe des délais agréés pour le compte rendu. Il faut toutefois noter que l'instruction permanente ne pourra être mise en œuvre avec succès que si les entités non consolidées de l'OTAN sont prêtes à coopérer rapidement. L'approche révisée de l'ACO a déjà été examinée avec la NSPA en juillet 2015, et il a été proposé de l'intégrer dans la lettre de la NSPA spécifiant les informations financières à fournir pour l'établissement des états financiers de 2015.

(8) ACO EXERCICE FINANCIER 2013
IBA-AR(2014)20, paragraphe 8
NON-RESPECT DES NOUVELLES RÈGLES RELATIVES À L'INDEMNITÉ DE REPRÉSENTATION

Commentaires officiels de l'ACO

L'ACO souscrit à cette observation. Il faut toutefois noter que rien ne justifie la non-admissibilité des dépenses notifiées pour la FIAS. De plus, le montant total que le JFCBS a erronément imputé sur les indemnités de représentation n'est pas significatif par rapport à la dotation globale de l'ACO pour ces indemnités telle qu'elle a été approuvée par le Comité. L'ACO a toutefois rappelé le contenu des instructions permanentes pour l'indemnité de représentation – qui seront examinées plus avant par le SHAPE – au cours des visites sur place effectuées avant la communication des données pour la consolidation des comptes.

Position du Collège

Dans le cadre de la vérification portant sur l'indemnité de représentation sur le théâtre, le Collège a mis le doigt sur des dépenses non admissibles, comme celles qui portaient sur des améliorations apportées aux machines à café et aux kitchenettes.

(9) ACO – EXERCICE FINANCIER 2013
IBA-AR(2014)20, paragraphe 9
INEXACTITUDES DANS LES SPÉCIFICATIONS TECHNIQUES CONTRACTUELLES ET NON-RESPECT DES EXIGENCES RELATIVES AUX APPELS D'OFFRES INTERNATIONAUX AU QUARTIER GÉNÉRAL DU COMMANDEMENT ALLIÉ DES FORCES INTERARMÉES DE NAPLES (QG DU JFCNP)

Commentaires officiels de l'ACO

L'ACO note avec satisfaction des observations faites par l'IBAN concernant l'exercice 2014, pour lequel il n'a pas eu à répéter l'observation de 2013 faisant état d'inexactitudes dans les estimations de coûts et dans les spécifications techniques contractuelles. La question soulevée dans l'observation de 2013 a été réglée grâce aux efforts qui ont été déployés pour faire en sorte que les calculs et la notification concernant les spécifications techniques contractuelles et les estimations de coût soient exacts. Parmi les mesures correctives qui ont été prises figure l'externalisation de l'expertise technique non disponible dans le tableau d'effectifs du temps de paix du JFCNP, et la réalisation de vérifications par sondage internes supplémentaires sur place, l'objectif étant de disposer d'informations exactes.

L'ACO a les commentaires suivants à faire concernant les deux cas relatifs à l'exercice 2014 pour lesquels l'IBAN a considéré que la justification des dérogations à la procédure de passation de marchés n'était pas suffisante :

1. *L'ACO ne souscrit pas à l'observation faisant état d'un défaut de planification qui l'aurait amené à opter immédiatement pour une dérogation concernant le projet d'installation d'extracteurs de fumée pour des raisons d'hygiène et de sécurité. La dérogation en question reposait sur l'urgente nécessité d'installer un dispositif d'évacuation de la fumée dans le bâtiment du Community Center du JFCNP. L'utilisation du terme « urgente » était basée sur les délais donnés au JFCNP par le chef des services de sécurité incendie après que celui-ci ait reçu une proposition de solution technique destinée à résoudre les problèmes de conception du bâtiment, qui n'était pas conforme aux règles de sécurité incendie (note : la solution technique proposée a été mise au point par le Groupe de soutien de la base du JFCNP). Les travaux devaient être réalisés avant une nouvelle inspection de sécurité, qui se fait sans avis préalable. En cas de non-exécution des travaux, le Community Center risquait d'être fermé. Si le bâtiment avait dû être fermé pour des raisons d'hygiène et de sécurité, cela aurait eu des répercussions sur les services de distribution du courrier officiel (et personnel) (poste italienne, américaine et britannique), sur les services bancaires et sur les services liés aux activités sociorécréatives. Pour des raisons de sécurité publique et pour éviter une fermeture du bâtiment en question, l'entreprise qui avait au départ installé quatre dispositifs d'évacuation a bénéficié d'une dérogation qui a permis la passation d'un marché de gré à gré dans le cadre duquel elle a été chargée d'installer les dispositifs d'évacuation de fumée supplémentaires requis, du même type et de même dimension que les dispositifs initiaux. Cette dérogation n'était pas due à un manque de planification, mais était le résultat d'un effort technique ciblé des autorités italiennes extérieures. L'ACO demeure convaincu qu'il s'agit d'une dérogation valable, mais il admet que les circonstances dans lesquelles le marché de gré à gré a été passé auraient pu être mieux expliquées.*

2. *L'ACO souscrit à l'observation de l'IBAN concernant la dérogation à la procédure d'appel d'offres international et le recours à une procédure d'appel d'offres restreint à l'Italie pour le pavillon. L'ACO note que l'IBAN conteste l'hypothèse sur laquelle s'appuie le JFCNP pour expliquer sa position vis-à-vis de la procédure d'appel d'offres international. Il sait aussi que l'argument sous-jacent invoqué par le JFCNP n'est pas mentionné dans la directive 60-70 des commandements stratégiques, mais qu'il repose plutôt sur l'expérience qu'a le JFCNP de la législation en vigueur dans le pays hôte. Le projet en question portait sur des travaux de construction qui n'avaient pas un caractère technique et qui nécessitaient beaucoup de main-d'œuvre. Pour cette raison, le JFCNP a raisonnablement supposé que les soumissionnaires*

internationaux se verraient contraints de faire appel à des sous-traitants pour trouver la main-d'œuvre ayant les qualifications appropriées. Le recours à des sous-traitants aurait été contraire à la législation italienne, qui interdit à l'OTAN d'employer des sous-traitants pour ce type de travaux.

Il est à noter que le directeur des marchés de l'ACO a effectué une visite d'assistance de l'état-major (SAV) au JFCNP du 20 au 24 juillet 2015, dont l'un des principaux objectifs était l'examen de toutes les dérogations à la procédure de passation de marchés octroyées en 2015. Le contrôleur des finances et le chef du service des achats et des marchés du JFCNP souscrivent tous deux à la recommandation du SHAPE selon laquelle le demandeur doit soumettre une justification solide qui doit ensuite être validée par l'autorité qui octroie les dérogations, en conformité avec les dispositions prévues aux paragraphes 2 à 4 du chapitre 2 de la directive des commandements stratégiques en matière d'achats et de marchés (directive 60-70). Les conclusions de la visite seront soumises dans un rapport officiel qui sera établi par le contrôleur des finances de l'ACO à l'intention du contrôleur des finances du JFCNP et qui contiendra des recommandations de mesures correctives. Le directeur des marchés de l'ACO continuera de suivre les questions qui ont été recensées par l'IBAN et consignées lors de la SAV jusqu'à ce qu'elles aient été pleinement réglées.

Position du Collège

S'appuyant sur les éléments probants résultant de l'audit, le Collège reste d'avis que, dans les deux cas relevés, la justification à l'appui de la demande de dérogation ne reposait pas sur des motifs valables. Le Collège salue les mesures que le JFCNP et le directeur des marchés de l'ACO ont prises afin de faire en sorte que des éléments plus solides soient fournis pour justifier et valider les demandes de dérogation. Dans le cadre de son audit de 2015, le Collège examinera la suite donnée aux mesures mises en place.

(11) ACO – EXERCICE FINANCIER 2011
IBA-AR(2012)30, paragraphe 5.5
MANQUE DE COHÉRENCE DES DONNÉES POUR LES VENTES MILITAIRES À L'ÉTRANGER (FMS)

Commentaires officiels de l'ACO

Il s'agit d'une question qui concerne toutes les entités OTAN qui ont recours à des contrats au titre des ventes militaires américaines à l'étranger (FMS) par l'intermédiaire d'un pays membre de l'OTAN. Même si, dans le cas de l'ACO, les contrats FMS sont gérés par la NSPA et si le montant total sur lequel ils portent n'est pas significatif.

L'ACO a déjà effectué une analyse et une évaluation de la situation, et il a suggéré une approche destinée à améliorer le compte rendu financier concernant les contrats FMS dans le cadre du Groupe de travail OTAN sur la comptabilité et du Groupe de travail ad hoc des contrôleurs des finances. Cette approche a été communiquée au NOR en vue de sa transmission au responsable OTAN de la politique en matière d'information financière (HFRP).

À ce jour, l'ACO n'est pas en mesure d'établir et de mettre en œuvre d'autres mesures et/ou une autre approche.

Enclosure to
C-M(2016)0003

ALLIED COMMAND OPERATIONS
CONSOLIDATED FINANCIAL STATEMENTS
2014

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Allied Command Operations Consolidated Financial Statements 2014

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Acronyms

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Allied Command Operations (ACO)
Executive Summary

Introduction

The mission of ACO is to fulfil NATO's core tasks by providing early crisis identification; planning, preparing and conducting military operations; and cooperating with partners in order to contribute to the overall security and territorial integrity of NATO member states.

The ultimate controlling and decision-making entity for the Alliance and its components are the 28 Alliance Member Nations, which provide military forces along with physical and fiscal resources for the daily operations of ACO and its subordinate Commands.

ACO's principal headquarters, the Supreme Headquarters Allied Powers Europe (SHAPE), is located in Casteau, Belgium. The command organization of ACO includes two Allied Joint Force Commands (JFCs) located in Brunssum, the Netherland and in Naples, Italy. The JFCs currently provide theatre oversight and assistance in the Balkans (Sarajevo, Bosnia Herzegovina; Pristina, Kosovo) and Afghanistan. ACO single service commands include Allied Land Command, Allied Maritime Command and Allied Air Command which are located in Izmir, Turkey; Northwood, United Kingdom; and Ramstein, Germany, respectively. The NATO Communications and Information Systems Group (NCISG) is also located in Casteau, Belgium and includes three subordinate NATO Signal Battalions located in Wesel, Germany; Grazzanise, Italy; and Bydgoszcz, Poland.

Furthermore, the fleet of NATO Airborne Early Warning and Control Force (NAEW & CF) E-3A aircraft forms a central element of the Alliance's early warning capability, providing airborne surveillance, warning and control capability over large distances and at low altitude. The largest element of the programme is managed at Geilenkirchen, Germany.

Role of ACO

The mission of ACO is underpinned by the ACO Strategic Management Plan which, coupled with reporting and risk management systems, seeks to enable a unity of effort across ACO in delivering the required outputs by synchronising the prioritisation and resource management processes with developing operational requirements.

In order to accomplish the Mission, ACO is responsible for a number of explicit and implicit tasks and activities that are essential to support a visible deterrence posture, to maintain situational awareness, to detect emerging crises, and to contribute to Alliance security. These tasks are prioritised and executed in a comprehensive and synergistic way:

- Core tasks: Collective Defence, Crisis Management and Cooperative Security
- Permanent tasks: Deterrence, Strategic Awareness, Visible Assurance, Air and Missile Defence, Cyber Defence, Chemical, Biological, Radiological and Nuclear (CBRN) Defence and Advanced Planning
- Transition to Full Operational Capability (FOC): The implementation of the new NATO Command Structure (NCS) will continue until achievement of FOC. This transition process also takes into consideration the outcomes of the Wales Summit, particularly the decisions by nations on the Readiness Action Plan (RAP), the ACO Deployability Action Plan and the internal ACO Optimisation Study.

Highlights in 2014

2014 saw significant progress in ACO towards fully implementing the new NCS in order to achieve FOC. ACO also witnessed events that underlined the changing and unpredictable nature of the global security environment. These events shaped the agenda of the Wales Summit and resulted in agreement on the development of the RAP.

In order to successfully achieve its tasks in 2014 ACO managed over 1.3 Billion EUR provided by nations through the annual Military Budget and NSIP as well as significant funding from other sources such Nation Borne Costs (NBC), Trust Funding and MWA Funds.

ACO Military Budget

The annual initial funding through the Military Budget amounted to 1.1 Billion EUR reflecting an increase of 17.3 Million EUR or 1.02% over 2013. The budgets in the ACO budget group (NCSEP, AOM, NAEW&C, ACO reorganisation and AGS) were on average committed at a rate of 98.70% (including expenditures, regular and special carry forwards). Despite corrective actions to improve budget planning and budget execution phases, the lapses in 2014 were significant within the AOM budgets. The special carry forward of 2014 credits authorised by the NAC amounted to 678 KEUR in the ACO portion of the NCSEP and 66.9 Million EUR in the AOM budget group.

NSIP

SHAPE acts as Host Nation (HN) for the implementation of NSIP projects under the auspices of the Investment Committee (IC). As of 31 Dec 2014 a certain number of active projects had been assigned to SHAPE as HN in a cumulative amount of 185.4 Million EUR.

Policies

For the NATO financial management community, the year 2014 was characterised by a number of initiatives designed to modernise processes and enhance transparency and accountability. Foremost amongst these was the review of the NATO Financial Regulations (NFR) prepared by a Working Group chaired by the NATO Office of Resources under the auspices of the Budget Committee (BC) and composed of key financial practitioners from the Strategic Commands, the International Military Staff, the International Staff and Agencies. There were several drivers which triggered the need for reviewing the NFR such as the new NCS, Agency Reform, the adoption of the International Public Sector Accounting Standards (IPSAS), and the introduction of the NATO Accounting Framework[1] as well as a demand by the Nations for strengthened accountability for sound financial management. The final revised NFRs will strengthen the role and responsibilities of Financial Controllers and open the recruitment of such positions which were historically reserved to the Host Nation concerned. The revised draft NFRs have been recently approved by the BC[2] and once endorsed by the Resource Policy and Planning Board (RPPB) will be submitted to the NAC for final approval. In parallel, detailed Financial Rules and Procedures (FRPs) will have to be developed and agreed by the respective finance committees of the various NATO entities as a matter of urgency in order to provide additional guidance and ensure the effective implementation of the NFR by the end of 2015.

Organisation

During 2014 the report on the ACO-wide J8 Optimisation Study initiated in February 2013 with the aim of seeking improvements in the efficiency and effectiveness of the financial administration across ACO was finalised and forwarded in December 2014 to the ACO Optimisation Programme (AOP) Office to be considered in the context of the overall ACO optimisation process. The J8 Optimisation Study has identified a total of 19 recommendations mainly focusing on business process re-engineering with a view to streamlining financial management practices and maximising the use of the centralised Financial System (FinS); to seeking efficiencies and synergies amongst existing staff as part of a working structure pending a formal PE; and to ensuring dedicated staff in support of current operations and missions over and above the existing PE which would be related specifically to static HQ functions and deployability. The scope and range of the recommendations made will entail a substantial amount of additional staff work over the next few years in order to ensure that all approved recommendations are implemented in an efficient and timely manner.

[1] C-M(2013)0039 dated 26 July 2013 (approved under silence procedure on 2 August 2013)
[2] BC-D(2015)0010-REV3-AS1 dated 10 March 2015

ISAF/RSM Transition

The end of 2014 marked completion of the International Security Assistance Force (ISAF) mission in Afghanistan and with effect from 1 January 2015 NATO's engagement in Afghanistan transitioned into the NATO-led Resolute Support Mission (RSM) to train, advise and assist the Afghan security forces. For 2015 the nations approved a budget of 250.2 Million EUR. In addition, NATO Allies and partner nations continue to play their part in supporting the long-term financial sustainment of the Afghan National Army (ANA). This effort is carried out through the adapted NATO-ANA Trust Fund pledges for which are due to amount to some 567.6 Million USD per year and are financially administered by SHAPE.

ISAF was one of the largest coalitions in history and is NATO's most challenging mission to date. In particular the ISAF redeployment process required common efforts from different stakeholders to coordinate the redeployment activities, especially with regard to the redeployment, disposal and write-off of NATO funded equipment (NFE). It should be noted that there is a large amount of NATO common funded assets which required redeployment, write-off or disposal of as a result of the ISAF mission ending on 31 December 2014. SHAPE, therefore, took the initiative to propose to both the BC and IC the implementation of a single pragmatic and expeditious procedure for the redeployment, disposal and/or write-off of NFE in ISAF. Following approval by the Committees this process came into effect in March 2014. The proper and correct handling of NFE and NATO Funded Infrastructure (NFI) in Afghanistan is still facing major challenges in 2015 due to the disposal of surpluses arising from the transition of ISAF to RSM. The timetable to achieve a timely redeployment/disposal of the ISAF NFE was greatly foreshortened by delayed political decisions and the resultant dissemination of the SHAPE Guidance on the adapted disposal solutions. Issues with regard to stock and equipment management have further highlighted the critical role of the posts of Property Accounting and Disposal Officers (PAO and PDO). In many cases nations have failed to fill such posts and this problem has been compounded by the rapid rotation or gapping of such posts, which has significantly affected ACO's ability to obtain an accurate and precise status of the NFE and stocks in Theatre. Given the delays experienced under ISAF it is important to begin planning now for the final redeployment and disposal efforts for the ultimate closure of RSM.

Relations with Agencies

During 2014 SHAPE has continued to work with the NATO Support and Procurement Agency (NSPA) and NATO Communications and Information Agency (NCIA) to implement measures to improve the relationship with those Agencies and to develop contractual instruments allowing SHAPE to act as an Intelligent Customer. SHAPE has recently finalised a formal Memorandum of Agreement (MOA) with NSPA[3] where the responsibilities of the Agency as the service provider are clearly laid down to include the financial data reporting requirements to be reported in the ACO Financial Statements. This MOA will be supplemented and further specified in Logistics Support Arrangements (LSAs) for each major programme and is designed to resolve a systemic problem in obtaining relevant and reliable financial data from NSPA. An area that will require further improvement relates to the development of key quality indicators and key performance indicators as part of its customer funded relationship with the Agencies.

Improvements were also achieved in assessing control criteria and reliability of financial data for the services provided by NSPA. 2014 was the first year when the two entities successfully agreed upon an official financial certification stating in a reliable manner the financial status of the data and control executed by the service provider. This is considered an on-going process where ACO will continue to invest efforts to guarantee improvement on the services and level of control requested. The considerable increase of the Plant, Property & Equipment (PP&E) reported in the financial data for 2014 (approx. 43%) is also due to improved quality and reliability of the data provided by NSPA.

[3] The MOA proposal - negotiated between SHAPE and NSPA - has been submitted to the Agency Supervisory Board (ASB) of NSPA on January 2015.

Significant improvements were also made during 2014 in finalising the 2014 Service Level Agreements (SLAs) with NCIA which for the first time included a clear and agreed to mechanism to fund the CIS services provided by NCIA consistently across all the ACO Commands. Future adaptations of the Centralised SLA will be required to cater for NCIA's intent to re-organise its structure and to develop its Service catalogue. Moreover, in line with the approach agreed with NSPA, SHAPE still envisages developing a similar MOA with NCIA which will define the overarching relationship between ACO and NCIA and will eventually be supplemented by SLAs thus ensuring a consistent approach towards both agencies.

Substantial progress had been made in the relationships with NCIA as evinced by the Hand-Over/Take-Over (HO/TO) of CIS assets for all ACO static Headquarters which was finalised by 31 December 2014. This was achieved as a result of strong cooperation between the ACO Commands and NCIA in execution of the North Atlantic Council (NAC) decision to transfer ownership of all CIS assets to NCIA. The HO/TO of CIS assets deployed in ISAF/RSM on the other hand is under way as part of the overall NFE redeployment process.

IBAN Observations on ACO Financial Statements

ACO J8 has made further progress in resolving the observations made by the IBAN during the audits of the ACO consolidated Financial Statements and has managed to settle the majority of outstanding observations related to previous years.

Despite the significant difficulties encountered by ACO over the past years in meeting the IPSAS requirements for inventories and PP&E, they have been largely resolved by implementation of the NATO Accounting Framework. The issue of insufficient property accounting records, however, continues to be the greatest obstacle to achieving an unqualified opinion from the IBAN on the ACO annual financial statements. This area will require further progress especially with regard to the completeness and accuracy of the financial data directly managed by external NATO agencies on behalf of ACO, mainly with NSPA since responsibility for the management and reporting on CIS assets is now vested with NCIA.

Internal Control, Enterprise Risk Management and Financial Risk Management

Internal Control

The NFRs and FRPs assign to the ACO Financial Controller a fiduciary responsibility for the effective administration of the financial and budgetary control system as well as for maintaining a sound system of internal control that supports the achievement of ACO policies, aims and objectives as set out by NATO. This fiduciary responsibility includes the responsibility for the safeguarding of funds and assets that have been entrusted to ACO by the Nations and for ensuring that detailed rules and procedures are established to attain effective and efficient financial administration within applicable laws and regulations.

Internal control activities are policies and procedures implemented and executed by the entity's management and staff in order to reduce risks to a level accepted by the management and to provide reasonable assurance that the objectives of the organisation are achieved including effectiveness and efficiency of operations, accuracy and reliability of financial reporting and compliance with laws and regulations. At the transaction level, internal control aims at identifying, assessing and mitigating possible risks (especially fraud and material misstatements) and conveying reasonable assurance that the accounts present a true and fair view of the financial position of the entity in all material aspects.

The revised NFRs place additional emphasis on internal control and risk management which will require sufficient staff resources to ensure a cost effective segregation of power at organisational levels and a clear strategy for risk assessment and directive guidance for risk management procedures to minimise the financial risks incurred by managing the funds placed by the nations at the disposal of Commanders.

One of the objectives of internal control is to guarantee the reliability of the financial reporting. Reliable financial reporting implies that the financial information is obtained from a reliable

accounting system. The implementation of the ACO centralised FinS provides a technical platform that has proven to have beneficial impacts on ACO business processes and the accuracy and reliability of the financial data reporting. The FinS implementation of the last site is currently in progress and will be completed in 2015. Consequently, after several years SHAPE will soon have implemented FinS ACO-wide which will further improve the accuracy and reliability of financial data and will lead to a more effective and efficient ACO financial management. However, an area that still requires further developments relates to asset management and reporting for which the Finance staff still relies to other logistic systems which are operated and maintained by other stakeholders internally to the organisation such as PAOs and Logistics personnel. I see as a risk the lack of staff responsible for the daily maintenance and control of Enterprise Resource Planning logistic systems which may have major impact on the quality of data production for inventory and asset management and reporting. Efforts have been invested in order to mitigate this risk.

In addition to implementation of FinS, ACO continues to work on the implementation of best practices and revision of business processes achieving a successful corporate structure especially in the areas of cash management, accounting and financial reporting. The re-engineering of some of the ACO business processes and procedures will continue during 2015.

Financial Risk Management

Some specific details are provided in the Notes to the Financial Statement on the entity's exposure to credit risk, liquidity risk, currency risk, interest rate risk and other price risk and on the way such risks are managed. ACO's financial reporting of this data is in accordance with the NFRs and IPSAS standards.

Sustainability

As in 2013, 2014 saw many Nations continuing to be confronted with increasing constraints on their military budgets which negatively affected the amount of resources Nations could entrust to the military commands to execute their tasks and responsibilities. As a result ACO has continued to focus on the economic management of the available resources by defining clear priorities in the requirements that can be funded.

Responsibility

The attached, unaudited consolidated financial statements for ACO cover the fiscal year 2014 starting 1 January 2014 and ending 31 December 2014 and have been prepared in accordance with the NFRs, IPSAS and the NATO Accounting Framework. They are submitted for audit by the IBAN. This procedure is in accordance with Articles 26 and 27 of the NFRs. The financial statements are also distributed to the national delegations of the 28 NATO Nations for their information

I hereby certify that to the best of my knowledge, I 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 2014. I am confident that the revised layout adopted for the 2014 financial statements will facilitate the readability of the financial data reported and enhance financial transparency and accountability in accordance with the requests of the nations during the Wales Summit[4].

Christophe Rappe
ACO Financial Controller
ACOS J8

[4] AC/335-N(2014)0064, dated 7 Nov. 2014

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STATEMENT 1: ACO CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the year ended 31 December 2014 *Amounts in EUR*	*Notes*	*2014*	*Restated* *2013 (**)*	*2013*
ASSETS				
Current Assets				
Cash and Cash Equivalents	C.1	940,977,108	916,021,068	916,021,068
Receivables	C.2	132,975,170	86,373,021	87,675,255
Prepayments and Misc. Assets	C.3	25,888,099	64,868,988	64,868,989
Inventories	C.4	26,069,445	23,977,843	21,283,377
Total Current Assets		**1,125,909,822**	**1,091,240,920**	**1,089,848,689**
Non-current Assets				
Financial Assets	C.5	26,167,605	9,924,819	9,988,961
Property, Plant & Equipment	C.6	72,619,400	31,929,673	26,333,865
Total Non-current Assets		**98,787,005**	**41,854,492**	**36,322,826**
Total ASSETS		**1,224,696,827**	**1,133,095,412**	**1,126,171,515**
LIABILITIES				
Current Liabilities				
Payables	C.7	(236,751,574)	(235,629,216)	(241,113,575)
Unearned Revenue & Advance Contributio	C.8	(887,705,265)	(854,361,093)	(847,484,503)
Provisions	C.9	(27,620,588)	(11,175,430)	(11,239,572)
Total Current Liabilities		**(1,152,077,427)**	**(1,101,165,739)**	**(1,099,837,650)**
Non-current Liabilities				
Unearned Revenue	C.10	(72,619,400)	(31,929,673)	(26,333,865)
Total Non-current Liabilities		**(72,619,400)**	**(31,929,673)**	**(26,333,865)**
Total LIABILITIES		**(1,224,696,827)**	**(1,133,095,412)**	**(1,126,171,515)**
NET ASSETS				
Surpluses/Deficits	D.13	-	-	
Total NET ASSETS		-	-	-

(*) 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.

