

NATO SANS CLASSIFICATION

18 février 2019

NOTE
PDN(2019)0006

NOTE DE MISE EN LECTURE PUBLIQUE

**Mise en lecture publique d'informations OTAN récentes
Rapports du Collège international des commissaires aux comptes
de l'OTAN sur la vérification des états financiers relatifs au projet
de nouveau siège de l'OTAN**

Référence : C-M(2018)0076-AS1

Le 21 décembre 2018, au terme d'une procédure d'accord tacite, le Conseil a donné son accord pour que le rapport du Bureau de la planification et de la politique générale des ressources (RPPB) joint au C-M(2018)0076, la version des états financiers 2017, 2016 et 2015 relatifs au projet de nouveau siège de l'OTAN qui contient des passages masqués et les rapports de l'IBAN correspondants (IBA-A(2018)0092, IBA-A(2018)0008 et IBA-A(2018)0007) soient communiqués au public (référence).

(signé) Ineke Deserno
Archiviste de l'OTAN

Responsable : Nicholas Nguyen
Original : anglais

NATO SANS CLASSIFICATION



NATO SANS CLASSIFICATION

3 décembre 2018

NOTE

AC/335-N(2018)0050

Procédure d'accord tacite :

10 déc 2018 17:00

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

**RAPPORTS DU COLLÈGE INTERNATIONAL DES COMMISSAIRES AUX COMPTES
DE L'OTAN SUR LA VÉRIFICATION DES ÉTATS FINANCIERS RELATIFS AU PROJET
DE NOUVEAU SIÈGE DE L'OTAN POUR LES EXERCICES 2017, 2016 ET 2015**

Note du président

1. On trouvera en annexe le projet de rapport du RPPB concernant les rapports que le Collège international des commissaires aux comptes de l'OTAN (IBAN) a établis à la suite de la vérification des états financiers relatifs au projet de nouveau siège de l'OTAN pour les exercices 2017, 2016 et 2015. L'IBAN a émis une opinion sans réserve sur les états financiers et sur la conformité pour l'exercice financier 2017, et une opinion avec réserve sur les états financiers et sur la conformité pour les exercices 2015 et 2016.

2. Je ne pense pas que le rapport en annexe nécessite un débat au RPPB. Ainsi, sauf avis contraire me parvenant **d'ici au lundi 10 décembre 2018 à 17 heures**, le document sera considéré comme approuvé. Il sera ensuite soumis au Conseil afin que celui-ci en prenne note et qu'il approuve la recommandation du RPPB sur la communication au public.

(signé) Marek Powalski

**RAPPORTS DU COLLÈGE INTERNATIONAL DES COMMISSAIRES AUX
COMPTES DE L'OTAN SUR LA VÉRIFICATION DES ÉTATS FINANCIERS
RELATIFS AU PROJET DE NOUVEAU SIÈGE DE L'OTAN POUR LES
EXERCICES 2017, 2016 ET 2015**

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

Références :

- | | |
|--------------------|---|
| A. IBA-A(2018)0092 | Rapport de l'IBAN sur la vérification des états financiers relatifs au projet de nouveau siège de l'OTAN pour l'exercice 2017 |
| B. IBA-A(2018)0008 | Rapport de l'IBAN sur la vérification des états financiers relatifs au projet de nouveau siège de l'OTAN pour l'exercice 2016 |
| C. IBA-A(2018)0007 | Rapport de l'IBAN sur la vérification des états financiers relatifs au projet de nouveau siège de l'OTAN pour l'exercice 2015 |

INTRODUCTION

1. Le présent rapport porte sur les rapports que le Collège international des commissaires aux comptes de l'OTAN (IBAN) a consacrés à la vérification des états financiers relatifs au projet de nouveau siège de l'OTAN pour les exercices 2017, 2016 et 2015 (références A à C). L'IBAN a émis une opinion sans réserve sur les états financiers ainsi que sur la conformité pour l'exercice 2017, et une opinion avec réserve sur les états financiers ainsi que sur la conformité pour les exercices 2015 et 2016.