(**) This column reports the restatement as described in the notes

STATEMENT 2: ACO CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE

For the year ended 31 December 2014 *Amounts in EUR*	*Notes*	*2014*	*Restated* *2013 (**)*	*2013*
Revenue				
ACO BC		(1,068,542,133)	(1,004,279,892)	(982,718,802)
ACO NSIP		(534,463)	(1,164,262)	(1,164,262)
Non-Consolidated BC		(6,734,920)	(6,903,418)	(11,229,493)
Reimbursable		-	-	(53,749,113)
Other entities		-	-	(8,393,589)
Miscellaneous ACO Income		(3,180,516)	(4,412,124)	(4,412,124)
Financial Revenue		(7,397,069)	(3,753,040)	(3,125,282)
Total to be returned to the Nations		9,772,761	7,377,503	7,377,503
Total Revenue	D.11	**(1,076,616,340)**	**(1,013,135,233)**	**(1,057,415,162)**
Expenses				
ACO BC		**1,043,705,040**	**975,980,822**	**980,279,304**
Personnel		212,597,020	208,685,018	208,749,158
Contractual Supplies and Services		827,883,911	761,433,632	765,286,960
Capital and Investment		3,224,109	5,862,173	6,243,186
ACO NSIP		**534,463**	**1,164,262**	**1,164,262**
Capital and Investment		534,463	1,164,262	1,164,262
Non-Consolidated BC		**6,734,920**	**6,903,418**	**11,229,493**
Personnel		94,466	256,540	2,359,883
Contractual Supplies and Services		6,640,454	6,646,878	8,869,610
Reimbursable		**-**	**-**	**53,749,113**
Personnel		-	-	6,228,510
Contractual Supplies and Services		-	-	47,517,792
Capital and Investment		-	-	2,811
Other entities		**-**	**-**	**8,393,589**
Personnel		-	-	915,355
Contractual Supplies and Services		-	-	7,260,858
Capital and Investment		-	-	217,376
Depreciation		**24,837,094**	**28,299,070**	**2,504,549**
Financial Expenses		**794,796**	**787,072**	**94,263**
Financial Write-Off		**10,027**	**589**	**589**
Total Expenses	D.12	**1,076,616,340**	**1,013,135,233**	**1,057,415,162**

(*) 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.

(**) This column reports the restatement as described in the notes

STATEMENT 3: ACO CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2014

Amounts in Euro	*2014*	*Restated 2013(**)*	*2013*
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus/(deficit) from operating activities	-	-	-
Non-cash movements			
Depreciation	24,837,094	28,299,070	2,504,549
Increase (Decrease) in payables	1,095,878	485,632	5,969,991
Increase (Decrease) in other liabilities	49,815,810	169,776,478	162,964,029
Increase (Decrease) in unearned revenue for PPE	40,689,727	31,929,673	26,333,865
(Increase) Decrease in other assets	(62,844,935)	14,809,087	13,442,711
(Increase) Decrease in receivables	38,980,889	5,837,514	5,837,513
(Increase) Decrease in Inventories	(2,091,602)	(23,977,843)	(21,283,376)
Net cash flows from operating activities	90,482,861	227,159,611	195,769,282
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment and WIP	(10,320,036)	(16,035,943)	(14,700,121)
1) Property, plant and equipment, other funding	(55,206,785)	(44,192,800)	(14,138,293)
Proceeds from sale of plant and equipment	-	-	-
Proceeds from sale of investments	-	-	-
Purchase of foreign currency securities	-	-	-
Net cash flows from investing activities	(65,526,821)	(60,228,743)	(28,838,414)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings	-	-	-
Repayment of borrowings	-	-	-
Distribution/dividend to government	-	-	-
Net cash flows from financing activities	-	-	-
Change in cash flow	**24,956,040**	**166,930,868**	**166,930,868**
Cash and cash equivalents at beginning of period	*916,021,068*	*749,090,200*	*749,090,200*
Cash and cash equivalents at end of period	*940,977,108*	*916,021,068*	*916,021,068*
Net increase/(decrease) in cash and cash equivalents	**24,956,040**	**166,930,868**	**166,930,868**

1) Other funding refers to assets funded through NSIP, both from other entities as well as where SHAPE is Host Nation

(*) In all tables, credit amounts/balances such as liabilities and revenue are presented with negative signs. Debit amounts and balances such as assets and expenses carry a positive sign.
(**) This column reports the restatement as described in the notes

STATEMENT 4: ACO CONSOLIDATED STATEMENT OF CHANGES IN NET EQUITY

For the year ended 31 December 2014 *Amounts in EUR*	*Notes*	*2014*	*Restated 2013*	*2013*
Equity at beginning of year		0	0	0
Net surplus for the year		0	0	0
Net recognized revenue and expenses for the year		***0***	***0***	***0***
Equity at End of year		**0**	**0**	**0**

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STATEMENT 5/1: ACO MB BUDGET EXECUTION REPORT (Note K)

All amounts are expressed in the reporting currency mentioned at the top left of the tables and rounded to the whole unit. Budgets authorized in GBP were converted and executed using a parity rate for the fiscal year. The rate was fixed using the rate as of 1st January.

BA1: represents the amounts authorised by the Financial Committees as BA1 in December of the year preceding the financial year.

BA2: the amount authorised by the Financial Committees and published as BA2.

BA3: the amount authorised by the Financial Committees and published as BA3.

Transfers: the difference between the Budget as it is reported at the end of the fiscal year and the Year End Review.

End of Year Budget: the budget as reported upon at the end of the year, including all transfers made between the authorisation of BA3 and the end of the fiscal year.

Net Commitments: are the net liabilities recorded for which goods or services have not been received yet. When they relate to fiscal year-2, they are lapsed at the end of the year except if a special carry-forward has been requested form the committees.

Expenses: expenses are reported under accrual basis: they have been posted when goods have been delivered or the invoice has been received but not necessarily paid yet. As explained in note K.c., the actuals of this report differ from the expenses shown in the Statement 2.

Total spend: equals the sum of net commitments and expenses.

Carry-forward: equals the net commitments for the reporting year and one preceding year.

Lapses: lapsed credits cannot be used in future years. They equal:
- the final budgets - the total spend for the reporting year and the previous year;
- the final budgets - the total expenses for the reporting year-2.

EUR

	BA1	BA2	BA3	Transfers	End of Year Budget	Net Commitment	Actual Expenses	Total Spend	Carry-Forward	Lapsed
				2014 NCSEP at 28						
	363,107,868	**363,107,869**	**356,990,197**	**-**	**356,990,197**	**26,162,365**	**324,226,242**	**350,388,607**	**26,162,365**	**6,601,590**
101 2014 SHAPE	61,524,455	61,524,455	61,524,455	784,000	62,308,455	6,746,452	55,526,622	62,273,073	6,746,452	35,382
103 2014 JFC HQ BRUNSSUM	23,718,489	23,718,489	23,718,489	-	23,718,489	1,765,597	21,772,462	23,538,060	1,765,597	180,429
104 2014 JFC HQ NAPLES	28,030,240	28,030,240	28,030,240	-	28,030,240	503,685	27,394,258	27,897,943	503,685	132,297
105 2014 HQ AC RAMSTEIN	18,858,785	18,858,785	18,801,171	(1,505,460)	17,295,711	815,238	16,141,326	16,956,564	815,238	339,147
111 2014 HQ LC IZMIR	12,112,688	12,112,688	12,112,688	38,000	12,150,688	481,053	11,587,525	12,068,579	481,053	82,109
118 2014 HQ MC NORTHWOOD	8,260,097	8,260,097	8,260,097	-	8,260,097	549,987	7,659,959	8,209,946	549,987	50,152
122 2014 ACO TRANSITION BUDGET	15,046,416	15,046,416	9,675,906	-	9,675,906	352,065	8,895,498	9,247,563	352,065	428,343
131 2014 DEPLOYABLE ASSETS	9,431,469	9,431,469	9,431,469	306,916	9,738,385	440,581	8,501,994	8,942,575	440,581	795,810
164 2014 AIR DEFENCE (GROUND)	29,571,969	29,571,969	29,571,969	92,544	29,664,513	9,504,517	19,950,746	29,455,263	9,504,517	209,250
166 2014 ACCS Support	18,362,911	18,362,911	17,673,363	284,000	17,957,363	3,499,895	14,275,157	17,775,052	3,499,895	182,311
177 2014 NCCB	121,839,976	121,659,709	121,659,709	-	121,659,709	678,000	117,099,914	117,777,914	678,000	3,881,795
178 2014 NATO CIS GROUP (NCISG)	12,720,373	12,900,640	12,900,640	-	12,900,640	457,880	12,392,388	12,850,268	457,880	50,372
502 2014 PFP ACO	3,016,000	3,016,000	3,016,000	(150,000)	2,866,000	255,727	2,419,884	2,675,611	255,727	190,389
506 2014 MEDITERRANEAN DIALOGUE (ACO)	598,000	598,000	598,000	150,000	748,000	111,690	601,268	712,958	111,690	35,042
512 2014 ICI Activity (ACO)	16,000	16,000	16,000	-	16,000	-	7,239	7,239	-	8,761
				2014 AGS at 26						
	2,266,500	**2,266,500**	**626,500**	**-**	**626,500**	**18,646**	**355,290**	**373,936**	**18,646**	**252,564**
167 2014 AGS	2,266,500	2,266,500	626,500	-	626,500	18,646	355,290	373,936	18,646	252,564
				2014 NAEW at 17						
	248,551,356	**248,551,357**	**248,551,356**	**-**	**248,551,356**	**43,322,917**	**205,228,439**	**248,551,356**	**43,322,917**	**-**
162 2014 E3A Component	248,551,356	248,551,357	248,551,356	-	248,551,356	43,322,917	205,228,439	248,551,356	43,322,917	-
				2014 NAEW at 18						
	1,448,644	**1,448,644**	**1,448,644**	**-**	**1,448,644**	**39,647**	**1,272,316**	**1,311,964**	**39,647**	**136,680**
112 2014 NAEW&C FC	1,448,644	1,448,644	1,448,644	-	1,448,644	39,647	1,272,316	1,311,964	39,647	136,680
				2014 NAEW at 26						
	-	**-**	**7,970,000**	**-**	**7,970,000**	**-**	**4,496,029**	**4,496,029**	**-**	**3,473,971**
161 2014 NAEW&C Reassurance Measures	-	-	7,970,000	-	7,970,000	-	4,496,029	4,496,029	-	3,473,971
				2014 AOM at 28						
	493,576,279	**493,381,279**	**492,737,160**	**-**	**492,737,159**	**71,393,700**	**417,371,075**	**488,764,775**	**71,393,700**	**3,972,384**
183 2014 Balkans Operations	24,699,910	24,699,910	24,699,910	-	24,699,910	2,960,896	18,911,727	21,872,623	2,960,896	2,827,287
185 2014 ISAF	467,244,556	467,244,556	467,244,556	-	467,244,556	68,305,734	397,921,342	466,227,077	68,305,734	1,017,479
187 2014 NATO Support to the African Union	270,805	270,805	270,805	-	270,805	8,354	201,224	209,579	8,354	61,226
189 2014 Operation Active Endeavour	413,737	358,737	300,240	-	300,240	106,830	142,975	249,805	106,830	50,434
191 2014 Operation Ocean Shield	947,271	807,271	221,649	-	221,649	11,886	193,806	205,691	11,886	15,958
Total	1,108,950,647	1,108,755,648	1,108,323,856	-	1,108,323,855	140,937,276	952,949,390	1,093,886,667	140,937,276	14,437,189

EUR

	BA1	BA2	BA3	Transfers	End of Year Budget	Net Commitment	Actual Expenses	Total Spend	Carry-Forward	Lapsed
				2013 NCSEP at 28						
	65,285,555	**65,285,555**	**65,285,555**	**754,000**	**66,039,555**	**21,278,183**	**33,250,132**	**54,528,315**	**21,278,183**	**11,511,240**
101 2013 SHAPE	7,891,661	7,891,661	7,891,661	-	7,891,661	2,686,370	5,116,449	7,802,820	2,686,370	88,841
103 2013 JFC HQ BRUNSSUM	2,136,657	2,136,657	2,136,657	-	2,136,657	790,943	1,215,505	2,006,448	790,943	130,210
104 2013 JFC HQ NAPLES	962,539	962,539	962,539	-	962,539	300,931	624,891	925,822	300,931	36,718
105 2013 HQ AC RAMSTEIN	861,492	861,492	861,492	-	861,492	18,660	788,031	806,691	18,660	54,801
111 2013 HQ LC IZMIR	1,257,950	1,257,950	1,257,950	-	1,257,950	-	1,102,525	1,102,525	-	155,425
118 2013 HQ MC NORTHWOOD	1,298,353	1,298,353	1,298,353	-	1,298,353	87,346	1,133,678	1,221,025	87,346	77,329
122 2013 ACO TRANSITION BUDGET	21,555,922	21,555,922	21,555,922	-	21,555,922	10,184,883	1,159,554	11,344,437	10,184,883	10,211,485
131 2013 DEPLOYABLE ASSETS	635,557	635,557	635,557	-	635,557	110,960	519,137	630,098	110,960	5,459
164 2013 AIR DEFENCE (GROUND)	10,316,363	10,316,363	10,316,363	-	10,316,363	1,540,134	8,409,704	9,949,838	1,540,134	366,526
166 2013 ACCS Support	1,624,956	1,624,956	1,624,956	-	1,624,956	27,552	1,573,298	1,600,850	27,552	24,106
177 2013 NCCB	15,943,066	15,943,066	15,943,066	-	15,943,066	5,370,283	10,572,783	15,943,066	5,370,283	-
178 2013 NATO CIS GROUP (NCISG)	756,403	756,403	756,403	-	756,403	87,608	605,290	692,898	87,608	63,505
502 2013 PFP ACO	31,453	31,453	31,453	623,500	654,953	47,776	313,981	361,757	47,776	293,197
506 2013 MEDITERRANEAN DIALOGUE (ACO)	13,183	13,183	13,183	130,500	143,683	24,737	115,306	140,043	24,737	3,640
				2013 AGS at 26						
	350,000	**350,000**	**350,000**	**-**	**350,000**	**-**	**350,000**	**350,000**	**-**	**-**
167 2013 AGS	350,000	350,000	350,000	-	350,000	-	350,000	350,000	-	-
				2013 NAEW at 17						
	51,572,825	**51,572,825**	**51,572,825**	**-**	**51,572,825**	**13,656,679**	**35,719,892**	**49,376,570**	**13,656,679**	**2,196,255**
162 2013 E3A Component	51,572,825	51,572,825	51,572,825	-	51,572,825	13,656,679	35,719,892	49,376,570	13,656,679	2,196,255
				2013 NAEW at 18						
	90,842	**90,842**	**90,842**	**-**	**90,842**	**-**	**65,949**	**65,949**	**-**	**24,893**
112 2013 NAEW&C FC	90,842	90,842	90,842	-	90,842	-	65,949	65,949	-	24,893
				2013 AOM at 28						
	10,899,062	**10,899,062**	**10,899,062**	**-**	**10,899,062**	**277,235**	**7,954,275**	**8,231,510**	**277,235**	**2,667,553**
183 2013 Balkans Operations	3,179,735	3,179,735	3,179,735	-	3,179,735	192,486	2,288,314	2,480,800	192,486	698,935
185 2013 ISAF	7,620,168	7,620,168	7,620,168	-	7,620,168	77,344	5,613,287	5,690,631	77,344	1,929,537
187 2013 NATO Support to the African Union	24,385	24,385	24,385	-	24,385	4,684	17,012	21,697	4,684	2,688
189 2013 Operation Active Endeavour	32,189	32,189	32,189	-	32,189	2,721	14,209	16,929	2,721	15,260
191 2013 Operation Ocean Shield	42,586	42,586	42,586	-	42,586	-	21,453	21,453	-	21,133
Total	128,198,284	128,198,284	128,198,284	754,000	128,952,284	35,212,096	77,340,247	112,552,343	35,212,096	16,399,941

EUR

	BA1	BA2	BA3	Transfers	End of Year Budget	Net Commitment	Actual Expenses	Total Spend	Carry-Forward	Lapsed
				2012 NCSEP at 28						
	11,874,570	**11,874,570**	**11,874,570**	**-**	**11,874,570**	**-**	**8,083,123**	**8,083,123**	**-**	**3,791,447**
101 2012 SHAPE	2,083,742	2,083,742	2,083,742	-	2,083,742	-	1,803,856	1,803,856	-	279,886
103 2012 JFC HQ BRUNSSUM	1,729,640	1,729,640	1,729,640	-	1,729,640	-	1,596,792	1,596,792	-	132,848
104 2012 JFC HQ NAPLES	740,917	740,917	740,917	-	740,917	-	63,907	63,907	-	677,010
105 2012 HQ AC RAMSTEIN	154,228	154,228	154,228	-	154,228	-	116,222	116,222	-	38,006
118 2012 HQ MC NORTHWOOD	130,813	130,813	130,813	-	130,813	-	57,451	57,451	-	73,361
122 2012 ACO TRANSITION BUDGET	64,055	64,055	64,055	-	64,055	-	56,879	56,879	-	7,176
131 2012 DEPLOYABLE ASSETS	44,494	44,494	44,494	-	44,494	-	20,042	20,042	-	24,452
151 2012 NATO JEWCS	9,729	9,729	9,729	-	9,729	-	2,400	2,400	-	7,329
157 2012 ACO Exercises and Training	99,498	99,498	99,498	-	99,498	-	38,218	38,218	-	61,280
164 2012 AIR DEFENCE (GROUND)	3,170,122	3,170,122	3,170,122	-	3,170,122	-	2,836,564	2,836,564	-	333,558
177 2012 NCCB	3,152,824	3,152,824	3,152,824	-	3,152,824	-	1,479,131	1,479,131	-	1,673,693
178 2012 NATO CIS GROUP (NCISG)	17,200	17,200	17,200	-	17,200	-	-	-	-	17,200
502 2012 PFP ACO	434,288	434,288	434,288	-	434,288	-	10,040	10,040	-	424,248
506 2012 MEDITERRANEAN DIALOGUE (ACO)	43,021	43,021	43,021	-	43,021	-	1,621	1,621	-	41,400
				2012 NAEW at 17						
	24,827,794	**24,827,794**	**24,827,794**	**-**	**24,827,794**	**-**	**23,298,993**	**23,298,993**	**-**	**1,528,801**
162 2012 E3A Component	24,827,794	24,827,794	24,827,794	-	24,827,794	-	23,298,993	23,298,993	-	1,528,801
				2012 AOM at 28						
	2,242,571	**2,242,571**	**2,242,571**	**-**	**2,242,571**	**-**	**274,571**	**274,571**	**-**	**1,968,000**
183 2012 Balkans Operations	342,703	342,703	342,703	-	342,703	-	146,919	146,919	-	195,783
184 2012 NATO HQ Sa	770	770	770	-	770	-	-	-	-	770
185 2012 ISAF	1,889,174	1,889,174	1,889,174	-	1,889,174	-	127,652	127,652	-	1,761,523
189 2012 Operation Active Endeavour	1,889	1,889	1,889	-	1,889	-	-	-	-	1,889
191 2012 Operation Ocean Shield	8,035	8,035	8,035	-	8,035	-	-	-	-	8,035
Total	38,944,934	38,944,934	38,944,934	-	38,944,934	-	31,656,687	31,656,686	-	7,288,248
Total for all MB Cost Shares, Years and Budgets	1,276,093,865	1,275,898,866	1,275,467,074	754,000	1,276,221,073	176,149,372	1,061,946,325	1,238,095,696	176,149,372	38,125,377

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ACO MB CONTRACT AUTHORITIES

All amounts are expressed in the reporting currency mentioned at the top left of the tables and rounded to the whole unit. Budgets authorized in GBP were converted and executed using a parity rate for the fiscal year. The rate was fixed using the rate as of 1st January.

BA1: represents the amounts authorised by the Financial Committees as BA1 in December of the year preceding the financial year.

BA2: the amount authorised by the Financial Committees and published as BA2.

BA3: the amount authorised by the Financial Committees and published as BA3.

Transfers: the difference between the Budget as it is reported at the end of the fiscal year and the Year End Review.

End of Year Budget: the budget as reported upon at the end of the year, including all transfers made between the authorisation of BA3 and the end of the fiscal year.

Net Commitments: are the net liabilities recorded for which goods or services have not been received yet. When they relate to fiscal year-2, they are lapsed at the end of the year except if a special carry-forward has been requested form the committees.

EUR	*BA1*	*BA2*	*BA3*	*Transfers*	*End of Year Budget*	*Net Commitment*
		NCSEP at 28				
	95,416,970	***95,629,470***	***95,968,433***	***662,750***	***96,631,183***	***43,973,713***
101 SHAPE	15,573,981	15,573,981	15,573,981	269,372	15,843,353	318,372
103 JFC HQ BRUNSSUM	4,297,162	4,509,662	4,509,662	259,834	4,769,496	259,834
104 JFC HQ NAPLES	13,997,900	13,997,900	13,997,900	133,544	14,131,444	2,013,833
105 HQ AC RAMSTEIN	260,000	260,000	260,000	-	260,000	137,873
164 AIR DEFENCE (GROUND)	10,557,000	10,557,000	10,557,000	-	10,557,000	-
166 ACCS Support	9,826,090	9,826,090	9,826,090	-	9,826,090	-
177 NCCB	40,904,837	40,904,837	41,243,800	-	41,243,800	41,243,800
		NAEW at 18				
	64,050	***64,050***	***64,050***	***-***	***64,050***	***9,030***
112 NAEW&C FC	64,050	64,050	64,050	-	64,050	9,030
		NAEW at 17				
	95,261,013	***114,154,937***	***114,151,937***	***-***	***114,151,937***	***74,283,918***
162 E3A Component	95,261,013	114,154,937	114,151,937	-	114,151,937	74,283,918
		AOM at 28				
	208,982,463	***6,285,502***	***6,285,502***	***-***	***6,285,502***	***817,508***
183 Balkans Operations	6,285,502	6,285,502	6,285,502	-	6,285,502	817,508
Total for all MB Cost Shares, Years and Budget	**399,724,496**	**216,133,959**	**216,469,922**	**662,750**	**217,132,673**	**119,084,169**

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STATEMENT 5/2: SUMMARY BUDGET EXECUTION REPORT FOR NON ACO MB BUDGETS

All amounts are expressed in the reporting currency mentioned at the top left of the tables and rounded to the whole unit.

Expenditure Ceiling: this column represents the funding ceiling.

Net Commitments: are the net liabilities recorded for which goods or services have not been received yet. When they relate to fiscal year-2, they are lapsed at the end of the year except if a special carry-forward has been requested form the committees.

Expenses: expenses are reported under accrual basis: they have been posted when goods have been delivered or the invoice has been received but not necessarily paid yet.

Total spend: equals the sum of net commitments and expenses.

EUR

	Expenditure Ceiling	*Net Commitment*	*Actual Expenses*	*Total Spend*
	Non-Consolidated MB			
	8,096,088	***676,354***	***6,734,920***	***7,411,274***
2014	**7,378,661**	**645,796**	**6,251,337**	**6,897,133**
259 ACT EXERCISES & TRAINING	7,378,661	645,796	6,251,337	6,897,133
2013	**717,427**	**30,558**	**483,583**	**514,142**
259 ACT EXERCISES & TRAINING	717,427	30,558	483,583	514,142

STATEMENT 5/3: ACO PROJECT EXECUTION REPORT

All amounts are expressed in the reporting currency of the entity - EUR

This report includes a summary of ongoing or completed projects per location, active projects, as well as a summary of projects approved for COFFA, closed projects.

Authorised Budget: is the Authorisation in Scope as approved by the Investment Committee (IC).

Commitments: are the net liabilities recorded against projects and for which the goods or services have not been received yet.

Actuals YTD: are expenses for the reporting year reported under accrual basis. They have been posted when goods or services have been delivered or the invoice has been received, but not necessarily paid yet.

Actuals PJTD: are accumulated expenses for the projects.

Funds Available: are authorisation not yet spent, or not yet de-authorised by the IC for completed projects.

OVERALL - NSIP PROJECT EXECUTION STATUS

Active projects

Status	*Authorized Budget*	*Commitments*	*Actuals YTD*	*Actuals PJTD*	*Funds Available*
BRUNSSUM	40,068,889	9,819	541,231	34,516,953	5,542,117
NAPLES	44,982,424	-	-	43,368,574	1,613,850
KFOR	13,563,814	17,962	131,989	12,407,782	1,138,070
NHQSa	8,490,764	-	-	8,490,764	-
SHAPE	78,303,698	1,273,180	457,657	76,610,775	419,743
Grand Total	**185,409,589**	**1,300,961**	**1,130,877**	**175,394,848**	**8,713,779**
Semi-Annual	185,401,282			175,386,541	
Difference	**8,307**	**1,300,961**	**1,130,877**	**8,307**	**8,713,779**
A2002_5_VA_30184 A34 NHQSa	(8,313)			(8,313)	
Rounding	6			6	
	(8,307)			(8,307)	

Actuals YTD reported in Statement of Financial Performance	534,463
Actuals YTD reported in Statement of Financial Position WIP	596,414
	1,130,877

See note F. Segment Reporting

Closed projects

Status	*Authorized Budget*	*Commitments*	*Actuals YTD*	*Actuals PJTD*	*Funds Available*
BRUNSSUM	43,648,569	-	-	43,648,569	-
NAPLES	3,644,378	-	-	3,644,378	-
KFOR	83,982,299	-	-	83,982,299	-
NHQSa	114,279,103	-	-	114,279,103	-
SHAPE	557,634,613	-	-	557,634,608	5
Grand Total	**803,188,962**	**-**	**-**	**803,188,957**	**5**
Total	**988,598,551**	**1,300,961**	**1,130,877**	**978,583,805**	**8,713,785**

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Notes to the
ACO Consolidated Financial Statements 2014

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NOTES TO THE ACO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2014

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A. Accounting Policies

Accounting Period

These ACO Financial Statements are based on the accounting records of ACO as of 31 December 2014. In accordance with Article 2 of the NFR, the financial year at ACO begins on 1 January and ends on 31 December of the year.

Functional and Reporting Currency

These financial statements are presented in Euro (€), the Euro being the ACO's functional and reporting currency. Data from ACO budgets approved in different currency is converted and executed into Euro using a fixed rate.

The functional currency for the NSIP is Euro (€), as it is for the MB.

Basis of preparation

The ACO consolidated financial statements have been prepared on a going-concern basis. The assumption that ACO is a going concern and will continue in operation and meet its strategic objectives and its obligations for the foreseeable future is based on all available information about the future, which is not limited to, twelve months from the approval of these financial statements. The assumption on the going-concern basis is not affected by the closure of some of the ACO consolidated entities as it refers to ACO as a whole.

Financial Reporting Framework

The ACO financial statements have been prepared on the accrual basis of accounting in accordance with the International Public Sector Accounting Standards (IPSAS) issued by the IPSAS Board (IPSASB) and relevant to ACO and with the NATO Accounting framework approved by the NAC on 2 August 2013[1]. A list of standards issued by the IPSAS Board can be found on the following website www.ifac.org.

The accounting principles recognised 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 to ensure that the financial statements provide information that is relevant to the decision-making and reliable, comparable, and understandable in light of the qualitative characteristics of financial reporting as well as the of the principles of the Qualitative Characteristics of Financial Reporting as listed in the Appendix A of IPSAS 1[2]. Preparation of the financial statements in accordance with the above mentioned rules and principles requires management to make estimates that affect the reported amounts of certain items in the statement of financial position and statement of financial performance as well as the disclosures of contingent assets and liabilities.

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

No accounting standard has been adopted earlier than the application date as stated in the IPSAS standards.

ACO financial statements have also been prepared in accordance with the accounting requirements of the NATO Financial Regulations (NFR), the Financial Rules and Procedures (FRP) and the relevant ACO directives and policies.

The NATO Accounting Framework was approved by the North Atlantic Council on 02 August 2013[3]. This framework sets out the adaptation of some of the IPSAS to produce a common approach NATO-wide to reporting on assets controlled by NATO reporting entities as well as to suit NATO's specific requirements. It covers IPSAS 12 (Inventories), IPSAS 17 (Property, Plant and Equipment), IPSAS 31 (Intangible assets) and IPSAS 6 (Consolidation) for Morale and Welfare concessions.

According to the NATO Accounting Framework, ACO recognises only inventory balances and capital assets acquired from 01 January 2013 (received during 2013) whose value is above the materiality

[1] C-M(2013)0039 dated 26 July 2013
[2] 2014 IFAC HANDBOOK OF INTERNATIONAL PUBLIC SECTOR ACCOUNTING PRONOUNCEMENTS vol.I, IPSAS 1, Appendix A
[3] C-M(2013)0039, dated 26 July 2013

thresholds set by the framework per each asset category. Furthermore, the Allied Operations and Missions assets acquired from 1 January 2013 and physically located in a Theatre of Operation are fully depreciated during the first year (i.e. 12 months) of their useful life effective from the date on which they are brought into Theatre. All the assets acquired before 01 January 2013 are considered as fully expensed. For items acquired prior to the cut-off date of 01 January 2013 a brief description has been provided as a disclosure note in accordance with the prescriptions of the NATO Accounting framework, to include the types of assets, locations where they are held and the approximate number of items held at the reporting date, if available.

Criteria for assessment of control and materiality thresholds have been applied in accordance with the NATO accounting framework and proper guidance was provided to each ACO Command for the preparation of the year-end closure. A materiality threshold of 5,000 EUR has been applied for reporting on ACO legal provisions and a materiality threshold of 50,000 EUR has been applied for lease contract.

The ownership and control of CIS Assets.

Further to the NAC decision to transfer the full ownership of all NATO common funded IT assets and IT infrastructure from the current NATO Commands to the NCIO effective 01 July 2012, the governance of the CIS asset and related IT infrastructure to include ownership, accountability and management is vested in the NCIA effective from the above mentioned date. Therefore, ACO is no longer recognizing in its Financial Statements the CIS inventories starting from the 2012 FS, except in cases where the CIS assets are deemed to be under the control of ACO in accordance with the control criteria set forth by the NATO Accounting Framework, such as for the CIS inventories managed locally by the NSBs which are reported by the NCIS Group and the CIS assets reported by the E3-A Component.

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 2014 Financial Statements the accounting policies have been applied consistently throughout the reporting period.

The ACO Corporate Accounting and Control Branch (ACO CAC) is in charge of preparing and maintaining the ACO Accounting policies and preparing the full consolidation of the ACO Financial Statements.

A deep analysis on control criteria and related assessment was performed producing a change in the accounting policy adopted for the 2014 ACO Financial Statements

For instance, Air Defence Ground assets were assessed as not controlled by ACO because they are the responsibility of a number of interested parties of which the SACEUR is only one; the SACEUR does not have sole operational control over these assets. These assets are not reported in the ACO Financial Statements. The ACO assessment was deeply discussed and agreed with NSPA. To ensure transparency and accountability for the value of these assets, ACO was informed by NSPA that they are reported in a note to the NSPO Financial Statements.

Trust Funds, Nation Borne Costs and other reimbursable budgets

ACO manages a number of Trust Funds (TF), Nation Borne Costs (NBC) activities and other reimbursable budgets on behalf of other entities. They are not considered core ACO's activities, ACO is only performing financial service provision, issuing contracts and paying invoices for other entities either co-located or in another way associated with ACO, but not part of the entity. Based on the principle that 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 consider that financial inflows/outflows are recognised with an equal liability, but ACO does not recognise any expenditure or revenue in relation to the Trust Funds, NBC and other reimbursable budgets in its Statements of Financial Performance. From 2014 ACO is including only the execution of the budget delegated by ACT for exercises, considered part of ACO core activities.

Inventory calculation

With the implementation of the NATO Accounting Framework for reporting of inventory only items acquired after 01 January 2013 should be recorded with a value, and items before this date should be disclosed only as quantities. Some of the inventory systems used by ACO[4] cannot make this distinction and therefore it is not possible to use data as reported by these systems. ACO has opted to use the data

[4] PILS used by E3A Component is the only system capable of providing this split, so this new calculation of inventory value is not applied to E3A

related to the recorded quantities for all transactions, and the monetary value for items received. Based on the quantity and value for received items, an overall weighted average cost (WAC) is applied to the remaining transactions. This applies to first year of adoption, FY 2013. For the following year the opening quantity and value is added to the quantity and value of received items when calculating the overall WAC.

Budget/Project Execution Report

The execution of authorised budgets/projects is shown per cost share on a summarised level per budget code and year of authorisation. Details are provided directly to the NATO Committees.

The impacts of any other change to the ACO accounting policy have been identified in the notes under the appropriate headings.

Foreign currency transactions

Transactions in currencies other than the functional currency are translated into Euro at the NATO exchange rates prevailing at the time of the transaction. Monetary assets and liabilities at year-end which were denominated in foreign currencies were translated into Euro using the NATO exchange rates that were applicable on 31 December 2014.

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

All entities included in the consolidated financial statements adopt Euro as functional currency. Data from ACO budgets approved in different currency is converted and executed into Euro using a fixed rate. The fixed rate applied for 2014 for GBP is equal to 0.8199 EUR.

Consolidation

The ACO Consolidated financial statements include the financial results of ACO as the controlling entity exercising control over the controlled entities listed below. These include ACO's various Headquarters and NSIP funds for which SHAPE acts as Host Nations.

ACO HQ NAME	**LOCATION**
SHAPE	Casteau, Belgium
JFC HQ Brunssum	Brunssum, Netherlands
ISAF HQ	Kabul, Afghanistan
E-3A Component Command	Geilenkirchen, Germany
JFC HQ Naples	Naples, Italy
AIRCOM Ramstein[5]	Ramstein, Germany
MARCOM Northwood	Northwood, UK
NCIS Group HQ[6]	Casteau, Belgium
KFOR	Pristina, Kosovo
NHQSa	Sarajevo, Bosnia Herzegovina
LANDCOM Izmir	Izmir, Turkey
ACO Corporate Accounting and Control	Casteau, Belgium

While Morale and Welfare activities are under the control of the SACEUR they have not been consolidated into the primary financial statements in accordance with IPSAS 6 in its adapted version approved by the North Atlantic Council (NAC) on 02 August 2013. ACO Morale Welfare Activities is a separate report that will be submitted to the Budget Committee.

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

[6] It includes data related to the NCISG HQ plus the 3 NATO Signal Battalions.

ACO has obtained from the above listed Commands all the information and financial data necessary for the production of the accounts that show ACO's consolidated assets and liabilities as well as revenues and expenses. The Financial Controllers of the above mentioned controlled entities have certified the correctness and reliability of the data reported to ACO CAC for further analysis and consolidation in the ACO FS.

Service in Kind

Services In-Kind are services provided by individuals to public sector entities in a non-exchange transaction. These services meet the definition of an asset because the entity controls a resource from which future economic benefits or service potential is expected to flow to the entity. An entity may, but is not required to, recognise services In-Kind as revenue and as an asset, and a decrease in an asset and an expense upon consumption of the service In-Kind. Due to many circumstances surrounding services In-Kind, including the ability to exercise control over the services and measuring the fair value of the services, IPSAS does not require the recognition of service In-Kind.

Assets – Current Assets

ACO holds the following types of current assets:

a. Cash and cash equivalents

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

b. Receivables

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

In accordance with IPSAS, receivables are broken down into amounts receivable from user charges, taxes, receivables from related parties, etc.

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

c. Prepayments and Misc. Assets

This reflects prepayments given to suppliers and to other NATO entities, as well as bank interest accrued during the reporting period, but received only the following year.

d. Inventory

In accordance with IPSAS 12 as approved within the NATO Accounting Framework and the ACO Policy on IPSAS 12 items acquired from 01 January 2013 and held on stock at the reporting date are recorded as inventories within the categories recognized in the NATO accounting framework if their useful life is less than one year and they exceed the materiality threshold reported in the table below.

Inventory Categories	Threshold	Basis
Consumable	€50,000	Per location/warehouse
Spare parts	€50,000	Per location/warehouse
Ammunition	€50,000	Per location/warehouse
Strategic stockpiles	€50,000	Per location/warehouse

In ACO inventories are reported using the WAC method where adjustment is made to cater for the reduced value of non-strategic slow moving items. Inventories qualified as non-strategic held on stock at the reporting date and which were identified as 'slow moving' over the last three reporting periods are written down to the net realisable value, it being 35% of the last WAC of the same inventory item, if the total value of slow moving items exceeds the ACO materiality threshold; however the category of 'slow moving' items is not applicable for 2014, since only items acquired starting from 01 January 2013 are reported, which means that nothing has been in stock for more than three years.

Due to the restriction mentioned under changes to accounting policies, ACO is using the data related to the recorded quantities only, for all types of transactions, and the monetary value only for items received for data coming from inventory systems other than PILS. Based on the quantity and value for received

items, an overall WAC is applied to the other transactions. This applies to first year of adoption, FY 2013. For the following years the opening quantity balance and value is added to the quantity and value of received items when calculating the overall WAC.

ACO is reporting also 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 inventory category for each respective location.

According to the ACO EOY Guidance and the ACO Policy on IPSAS 12, inventories are reported using a dedicated Unearned Revenue account, under Current Liabilities, as counter posting

Assets – Non-Current Assets

In this category, ACO is reporting all assets invested for more than 12 months or receivable beyond 12 months from the closing date of the financial statements.

a. Financial Assets

Long term receivables from the nations for future payment of provisions are reported as a financial asset.

b. Property, Plant and Equipment

ACO is only reporting PP&E against IPSAS 17, as modified by the NAC endorsed Adapted Accounting framework. Furthermore, ACO had already developed its policy on capital assets including materiality thresholds and depreciation methods, criteria to distinguish between PP&E assets and inventories and to implement a common asset register to consistently track and monitor the assets held by ACO throughout its Commands.

ACO has also continued to collect data through the Asset Register related to the legacy assets (i.e. those acquired before 01 January 2013) and has included this information in the FS by way of a disclosure note to include the approximate number of items per asset category for each respective location.

Underneath are the categories of PP&E assets with the related materiality thresholds and useful life applied by ACO in accordance with the adapted IPSAS 17:

Category	Threshold	Depreciation life
Land	€200,000	N/A
Buildings	€200,000	40 years
Other infrastructure	€200,000	40 years
Installed equipment	€30,000	10 years
Machinery	€30,000	10 years
Vehicles	€10,000	5 years
Aircraft	€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 last two categories related to CIS PP&E assets are included only in relation to holdings of the E3-A Component which is not supported by the NCI Agency for the provision of CIS services, but under the control of the E3-A Component and are, thereby, reported in the ACO FS.

ACO is reporting expenses for all NSIP projects where SHAPE is Host Nation and not completed at end of year as work in process (WIP) without any depreciation applied. Furthermore, projects funded by annual budget and not completed by reporting date is also reported as WIP. Projects/assets completed and officially transferred for use to ACO entities are included in the FS as PP&E.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

All leases held by the ACO Commands at the reporting date have been qualified as operating leases. Rental payable under lease contracts are recognised as an expense in the statement of financial performance on a straight line basis over the lease term.

c. Intangible Assets

Underneath there are reported the categories of intangible assets with the related materiality and useful life included in the ACO policy in accordance with the adapted IPSAS 31:

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

ACO does not hold intangible assets at the reporting date.

Liabilities - Current liabilities

a. Payable

Payables are amounts due to third parties for goods received or services provided that remain unpaid as of the reporting date.

Accruals are estimates of the cost for goods and services received at year-end but not yet invoiced.

b. Unearned Revenue and Advances

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

Contributions called for following year budgets are recorded as advances. Funds are called in advance of their need because the entity has no capital that would allow it to pre-finance any of its activities. Advances are also spontaneous national contributions for future years' budgets.

Employee benefits

IPSAS 25 prescribes the accounting treatment of the following employee benefits:

(1) Short term benefits which fall due wholly within twelve months after the end of the accounting period in which employees render the related service;

(2) Post-employment benefits; and

(3) Termination benefits.

Certain employees participate in the Provident Fund or the New Defined Contribution Pension Scheme administered by NATO. Contributions to these Plans are limited to matching the employees' contributions for current service. Other employees participate in NATO's Defined Benefit Plan; a portion of their salaries is deducted and contributed to the annual financing of this Plan.

The assets and liability for NATO's Defined Benefit Plan are accounted for centrally at NATO Headquarters and therefore are not recognised in these financial statements, whilst the employer's contribution made to the Provident Fund or the New Defined Contribution Pension Plan are expensed during the reporting period.

ACO recognises a provision in the Statement of Financial Position for the TFR to be paid to the Italian Local Wage Rate employees by JFC HQ Naples as a termination benefit (further details are disclosed in the note E.

Provisions

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

Liabilities - Non-Current liabilities

Unearned Revenue

The non-current liability represents the counter posting for property, plant and equipment and work in progress managed by ACO.

Net Assets

Net assets represent the residual interest in the assets of the entity after deducting its liabilities.

Revenue and expense recognition

a. Revenue

Revenue comprises contributions from Member Nations and other customers to fund ACO's requirements through the Military Budget and the NATO Security Investment Programme. It is recognised as revenue in the statement of financial performance when such contributions are used for their intended purpose as envisioned by operational budgets. 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. The balance of unspent contributions and other revenues that relate to future periods are deferred accordingly.

Where a transfer is subject to conditions that, if unfulfilled, require the return of the transferred resources, the entity recognises a liability until the condition is fulfilled.

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 2014, exchange rate revenue due to transactions in foreign currency and realised exchange rate revenue in accordance with the ACO Policy IPSAS 4 – Effect of the foreign exchange rate are recognised as financial revenue.

b. Expenses

Budgetary expenses are recognised when occurred. Accruing of expenses is based on the concept of accruing when goods and services are received.

Bank charges, exchange rate losses due to transaction in foreign currency and realised exchange rate losses in accordance with the ACO Policy IPSAS 4 – Effect of the foreign exchange rate are recognised as financial expenses.

Net Surplus or Deficit for the Period

In accordance with ACO accounting policies ACO revenue is recognised up to the amount of the matching expenses.

Restatements

Restatement has been made for inventory due to the change in valuation, in PPE due to additional information received, and provisions due to a calculation error in 2013.

Additionally, certain reimbursable activity has been excluded from these 2014 FS where ACO acts as an “Agent” rather than as the “Principle”.

Further details on these restatements are shown in the relevant note.

B. Significant Accounting Judgements and Estimates

In accordance with IPSAS and generally accepted accounting principles, the financial statements necessarily include amounts based on estimates and assumptions made by the management using judgement and historical experience as well as the most reliable information available. A certain degree of caution was used in making the estimates in light of the principle of ‘prudence’ required by IPSAS in order not to overstate assets or revenue or understate liabilities or expenses.

The estimates and underlying assumptions are reviewed on an ongoing basis. These estimates and assumptions affect the amounts of assets, liabilities, revenues and expenses reported. By their nature, these estimates are characterised by some uncertainty. The effect of changes to such estimates and assumptions in future periods could be significant to the financial statements. Some of the most significant estimates used in these financial statements are:

Actual results can differ from estimates made. Changes in estimates are reflected in the financial statements at the time when they become known.

C. Notes to Statement of Financial Position

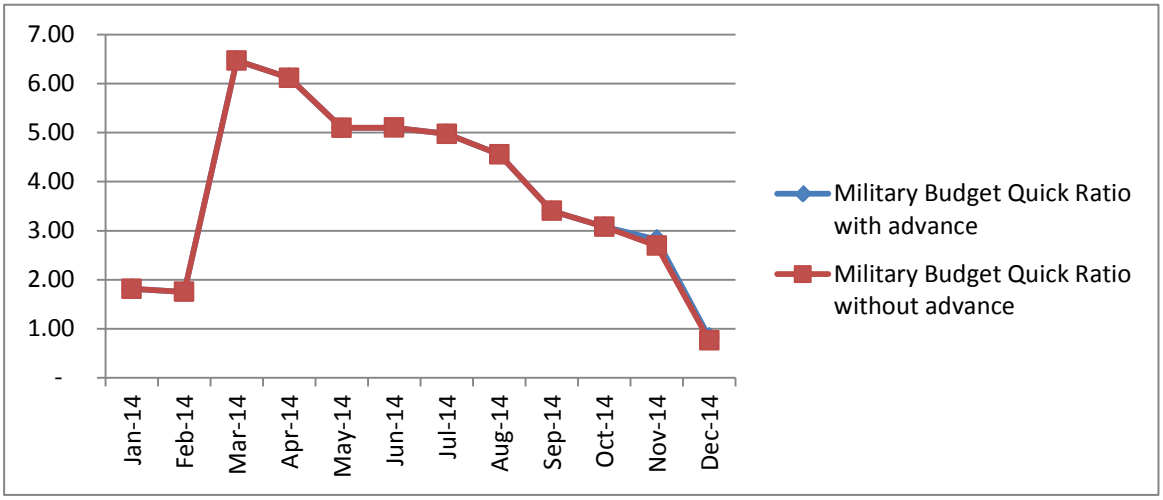
Assets – Current Assets

1. Cash and cash equivalents

Cash and cash equivalents	*2014*	*2013 restated*	*2013*
Cash accounts	167,545	225,531	225,531
Petty Cash and Advances	316,949	345,935	345,935
Current Bank Accounts	860,492,668	501,392,674	501,392,674
Cash equivalents	80,000,000	414,067,206	414,067,206
Clearing-Bank accounts	(54)	(10,278)	(10,278)
Total	**940,977,108**	**916,021,068**	**916,021,068**

Cash and cash equivalents balances tend to increase towards the end of the financial year due to the cash received upon the final cash call and the request of some nations to liquidate uncalled contributions for the following year. Therefore, the year-end balance is not representative of the average cash holdings during the financial year. The trend continues until March of the following financial year. The cash holdings are shown in the Table C1below 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.

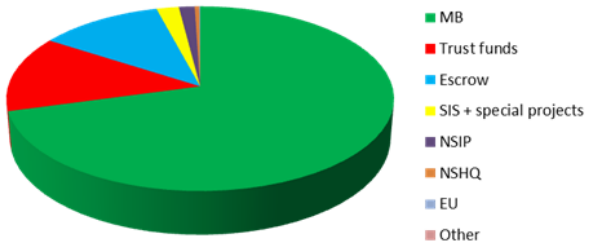
Table 1.A – ACO Quick ratio Fiscal year 2014



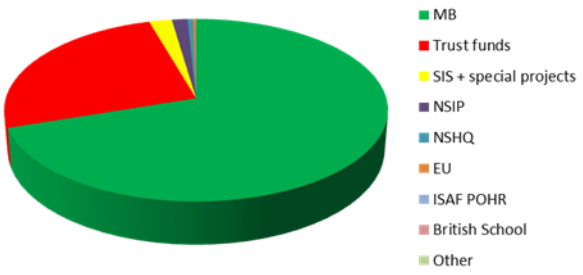
At ACO the cash and cash equivalents of 940,9 MEUR include balances for purposes other than MB budget and NSIP. Since ACO has control of these balances, they are shown as asset of ACO with a matching liability. The breakdown for the main categories is reported below:

Table 1.B - Cash and cash equivalents breakdown

2014



2013



The overall total cash and cash equivalents increased in 2014 about 25 MEUR. For the Military Budget this increase is a consequence of:

- 27 MEUR increase in the advance called for the 2015 NCSEP/AOM/NAEW contribution and voluntary advances,
- 28 MEUR increase in liabilities to suppliers and agencies,
  The above are offset against an increase in contribution from Member Nations of 56 MEUR.
- A decrease in lapses of 17 MEUR, and
- a decrease in unearned revenue of 9 MEUR

Furthermore, it should be noted that during 2014, there was a decrease of holding for TF for 110 MEUR and a similar cash holding increase due to the creation of a new bank account, the “Escrow Account”. This account was authorised by the BC[7] to mitigate any potential financial risks and liabilities related to the ISAF Fuel Basic ordering Agreements (BOA). Both cash holdings are kept in USD.

The local cash and cash equivalents balances are kept as low as possible to ensure liquidity for the few payments still executed locally due to national peculiarities. The ACO approach is to keep the liquidity at a central level in order to have better banking conditions and higher interests to be shared amongst the nations at year's end. The use of the local bank accounts has been drastically reduced due to the centralisation of the inflows/outflows transactions ACO-wide, as part of the ACO J8 Optimisation Project.

Funds categorized as cash equivalent are invested in short-term deposit accounts, and are readily convertible to known amounts of cash and subject to no risk of changes in value. Short-term investments include investments if their maturity is within a period of 12 months or less.