OBSERVATIONS

2. Rapport d'audit 2017. L'IBAN a constaté que d'importants progrès avaient été réalisés en 2017 s'agissant des états financiers relatifs au projet de nouveau siège de l'OTAN : il n'a formulé qu'une observation et il a noté que les quatre questions ayant fait l'objet d'observations au cours d'exercices précédents avaient toutes été réglées. La nouvelle observation formulée pour l'exercice 2017 porte sur le manque de fiabilité de l'estimation des charges à payer fournie par l'Équipe de gestion du projet (PMT) de la Belgique. L'IBAN a constaté que le montant que la PMT a communiqué initialement pour les charges exposées en 2017 mais non encore facturées au projet de nouveau siège, à savoir 40,8 millions d'euros (MEUR), n'était pas correct. Ce montant a été ramené ultérieurement par la PMT à 28,8 MEUR et il a été corrigé par le Bureau du contrôle financier (OFC) du Secrétariat international (SI). L'IBAN recommande à l'OFC d'obtenir des documents et des justificatifs à l'appui de l'estimation des charges à payer fournie par la PMT.

3. Le contrôleur des finances du SI compte que la question sera considérée comme étant réglée dans le rapport qui sera publié sur les états financiers de 2018.

4. Rapports d'audit 2016 et 2015. L'IBAN n'a formulé aucune nouvelle observation dans son rapport sur la vérification des états financiers de 2016. Il a émis une opinion avec réserve sur les états financiers 2016 rectifiés en raison du manque de fiabilité et de comparabilité des données financières de 2015 présentées dans les états financiers de 2016. Quatre questions ayant fait l'objet d'observations devaient encore recevoir une suite et deux d'entre elles ont encore eu une incidence sur l'opinion émise au sujet de la conformité. Le contrôleur des finances du SI a souscrit à toutes les recommandations formulées par l'IBAN.

4.1 Dans son rapport sur la vérification des états financiers de 2015, l'IBAN a formulé cinq observations. L'une de ces observations a eu une incidence sur l'opinion émise sur les états financiers ainsi que sur la conformité. Trois observations ont eu une incidence sur l'opinion émise au sujet de la conformité, et une observation n'a pas eu d'incidence sur l'opinion émise.

4.2 Le principal problème que l'IBAN avait constaté lors de l'audit des états financiers de 2015 et qui avait donné lieu à la formulation d'une observation ayant eu une incidence sur l'opinion émise au sujet des états financiers et de la conformité était l'impossibilité d'obtenir les éléments probants suffisants et nécessaires de nature à lui permettre d'établir que les états financiers étaient exempts d'inexactitudes significatives. L'IBAN avait également relevé des différences significatives entre les états financiers et les soldes figurant dans le nouveau système de planification des ressources d'entreprise (ERP) que le SI s'employait alors à mettre en. L'IBAN a reçu davantage de précisions et d'informations pour l'audit des états financiers de 2016, mais il a souligné que des problèmes subsistaient en raison du fait que les données comptables relatives à chacune des opérations enregistrées dans le système ERP n'étaient pas pleinement transparentes ni pleinement disponibles. Il a notamment constaté qu'il n'y avait pas de processus d'examen à plusieurs niveaux permettant de garantir la qualité globale des états financiers et leur conformité avec les cadres de compte rendu applicables.

4.3 Les problèmes comptables constatés par l'IBAN lors de la vérification des états financiers de 2015 étaient dus en grande partie aux difficultés qui s'étaient posées au cours des premiers mois de l'utilisation du nouveau système ERP. Les problèmes signalés par l'IBAN ont été pris en considération par l'OFC du SI, et des ajustements ont été apportés en 2016 et en 2017.

4.4 L'IBAN a noté que trois observations avaient eu une incidence sur l'opinion émise au sujet de la conformité des états financiers de 2015. Premièrement, les états financiers de 2015 n'ont pas été publiés dans les délais prévus par le Règlement financier de l'OTAN ; cette observation vaut aussi pour les états financiers de 2016. Deuxièmement, aucune déclaration sur le contrôle interne n'a été publiée avec les états financiers de 2015 ; cette question a été réglée étant donné qu'une telle déclaration a été publiée avec les états financiers de 2016. Troisièmement, l'IBAN a constaté que le SI n'avait pas procédé au rapprochement mensuel des soldes de trésorerie du système comptable et des relevés bancaires en 2015 ; l'absence de rapprochement a aussi mené à la formulation d'une observation pour les états

financiers de 2016 et a donné lieu à la formulation d'une réserve au sujet de leur conformité.

4.5 Par ailleurs, l'IBAN a constaté d'importants retards dans la communication des informations nécessaires pour l'audit. Cette observation n'a pas eu d'incidence sur l'opinion émise.

EXAMEN DE LA QUESTION

5. Le RPPB est satisfait des progrès que le projet du nouveau siège de l'OTAN a réalisés de 2015 à 2017. L'OFC du SI a beaucoup avancé : il a implémenté le système ERP, il a formé et recruté du personnel approprié et il a actualisé efficacement les processus de compte rendu financier. Le RPPB prend note des améliorations apportées dans plusieurs domaines suite aux insuffisances constatées dans les rapports d'audit pour les exercices 2015 et 2016 (références B et C).

CONCLUSION

6. Les problèmes que l'IBAN avait constatés dans le cadre de son audit des états financiers relatifs au projet de nouveau siège de l'OTAN pour les exercices 2015 et 2016 étaient dus principalement aux difficultés liées à l'implémentation de l'ERP et aux problèmes de personnel au sein du Bureau du contrôle financier. Les difficultés liées à l'implémentation de l'ERP ont été traitées progressivement. L'IBAN n'a pas fait état de nouveaux problèmes dans le cadre de la vérification des états financiers de 2016, qui donnent une image fidèle de la situation financière du projet de nouveau siège de l'OTAN au 31 décembre 2016, ainsi que de sa performance financière et de ses flux de trésorerie pour l'exercice clos à cette date. Il a formulé une nouvelle observation pour l'exercice 2017, mais elle n'a pas eu d'incidence sur l'opinion émise et, dans une large mesure, il s'agissait d'une question sur laquelle l'OFC n'avait pas de prise. L'IBAN a émis une opinion sans réserve sur les états financiers ainsi que sur la conformité pour l'exercice 2017.

RECOMMANDATIONS

7. Le RPPB recommande au Conseil :
- 7.1 de prendre note des rapports de l'IBAN cités en références A à C ;
 - 7.2 d'approuver les conclusions figurant au paragraphe 6 du présent rapport ;
 - 7.3 d'approuver la communication au public du présent rapport, des états financiers 2017, 2016 et 2015 rectifiés relatifs au projet de nouveau siège de l'OTAN et des rapports d'audit correspondants.



NORTH ATLANTIC TREATY ORGANIZATION
ORGANISATION DU TRAITÉ DE L'ATLANTIQUE NORD
INTERNATIONAL BOARD OF AUDITORS
COLLÈGE INTERNATIONAL DES COMMISSAIRES AUX COMPTES

NATO UNCLASSIFIED



IBA-A(2018)0092
27 August 2018

To: Secretary General
(Attn: Director of the Private Office)

Cc: Assistant Secretary General, Executive Management Division
Financial Controller, International Staff (IS)
Chairman, Resource Policy & Planning Board (RPPB)
Branch Head, Plans and Policy Branch, NATO Office of Resources (NOR)
Private Office Registry

Subject: ***International Board of Auditors for NATO (Board) Auditor's Report and Letter of Observations and Recommendations on the audit of the New NATO Headquarters (NNHQ) Restated Financial Statements for the year ended 31 December 2017 - IBA-AR(2018)0026***

The Board submits herewith its approved Auditor's Report (Annex 2) and Letter of Observations and Recommendations (Annex 3) with a Summary Note for distribution to the Council (Annex 1).

The Board's report sets out an unqualified opinion on the restated financial statements of the New NATO Headquarters and on compliance for the financial year 2017.

Yours sincerely,

(Signed) Hervé-Adrien Metzger
Chairman

Attachments: As stated above.



**Note succincte
du Collège international des commissaires aux comptes de l'OTAN
à l'intention du Conseil sur la vérification des états financiers rectifiés
relatifs au projet de nouveau siège de l'OTAN
pour l'exercice clos le 31 décembre 2017**

Au sommet de Washington, en avril 1999, les chefs d'État et de gouvernement des pays de l'OTAN ont officiellement décidé de faire construire un nouveau siège à Bruxelles, afin de répondre aux besoins de l'Alliance pour le XXI^e siècle. Le Conseil de l'Atlantique Nord, sur recommandation du Comité des budgets, approuve le budget relatif au projet de nouveau siège. Ce budget est alimenté par les contributions des pays de l'OTAN sur la base d'un accord spécifique de partage des coûts.

Le budget global du projet est de 1,179 milliard d'euros.

L'enveloppe disponible pour 2017 représentait au total 148,5 millions d'euros (MEUR), soit 86,2 MEUR de crédits de 2017 et 62,4 MEUR de crédits reportés d'exercices précédents.