The Tables below show the ACO investments in 2013 and 2014:

2013 Investments (MEUR)				
Bank	**Amount**	**Interest**	**Months**	
Banca Monte Paschi	75	2.00%	5	
BNP Paribas	100	0.60%	3	
BNP Paribas	60	0.65%	4	3 month in 2013
BNP Paribas	100	0.50%	8	
BNP Paribas	150	0.50%	4	
BNP Paribas	272. 2*	EURIBOR + 0.4%	N/A	*average on the account

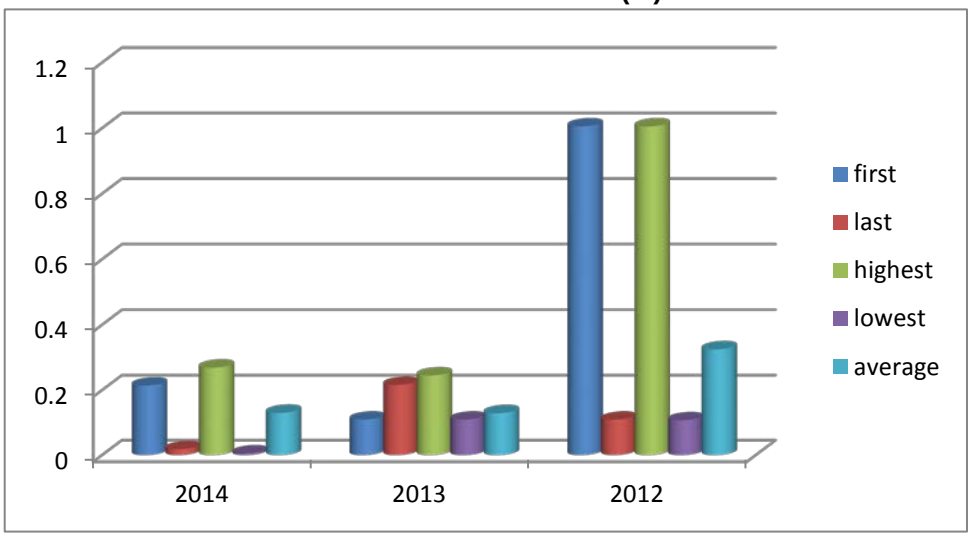
[7] BC-DS(2013)0050, dated 23 October 2013

2014 Investments (MEUR)				
Bank	**Amount**	**Interest**	**Months**	
BNP Paribas	60	0.65%	4	1 month in 2014
Banca Monte Paschi	80	1.656%	4	
Banca Monte Paschi	80	1.00%	12	1 month in 2014
BNP Paribas	243.7*	EURIBOR	N/A	*average on the account
BNP Paribas	100	0.25%	N/A	

All investments are managed centrally by ACO CAC branch. Due to the uncertainties of the financial markets ACO CAC closely monitor where the funds are deposited. Funds are kept on investment accounts that pay fixed rates of interest and money can be withdrawn easily.

The situation of the European financial markets and ACO interest revenue can be shown through the changes of EURIBOR 1 month rate. Since all ACO investments according to the NFRs are short term investments in EUR, EURIBOR rates have a big effect on the investment offers ACO receive from banks. The EURIBOR interest rates dropped significantly during 2012 (from 1.005% at the beginning of January to 0.107% at the end of December). In 2013 the rates stayed low between 0.0109% and 0.216% with slight increase during the year. The trend continued in the first half of 2014 followed by again huge decrease in July (from 0.244% to 0.051%). As a consequence, there was no significant change in the interest revenue in 2014 compared to 2013. Since then the EURIBOR is very close to zero (being below zero quite often).

EURIBOR 1 month rates (%)



It is worth mentioning that interest revenue is only one part of the relationship ACO has with banks, ACO has almost no fees considering the volume of the transactions managed in all currencies and countries (involving corresponding banks and potential extra costs). In addition, ACO regularly analyse and consider the most valuable approach regarding foreign currencies.

2. Accounts Receivable

Accounts Receivable	2014	2013 restated	2013
Contribution from Member Nations	77,710,096	21,161,140	21,161,140
Receivable from Nations	28,203,026	31,369,798	31,369,798
Receivables from NON-Consolidated Entities	7,663,032	13,222,055	13,222,055
Receivables from Staff Members	549,790	580,504	580,504
Receivables from Governments	6,720,169	2,614,582	2,892,743
Other Receivables/Recoverable	12,129,056	17,424,942	18,449,015
Total	**132,975,170**	**86,373,021**	**87,675,255**

The restatement of the 2013 closing balance for accounts receivable is due to the reclassification of EUFOR and NSHQ.

A high percentage of accounts receivable is reported in the ACO CAC accounting book. ACO CAC receives funds mainly from Nations for Calls for Contributions, recovery of the NBC and other calls for contribution.

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

Contribution receivables from Member Nations

Contribution from Member Nations	2014	2013 restated	2013
NCSEP Budget	32,096,325	5,435,687	5,435,687
AGS Budget	80,537	286,826	286,826
NAEW Budget	9,409,168	3,922,274	3,922,274
AOM Budget	35,940,323	11,516,353	11,516,353
NSIP	183,744	0	0
Total	**77,710,096**	**21,161,140**	**21,161,140**

The increase in contribution receivables from member nations is due to the fact that the second call for contribution happened one month later in 2014 than in 2013. Therefore the Nations had less time to pay their dues in 2014.

Receivable from Nations

Receivable from Nations	2014	2013 restated	2013
NHQSa NBC	53,796	55,528	55,528
KFOR NBC	1,890,578	1,598,724	1,598,724
ISAF NBC	26,258,652	29,715,546	29,715,546
Total	**28,203,026**	**31,369,798**	**31,369,798**

These credits are for NBC from Nations participating to the AOM activities and for which ACO is providing all services related to their troops.

The outstanding credits are closely monitored; dunning letters are sent quarterly, with additional exceptional reminders for few Nations. Despite ACO efforts to collect the outstanding amounts receivable, some nations changed the way they are paying NBC and delayed their payments. ACO assess at low risk the recovery of these amounts since most of them are related to NATO nations.

Receivable from non-consolidated NATO entities

These are receivables from non-consolidated NATO entities from services provided to these entities.

Receivable from staff members

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.

Receivable from Governments

These are receivables form Government entities, such as local support units.

Other Receivables/Recoverable

This category includes amounts to be invoiced as well as receivables from third parties. SHAPE is still reporting some receivables against the SHAPE International School. The invoice for EU Operation ALTHEA issued at EOY is also recorded under this category.

3. Prepayments and Misc. Assets

Prepayments and Misc. Assets	2014	2013 restated	2013
Advances and Prepayments	18,678,359	59,591,137	59,591,137
Bank Interest Accrued	1,014,514	1,022,245	1,022,245
Receivable > 12 months	6,195,226	4,255,606	4,255,607
Total	**25,888,099**	**64,868,988**	**64,868,989**

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

The reported advances and prepayments are mainly advances and prepayments to other NATO Agencies, like NSPA and NCIA, and LWR Severance Pay (TFR) for JFC Naples. SHAPE is reporting a decrease related to LWR salaries as well as agencies. In general most sites are reporting a decrease in advance to agencies (e. g. E-3A, who is reporting a decrease of 24 MEUR).

The majority of the Bank Interest Accrued relates to deposits with BNP Paribas, and the Escrow USD bank account managed by ACO CAC.

The Receivable > 12 months has increased from 2013 to 2014 and is mainly related to outstanding amounts for KAIA Nation Borne Costs and outstanding contribution for NCSEP for MEUR 0.5. ACO CAC is doing everything in its power to collect those funds but it might be impossible to avoid a partial write off. Receivable > 12 months is reported net of provision for possible bad debt for an amount of 208.9 KEUR

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

4. Inventories

Inventories	2014	2013 restated	2013
Consumable	12,568,800	13,943,333	12,041,409
Spare parts	13,500,645	10,034,510	9,241,968
Ammunition	0	0	0
Strategic stocks	0	0	0
Total for Inventories	**26,069,445**	**23,977,843**	**21,283,377**

ACO is reporting inventory as established in the ACO accounting policy. No inventory is pledged as security for liabilities.

ACO Inventory items are classified by group classes with the exception of E3A for which the Tech Degree codes (ERRC) is considered the first filter for categorizing items as inventory or PP&E prior to the classification by group class. For example, items flagged with XB and XF ERRC codes are always categorized as inventory items regardless the group class. Some other codes are classified in accordance with the assigned group class.

Restatement of the 2013 inventories

The restatement of the 2013 closing balance for inventories is due to the change in calculation of WAC as explained in the accounting policy. ACO CAC centrally performed this analysis and assessment on behalf of the ACO controlled entities.

Inventory acquired after 1 January 2013 (cut-off date)

As the logistic tool used for recording of inventories in most ACO sites (NDSS) is not able to provide reports to identify the OUT transactions in relation to when the items were actually received (i.e. whether prior or after 1 January 2013) for the purpose of recognising items acquired before or after the cut-off date, ACO has applied the approach that all write offs and OUT transactions are first applied to items acquired before the cut-off date before applied to new items. This is done for quantities on a general basis per category and location. 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 as

well as if above the materiality threshold of 2% of the overall budget executed by the respective ACO Command.

Inventory acquired before 1 January 2013 (legacy assets)

The Table below shows the summary of ACO inventory items acquired prior to the 1 January 2013 and still in stock as of 31 December 2014, in accordance with the NATO Accounting Framework.

Table 4.A – Summary of inventory acquired before 1 January 2013 (quantities per site/category)

INVENTORY CATEGORY	SHAPE	JFC HQ BRUNS-SUM	AIR-COM RAM-STEIN	ISAF	E3A COMPO-NENT	JFC HQ NAP-LES	NHQ-Sa	LAND-COM IZMIR	NCISG	KFOR	MAR-COM NORTH WOOD	TOTAL
CONSUMABLE & MAINTENANCE	-	-	-	-	2,252,527	-	1,741	88,483	-	-	-	**2,342,751**
SPARE PARTS	-	-	-	-	890,859	12,554	-	74,482	1,679	-	43	**979,617**
AMMUNITION	-	-	-	-	32,592	-	-	-	-	-	-	**32,592**
	-	**-**	**-**	**-**	**3,175,978**	**12,554**	**1,741**	**162,965**	**1,679**	**-**	**43**	**3,354,960**

Assets - Non-current Assets

5. Financial Assets

Financial Assets	2014	2013 restated	2013
Non-current Receivables	1,777	1,777	1,777
Long Term Receivable for Provisions	26,165,828	9,923,042	9,987,184
Total	**26,167,605**	**9,924,819**	**9,988,961**

The accounts Long Term Receivable for Provisions cover amounts receivable from contributing nations for more than 12 months. Provisions are reported as liabilities of ACO and matched to asset since they will eventually be borne by member Nations. The difference with the provision reported as liabilities is due to the accounting treatment of the LWR Severance Pay (TFR) in JFC Naples. A partial amount of the TFR is recorded as pre-payment.

6. Property, Plant and Equipment

Property, Plant and Equipment	2014	2013 restated	2013
Land	0	0	0
Buildings	16,758,367	2,747,613	0
Other infrastructure	14,334,117	2,125,985	0
Installed Equipment	3,202,723	2,016,187	3,585,339
Machinery	1,411,176	780,720	776,005
Vehicles	1,587,920	2,390,565	462,202
Airplanes	2,125,741	693,167	693,167
Mission Equipment	27,781,287	14,234,338	14,064,281
Furniture	628,830	228,377	228,377
Communication	1,384,673	1,325,432	1,004,318
Automated Information Systems	1,560,952	684,188	678,074
WIP	1,843,614	4,703,103	4,842,103
Total for Property, Plant and Equipment	**72,619,400**	**31,929,673**	**26,333,866**

According to the NATO Accounting Framework all assets qualified as PP&E which were under the control of ACO at the reporting date, acquired (received) from 1 January 2013 have been capitalized and recognised as non-current assets in the statement of financial position in accordance with the ACO capitalisation thresholds. No PP&E is pledged as security for liabilities.

The CIS assets (Communication and Automated Information System) relate to CIS assets of PP&E at E3A Component.

The category of 'work in progress' (WIP) refers mainly to NSIP projects implemented by SHAPE as HN for ACO requirements; WIP will be reported until the project is completed and the asset has been put in service. Detailed disclosure is reported in the Table 6.A.

Restatement for PPE, other infrastructure, and vehicles is due to information received from NSPA related to ISAF, as well as information provided by ISAF. The main increase in 2014 is due to completion of a new building at E3A as well as completion of a runway, which is categorized as other infrastructure. Increase in mission equipment is mainly due to delivery from NSPA of deployable equipment in Taranto. Some projects managed by SHAPE have been completed and capitalized during 2014, causing a net decrease in work in progress.

It should be mentioned that, as already disclosed for the inventory, PP&E items are classified as such using the group classes identified by ACO. There is one exception for E3A for which the Tech Degree codes (ERRC) is considered the first filter for categorizing items as inventory or PP&E. For example, items flagged with ND ERRC code are always categorized as PP&E. Some other codes are classified in accordance with the assigned group class.

Assets acquired before 1 January 2013 (legacy assets)

The Table 6.B shows the summary of assets of PP&E under the control of ACO at the reporting date, acquired prior to the 1 January 2013. As required by the NATO Accounting Framework the following information is disclosed hereafter for the legacy assets acquired prior to the 01 January 2013:

- the type of PPE (category of the assets);
- the location;
- the approximate number of items per category;

TABLE 6.A – Property, Plant and Equipment – Breakdown of transactions for the year

	Land		Buildings		Other infrastructure		Installed Equipment		Machinery		Vehicles	
Acquisition cost as of 1 January 2013		-		-		-		-		-		-
+ Additions	-		-		-		*3,913,269*		*811,594*		*870,770*	
Adjustment to additions 2013	-		*27,526,788*		*2,319,256*		*(1,466,173)*		-		*2,806,392*	
- Disposals/retirements	-		-		-		-		-		-	
+ Revaluations	-		-		-		-		-		-	
- Impairments	-	-	-	27,526,788	-	2,319,256	-	2,447,096	-	811,594	-	3,677,161
		-		27,526,788		2,319,256		2,447,096		811,594		3,677,161
- Accumulated depreciation	-		-		-		-		-		-	
- Depreciation 2013	-		-		-		*(327,930)*		*(35,589)*		*(408,568)*	
Adjustment to depreciation 2013	-	-	*(24,779,175)*	(24,779,175)	*(193,271)*	(193,271)	*(102,978)*	(430,908)	*4,715*	(30,874)	*(878,029)*	(1,286,597)
Ending balance as of 31 December 2013		**-**		**2,747,613**		**2,125,985**		**2,016,187**		**780,720**		**2,390,565**
Acquisition cost as of 1 January 2013		-		27,526,788		2,319,256		2,447,096		811,594		3,677,161
Adjustment to opening balance		-		-		-		-		-		-
		-		27,526,788		2,319,256		2,447,096		811,594		3,677,161
+ Additions	-		*21,836,644*		*15,635,493*		*1,519,900*		*1,821,693*		*1,815,306*	
- Disposals/retirements	-		*0*		-		-		-		-	
+ Revaluations	-		-		-		-		-		-	
- Impairments	-	-	-	21,836,644	-	15,635,493	-	1,519,900	-	1,821,693	-	1,815,306
Accumulated acquisition cost		-		49,363,432		17,954,749		3,966,995		2,633,287		5,492,468
- Accumulated depreciation as of 1 January 2014	-		*(24,779,175)*		*(193,271)*		*(430,908)*		*(30,874)*		*(1,286,597)*	
Adjustment to opening balance	-		-		-		-		-		-	
	-		*(24,779,175)*		*(193,271)*		*(430,908)*		*(30,874)*		*(1,286,597)*	
+ Disposals/retirements	-		-		-		-		-		-	
- Depreciation 2014	-	-	*(7,825,890)*	(32,605,065)	*(3,427,360)*	(3,620,632)	*(333,364)*	(764,273)	*(1,191,237)*	(1,222,111)	*(2,617,951)*	(3,904,548)
Ending balance as of 31 December 2014		**-**		**16,758,367**		**14,334,117**		**3,202,723**		**1,411,176**		**1,587,920**

	Airplanes		Mission Equipment		Furniture		Communications		AIS		WIP		Total	
Acquisition cost as of 1 January 2013		-		-		-		-		-		-		-
+ Additions	*698,514*		*15,481,465*		*247,167*		*1,198,015*		*775,516*		*4,842,103*		*28,838,413*	
Adjustment to additions 2013	-		*204,069*		*0*		*139,000*		-		*(139,000)*		*31,390,331*	
- Disposals/retirements	-		-		-		-		-		-		-	
+ Revaluations	-		-		-		-		-		-		-	
- Impairments	-	698,514	-	15,685,533	-	247,167	-	1,337,015	-	775,516	-	4,703,103	-	60,228,743
		698,514		15,685,533		247,167		1,337,015		775,516		4,703,103		60,228,743
- Accumulated depreciation	-		-		-		-		-		-		-	
- Depreciation 2013	*(5,347)*		*(1,417,184)*		*(18,790)*		*(193,698)*		*(97,442)*		-		*(2,504,548)*	
Adjustment to depreciation 2013	-	(5,347)	*(34,012)*	(1,451,196)	*0*	(18,790)	*182,114*	(11,583)	*6,114*	(91,328)	-	-	*(25,794,523)*	(28,299,070)
Ending balance as of 31 December 2013		**693,167**		**14,234,338**		**228,377**		**1,325,432**		**684,188**		**4,703,103**		**31,929,673**
Acquisition cost as of 1 January 2013		698,514		15,685,533		247,167		1,337,015		775,516		4,703,103		60,228,743
Adjustment to opening balance		-		(63,938)		63,938		-		-		-		-
		698,514		15,621,595		311,105		1,337,015		775,516		4,703,103		60,228,743
+ Additions	*1,491,397*		*22,667,428*		*391,256*		*105,574*		*1,101,618*		*1,794,959*		*70,181,268*	
- Disposals/retirements	-		*(65,586)*		*0*		-		-		*(4,654,447)*		*(4,720,033)*	
+ Revaluations	-		-		-		-		-		-		-	
- Impairments	-	1,491,397	-	22,601,842	-	391,256	-	105,574	-	1,101,618	-	(2,859,488)	-	65,461,235
Accumulated acquisition cost		2,189,911		38,223,438		702,361		1,442,589		1,877,134		1,843,614		125,689,978
- Accumulated depreciation as of 1 January 2014	*(5,347)*		*(1,451,196)*		*(18,790)*		*(11,583)*		*(91,328)*		-		*(28,299,070)*	
Adjustment to opening balance	-		*1,776*		*(1,776)*		-		-		-		-	
	(5,347)		*(1,449,420)*		*(20,566)*		*(11,583)*		*(91,328)*		-		*(28,299,070)*	
+ Disposals/retirements	-		*21,862*		-		-		-		-		*21,862*	
- Depreciation 2014	*(58,822)*	(64,170)	*(9,014,593)*	(10,442,150)	*(52,965)*	(73,531)	*(46,333)*	(57,917)	*(224,854)*	(316,182)	-	-	*(24,793,370)*	(53,070,578)
Ending balance as of 31 December 2014		**2,125,741**		**27,781,287**		**628,830**		**1,384,673**		**1,560,952**		**1,843,614**		**72,619,400**

TABLE 6.B – Summary of asset categories (number of items)

ASSET CATEGORY	SHAPE	JFC HQ BRUNSSUM	AIRCOM RAMSTEIN	ISAF	E3A COMPONENT	JFC HQ NAPLES	NHQSa	LANDCOM IZMIR	NCISG	KFOR	MARCOM NORTHWOOD	TOTAL
LAND	1	2	1	-	-	-	-	3	-	4	-	**11**
BUILDING	238	63	1	-	354	10	59	60	-	17	-	**802**
OTHER INFRASTRUCTURES	1	2	1	-	-	-	46	18	-	161	-	**229**
INSTALLED EQUIPMENT	164	2,571	36	1,000	968	970	-	1	134	152	-	**5,996**
MACHINERY	700	34	107	473	2,393	-	1	-	334	438	-	**4,480**
TRANSPORT EQUIPMENT - VEHICLES	140	86	41	356	28	62	90	36	122	204	-	**1,165**
TRANSPORT EQUIPMENT - AIRPLANES	-	-	-	5	1,057[8]	-	-	-	-	-	-	**1,062**
MISSION EQUIPMENT	449	17	26	491	1,543	931	-	-	286	140	-	**3,883**
FURNITURE	376	1,507	447	147	35	1,557	-	-	91	1,309	-	**5,469**
COMMUNICATION	-	-	-	-	3,486	-	-	-	-	-	-	**3,486**
AUTOMATED INFORMATION SYSTEM	-	-	-	-	218	-	-	-	-	-	-	**218**
	2,069	**4,282**	**660**	**2,472**	**10,082**	**3,530**	**196**	**118**	**967**	**2,425**	**-**	**26,801**

[8] For E3A the number of items included in this category represents the entire AWACS fleet, including airplanes and related components.

Liabilities – Current Liabilities

7. Accounts Payable

Payables	2014	2013 restated	2013
Payable to Suppliers	(223,897,741)	(203,121,942)	(208,606,301)
Payable to staff members	(290,618)	(99,350)	(99,350)
Payable to governments	(485,377)	(180,304)	(180,304)
Other payables	(12,077,838)	(32,227,620)	(32,227,620)
Total	**(236,751,574)**	**(235,629,216)**	**(241,113,575)**

The restatement of the 2013 is due to the reclassification of EUFOR, NSHQ and a small change in the provision for untaken leave.

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. Only manual accruals are assigned to an ad-hoc category.

Payables to suppliers

Payables to suppliers include:

a. Suppliers as third parties invoices received from commercial vendors not settled and goods and services received and accrued where no invoice has been received by reporting date.

b. Suppliers as other NATO entities. The majority are payables/accruals to NSPA and NCIA. It should be noted that some of the accrual data provided by the local sites (e.g. JFCBS) are based on information collected and validated by the local Fund Managers (FMs).

   Foreign Military Services (FMS) cases. This category represents payables due to goods and services acquired for E3A through NATO agencies such as NSPA including those related to FMS cases acquired from the US Defence Department through the Agency. The NAEW&C Force conducts twice a year (March and September) FMS case review meetings with several US organisations (AFSAC, DFAS, ANG, NAPMO US Agent, TCG). 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. A further goal is to close formally open but fully performed cases as early as possible. In all the meetings the E3A Financial Controller or his deputy is present to ensure accurate financial management overall the FMS business for NAEW&C Force. Furthermore, it should be noted, that the total amount of FMS goods and services delivered to the E3-A component is not material in relation to the overall consolidated amount of contractual services procured by ACO in the same reporting period.

Payable to staff members

Amounts due to staff members for salaries or allowances. The increase is mainly related to SHAPE and ISAF.

Payable to governments

Amounts payable to Nations for goods and services provided to ACO. The increase is mainly related to JFC Brunssum invoices to US DFAS totalling 320 KEUR.

Other payables

Following IBAN recommendation[9] unrealised currency fluctuations for NSIP, not yet returned, have been excluded from interest and reimbursements to the Nations, since 1987. At the end of 2001 they amounted to €11,424,945.

[9] See (IBA-IR (2002)86)

NSIP accounts at SHAPE were maintained on BUDCOM and at the time of migration to NAFS, on 31 Dec 2003, unrealised currency fluctuations amounted to €7,757,417.

Since intercompany accounts are not revalued in NAFS, the amount is also reported at the end of 2014, adjusted for other currency differences identified.

The decrease in other payables is due to a reclassification to payables to suppliers.

8. CL-Unearned Revenue and Advance

Unearned Revenue and Advance	2014	2013 restated	2013
Unearned Revenue NCSEP/AGS/AOM/NAEW	(176,149,373)	(167,143,218)	(167,143,219)
Liabilities from NCSEP/AGS/AOM/NAEW Lapse	(60,094,712)	(77,178,243)	(77,178,244)
Liabilities from NCSEP/AGS/AOM/NAEW Budget decrease	0	(692,136)	(692,136)
Liabilities from NCSEP/AGS/AOM/NAEW Result of the year	(7,231,865)	(6,454,441)	(6,454,441)
Liability from unrealised exchange rate differences	(3,032,313)	(535,030)	(535,030)
Advance NCSEP/AGS/AOM/NAEW Contributions	(338,454,675)	(310,542,336)	(310,542,336)
NSIP Unearned Revenue	(789,320)	(977,561)	(977,561)
Liabilities from NSIP Cash Call	(1,014,063)	(614,616)	(614,616)
Liabilities from NSIP Accumulated result of the year	(1,215,001)	(1,171,387)	(1,171,387)
Other Unearned Revenue	(273,370,515)	(265,037,320)	(260,855,197)
Other Advance	(283,984)	(36,960)	(36,960)
Unearned Revenue Inventory	(26,069,445)	(23,977,844)	(21,283,376)
Total	**(887,705,265)**	**(854,361,093)**	**(847,484,503)**

Unearned Revenue NCSEP/AGS/AOM/NAEW

Unearned revenue for NCSEP/AGS/AOM/NAEW budgets corresponds to contributions called or to be called for 2014, or before, but for which corresponding expenditures will be incurred after the reporting date. It is accounted for by type, cost share, mission and year in accordance with the ACO policy.

Liabilities from NCSEP/AGS/AOM/NAEW Lapse

These liabilities are used to record unused budget credits authorized as of end of year 2014. The lapse is in effect an amount owed back to the Nations and as per NATO IS policy; the balance will be included in the 2nd Assessment call for 2015

NCSEP/AGS/AOM/NAEW Lapse	2014	2013 restated	2013
Budgetary lapses	(38,125,376)	(61,532,534)	(61,532,534)
Overestimated accruals	(22,071,672)	(15,660,040)	(15,660,040)
Other adjustments	102,336	14,331	14,330
Total	**(60,094,712)**	**(77,178,243)**	**(77,178,244)**

Liabilities from NCSEP/AGS/AOM/NAEW Budget Decrease

There was no change in budget authorisation after the last call, so no liability is recorded for 2014.

Liabilities from NCSEP/AGS/AOM/NAEW Result of the year

Distribution of Result of the year	2014	2013 restated	2013
Result of the year	(9,772,761)	(7,377,503)	(7,377,503)
Unrealised exchange rate gain/loss	2,497,282	869,638	869,638
NSIP result of the year	43,614	53,424	53,424
Result of the year to be returned	**(7,231,865)**	**(6,454,441)**	**(6,454,441)**

This net amount of miscellaneous income, interest revenue, bank charges, realised gain and losses that needs to be returned to the Nations was summarised at ACO consolidation level, apportioned by type, cost share and mission and posted as a liability. As per NATO IS policy, the balance will be included in the 2nd Assessment call for 2015.

Advance NCSEP/AGS/AOM/NAEW Contributions

The amount is related to:

- Advance contribution called on the 2nd call 2014 for an amount of EUR 276,273,600 (NAEW/AGS/NCSEP/AOM cost share) and related to budget authorization of 2015. These advances are recorded with the appropriate account code by type/year/cost share. The amount is comparable to the balance of 2013.
- Advances for an amount of EUR 61,340,981 made by some member Nations, mainly in coordination with the NATO IS Treasury for non ACO called advances.
- An overcall for AOM was recognised and returned with the 1st call for 2015, it has therefore been recorded as an advance from Nations per reporting date

NSIP Unearned Revenue

A report on expenses and one on forecasts are forwarded twice a year by SHAPE to the Security Investment, Logistics and Civil Emergency Planning (SILCEP). These quarterly reports are the basis for the calculations of the NSIP calls for contributions. Calls not expensed in the year are unearned revenue. Any difference is normally returned with the following cash calls, as explained below, but some amounts were never corrected and these are shown as unearned revenue. The NOR has been informed about the amount, but no correction has been made so far.

Liabilities from NSIP Cash Call

The difference between forecasted expenses and the actual expenses is returned with the cash calls for the following year. The balance represents the forecasted amounts for 3rd and 4th quarter 2014 less actual expenses,

Liabilities from NSIP Result of the year

NSIP Result of the year	2014	2013 restated	2013
Cumulated result of previous years	(1,171,387)	(1,117,963)	(1,117,963)
Result of the year	(43,614)	(53,424)	(53,424)
Liabilities from NSIP Result of the year	**(1,215,001)**	**(1,171,387)**	**(1,171,387)**

Interest and results, distributed by cost share, have been reported. The accumulated result from 2008 to 2014 still needs to be redistributed to the Nations. This is a NOR responsibility.

Other Unearned Revenue

The amount represents funds called but not used in respect for ACO non-core activities, like SHAPE International School (SIS), Trusts Funds, NSHQ, the EU Operation Althea and the Escrow account.

Unearned Revenue Inventory

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

9. Provision

Provisions	2014	2013 restated	2013
Provisions	(27,620,588)	(11,175,430)	(11,239,572)
Total	**(27,620,588)**	**(11,175,430)**	**(11,239,572)**

Provisions are valued with best accounting estimate available. The amounts of the provisions reported in the ACO 2014 statement of financial position are shown in more detail in the Note E.

Liabilities – Non-Current Liabilities

10. Non-CL Unearned Revenue

Unearned Revenue	2014	2013 restated	2013
Unearned Revenue for PP&E and WIP	(72,619,400)	(31,929,673)	(26,333,865)
Total	**(72,619,400)**	**(31,929,673)**	**(26,333,865)**

In accordance with the NATO IPSAS Manual, option 1 has been applied in the ACO Consolidated Financial Statements. 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 are no surpluses or deficit resulting from asset depreciation or acquisition.

The Unearned Revenue is the counterpart of the PP&E Net Value

D. Notes to Statement of Financial Performance

11. Revenue

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

12. Expenses

Expenses for ACO entities are recognised by nature as follows:

a) Personnel

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.

b) Contractual Supplies and Services

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 increase of 1.08% over 2013 is mainly due to NCCB budget, in terms of budget authorised and cost incurred. It should be noted that 2014 was the first year of the SLA implementation between ACO and NCIA using a fixed customer rate for the CIS service provided.

In this category there is a considerable amount for the maintenance of the E3A Fleet aircraft performed in three levels: maintenance performed directly by the Logistic Wing for the first and intermediate level; and the third level required by legal or contractual obligations such as Depot Level Maintenance (DLM). The third level is typically performed by Industry and contractually governed by the DLM Contract MG2012 between NSPA and IAMCO. As experienced during to 2013, also in 2014 a DLM event for one aircraft was delayed likely without creating a direct negative impact on the availability of the E3A fleet. This

measure didn't result on a reduction of the overall maintenance costs due to the unchanged number of aircrafts. 2014 amount was lower than average even with only 2 DLM events

c) 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 which exceed ACO's financial reporting materiality threshold of 50,000 Euro per lease contract, 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 recognised 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.

Site	PPE category	Asset leased	Amount paid in 2014 (€)	Amount to pay in 2015 (€)	Amount to pay in 2016-2019 (€)	Renewal or purchase options/restrictions
SHAPE	Transport Equipment	Lease of 2 arrmoured light body police vehicles	71,723.22	53,779.50	-	End of contract15/05/2016.
JFCBS	Transport Equipment	Civilian lease-fleet	142,696.30	128,398.32	390,000.00	-
E3A	AIS	Servers	289,623.10	289,623.10	868,869.36	
JFCNP	AIS	B/W Copiers	60,522.00	10,000.00	-	Expires 28/02/2015

d) Capital & Investment

Acquired assets of PP&E which exceed the materiality thresholds are capitalized and depreciated over their useful life as per ACO accounting policy. Expenses related to projects are reported as WIP for expenses occurred in 2014, except for projects approved for repair and maintenance.

As required by NSIP regulations, ACO J8 reports for each project where SHAPE has been nominated HN, on authorisations in funds, cumulative expenses and forecasts of future expenditures.

Reimbursable activities

The total expenses made by ACO for reimbursable activities are 58 MEUR with an increase of 4 MEUR over 2013. It includes mainly activities related to NCIA, EU Operation Althea, NSHQ, and NBC.

13. Net Surplus or Deficit for the Period

The result of the year is the difference of non-budgetary revenue and expenses, such as interests, exchange rate loss or gain, and depreciation. The amount, except unrealised gain/losses for exchange rate, will be re-distributed to the Nations in the 2nd Assessment Call for 2015.

E. Contingent Assets, Contingent Liabilities and Provisions

Contingent Assets

A contingent asset is a possible asset that arises from past events and of which the existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. A contingent asset is disclosed when an inflow of economic benefits or service potential is probable.

For the closing reporting period ACO has no contingent assets to disclose.

Contingent Liabilities

IPSAS 19.101 allows an entity to determine which provisions or contingent liabilities may be aggregated to form a class. Based on the nature of the items ACO has aggregated the contingent liabilities reported by the ACO consolidated entities in the following two classes:

A. Those subject to legal action or other litigation. This class includes all pending litigation action including alleged breaks of contractual clauses or claims such as court cases, claims to the Appeals Board, NATO SOFA (art. VIII) claims;

B. Those of a legislative/contractual nature. This includes liabilities deriving from legislation such as environmental regulations or from contracts and/or MOUs including those which are under negotiation and not yet signed,.

The estimates of the outcome and the financial impact of the contingencies have been 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 Command 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 assets and liabilities. This final assessment is the result of internal coordination and additional clarifications between SHAPE and the local sites.

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

Contingent liabilities of legal action/litigation nature

With regard to the first class of contingent liabilities the overall aggregated total for this class of contingent liabilities has been estimated at approximately Euro 36.5 MEUR. The amount has increased significantly in 2014 over 2013 where the same class was estimated at 3.5 MEUR. The total includes the following cases:

A.1. **SHAPE – Belgian NATO International Civilians (NICs) and Local Wage Rates (LWRs) – Security clearance**. In October 2013 the SHAPE BEL NMR informed SHAPE that, in accordance with a Belgian Royal Decree of 4 September 2013, the procedure for requesting a new or a renewal of a security clearance will only be initiated after receipt of the appropriate fee by the BEL National Security Authority (NSA). The SHAPE position is that the payment of the fee is the responsibility of either the Nation or the individual concerned. The issue is, however, related to the liability for employment termination and potential Loss of Job Indemnity (LOJI) due to the lack of a valid security clearance. SHAPE has decided to disclose a possible liability in the event that SHAPE has to terminate the contract with its Belgian employees. The average cost to be paid by SHAPE to a NIC or a LWR in such an event would amount to 123 KEUR and 165 KEUR respectively which include the six months' notice period plus the LOJI[10]. Currently on the SHAPE Peace Establishment (PE) there are 43 Belgian NATO International Civilians (NIC) and 180 Belgian Local Wage Rate (LWR) employees. Consequently, the overall funds needed to settle the aforementioned liability would amount to 35 MEUR.

A.2. **KFOR - International Hotels Worldwide (IHW) claim**. In 1999 KFOR/SHAPE contracted with IHW, a private company, to rent premises for housing and related services for KFOR troops at the Sports and Recreation Centre in Pristina. The total amount of the contract was 360 KUSD. KFOR stopped making the payments for the rent shortly after signing the contract, when discovered that the facilities provided by IHW at the Sports and Recreation Centre in Pristina were actually publicly owned property which KFOR was legally entitled to use free of charge. KFOR indicated a willingness to continue to pay for the services rendered (separate from the rent) but IHW never accepted to provide invoices on that basis. In 2001 IHW succeeded in obtaining an arbitration award against NATO to pay the amount outstanding including interest of 537.5 KUSD (436.6 KEUR). NATO does not consider this award valid because IHW did not comply with the contractual preconditions for such arbitration and the proceedings were not conducted in accordance with the procedures applicable to such arbitration. In 2010 the Belgian court sent an execution order to several of the vendors located at the Staff Centre, as the companies are under Belgian law, ordering to make payments, normally payable to NATO, to the Hotel Group, until the outstanding amount is settled (436.6 KEUR). NATO continues to oppose those court decisions because the view is that those rulings violate the special legal status which NATO enjoys under the Ottawa Agreement. At present different court proceedings are ongoing and it is difficult to predict when those proceedings will be finalized and what the final outcome may be.

A.3. **Various HQs – Claims under NATO SOFA Article VIII**. An overall amount of **900 KEUR** is estimated as reliable and potentially required to settle various ACO possible liabilities due to intergovernmental and/or third parties claims presented in accordance to article VIII of the NATO SOFA, including ex gratia payments due to damages incurred by the use of official vehicles. The 'ex gratia claims' also include an amount of 400 KEUR estimated by the NHQSa LEGAD to settle

[10] Reference to ACO Financial Controller letter FC306/14 dated 1 December 2014 and BC-D(2014)0250 dated 4 December 2014

some Glamoc Range claims in addition to the budgetary provision already made in the Balkans budget. The likelihood of the out-flow of resources needed to settle these claims has not yet been assessed as probable but it is considered prudent to include it into contingent liabilities. This is mostly based on past experience and statistical data related to the settlement of Glamoc Range which have shown that some of them may be denied for lack of substantiation or rejected because the claimant has refused the settlement offer. Moreover, it is unknown how many claimants will be able to get the proper authenticated ownership documents from the cadastral authorities.

A.4. **Various HQs – labour and employment issues**. An overall amount of **200 KEUR** is reliably estimated as required to settle various liabilities related to employment termination which have been reported by SHAPE, LANDCOM and JFC BRUNSSUM, the latter in relation to an ISAF ICC for which a special carry forward of credits amounting to 133 KEUR was approved by the BC.

A.5. **Various HQs – liabilities with no reliable amount**. It should be noted that included in this class of contingent liabilities there are also various cases for which it is not possible at this stage to estimate reliably the amount necessary to settle the liability. It is worthwhile noting within this group the following cases:

- SHAPE/JFC NAPLES/NHQSa - eleven International Civilian Consultants (ICCs) at NHQSa who are represented by the Omnia Strategy LLP have requested NATO to convert their posts into NICs. SHAPE LEGAD is dealing with this case at strategic level given its legal, financial and manpower implications and following potential impact on other ICCs ACO-wide. With regard to the 11 ICCs JFC NAPLES J1 has so far estimated that the potential overall annual cost increase for NHQSa in the event that the ICCs would be converted into NICs would amount to 247,4KEUR. This amount, however, only addresses the annual cost increase and does not take into account any potential retroactive liabilities resulting from the conversion[11].
- JFC BRUNSSUM - Supreme Group has raised a variety of claims towards JFC BRUNSSUM to the value of 254 MUSD. All these claims will be subject to settlement in accordance with the applicable contractual arrangements. SHAPE holds an Escrow account amounting to approximately 144 MEUR to meet the eventuality of such claims. The final amount required to settle the claims is, however, considered unreliable before the claims have been fully reviewed to assess whether they are substantiated or not.
- JFC BRUNSSUM - Supreme Group has furthermore raised a claim against JFC BRUNSSUM regarding the overall fuel ordered and delivered to ISAF under the terms of the Basic Ordering Agreements (BOAs). As at the date of the closure of the BOAs with Supreme approximately 33 M litres of fuel remained in Supreme managed fuel storage facilities relating to the BOA. A quadrilateral agreement (Supreme, Nordic Camp Supply, NSPA and JFCBS) was initially agreed between all parties, however not executed. As there was no longer an agreement the fuel was deemed to have been delivered by Supreme and as such JFC BRUNSSUM is liable for its payment to Supreme. Accordingly JFC BRUNSSUM has, negotiated an Agreement with NSPA under which NSPA will sell the fuel stored and transfer the money to JFC BRUNSSUM to pay off the fuel delivered by Supreme. Based on this the only liability for JFC BRUNSSUM will be related to the payment to Supreme of the fuel that NSPA will not be able to resell. Pending ongoing audits of the final bills with Supreme, the costs related to this issue are at this stage unpredictable.
- NHQSa – LCH pension contributions gap. A contingent liability is disclosed in relation to the payment made by NATO in the period from January 1996 to March 2006 of social contributions to local civilian hires (LCH) currently employed at NHQSa directly to the LCH rather than into a governmental pension fund. Although this was done in accordance with the Labor Annex to the Technical Agreement between Bosnia and Herzegovina (BiH) and IFOR, the BiH pension funds never established a scheme by which these LCH employees could make payments and thereby get credit towards their pensions. Moreover, the analysis of the LCH salaries for the ten year period reveal that NATO and its predecessors underpaid LCH employees the portion of their salary constituting social contributions by about 60% and has been estimated in approximately 400 KEUR. It should also be noted that other employees who no longer work for NATO have also submitted some claims which create some potential liability as well. However, there are still some uncertainties surrounding amount actually required by NATO to settle its liability, because the reliable amount required by NATO is dependent upon the ability of NATO to reach a “settlement” agreement with the employees as

[11] Reference to JFCNP/SPT/J1/OJSHRX/2540/TT13028-14 dated 18 November 2014

well as by the employees' willingness to actually participate in the settlement as they can also decide not to be covered by the concerned Pension Funds.

There is also an additional case classified by the ACO management as remote contingent liability: it is related to ITA MOD for TCSOR. In August 2014 the ITA MOD submitted a request for reimbursement of TCSOR costs amounting to 12.8 MEUR for 2013 for the provision of the Airborne Electronic Attack (AEA) which operated since March 2012 with one C27J under COMISAF OPCON in support of the ISAF Mission. ITA considers that this capability is eligible for NATO Common Funding (CF) in accordance with the revised funding arrangements for ISAF[12]. However, although listed under the revised ISAF TCSOR endorsed by the MC the AEA capability is not specifically identified under the eligibility criteria of the revised funding arrangements for ISAF. In October 2014 SHAPE sought the advice of the RPPB on the eligibility for NATO CF for the reimbursement of the AEA capability to ITA. NOR was tasked by the RPPB to advise on the eligibility of the request. On 14 Jan 2015 the NOR recommended the non-eligibility of the AEA capability. The management is not aware of any formal request from ITA for exceptional funding. The total costs needed to cover the liability towards ITA amounts to approximately 24 MEUR for 2012 and 2013; however, due to information received, ACO consider this contingent liability as remote and no amount is recognised. It should be noted that the Budget Committee has authorised a special carry forward of ISAF budget credits to cover this possible liability.

With regard to the second class of contingent liabilities the overall aggregated total amounts to an estimated 27.9 MEUR. This class includes the following contingent liabilities:

B.1. JFC BRUNSSUM/SHAPE – ISAF closure – NSPA employees LOJI. Due to termination of the ISAF mission at 31 December 2014 and the NATO reduced footprint in RSM SHAPE holds responsibility towards NSPA for the payment of the LOJI associated with redundant NSPA NIC manpower approved by SHAPE to support the ISAF operation. A special carry forward of credits of approximately 1.4 MEUR was approved by the BC to cover this liability. However, since NSPA is currently working on contracted solutions for a number of services for the Resolute Support Mission (RSM), it is likely that a certain number of redundant staff will continue to work under the follow-on mission which will reduce this liability. The final outcome of the measures currently being implemented by NSPA is currently unpredictable.

B.2. JFC BRUNSSUM/SHAPE – ISAF closure – Various short-term liabilities. For the liabilities listed below the BC has approved a special carry forward of credits in a total amount of 29,055,194 EUR to cover potential future ISAF related liabilities and has agreed that this amount should be frozen until required[13]. Of this total, 16, 1 MEUR represents specific liabilities which are expected to mature in the near future and of this total 3,115,000 EUR have now been unfrozen by the BC[14] to cover some liabilities for which provisions have been recognised, as disclosed under the Paragraph further below related to the "Legal Provisions". The break-down of the above mentioned amount of 16 MEUR is provided below, deducted by the amount recognised as a provision:

- Container storage cost - 6,979,500 EUR. NATO share for approximate 400 containers stored at Karachi for 3 years, based on 150EUR/per container/per day and costs for shipping of approximately 10% of the stored containers at 12KEUR per container.
- Food claim Supreme - 1,700,000 EUR. NATO expects approximately 10% cost share in Supreme Food claim for food waste due to late cancellation of the contract
- E3A delegation – 175,000 EUR. E3A expects 175,000 EUR shortfall in 2014/ISAF delegation to cover overtime costs
- ISAF archiving – 1,823,335 EUR. 5 temporary hires (B3/B4) for 5 years to archive ISAF files, at a yearly cost of 364,667 EUR.
- Remediation and de-scoping – 2,240,000 EUR. Remediation cost and expected engineering investment and O&M costs

B.3 JFC BRUNSSUM/SHAPE – ISAF closure – Long-term liabilities. – The amount of 13,022,359 EUR represents the overall estimated future liabilities due to the ISAF closure which include restoration of facilities, pollution claims, site reclamation and environmental clean-up and other contractor claims.

[12] SG(006)0160-REV1 dated 25 July 2006
[13] BC-DS(2014)0071 dated 8 December 2014
[14] BC-DS(2015)0018 dated 25 March 2015

B.4 E3-A – NSPA accruals - 550,109 EUR Based on ACO policy on accruals at E3-A in relation to services provided by NSPA in the event that NSPA has provided services in excess to what ordered by E3A and the services in excess are not covered by a contract authority approved by the BC, E3A may decide not to receive the services and deny payment to NSPA. For this reason E3A discloses only a possible liability and does not recognise the provision.

B.5 There is an additional case for E3A – NSPA/IAMCO/ALENIA- As a consequence of the NE-3A fleet reduction decisions, Alenia-IAMCO's subcontractor, provided a Rough Order of Magnitude (ROM) cost for closure/deactivation of all activities related to NE-3A airframe Depot Level Maintenance (DLM). The request is deemed at this stage not reliable as NSPA and IAMCO still need to assess the eligibility of the request from Alenia. Therefore, no amount is reported for this contingent liability.

Provisions

a. TFR

Provisions were made in JFC HQ Naples for *"Trattamento di Fine Rapporto (TFR)"* in application of the Italian Law and of 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.

b. Untaken leave

Paid leave is an employee benefit and as such part of overall personnel expenses. An entity can designate paid leave as transferable to future years or can specify that paid leave can only be taken in the financial year when it is earned.

In ACO the remaining balance at year end may be carried forward to the following calendar year. Any balance that is carried forward in this way must be taken prior to 30 April[15]. If a – rare - special permission is obtained, leave can even be carried over to subsequent financial years.

IPSAS requires the specific disclosure of employee benefits. Employee benefits relating to the current financial year are reported as an expense under "Personnel, in the Statement of Financial Performance". In view of the above untaken leave is specifically reported under IPSAS if the monetary value of untaken leave is material, the ratio Untaken Leave at 31 December 2014 / Total Annual Leave Entitlement exceeding 10%.

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 clearly constitutes a liability towards the future which needs to be provisioned.

c. Bad debts and doubtful debts

An allowance is provided for known and estimated bad debts. Provisions for doubtful debts are raised on very old outstanding credits and their amounts depend on estimation methodologies and techniques.

This provision is created for the outstanding credits of more than 12 months for which no write-off has been requested using a ratio of 0.5%, recognising a high probability that 0.5% of long outstanding credits will not be recovered. No materiality threshold is implemented for 2014.

d. Legal Provisions

Under this category the following provisions have been recognised in the FS for an overall amount of 20.2 MEUR. A materiality threshold of 5KEUR has been applied for the recognition of this category of provisions.

[15] It can be exceptionally expanded to 31 October of the subsequent year in accordance with NCPR art. 42.3.5 and 42.3.6 (Amendment 8 April 2012).

1. NHQSa

a) Review of the provision made for Glamoc Range claims

With DC(2013)0013 dated 14 February 2013 NATO HQ agreed that SHAPE could proceed with the settlement of the claims.

As at the end of 2014 a total of 1388 total claims were lodged by various landlords. 286 claims have been settled and 458 have been denied. For another 102 claims an offer has been issued by the NHQSa most of which will ultimately be settled based on the internal legal assessment. 132 claims have been suspended most of which will be denied for lack of substantiation. Of the remaining 410 claims about half will probably be settled and about half will probably be denied for lack of substantiation or rejection of the settlement offer. Based on this summary of claims and past experience the NHQSa Legal Office has reviewed the original provision considering that an overall amount of 2.5 MEUR should be required to settle all the substantiated claims. By deducting the actual payments so far processed in 2013 – 2014 time-frame, the outstanding liability has been estimated at 1,279,640 EUR and a provision consequently recognized in the 2014 FS It should be noted that the BC has authorized a special carry forward in 2015 for the settlement of the Glamoc Range claims amounting to 800 KEUR.

2. JFC NAPLES

a) Company's claim for cleaning contract at Bagnoli Compound

In the second half of 2012, JFC NAPLES started its move to the new compound in Lago Patria. JFC NAPLES J8/P&C issued new contracts for cleaning and ground maintenance services in the new site. At the same time JFC NAPLES gradually reduced the scope of maintenance at Bagnoli and finally, in December 2012, terminated the contracts extant in Bagnoli for both the above mentioned services with the company G.S.A.

At that date JFC NAPLES also decided to suspend outstanding payments to the provider G.S.A. mostly related to non-satisfactory contract performance and also because of G.S.A.'s employees claiming lack of payments by the company of salaries, severance pay, pension contributions, etc.. In March 2014 the company obtained a payment injunction from the Court of Naples based on the invoices payment for which had been suspended by JFC NAPLES for the reasons above. JFC NAPLES challenged this injunction and now the relevant case is pending before the Court of Naples. JFC NAPLES has requested the Court to either declare the injunction null and void or, alternatively, to decrease the amounts due to the bad services provided. Moreover JFC NAPLES has further requested the Court that any payment possibly ordered against JFC NAPLES should be conditional upon verification that nothing is due to be paid by the company to its employees.

The outcome of this case is likely to depend on JFC NAPLES's ability to prove the company's lack of performance and non-fulfilment of its contractual obligations. However, based on the JFC NAPLES Legal Office the case may render JFC NAPLES liable to pay the aforementioned amount thus requiring the recognition of a provision in accordance with IPSAS 19 for a total of 200,000 EUR. Furthermore, JFC NAPLES Legal Office envisages the possibility that another case may be filed in the future by this company against JFC NAPLES to claim reimbursement for damages allegedly due to the early termination/lack of renewal of the two contracts.

b) Remediation cost for soil pollution at Bagnoli compound

At the end of 2013 JFC NAPLES issued a contract to a specialized company in order to assess the possible additional costs related to the reclamation of the NATO site at Bagnoli and oil contamination of the subsoil. The majority of the works have not been performed as of 31-Dec-2014 as it requires prior approval by the appropriate authority (Campania Region). It should be noted that the contract with the company has expired and the related 2012 funds released. Nevertheless JFC Naples is obliged to perform this work. Depending on the possible outcome further liabilities could be assessed. The amount recognised as a provision is 194,800 EUR.

c) Company's claim for electricity arrears at Bagnoli Compound

Due as a result of the electricity consumption at JFC NAPLES in the 2005 – 2008 where the electricity provider (ENEL) has claimed for arrears related to a malfunctioning of the electrical meter in the Bagnoli compound which was discovered in 2012. Until last year JFC NAPLES considered it probable that payment would be required to settle the liability. However, the related amount was still under dispute and, therefore, the measurement was likely to be unreliable. For this reason the case was only disclosed in

2013 as a contingent liability. However, in the period from October 2014 until 10 March 2015 other meetings with the provider have been held and the arrears further analysed to determine more precisely the amount of the outstanding liability for actual electricity consumption by JFC NAPLES in the Bagnoli Compound. The result is that the amount of 3,352,885 EUR can be reliably considered as due to ENEL. JFC NAPLES has no dedicated budget or any special carry forward to cater for this liability.

3. JFC BRUNSSUM

a) Contractual dispute

Based on MOUs signed between NATO and lead Nations providing capabilities in accordance with the Theatre Capability Statement Of Requirements (TCSOR) and the ISAF funding principles, Nations who provided TCSOR capabilities, such as Role 2/3 medical services, Intelligence Surveillance and Reconnaissance (ISR) capabilities etc., were entitled to claim for the reimbursement of redeployment costs at the end of the mission in accordance with the ISAF funding arrangement principles laid down in SG(006)0160-REV1 dated 25 July 2006.

Consequently a special carry forward amounting to 11,465,000 EUR was approved by the BC[16] based on the cost estimates submitted by the Nations.

b) Potential future short-term ISAF-related liabilities

As indicated in the Paragraph above for the contingent ISAF related liabilities a request to unfreeze the overall amount of 3,115,000 EUR was approved by the Budget Committee[17] to cover the following liabilities for which a provision has been recognised:

- Remediation and de-scoping – 150,000 EUR. Remediation cost and expected engineering investment and O&M costs.
- Redeployment of approximate 80 containers (Thales) at a cost of 12KEUR each and residual disposal of NFE for a total estimated cost of 1,710,000 EUR.
- NCIA invoices – 380,000 EUR. This includes invoices for: 171 routers of decommissioned POPs, Procurement support for Camp Dogan CISAF-11 CIS removal and ICN Base Station Relocation.
- Repair and shipment of ESS cameras for a total estimated cost of 375,000 EUR.
- NSPA invoices – prior year NSPA invoices for a total estimated cost of 500,000 EUR.

4. E3A

a) FMS case

A provision of 607,151 EUR has been reported by the E3-A component based on data provided by NSPA at year end in relation to NSPA accruals. This amount relates to services provided by NSPA at year end which have exceeded the commitment given by E3A but covered by sufficient Contract Authority approved by the Budget Committee.

5. NCISG

a) A provision amounting to 5,526 EUR (representing 75% of the total amount of 7,369 EUR due by NATO in accordance with article VIII SOFA) is recognised due to a claim from an accident involving one NSB vehicle in Germany in November 2014 which is very likely to lead NCISG paying for the settlement of the liability. The estimated amount of 7,369.18 EUR appears reasonably certain thus the recognition of the provision which is above the materiality threshold of 5KEUR.

6. Various HQs – provisions not recognised below the materiality threshold

a) There have been reported by various ACO Commands cases related to liabilities for which payments are likely to be required. Under normal circumstances these cases would require the recognition of a provision in accordance with IPSAS 19. However, since the amounts concerned lie below the materiality threshold of 5 KEUR they have not been recognised in the FS. They all relate to Article VIII claims except one. The overall amount of such cases is estimated at 11.198 EUR

[16] BC-DS(2014)0071 dated 8 December 2014
[17] BC-DS(2015)0018 dated 25 March 2015

In the note K, a table is disclosing a cross-reference between the amounts of special carry forward of 2014 credits approved by the Budget Committee for each related contingent or legal provision.

The table below provides the breakdown of the total of provisions as reported in the statement of the financial position. The amounts are expressed in Euro currency:

	Untaken Leave	LOJI	Others (TFR)	TCSOR and others	Legal Provisions	Total		Doubtful and uncollectible AR
FS 2013	4,591,563	252,481	3,158,935	-	3,236,592	11,239,571		251,059
Re-statement 2013	(64,142)	-	-	-	-	(64,142)		-
31-Dec-13	4,527,421	252,481	3,158,935	-	3,236,592	11,175,429		251,059
Adjustment	42,963	-	-	-	-	42,963		-
1-Jan-14	**4,570,384**	**252,481**	**3,158,935**	**-**	**3,236,592**	**11,218,392**		**251,059**
Addition	4,169,010	-	256,443	-	20,220,003	24,645,456		39,700
Used	-	-	(183,803)	-	-	(183,803)		(39,676)
Reversed	(4,570,385)	(252,481)	-	-	(3,236,592)	(8,059,458)		(42,172)
31-Dec-14	**4,169,009**	**-**	**3,231,575**	**-**	**20,220,003**	**27,620,587**		**208,911**
Paid in 2014		103,846			1,030,415			

In the statement of financial position the receivable of more than 12 months have been reported net of the amount for doubtful and uncollectible receivables.

F. 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':

a) 'service segments' refer to a distinguishable component of an entity is engaged in providing related outputs or achieving particular operating objectives consistent with the overall mission of each entity; and

b) 'geographical segments' are a distinguishable component of an entity is 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 2014 financial statements the segment reporting has been prepared in conformity with the accounting policies and also reported in the ACO guidance for EOY 2014. As a consequence, , the command with control over a budget reflects those budgetary activities within its segment, so that for example many of the activities in Afghanistan are managed by JFC HQ Brunssum rather than in the ISAF budget and consequently are reflected there.

The tables presented for the segment reporting is adjusted for balances against other parts/segments within the entity. Where reported, the column 'restated' reflects the changes in inventory, PPE and provision as well as some few reclassifications. 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 4 locations executing the different projects, where SHAPE is HN.

The aggregated segment information disclosed is reconciled to the information reported in the consolidated financial statements, according to IPSAS 18, para 64.

Segment reporting MB
Statement of Financial Position per HQ

	SHAPE			JFC HQ Brunssum			AIRCOM Ramstein		
	2014	2013 RESTATED	2013	2014	2013 RESTATED	2013	2014	2013 RESTATED	2013
ASSETS									
Current Assets									
Total Cash and Cash Equivalents	14,321	9,418	9,418	226,247	540,535	540,535	344,839	71,640	71,640
Total Interentity	27,911,119	18,872,104	18,872,104	127,267,781	118,007,544	118,007,543	925,874	939,361	939,361
Total Receivables	16,444,269	17,632,481	17,632,481	3,109,642	8,215,084	8,215,084	196,842	111,661	111,661
Total Prepayments and miscell. assets	2,811,924	11,303,615	11,303,615	312,913	6,336,564	6,336,564	1,275,765	49,564	49,564
Total Inventories	584,961	574,736	69,008	144,667	0	0	81,721	137,171	0
Total Current Assets	***47,766,594***	***48,392,354***	***47,886,626***	***131,061,250***	***133,099,728***	***133,099,726***	***2,825,041***	***1,309,397***	***1,172,226***
Non-current Assets									
Total Financial Assets	621,980	896,924	896,924	14,965,279	1,383,680	1,383,680	171,108	180,747	180,747
Total PPE & WIP	32,037,644	15,150,995	16,845,556	1,241,289	1,340,736	1,340,736	0	0	0
Total Non-current Assets	***32,659,624***	***16,047,919***	***17,742,480***	***16,206,567***	***2,724,416***	***2,724,416***	***171,108***	***180,747***	***180,747***
Total ASSETS	**80,426,218**	**64,440,273**	**65,629,106**	**147,267,817**	**135,824,143**	**135,824,142**	**2,996,149**	**1,490,144**	**1,352,973**
LIABILITIES									
Current Liabilities									
Total Payable	(43,562,552)	(45,901,043)	(45,901,042)	(115,744,251)	(117,973,954)	(117,973,954)	(2,594,885)	(1,158,338)	(1,158,338)
Total Unearned Revenue & adv. Contr.	(3,639,763)	(2,130,149)	(1,624,421)	(14,756,722)	(13,221,161)	(13,221,161)	(170,825)	(139,788)	(2,617)
Surpl./Deficit to be returned	(566,057)	(362,939)	(362,939)	(560,277)	(1,904,611)	(1,904,611)	(59,331)	(11,271)	(11,271)
Total Provisions	(620,203)	(895,147)	(895,147)	(14,965,279)	(1,383,680)	(1,383,680)	(171,108)	(180,747)	(180,747)
Total Current Liabilities	***(48,388,574)***	***(49,289,279)***	***(48,783,549)***	***(146,026,529)***	***(134,483,407)***	***(134,483,406)***	***(2,996,149)***	***(1,490,144)***	***(1,352,973)***
Non-current Liabilities									
Total Unearned Revenue	(32,037,644)	(15,150,995)	(16,845,557)	(1,241,289)	(1,340,736)	(1,340,736)	0	0	
Total Non-current Liabilities	***(32,037,644)***	***(15,150,995)***	***(16,845,557)***	***(1,241,289)***	***(1,340,736)***	***(1,340,736)***	***0***	***0***	***0***
Total LIABILITIES	**(80,426,218)**	**(64,440,273)**	**(65,629,106)**	**(147,267,817)**	**(135,824,143)**	**(135,824,142)**	**(2,996,149)**	**(1,490,144)**	**(1,352,973)**
Net Assets									
Surplus/Deficit	0	0	0	0	0	0	0	0	0
Total NET ASSETS	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

	CP Heidelberg			ISAF			E3A Component		
	2014	2013 RESTATED	2013	2014	2013 RESTATED	2013	2014	2013 RESTATED	2013
ASSETS									
Current Assets									
Total Cash and Cash Equivalents	0	0	0	941,346	4,218,674	4,218,673	211,205	1,699,822	1,699,822
Total Interentity	0	176,759	176,759	19,685,892	7,429,105	7,429,105	29,675,206	(1,832,380)	(1,832,380)
Total Receivables	0	10,852	10,852	461,022	705,876	705,876	2,141,688	1,566,895	1,566,895
Total Prepayments and miscell. assets	0	0	0	2,880	82,050	82,051	5,183,630	28,918,380	28,918,380
Total Inventories	0	0	0	4,178,748	6,185,922	5,188,397	19,073,093	15,684,179	15,684,179
Total Current Assets	***0***	***187,611***	***187,611***	***25,269,889***	***18,621,627***	***17,624,102***	***56,284,822***	***46,036,896***	***46,036,896***
Non-current Assets									
Total Financial Assets	0	0	0	0	0	0	2,334,266	1,894,630	1,894,630
Total PPE & WIP	0	0	0	3,034,439	7,032,017	0	35,246,871	5,048,694	4,790,341
Total Non-current Assets	***0***	***0***	***0***	***3,034,439***	***7,032,017***	***0***	***37,581,137***	***6,943,324***	***6,684,971***
Total ASSETS	**0**	**187,611**	**187,611**	**28,304,328**	**25,653,644**	**17,624,102**	**93,865,959**	**52,980,220**	**52,721,867**
LIABILITIES									
Current Liabilities									
Total Payable	0	(62,780)	(62,780)	(18,274,211)	(12,313,596)	(12,313,596)	(34,086,239)	(27,985,682)	(27,985,682)
Total Unearned Revenue & adv. Contr.	0	(11,483)	(11,483)	(7,023,228)	(6,401,174)	(5,403,648)	(19,836,410)	(16,225,203)	(16,225,203)
Surpl./Deficit to be returned	0	(113,348)	(113,348)	27,551	93,142	93,142	(2,362,173)	(1,826,010)	(1,826,010)
Total Provisions	0	0	0	0	0	0	(2,334,266)	(1,894,631)	(1,894,631)
Total Current Liabilities	***0***	***(187,611)***	***(187,611)***	***(25,269,889)***	***(18,621,627)***	***(17,624,102)***	***(58,619,087)***	***(47,931,526)***	***(47,931,526)***
Non-current Liabilities									
Total Unearned Revenue	0	0	0	(3,034,439)	(7,032,017)	0	(35,246,871)	(5,048,694)	(4,790,341)
Total Non-current Liabilities	***0***	***0***	***0***	***(3,034,439)***	***(7,032,017)***	***0***	***(35,246,871)***	***(5,048,694)***	***(4,790,341)***
Total LIABILITIES	**0**	**(187,611)**	**(187,611)**	**(28,304,328)**	**(25,653,644)**	**(17,624,102)**	**(93,865,959)**	**(52,980,220)**	**(52,721,867)**
Net Assets									
Surplus/Deficit	0	0	0	0	0	0	0	0	0
Total NET ASSETS	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

	JFC HQ Naples			NHQSa			LANDCOM IZMIR		
	2014	2013 RESTATED	2013	2014	2013 RESTATED	2013	2014	2013 RESTATED	2013
ASSETS									
Current Assets									
Total Cash and Cash Equivalents	650,157	1,413,145	1,413,145	36,427	344,458	344,458	153,217	791,759	791,759
Total Interentity	2,483,175	2,115,308	2,115,309	19,935	(209,684)	(209,684)	(414,798)	(844,183)	(844,182)
Total Receivables	2,403,107	3,389,068	3,389,067	83,015	155,068	155,069	666,689	299,339	299,338
Total Prepayments and miscell. assets	1,542,701	2,510,817	2,510,817	599	1,150	1,150	1,577	2,882	2,882
Total Inventories	252,528	323,885	55,290	162,959	163,072	78,371	538,073	282,825	0
Total Current Assets	***7,331,667***	***9,752,223***	***9,483,628***	***302,935***	***454,064***	***369,364***	***944,759***	***532,622***	***249,797***
Non-current Assets									
Total Financial Assets	6,331,911	3,225,418	3,225,418	1,279,640	1,926,424	1,926,424	79,234	92,917	92,917
Total PPE & WIP	64,871	32,229	32,229	69,271	56,072	56,072	57,754	30,954	30,954
Total Non-current Assets	***6,396,782***	***3,257,647***	***3,257,647***	***1,348,911***	***1,982,496***	***1,982,496***	***136,988***	***123,871***	***123,871***
Total ASSETS	**13,728,449**	**13,009,870**	**12,741,275**	**1,651,845**	**2,436,560**	**2,351,860**	**1,081,747**	**656,493**	**373,668**
LIABILITIES									
Current Liabilities									
Total Payable	(5,103,895)	(7,696,268)	(7,696,268)	(120,395)	(125,505)	(125,506)	(213,718)	(420,306)	(420,307)
Total Unearned Revenue & adv. Contr.	(709,914)	(711,313)	(442,717)	(176,002)	(283,465)	(198,765)	(772,844)	(285,900)	(3,075)
Surpl./Deficit to be returned	(63,098)	(92,256)	(92,256)	(6,538)	(45,093)	(45,093)	41,803	173,584	173,584
Total Provisions	(7,786,671)	(4,477,805)	(4,477,805)	(1,279,640)	(1,926,424)	(1,926,424)	(79,234)	(92,917)	(92,917)
Total Current Liabilities	***(13,663,578)***	***(12,977,641)***	***(12,709,046)***	***(1,582,575)***	***(2,380,488)***	***(2,295,788)***	***(1,023,993)***	***(625,539)***	***(342,715)***
Non-current Liabilities									
Total Unearned Revenue	(64,871)	(32,229)	(32,229)	(69,271)	(56,072)	(56,072)	(57,754)	(30,954)	(30,953)
Total Non-current Liabilities	***(64,871)***	***(32,229)***	***(32,229)***	***(69,271)***	***(56,072)***	***(56,072)***	***(57,754)***	***(30,954)***	***(30,953)***
Total LIABILITIES	**(13,728,449)**	**(13,009,870)**	**(12,741,275)**	**(1,651,845)**	**(2,436,560)**	**(2,351,860)**	**(1,081,747)**	**(656,493)**	**(373,668)**
Net Assets									
Surplus/Deficit	0	0	0	0	0	0	0	0	0
Total NET ASSETS	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

	NCISG			CP Madrid			KFOR		
	2014	2013 RESTATED	2013	2013	2012 RESTATED	2012	2014	2013 RESTATED	2013
ASSETS									
Current Assets									
Total Cash and Cash Equivalents	14,267	16,377	16,377	0	0	0	181,062	956,242	956,241
Total Interentity	1,530,560	391,417	391,417	0	147,052	147,052	(41,119)	(1,157,732)	(1,157,732)
Total Receivables	410,060	386,379	386,378	0	2,326	2,326	526,107	401,787	401,787
Total Prepayments and miscell. assets	52,873	41,114	41,114	0	0	0	578,097	692,351	692,351
Total Inventories	854,554	391,109	0	0	0	0	107,727	155,759	208,132
Total Current Assets	***2,862,313***	***1,226,395***	***835,286***	***0***	***149,378***	***149,378***	***1,351,875***	***1,048,406***	***1,100,779***
Non-current Assets									
Total Financial Assets	232,656	240,533	304,675	0	0	0	91,017	83,546	83,546
Total PPE & WIP	0	0	0	0	0	0	173,675	19,507	19,507
Total Non-current Assets	***232,656***	***240,533***	***304,675***	***0***	***0***	***0***	***264,692***	***103,053***	***103,053***
Total ASSETS	**3,094,969**	**1,466,928**	**1,139,961**	**0**	**149,378**	**149,378**	**1,616,567**	**1,151,459**	**1,203,832**
LIABILITIES									
Current Liabilities									
Total Payable	(2,006,024)	(841,123)	(841,123)	0	(135,615)	(135,615)	(1,134,695)	(821,799)	(821,799)
Total Unearned Revenue & adv. Contr.	(854,554)	(391,109)	0	0	(9,959)	(9,959)	(142,178)	(155,759)	(208,132)
Surpl./Deficit to be returned	(1,735)	5,837	5,837	0	(3,804)	(3,804)	(75,002)	(70,848)	(70,848)
Total Provisions	(232,656)	(240,533)	(304,675)	0	0	0	(91,017)	(83,546)	(83,546)
Total Current Liabilities	***(3,094,969)***	***(1,466,928)***	***(1,139,961)***	***0***	***(149,378)***	***(149,378)***	***(1,442,892)***	***(1,131,952)***	***(1,184,325)***
Non-current Liabilities									
Total Unearned Revenue	0	0	0	0	0	0	(173,675)	(19,507)	(19,507)
Total Non-current Liabilities	***0***	***0***	***0***	***0***	***0***	***0***	***(173,675)***	***(19,507)***	***(19,507)***
Total LIABILITIES	**(3,094,969)**	**(1,466,928)**	**(1,139,961)**	**0**	**(149,378)**	**(149,378)**	**(1,616,567)**	**(1,151,459)**	**(1,203,832)**
Net Assets									
Surplus/Deficit	0	0	0	0	0	0	0	0	0
Total NET ASSETS	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

	MARCOM Northwood			CP Lisbon			ACO Corporate Accounting and Control		
	2014	2013 RESTATED	2013	2014	2013 RESTATED	2013	2014	2013 RESTATED	2013
ASSETS									
Current Assets									
Total Cash and Cash Equivalents	645,793	739,648	739,648	0	0	0	923,488,333	891,483,661	891,483,661
Total Interentity	57,331	(734,265)	(734,265)	0	77,919	77,919	(209,100,955)	(143,378,326)	(143,378,326)
Total Receivables	361,608	803,054	803,054	0	0	0	105,987,376	52,693,152	53,995,387
Total Prepayments and miscell. assets	3,859	33,391	33,391	0	0	0	13,409,401	14,185,230	14,185,230
Total Inventories	90,412	79,185	0	0	0	0	0	0	0
Total Current Assets	***1,159,003***	***921,013***	***841,828***	***0***	***77,919***	***77,919***	***833,784,155***	***814,983,717***	***816,285,952***
Non-current Assets									
Total Financial Assets	60,515	0	0	0	0	0	0	0	0
Total PPE & WIP	84,676	101,254	101,254	0	0	0	0	0	0
Total Non-current Assets	***145,190***	***101,254***	***101,254***	***0***	***0***	***0***	***0***	***0***	***0***
Total ASSETS	**1,304,194**	**1,022,267**	**943,082**	**0**	**77,919**	**77,919**	**833,784,155**	**814,983,717**	**816,285,952**
LIABILITIES									
Current Liabilities									
Total Payable	(863,903)	(671,646)	(671,646)	0	(23,399)	(23,399)	(4,369,946)	(9,773,768)	(15,258,126)
Total Unearned Revenue & adv. Contr.	(320,201)	(100,842)	(21,657)	0	(42,311)	(42,311)	(825,782,100)	(803,073,858)	(798,891,735)
Surpl./Deficit to be returned	25,101	(148,525)	(148,525)	0	(12,209)	(12,209)	(3,632,109)	(2,136,091)	(2,136,091)
Total Provisions	(60,515)	0	0	0	0	0	0	0	0
Total Current Liabilities	***(1,219,518)***	***(921,013)***	***(841,828)***	***0***	***(77,919)***	***(77,919)***	***(833,784,155)***	***(814,983,717)***	***(816,285,952)***
Non-current Liabilities									
Total Unearned Revenue	(84,676)	(101,254)	(101,254)	0	0	0	0	0	0
Total Non-current Liabilities	***(84,676)***	***(101,254)***	***(101,254)***	***0***	***0***	***0***	***0***	***0***	***0***
Total LIABILITIES	**(1,304,194)**	**(1,022,267)**	**(943,082)**	**0**	**(77,919)**	**(77,919)**	**(833,784,155)**	**(814,983,717)**	**(816,285,952)**
Net Assets									
Surplus/Deficit	0	0	0	0	0	0	0	0	0
Total NET ASSETS	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

NOTE: Result of the year for ACO Corporate Accounting and Control is EUR 6,129,392 from which EUR 2,497,283 is unrealized exchange rate gain, that will not be reimbursed

	NSIP		
	2014	2013 RESTATED	2013
ASSETS			
Current Assets			
Total Cash and Cash Equivalents	14,069,894	13,735,691	13,735,691
Total Interentity	0	0	0
Total Receivables	183,744	0	0
Total Prepayments and miscell. assets	711,880	711,880	711,880
Total Inventories	0	0	0
Total Current Assets	***14,965,518***	***14,447,571***	***14,447,571***
Non-current Assets			
Total Financial Assets	0	0	0
Total PPE & WIP	608,911	3,117,215	3,117,215
Total Non-current Assets	***608,911***	***3,117,215***	***3,117,215***
Total ASSETS	**15,574,430**	**17,564,786**	**17,564,786**
LIABILITIES			
Current Liabilities			
Total Payable	(8,676,861)	(9,724,393)	(9,724,394)
Total Unearned Revenue & adv. Contr.	(5,073,657)	(3,551,790)	(4,669,753)
Surpl./Deficit to be returned	(1,215,001)	(1,171,387)	(53,424)
Total Provisions	0	0	0
Total Current Liabilities	***(14,965,518)***	***(14,447,571)***	***(14,447,571)***
Non-current Liabilities			
Total Unearned Revenue	(608,911)	(3,117,215)	(3,117,215)
Total Non-current Liabilities	***(608,911)***	***(3,117,215)***	***(3,117,215)***
Total LIABILITIES	**(15,574,430)**	**(17,564,786)**	**(17,564,786)**
Net Assets			
Surplus/Deficit	0	0	0
Total NET ASSETS	**0**	**0**	**0**

NOTE: Total Unearned Revenue & adv. Contr. includes other unearned revenue of 3,270,274. – Surpl./Deficit to be returned is the accumulated result for NSIP, result of current year is EUR 43,614.

Segment reporting: Reconciliation to Consolidated Financial Statement
Statement of Financial Position

	TOTAL FOR SEGMENTS		ELIMINATIONS		CONSOLIDATED	
	2014	2013 RESTATED	2014	2013 RESTATED	2014	2013 RESTATED
ASSETS						
Current Assets						
Total Cash and Cash Equivalents	940,977,108	916,021,068	0	(0)	940,977,108	916,021,068
Total Interentity	(0)	0	0	(0)	0	0
Total Receivables	132,975,170	86,373,021	0	(0)	132,975,170	86,373,021
Total Prepayments and miscell. assets	25,888,099	64,868,988	(0)	0	25,888,099	64,868,988
Total Inventories	26,069,445	23,977,844	0	(1)	26,069,445	23,977,843
Total Current Assets	***1,125,909,821***	***1,091,240,922***	***1***	***(2)***	***1,125,909,822***	***1,091,240,920***
Non-current Assets						
Total Financial Assets	26,167,605	9,924,819	(0)	0	26,167,605	9,924,819
Total PPE & WIP	72,619,400	31,929,673	0	0	72,619,400	31,929,673
Total Non-current Assets	***98,787,005***	***41,854,491***	***(0)***	***1***	***98,787,005***	***41,854,492***
Total ASSETS	**1,224,696,826**	**1,133,095,413**	**1**	**(1)**	**1,224,696,827**	**1,133,095,412**
LIABILITIES						
Current Liabilities						
Total Payable	(236,751,574)	(235,629,217)	(0)	1	(236,751,574)	(235,629,216)
Total Unearned Revenue & adv. Contr.	(879,258,399)	(846,735,265)	0	(0)	(879,258,399)	(846,735,265)
Surpl./Deficit to be returned	(8,446,866)	(7,625,828)	(0)	0	(8,446,866)	(7,625,828)
Total Provisions	(27,620,588)	(11,175,430)	(0)	(0)	(27,620,588)	(11,175,430)
Total Current Liabilities	***(1,152,077,426)***	***(1,101,165,740)***	***(1)***	***1***	***(1,152,077,427)***	***(1,101,165,739)***
Non-current Liabilities						
Total Unearned Revenue	(72,619,400)	(31,929,673)	(0)	(0)	(72,619,400)	(31,929,673)
Total Non-current Liabilities	***(72,619,400)***	***(31,929,673)***	***(0)***	***(0)***	***(72,619,400)***	***(31,929,673)***
Total LIABILITIES	**(1,224,696,826)**	**(1,133,095,413)**	**(1)**	**1**	**(1,224,696,827)**	**(1,133,095,412)**
Net Assets						
Surplus/Deficit	0	0	0	0	0	0
Total NET ASSETS	***0***	***0***	***0***	***0***	***0***	***0***

Statement of Financial Performance per HQ

	SHAPE			JFC HQ Brunssum			AIRCOM Ramstein		
	2014	2013 RESTATED	2013	2014	2013 RESTATED	2013	2014	2013 RESTATED	2013
REVENUE			(202,021,405)			(378,192,341)			(8,884,851)
ACO BC	(263,701,202)	(173,420,151)		(332,994,351)	(365,998,733)		(17,559,149)	(8,453,407)	
Non-consolidated BC	(2,275,948)	(1,732,595)		(719,005)	(3,720,148)		(650,307)	(138,847)	
Miscellaneous ACO income	(743,313)	(414,760)		(566,747)	(1,614,542)		(59,747)	(11,619)	
Financial Revenue	(10,861)	(54,466)		-	(290,084)		(349)	(345)	
Total to be returned	566,057	362,939	362,939	560,277	1,904,611	1,904,611	59,331	11,271	11,271
Total REVENUE	**(266,165,268)**	**(175,259,034)**	**(201,658,466)**	**(333,719,826)**	**(369,718,896)**	**(376,287,730)**	**(18,210,221)**	**(8,592,947)**	**(8,873,580)**
EXPENSES			201,658,466			376,287,730			8,873,580
ACO BC	**255,199,625**	**172,019,327**		**332,731,789**	**365,536,697**		**17,559,149**	**8,453,407**	
Personnel	39,026,578	32,988,271		10,755,495	14,529,500		5,093,379	4,313,206	
Contractual Supplies and Services	211,742,102	136,520,999		321,916,196	350,971,590		12,372,797	4,091,146	
Capital and investment	4,430,945	2,510,057		60,097	35,607		92,972	49,056	
Non-consolidated BC	**2,275,948**	**1,732,595**		**719,005**	**3,720,148**		**650,307**	**138,847**	
Personnel	88,466	156,158		-	80,422		6,000	-	
Contractual Supplies and Services	2,187,482	1,576,437		719,005	3,639,727		644,307	138,847	
Capital and investment	-	-		-	-		-	-	
Depreciation	8,501,578	1,400,824		262,562	462,036		-	-	
Financial Expenses	188,117	106,287		6,470	15		765	693	
Financial write-off	-	-		-	-		-	-	
Total EXPENSES	**266,165,268**	**175,259,034**	**201,658,466**	**333,719,826**	**369,718,896**	**376,287,730**	**18,210,221**	**8,592,947**	**8,873,580**
Total PERFORMANCE	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

ACO Consolidated Financial Statements 2014

SHJ8/CAC/FC87/15

	CP Heidelberg			ISAF			E3A Component		
	2014	2013 RESTATED	2013	2014	2013 RESTATED	2013	2014	2013 RESTATED	2013
Revenue			(2,323,596)			(91,969,591)			(275,261,539)
ACO BC	-	(2,094,808)		(83,327,906)	(101,311,167)		(282,625,916)	(266,079,689)	
Non-consolidated BC	-	-		-	-		-	-	
Miscellaneous ACO income	-	(109,414)		68,965	(12,802)		(1,761,417)	(2,008,185)	
Financial Revenue	-	(4,043)		(9,034)	(9,477)		(905,030)	(90,935)	
Total to be returned	-	113,348	113,348	(27,551)	(93,142)	(93,142)	2,362,173	1,826,010	1,826,010
Total Revenue	**-**	**(2,094,917)**	**(2,210,248)**	**(83,295,527)**	**(101,426,589)**	**(92,062,733)**	**(282,930,190)**	**(266,352,799)**	**(273,435,529)**
Expenses			2,210,248			92,062,733			273,435,529
ACO BC	**-**	**2,094,808**		**68,567,228**	**75,185,763**		**281,564,419**	**265,861,964**	
Personnel	-	1,010,113		36,269,121	36,300,041		83,533,057	78,094,817	
Contractual Supplies and Services	-	1,084,695		35,178,541	41,515,942		196,656,643	182,227,775	
Capital and investment	-	-		(2,880,433)	(2,630,221)		1,374,719	5,539,372	
Non-consolidated BC	**-**	**-**		**-**	**-**		**-**	**-**	
Personnel	-	-		-	-		-	-	
Contractual Supplies and Services	-	-		-	-		-	-	
Capital and investment	-	-		-	-		-	-	
Depreciation	-	-		14,760,678	26,125,405		1,061,497	217,725	
Financial Expenses	-	110		(40,478)	115,106		304,214	273,110	
Financial write-off	-	-		8,098	315		60	-	
Total Expenses	**-**	**2,094,917**	**2,210,248**	**83,295,527**	**101,426,589**	**92,062,733**	**282,930,190**	**266,352,799**	**273,435,529**
Total Performance	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

ACO Consolidated Financial Statements 2014

SHJ8/CAC/FC87/15

	JFC HQ Naples			NHQSa			LANDCOM Izmir		
	2014	2013 RESTATED	2013	2014	2013 RESTATED	2013	2014	2013 RESTATED	2013
Revenue			(46,620,261)			(4,104,817)			(12,878,116)
ACO BC	(37,426,771)	(40,795,970)		(3,229,914)	(3,037,170)		(13,477,788)	(11,237,974)	
Non-consolidated BC	(533,175)	(314,514)		-	-		(1,132,105)	(97,131)	
Miscellaneous ACO income	(21,521)	(87,787)		(8,938)	(44,282)		(1,800)	(3,779)	
Financial Revenue	(4,254)	(16,153)		(229)	(1,584)		(11,265)	(31,540)	
Total to be returned	63,098	92,256	92,256	6,538	45,093	45,093	(41,803)	(173,584)	(173,584)
Total Revenue	**(37,922,623)**	**(41,122,168)**	**(46,528,005)**	**(3,232,543)**	**(3,037,943)**	**(4,059,724)**	**(14,664,761)**	**(11,544,009)**	**(13,051,700)**
Expenses			46,528,005			4,059,724			13,051,700
ACO BC	**37,422,913**	**40,795,699**		**3,182,188**	**3,002,131**		**13,473,339**	**11,234,851**	
Personnel	15,084,726	16,859,231		1,965,317	2,091,198		7,085,540	6,836,281	
Contractual Supplies and Services	22,338,187	23,936,468		1,201,976	951,278		6,387,798	4,315,855	
Capital and investment	-	-		14,895	(40,345)		-	82,715	
Non-consolidated BC	**533,175**	**314,514**		**-**	**-**		**1,132,105**	**97,131**	
Personnel	-	19,961		-	-		-	-	
Contractual Supplies and Services	533,175	294,553		-	-		1,132,105	97,131	
Capital and investment	-	-		-	-		-	-	
Depreciation	3,858	271		47,727	35,039		4,449	3,124	
Financial Expenses	(37,323)	11,684		2,451	499		54,868	208,903	
Financial write-off	-	-		178	274		-	-	
Total Expenses	**37,922,623**	**41,122,168**	**46,528,005**	**3,232,543**	**3,037,943**	**4,059,724**	**14,664,761**	**11,544,009**	**13,051,700**
Total Performance	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

	NCISG			CP Madrid			KFOR		
	2014	2013 RESTATED	2013	2014	2013 RESTATED	2013	2014	2013 RESTATED	2013
Revenue			(7,706,787)			(2,780,773)			(21,060,282)
ACO BC	(11,520,312)	(6,870,102)		-	(2,701,703)		(13,476,206)	(14,718,871)	
Non-consolidated BC	(845,731)	(346,224)		-	(18,232)		-	-	
Miscellaneous ACO income	(281)	-		-	-		(85,311)	(84,001)	
Financial Revenue	(2,445)	(196)		-	(3,804)		(569)	10,177	
Total to be returned	1,735	(5,837)	(5,837)	-	3,804	3,804	75,002	70,848	70,848
Total Revenue	**(12,367,033)**	**(7,222,358)**	**(7,712,624)**	**-**	**(2,719,934)**	**(2,776,969)**	**(13,487,085)**	**(14,721,847)**	**(20,989,434)**
Expenses			7,712,624			2,776,969			20,989,434
ACO BC	**11,520,312**	**6,870,102**		**-**	**2,701,703**		**13,345,175**	**14,679,857**	
Personnel	6,284,649	5,892,063		-	828,346		5,518,013	6,018,052	
Contractual Supplies and Services	5,188,573	978,039		-	1,873,357		7,743,338	8,556,439	
Capital and investment	47,090	-		-	-		83,824	105,366	
Non-consolidated BC	**845,731**	**346,224**		**-**	**18,232**		**-**	**-**	
Personnel	-	-		-	-		-	-	
Contractual Supplies and Services	845,731	346,224		-	18,232		-	-	
Capital and investment	-	-		-	-		-	-	
Depreciation	-	-		-	-		131,032	39,013	
Financial Expenses	990	6,033		-	-		10,879	2,976	
Financial write-off	-	-		-	-		-	-	
Total Expenses	**12,367,033**	**7,222,358**	**7,712,624**	**-**	**2,719,934**	**2,776,969**	**13,487,085**	**14,721,847**	**20,989,434**
Total Performance	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

ACO Consolidated Financial Statements 2014

SHJ8/CAC/FC87/15

	MARCOM Northwood			CP Lisbon			ACO Corporate Accounting & Control		
	2014	2013 RESTATED	2013	2014	2013 RESTATED	2013	2014	2013 RESTATED	2013
Revenue			(8,064,085)			(699,515)			(2,694,126)
ACO BC	(9,202,617)	(7,063,919)		-	(496,227)		-	-	
Non-consolidated BC	(578,649)	(535,726)		-	-		-	-	
Miscellaneous ACO income	(407)	(7,189)		-	(12,098)		-	(1,665)	
Financial Revenue	(3,922)	(173,310)		-	(123)		(6,405,215)	(3,033,182)	
Total to be returned	(25,101)	148,525	148,525	-	12,209	12,209	6,129,392	3,005,729	3,005,729
Total Revenue	**(9,810,695)**	**(7,631,621)**	**(7,915,560)**	**-**	**(496,239)**	**(687,306)**	**(275,823)**	**(29,118)**	**311,603**
Expenses			7,915,560			687,306			(311,603)
ACO BC	**9,138,904**	**7,048,286**		**-**	**496,227**		**-**	**-**	
Personnel	1,981,144	2,833,632		-	90,268		-	-	
Contractual Supplies and Services	7,157,760	4,004,089		-	405,959		-	-	
Capital and investment	0	210,565		-	-		-	-	
Non-consolidated BC	**578,649**	**535,726**		**-**	**-**		**-**	**-**	
Personnel	-	-		-	-		-	-	
Contractual Supplies and Services	578,649	535,726		-	-		-	-	
Capital and investment	-	-		-	-		-	-	
Depreciation	63,713	15,634		-	-		-	-	
Financial Expenses	27,739	31,975		-	12		275,823	29,118	
Financial write-off	1,691	-		-	-		-	-	
Total Expenses	**9,810,695**	**7,631,621**	**7,915,560**	**-**	**496,239**	**687,306**	**275,823**	**29,118**	**(311,603)**
Total Performance	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

ACO Consolidated Financial Statements 2014

	NSIP		
	2014	2013 RESTATED	2013
Revenue			(1,218,237)
ACO BC	-	-	
NSIP	(534,463)	(1,164,262)	
Non-consolidated BC	-	-	
Miscellaneous ACO income	-	-	
Financial Revenue	(43,895)	(53,975)	
Total to be returned	43,614	53,424	53,424
Total Revenue	**(534,744)**	**(1,164,813)**	**(1,164,813)**
Expenses			
ACO BC	**-**	**-**	
Personnel	-	-	
Contractual Supplies and Services	-	-	
Capital and investment	-	-	
NSIP	**534,463**	**1,164,262**	**1,164,813**
Capital and Investment	534,463	1,164,262	1,164,813
Non-consolidated BC	**-**	**-**	
Personnel	-	-	
Contractual Supplies and Services	-	-	
Capital and investment	-	-	
Depreciation	-	-	
Financial Expenses	281	551	
Financial write-off	-	-	
Total Expenses	**534,744**	**1,164,813**	**1,164,813**
Total Performance	**-**	**-**	**-**

Segment reporting: Reconciliation to Consolidated Financial Statement
Statement of Financial Performance

	TOTAL FOR SEGMENTS		ELIMINATIONS		CONSOLIDATED PERFORMANCE	
	2014	2013 RESTATED	2014	2013 RESTATED	2014	
Revenue						
ACO BC	(1,068,542,133)	(1,004,279,891)	-	(1)	(1,068,542,133)	(1,004,279,892)
NSIP	(534,463)	(1,164,262)	-	-	(534,463)	(1,164,262)
Non-consolidated BC	(6,734,920)	(6,903,418)	-	(0)	(6,734,920)	(6,903,418)
Miscellaneous ACO income	(3,180,516)	(4,412,124)	-	-	(3,180,516)	(4,412,124)
Financial Revenue	(7,397,069)	(3,753,041)	-	0	(7,397,069)	(3,753,040)
Total to be returned	9,772,761	7,377,503	-	(0)	9,772,761	7,377,503
Total Revenue	**(1,076,616,340)**	**(1,013,135,232)**	**-**	**(1)**	**(1,076,616,340)**	**(1,013,135,233)**
Expenses						
ACO BC	**1,043,705,040**	**975,980,821**			**1,043,705,040**	**975,980,822**
Personnel	212,597,020	208,685,018	-	(1)	212,597,020	208,685,018
Contractual Supplies and Services	827,883,911	761,433,630	(0)	2	827,883,911	761,433,632
Capital and investment	3,224,109	5,862,173	-	0	3,224,109	5,862,173
NSIP	**534,463**	**1,164,262**			**534,463**	**1,164,262**
Capital and Investment	534,463	1,164,262	-	-	534,463	1,164,262
Non-consolidated BC	**6,734,920**	**6,903,418**			**6,734,920**	**6,903,418**
Personnel	94,466	256,540	-	(1)	94,466	256,540
Contractual Supplies and Services	6,640,454	6,646,877	-	1	6,640,454	6,646,878
Capital and investment	-	-	-	-	-	-
Depreciation	24,837,094	28,299,070	-	-	24,837,094	28,299,070
Financial Expenses	794,796	787,073	-	(0)	794,796	787,072
Financial write-off	10,027	589	-	-	10,027	589
Total Expenses	**1,076,616,340**	**1,013,135,232**	**(0)**	**1**	**1,076,616,340**	**1,013,135,233**
Total Performance	**(0)**	**0**	**(0)**	**(0)**	**(0)**	**(0)**

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 financial statements are authorized for issue. IPSAS requires two types of events which should be identified:

a) Those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and

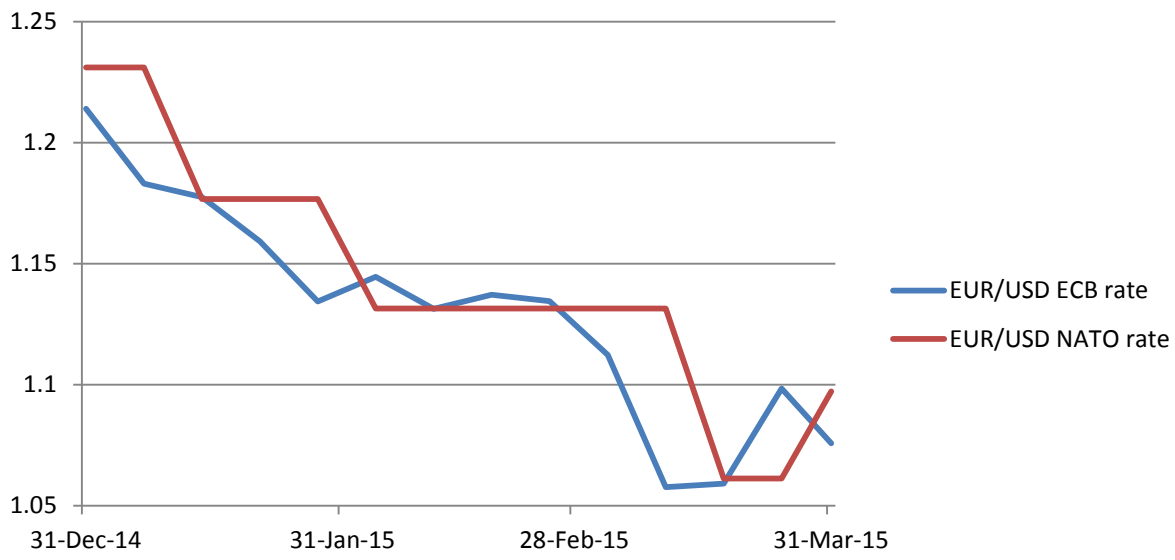
b) Those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

While management considers there are no events categorized under the category a), they consider material currency changes to be an event that must be disclosed under the category b).

The entire financial market is facing currency risk in the first period of 2015 due to the change in price of certain currencies (especially USD) expressed in EUR. If the exchange rates remain at the current level or will go further down it will have a substantial impact on some contractual liabilities funded by ACO budgets. This arises from the effect that some ACO obligations are expected to be paid in foreign currency while the budget is in EUR. The chart below shows how the EUR-USD NATO official rate and the European Central Bank exchange rates changed weekly from 31 Dec. 2014 to 31 Mar. 2015.

The encumbrances and accruals in USD reported as of 31 Dec. 2014 translated at the rate of 31 Mar. 2015 can create a shortfall of approx. 9,1 MEUR. 99% of this amount belongs to E3A Component budget. The management decided to include this information in the First Budget Execution 2015 for the BC. Amounts recognized as a possible shortfall for accruals made by ISAF has been recorded as an additional expense in 2014 since ISAF mission closed at 31 Dec. 2014. Any variance will be assessed during 2015 and reflected in the 2015 financial statements.

EXCHANGE RATE CHANGES (from 31-12-2014 to 31-03-2015)



(Source: http://www.ecb.europa.eu/stats/exchange/eurofxref)

H. Related Parties Disclosure

Under IPSAS 20 Parties are considered to be related if one party has the ability to control or exercise significant influence over the other party in making financial and operating decisions. IPSAS 20 requires the disclosure of the existence of related party relationships, where control exists, and the disclosure of information about transactions between the entity and its related parties. This information is required for accountability purposes and to facilitate a better understanding of the financial position and performance of the reporting entity.

(1) Identification of ACO related parties.

(a) key management personnel. Key management personnel include members of the governing body **who have the greatest responsibility for the government**. In a military based structure such as ACO, based on the definitions provided by IPSAS 20.4 the key management personnel has been identified as follows[18]:

i. Members of the governing body of the entity: SACEUR'S Commanders' Conference which acts as the **ACO Board of Directors**;

SACEUR'S Commanders' Conference

Job title	Name	Role
SACEUR	Gen Philip M. Breedlove	Chairman
DSACEUR	Gen Sir Adrian Bradshaw	Member
SHAPE COS	General Werner Freers	Member
SHAPE VCOS	LGen Michel Yakovleff	Member
COM HQ JFCBS	General Hans-Lothar Domröse	Member
COM HQ JFCNP	Admiral Mark Ferguson	Member
COM LANDCOM	Lieutenant General John W. Nicholson, Jr.	Member
COM MARCOM	Vice Admiral Peter Hudson	Member
COM AIRCOM	Gen Frank Gorenc	Member
COM NAEW&C FC	MGen Jochen Both	Member
COM ASC	Vice Admiral Michael J. Connor	Member
COM NATO CIS GROUP	MGen Thomas Franz	Member
SHAPE Chief SIA	Mr. Steven Covington	Member
COM NSHQ	LtGen Marshall B. “Brad” Webb	Member
COM STRIKEFORNATO	Vice Admiral Philip S. Davidson	Member
COM ACCI	Col. Jonathan E. Freeman	Member

ii. Key advisors: in accordance with IPSAS 20.7 key advisors are those having a special working relationship with an individual who has control over an entity. They have access to privileged information and may also be able to exercise control or have the power to participate in the **financial and operating** policy decisions of an entity. Based on such definition it is deemed that the SHAPE Management Board/Crisis Operations Board (SMB/COB) is **a key advisor and its** members, not already included in other categories of key management personnel, **satisfy the definition of key management personnel**.

SMB/COB

Job title	Name	Role
SHAPE COS	General Werner Freers	Chairman
SHAPE VCOS	LGen Michel Yakovleff	Member/Chairman
SHAPE DCOS OPI	MGen Gordon B. "Skip" Davis, Jr.	Member
SHAPE DCOS PLANS	MGen Jerzy Biziewski	Member

[18] The composition and Job titles have been updated in accordance with the revised AD015-004, ACO High level Business Processes, dated 31 Oct. 2013.

SHAPE DCOS CCD	MGen Thomas Franz	Member
SHAPE DCOS RES	MGen Fernando Alejandre	Member
SHAPE DCOS MIP	MGen Ali Çetinkaya	Member
SHAPE SRM	MG José Manuel P. Esperanca Da Silva	Member
SHAPE DOM	BGen Eddy Staes	Member
SHAPE Chief SIA	Mr. Steven Covington	Member
SHAPE Chief LEGAD	Mr. Andres Munoz Mosquera	Member
ACO FINCON	Mr. Christophe Rappe	Member
SHAPE ACOS JCAP	BGen Peter-Harry Lund	Member
SHAPE Chief ODA	Col Klaus Peter Klein	Member
SHAPE Chief PUA	Col. Martin Downie	Member

iii. 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. Based upon higher strategic direction and guidance, strategic management is the proactive and holistic management of performance, resources and associated risks/issues in order to enable the optimal delivery of ACO's core military outputs and purpose:

ACO Management Board

Job title	Name	Role
COS	General Werner Freers	Chairman
VCOS	LGen Michel Yakovleff	Member
SHAPE DCOS OPI	MGen Gordon B. "Skip" Davis, Jr.	Member
SHAPE DCOS RES	MGen Fernando Alejandre	Member
SHAPE DCOS MIP	MGen Ali Çetinkaya	Member
SHAPE DCOS Plans	MGen Jerzy Biziewski	Member
SHAPE DCOS CCD	MGen Thomas Franz	Member
COS NATO CIS GROUP	BGen Lizabertus Booman	Member
COS HQ JFCBS	Lt General Janusz Adamczak	Member
COS HQ JFCNP	LtGen Leonardo di Marco	Member
COS LANDCOM	MGen Uğur TARÇIN	Member
COS MARCOM	Admiral Giorgio Lazio	Member
COS AIRCOM	MGen Erich G. Siegmann	Member
ACO FINCON	Mr. Christophe Rappe	Member
SHAPE ACOS JCAP	BGen Peter-Harry Lund	Secretary

(b) Consolidated entities: the ACO consolidated entities have been listed in Note A;
(c) Other NATO entities: this includes those NATO agencies that provide goods and services to ACO at an agreed price.

(2) Identification of the transactions between ACO and its related parties.

1) ACO and the Key management personnel. 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 the 3 NATO International Civilians (NICs) identified within this category, i.e. the ACO Financial Controller, the Legal Advisor and the Chief of the Strategic & International Affairs. The net salary received during the reporting year by these 3 NICs amounts to 546,484 EUR (corresponding to 142,319 EUR plus 159,877 EUR plus 244,288 EUR for respectively the three mentioned NICs). The remunerations of the ACO Financial Controller and the Chief of the Strategic & International Affairs include the transferred salaries in foreign currencies duly converted.

As a result of a campaign of enhancing transparency at ACO and in light of IPSAS 20, as well as the NATO code of conduct, the Key management personnel was requested to fill in and sign a

declaration statement and to eventually disclose information about any related party transaction with ACO, including close family members in accordance with the definitions provided by IPSAS 20. There are no further related party transactions which have been identified for the key management personnel. The statements made by the Key Management Personnel identified above were all collected prior to publishing the 2014 FS. They will not be given public disclosure but only made available upon request for audit purposes.

(a) ACO and its consolidated entities. All intercompany transactions are posted and balances are reconciled with ACO CAC as of the reporting date.

(b) 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.

(3) Gratuities

As part of the effective management of the ethic 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 in accordance with the prescriptions of the ACO Directive 60-54. Negative responses are also requested to be reported to ACO.

(4) Representation of funds

Further to ACO Directive 60-52 dated 19 September 2013 on Representation allowance ACO has implemented the guidance on the use of the Representation Allowance (RA) by ACO officials serving at ACO Headquarters. The above mentioned guidance has been developed in order to ensure compliance with the Private Office document PO(2013)0154 dated 27 March 2013 as well as to implement a policy on the use of the RA consistently across the ACO Commands. The ACO Directive has been applied during 2014. Furthermore, an additional guidance has been fully coordinated amongst the ACO Financial Controllers and implemented effective 1 January 2015.

The total expenditure reported in 2014 is 196.9 KEUR for the categories included in the ACO Directive.

I. Employee Disclosure

Employees 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 is not liable for retirement benefits.

Different pension plans are applicable to employees in ACO; provident fund, defined benefit plan, and defined contribution plan. All pension plans are managed by NATO HQ and are therefore not included in the ACO Financial Statements. Contributions to the plans are expensed when occurred. The total amount paid for 2014 is EUR 2,848,703 (which shows a slight increase compared to EUR 2,534,960 in 2013) for NIC staff. Accurate data is not available for locally hired staff, LWR and LCH, but based on what has been available the total expense is estimated to be 2.0 MEUR.

Paid leave is an employee benefit and as such part of overall personnel expenses. An entity can designate paid leave as transferable to future years or can specify that paid leave can only be taken in the financial year, when it is earned. Calculation for the amount reported as untaken leave is already disclosed in the note E for provision.

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

ACO has different groups of employees. Below is a table showing a summary of the different groups with number for approved and filled positions.

Position	Total Approved PE	Total Filled Positions
Civilian (PE)	**1,137**	**1,045**
Civilian (CE)	**59**	**59**
Military	**7,737**	**6,579**
LWR	**815**	**811**
VNC	**135**	**80**
Others	**650**	**399**
ICC	**342**	**297**
LCH	**31**	**31**
ACO Total	**10,906**	**9,301**

J. Financial Instruments Disclosure/Presentation

Financial Risk Factors

The entity's activities expose it to a variety of financial risks, including the effects of foreign currency exchange rates and interest rates.

Credit Risk

ACO has no significant exposures to any concentration of credit risk. Most cash receivables are due from sovereign member Nations, which are considered credit worthy. The outstanding accounts receivable aging balance provides info on the debtors and the due date of these accounts receivable. Follow-up procedures are established to ensure collection of receivable amounts, as well as procedure for provision for bad debt and possible write off.

Cash transactions are conducted through high credit quality financial institutions.

Liquidity Risk

The exposure to liquidity risk is considered to be almost non-existent due to the funding mechanisms available through cash advances and calls from the contributing Member Nations, as well as internal policies and procedures put in place to ensure there are appropriate resources to meet the financial obligations.

Currency risk

Foreign currency transactions are recorded at the NATO exchange rate at the date of the transaction. Foreign currency cash and cash equivalents, receivables, payables and provisions are revalued at NATO exchange rates of 31 December of the applicable reporting financial year.

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.

Exposure to foreign exchange rate risk is primarily through financial assets and liabilities, although a change in the exchange rates will have an impact on the Statement of Financial Position or the Statement of Financial Performance.

Currency risk is minimized by holding bank accounts in the major currencies needed and ensuring funds are transferred / held in these accounts at the most favourable rate possible.

Cash contributions from the contributing Nations can be done in foreign currency if required to minimize foreign currency exchange impact.

Interest Rate Risk

The ACO approach is to keep the liquidity at a central level in order to have higher interests revenue. Cash equivalents are invested in short-term deposit accounts to ensure the best return on cash holdings, and the rate on these deposits follows the current market. Other financial assets and liabilities of ACO do not have an associated interest rate and are short term in nature. The exposure to interest risk is therefore not significant.

Other Price Risk

ACO is dealing with the price risk due to changes in market prices through the procurement procedures applicable for NATO, and by making fixed price contracts.

Fair Values

The net fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities of the entity approximates their carrying amounts as they are short term in nature.

K. Budget Execution

Budget Authorizations and final budget credit by cost share

Budget/ Year/Cost Share	(A) BA1	(B) BA2	(C) BA3	(D) FINAL	(E)=D-C Diff.
2014 – NCSEP 28N	363,107,868	363,107,868	356,990,197	356,990,197	**0**
2014 – AGS 26N	2,266,500	2,266,500	626,500	626,500	**0**
2014 – NAEW 17N	248,551,356	248,551,356	248,551,356	248,551,356	**0**
2014-NAEW 18N	1,448,644	1,448,644	1,448,644	1,448,644	**0**
2014-NAEW 26N			7,970,000	7,970,000	**0**
2014 – AOM 28N	493,576,279	493,381,279	492,737,160	492,737,159	**0**

It has to be noted that based on PO(2014)0469, dated July 2014 of a non-precedent-setting basis and as a sign of Alliance solidarity and cohesion, an adjustment was required in order to fund with participation from all nations the amounts linked to the sustained NAEW&C operations in support of the ongoing reassurance effort following the development in Ukraine that cannot be covered from within the current NAEW&C budgetary allocations.

The adjustment made was done between 2014 authorised budget for 16Nations and 2014 reassurance authorised budget for 26Nations for a total amount of EUR 198,117.

Where there have been changes to budgets in the year they have been approved by the Budget Committee or by authority delegated to the financial controller. As the Budget Committee has access to documentation supporting the changes in budgets, reasons for changes are not detailed here.

Statement of transfers

In accordance with the NATO Financial Regulations (NFR II Art. 10), all the changes between the initial and the final budget which were due to reallocations were either authorised by the BC or the ACO Financial Controller in accordance with the NFRs for inter and intra budget transfers. These changes are presented in the Budget Execution Report which is prepared using a similar accrual basis approach used in the 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.

No transfers were made for budgets carried forward from previous years and no major variances occurred during the reporting year.

Statement of Credits Carried forward

As required by the NATO Financial Regulations (NFR part II, Art. 11Bis), the credits carried forward are presented in the Budget Execution Statement. They represent the unexpended balances at year end for which there is a legal liability and are equal to the closing Unearned Revenue.

Special Carry Forward

The special carry forward authorized by NAC amounted to 678 KEUR in the NCCB for the Federated Mission Network implementation requirements in 2015. In addition, 66.1 MEUR was carried forward related to ISAF budget due to the closure of ISAF and the transition to the Resolute Support Mission (RSM). To pay the remainder of the settled Glamoc Range claims in 2015 the NAC approved the special carry forward of 800 KEUR. For the sake of completeness it should be noted that the NAC also authorized the special carry forward of 10 MEUR from the 2013 ACO reorganisation budget for 2015 Readiness Action Plan (RAP) requirements.

The table below provides the summary of the approved 2014 special carry forward and the link to each related contingent or legal provisions if any

Budget	Amount of Special Carry Forward (EUR)	Amount of Special Carry Forward (EUR)	Amount of the provision (EUR)	Amount of CL (EUR)	Description
	BC-D(2014)0227 - REV3	Breakdown			
2014 ISAF (BC 185)	37,008,300	*11,465,000*	11,465,000	-	TCSOR redeployment Cost
		24,000,000	-	-	ITA - Airborne Electronic Attack (2012-2014)
		394,884	-	394,884	Potential future ISAF related NSPA loss of job indemnity liability KAF
		1,015,416	-	1,015,416	
		133,000	-	133,000	ISAF ICC's Claim - LEGAD
2014 ISAF (BC 185)	29,055,194	*2,390,000*	150,000	2,240,000	Remediation and descoping - Remediation cost and expected engineering investment and O&M costs
		1,710,000	1,710,000	-	Redeployment of Approx. 80 containers (Thales) at a cost of 12KEUR each and residual disposal of NFE
		380,000	380,000	-	NCIA invoices
		375,000	375,000	-	Repair and shipment of ESS camera
		500,000	500,000	-	Prior year NSPA invoices
		6,979,500	-	6,979,500	Container stoarage cost
		1,700,000	-	1,700,000	Food claim Supreme (HQ ISAF)
		175,000	-	175,000	E3A shortfall in 2014 ISAF delegation
		1,823,335	-	1,823,335	Temporary hires for ISAF archiving
		13,022,359	-	13,022,359	Future potential liabilities
2014 Balkans Operations (BC 183)	800,000	*800,000*	1,279,640	400,000	Glamoc Range claims
AOM sub-total	**66,863,494**	**66,863,494**	**15,859,640**	**27,883,494**	
2014 NCCB (BC 177)	678,000	678,000	-	-	
NCSEP Sub-total	**678,000**	**678,000**	-	-	
2013 ACO Reorganization Budget (BC 122)	10,000,000	10,000,000	-	-	
Transition Sub-total	**10,000,000**	**10,000,000**	-	-	
GRAND TOTAL	**77,541,494**	**77,541,494**	**15,859,640**	**27,883,494**	

Reconciliation between the ACO Budget Execution Report and the ACO Statement of Financial Performance

ACO is required under the NFR to present the results of its budget execution. For 2014 ACO is not required, nor does it elect, to make its approved budgets publically available and hence IPSAS 24: Presentation of Budget Information in Financial Statements is not applicable to ACO.

Below ACO is showing the reconciliation between the Budget execution Statement and expenses listed in the ACO Consolidated Statement of Financial Performance.

Total expenses as reported in the ACO BC Budget Execution Report:		1,061,946,325
Inventory variances		-2,049,400
Property, Plant and Equipment and WIP[19]		-10,320,036
Over-estimated accruals		-22,071,672
Changes in provision for the year:		
Loss of job indemnities	-252,481	
Untaken Leave	-401,374	
TFR	-129,732	
Provision expense services	16,983,410	16,199,823
		1,043,705,040
ACO BC expenses as reported in the Statement of Financial Performance:		1,043,705,040

[19] Total cost of PPE and WIP is EUR 65,526,821 of which EUR 10,320,036 is funded by current year's budget

Reconciliation between ACO authorised Budgets and Calls in 2014

The table below is showing the reconciliation between the Budget Authorisation and the Calls made in 2014:

Budget authorization 2014

Budget Groups	Advance 2014 called in 2013	1st Call 2014	2nd Call 2014	Total by cost share called as of 31 Dec 2014	BA3	Actual as of 31 Dec 14	CF as of 31 Dec 14	Difference between Calls, Actual and CF as of 31 Dec 14	Lapse	Adjustment	
28N AOM	134,400,000	235,808,666	123,266,295	493,474,961	492,751,927	417,371,075	71,393,701	4,710,185	(3,972,384)	737,801	(1) + (2)
26N AGS	-	1,699,875	(1,073,375)	626,500	626,500	355,290	18,646	252,564	(252,564)		
28N NCSEP	75,500,000	196,991,470	85,162,371	357,653,841	357,223,925	324,226,242	26,162,365	7,265,234	(6,601,590)	663,644	(2)
17N NAEW	62,768,856	123,644,661	62,137,839	248,551,356	248,551,356	205,228,439	43,322,917	-	-		
18N NAEW	381,144	705,339	362,161	1,448,644	1,448,644	1,272,317	39,647	136,680	(136,680)		
26N NAEW	-	-	7,970,000	7,970,000	7,970,000	4,496,029	-	3,473,971	(3,473,971)		
GRAND TOTAL	**273,050,000**	**558,850,011**	**277,825,291**	**1,109,725,302**	**1,108,572,352**	**952,949,392**	**140,937,276**	**15,838,634**	**(14,437,189)**	**1,401,445**	

(1) Of this amount EUR 695,871 was recognised and returned with first cash call for 2015. This has been recorded as an advance, and remaining amount of EUR 41,930 as an exchange rate difference.
(2) Budgets authorised in GBP were converted and executed using a parity rate for the fiscal year 2014. The rate was fixed using the rate as of 1st January 2014, 1 EUR = GBP 0.8431

Budget authorization 2013

Budget Groups	Carry Forward	Adjustment to Carry Forward	Exchange rate	Adjusted Carry Forward	Other adjustments	New initial Balance	Actual as of 31 Dec 14	CF as of 31 Dec 14	Lapse
28N AOM	10,899,062			10,899,062		10,899,062	7,954,275	277,235	(2,667,552)
26N AGS	350,000			350,000		350,000	350,000	-	-
28N NCSEP	65,285,555	754,000		66,039,555		66,039,555	33,250,132	21,278,183	(11,511,240)
17N NAEW	51,572,825			51,572,825		51,572,825	35,719,892	13,656,679	(2,196,255)
18N NAEW	90,841			90,841		90,841	65,949	-	(24,892)
GRAND TOTAL	**128,198,283**	**754,000**	**-**	**128,952,283**	**-**	**128,952,283**	**77,340,248**	**35,212,097**	**(16,399,939)**

Budget authorization 2012

Budget Groups	Carry Forward	Adjustment to Carry Forward	Exchange rate	Adjusted Carry Forward	Other adjustments	New initial Balance	Actual as of 31 Dec 14	CF as of 31 Dec 14	Lapse
28N AOM	2,242,571			2,242,571		2,242,571	274,571	-	(1,968,000)
28N NCSEP	11,874,570			11,874,570		11,874,570	8,083,123	-	(3,791,447)
17N NAEW	24,827,794			24,827,794		24,827,794	23,298,993	-	(1,528,801)
18N NAEW	-			-		-	-	-	-
GRAND TOTAL	**38,944,935**	**-**	**-**	**38,944,935**	**-**	**38,944,935**	**31,656,687**	**-**	**(7,288,248)**

L. Write Off

In accordance with the NATO Financial Regulations (NFR II Art. 19, FRP XIX.c), an annual summary of property and cash losses, including irrecoverable debts, written-off in 2014 is annexed to the annual financial statements at the following table.

ACO Headquarters Write-off Report			
EUR			
HEADQUARTERS	**HEADQUARTERS PROPERTY**		**CASH LOSSES[20]**
	Equipment	Vehicles	
ACO	-	-	11
SHAPE HQ	95,782	244,585	-
JFC HQ Brunssum	761,513	212,986	-
JFC HQ Naples	88,480	-	5,710
HQ LC Izmir	11,104	515,660	-
HQ AC Ramstein	22,325	152,527	-
HQ MC Northwood	-	-	1,691
NCISG	-	-	-
E-3A Component	4,429,650	17,603	189
ISAF	2,559,344	633,439	41,925
KFOR	58,898	347,546	-
NHQSa	-	213,850	178
Total	**6,251,035**	**2,815,390**	**49,703**

[20] An amount of EUR 39,676 has been offset against provision for bad debt previously expensed, hence not expensed in 2014, and an amount of EUR 10,027 has been written off and expensed in 2014

M. Trust Funds

ACO is also responsible managing Trust Funds for Afghan National Army (ANA), Kosovo Security Forces (KSF)[21], MHI missions and nationally-funded projects[22]. The primary purpose of trust funding is to provide a mechanism for the NATO Commander to achieve objectives and undertake authorised activities complimentary to the mission which are not eligible for NATO common funding through the Military budget or the NATO Security Investment Program (NSIP).

Trust Funds contributions are transferred to the ACO CAC bank accounts in BNP Paribas Fortis Bank. Upon proper authorisation ACO CAC also executes payments on behalf of the Trust Funds. All incoming and outgoing funds are recorded in the Weekly Status Reports and in FinS. The majority of Trust Funds are managed purely for inflow and outflow through ACO CAC.

The following tables show the execution of the Trust Funds as of 31 December 2014:

	Funds received	Interests	Actual expenses	Cash transfers	Assesment rate	Total	Accumulated balance
ANA Trust Funds							
Previous years	633,820,960	2,645,712	(3,461,093)	(411,959,812)	(4,598,875)	216,446,892	216,446,892
2014	85,998,377	426,611	-	(199,425,477)	8,468,809	(104,531,680)	111,915,212
Total	719,819,337	3,072,323	(3,461,093)	(611,385,289)	3,869,934	111,915,212	
KPC Trust Funds							
Previous years	12,251,689	97,986	-	(11,871,390)	-	478,285	478,285
2014	(478,285)	-	-	-	-	(478,285)	-
Total	11,773,404	97,986	-	(11,871,390)	-	-	
KSF Trust Funds							
Previous years	7,673,728	103,279	(7,057,510)	-	-	719,496	719,496
2014	-	1,518	(396,563)	-	-	(395,045)	324,451
Total	7,673,728	104,797	(7,454,074)	-	-	324,451	
KSF Trust Funds - US National funded							
Previous years	1,777,500	35,852	(553,154)	-	-	1,260,198	1,260,198
2014	-	3,856	134,605	-	-	138,461	1,398,659
Total	1,777,500	39,708	(418,549)	-	-	1,398,659	
Multinational Helicopter Initiative (MHI)							
Previous years	33,975,463	520,966	-	(18,048,598)	(51,822)	16,396,009	16,396,009
2014	182,315	(44)	-	(4,520,876)	-	(4,338,604)	12,057,404
Total	34,157,779	520,922	-	(22,569,474)	(51,822)	12,057,404	
POHRF - ISAF							
Previous years	5,069,355	(5,132)	-	(4,938,862)	-	125,361	125,361
2014	-	(51)	-	-	-	(51)	125,310
Total	5,069,355	(5,183)	-	(4,938,862)	-	125,310	

[21] The KSF Trust Fund was closed in 2013 as the donors did not agree to use the remaining funds for other purposes. The remaining balances have now all been transferred back to the donor nations. The final refund was completed in December 2014.
[22] See ACO Directive 60-59.

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ACRONYMS

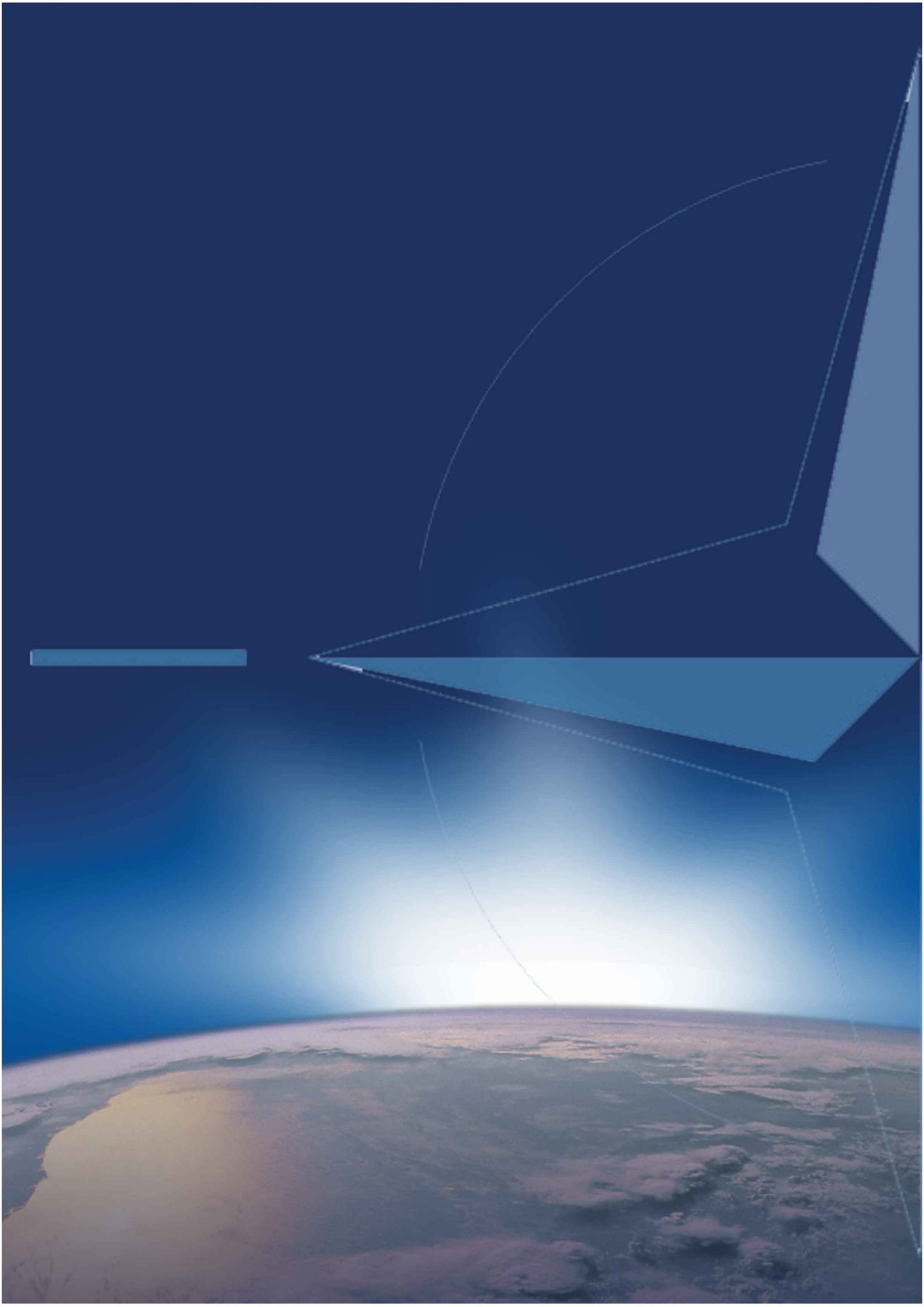
ACO	Allied Command Operations	Strategic NATO Military HQ located in Casteau Belgium
ACT	Allied Command Transformation	Strategic NATO Military HQ located in Norfolk VA, USA
ADG	Air Defence Ground	Network of radars providing an early warning system
AGS	Alliance Ground Surveillance	The AGS system performs 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
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.
CC	Component Command	The subordinate Air, Land, or Maritime headquarters assigned under a JFC HQ within NATO
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
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
E-3A Component		Base located in Geilenkirchen GE managing NATO AWACS aircrafts used for surveillance
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
GPFR	General Purpose Financial Reporting	Establish and make explicit the concepts that are to be applied in developing International Public Sector Accounting Standards
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
HSG	Headquarters Support Group	
IAMCO	International Aerospace Management Company	A joint venture company founded in 1991 acting as the Industrial Prime Contractor for the maintenance of NATO E-3A (AWACS) and Trainer Cargo Aircraft fleet
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
IEMS	Installation Engineering Management System	Contains essential management information: to include budgetary, financial, contractual, work scheduling, timekeeping, warehousing, and daily administrative functions
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
IFRS	International Federation Reporting Standards	A harmonized accounting and reporting framework used widely throughout the world
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
KPC	Kosovo Protection Corps	A civilian protection body having served since 1999; was dissolved on 14 June 2009
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	Morale and Welfare	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
MINFIN	Ministry of Finance	Is a federal ministry, responsible for general financial policy and for general management in the field of finance
MOD	Ministry of Defence	The government department responsible for implementation of government defence policy and the headquarters of the Armed Forces
MOU	Memorandum of Understanding	A document describing a bilateral or multilateral agreement between parties
MTF	Medical Treatment Facility	A facility established for the purpose of furnishing medical and/or dental care to eligible individuals
MWA	Moral Welfare Activity	Self generating funds used to provide Moral & Welfare activities to assigned NATO troops and civilian employees
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 & FC	NATO Airborne Early Warning and Control Force Command	Inaugurated in December 1978 in order to counter the increasing low-level threat from the then Warsaw Pact aircraft over land and sea
NAF	Non-Appropriated Funds	Resources internally generated by NATO military and civilian staffs through retails and service facilities operated by the Command
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 NAMSA; 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 Accounting Officer	Maintains inventory records, for NATO-owned equipment and is responsible for assigning property, performing inventories, and for providing reports and information concerning equipment inventory records
PE	Peacetime Establishment	NATO command structure
PILS	Program Integrated Logistics System	Used by E3A to manage the data of procurement, supply and maintenance processes
PO	Purchase Order	A document issued by a buyer to a seller, indicating types, quantities, and agreed prices for products or services the seller will provide to the buyer; sending a PO to a supplier constitutes a legal offer to buy products or services; acceptance of a PO by a seller usually forms a contract between the buyer and seller
PO	Private Office (memo)	File designation for correspondence coming directly from the NATO Secretary General's Office
POW	Program of Work	
PPE	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
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
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
TCSOR	Theatre Capability Statement of Requirements	Specific capabilities included in the OPLAN
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
UR	Unearned Revenue	Receiving money for a service or product that has yet to be fulfilled
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
WIP	Work in Progress	Work that has been started but not yet completed

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