La valeur enregistrée au 31 décembre 2017 pour le nouveau siège de l'OTAN en cours de construction est de 1 060 MEUR.

Le Collège a émis une opinion sans réserve sur les états financiers rectifiés relatifs au projet de nouveau siège de l'OTAN ainsi que sur la conformité pour l'exercice clos le 31 décembre 2017.

Au cours de l'audit, le Collège a formulé une observation, assortie d'une recommandation. Cette observation n'a pas d'incidence sur l'opinion émise.

1. Manque de fiabilité de l'estimation des charges à payer fournie par le pays hôte

Le Collège a par ailleurs fait le point sur la suite donnée aux questions ayant fait l'objet d'observations lors du précédent audit et il a noté que toutes les questions avaient été réglées.

L'opinion (annexe 2) et la lettre d'observations et de recommandations (annexe 3) ont été transmises au Secrétariat international, qui n'avait pas de commentaire factuel ou officiel à formuler.

27 août 2018

COLLÈGE INTERNATIONAL DES COMMISSAIRES AUX COMPTES DE L'OTAN

**OPINION SUR LES ÉTATS FINANCIERS RECTIFIÉS
RELATIFS AU PROJET DE NOUVEAU SIÈGE DE L'OTAN
POUR L'EXERCICE CLOS LE 31 DÉCEMBRE 2017**

**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 rectifiés

Le Collège international des commissaires aux comptes de l'OTAN a procédé à la vérification des états financiers rectifiés relatifs au projet de nouveau siège de l'OTAN, composés de l'état de la situation financière au 31 décembre 2017, de l'état de la performance financière, de l'état des variations de l'actif net, et du tableau des flux de trésorerie pour l'exercice clos à cette date, ainsi que d'un résumé des méthodes comptables importantes et de diverses notes explicatives. Le Collège a également vérifié l'état de l'exécution du budget pour l'exercice clos le 31 décembre 2017.

Responsabilité de la direction

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

Responsabilité du Collège

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

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

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

Opinion sur les états financiers rectifiés

L'opinion du Collège est qu'à tous égards significatifs, les états financiers rectifiés donnent une image fidèle, conforme au cadre comptable OTAN, de la situation financière du projet de nouveau siège de l'OTAN au 31 décembre 2017, ainsi que de sa performance financière et de ses flux de trésorerie pour l'exercice clos à cette date.

Rapport sur la conformité

Responsabilité de la direction

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

Responsabilité du Collège

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

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

Opinion sur la conformité

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

Bruxelles, le 27 août 2018

(signé) Hervé-Adrien Metzger
Président

27 août 2018

COLLÈGE INTERNATIONAL DES COMMISSAIRES AUX COMPTES DE L'OTAN

**LETTRE D'OBSERVATIONS ET DE RECOMMANDATIONS
CONCERNANT LE PROJET DE NOUVEAU SIÈGE DE L'OTAN
POUR L'EXERCICE CLOS LE 31 DÉCEMBRE 2017**

Introduction

Le Collège international des commissaires aux comptes de l'OTAN a procédé à la vérification des états financiers rectifiés relatifs au projet de nouveau siège de l'OTAN pour l'exercice clos le 31 décembre 2017. Il a émis une opinion sans réserve à leur sujet ainsi que sur la conformité.

Observation et recommandation

À l'issue de son audit, le Collège a formulé une observation, assortie d'une recommandation.

Cette observation n'a pas d'incidence sur l'opinion émise :

1. Manque de fiabilité de l'estimation des charges à payer fournie par le pays hôte

Le Collège a par ailleurs fait le point sur la suite donnée aux quatre questions ayant fait l'objet d'observations lors du précédent audit et il a noté que toutes ces questions avaient été réglées.

Le Collège a également adressé au secrétaire général adjoint pour la gestion exécutive du Secrétariat international (SI) une lettre (IBA-AML(2018)0014) contenant des observations à l'intention de la direction.

La présente lettre d'observations et de recommandations a été soumise au SI, qui n'avait pas de commentaire factuel ou officiel à formuler.

OBSERVATION ET RECOMMANDATION

1. MANQUE DE FIABILITÉ DE L'ESTIMATION DES CHARGES À PAYER FOURNIE PAR LE PAYS HÔTE

Contexte

1.1 Selon l'article 34 du Règlement financier de l'OTAN (NFR), tous les organismes OTAN doivent établir leurs états financiers selon les principes de la comptabilité d'exercice. Les autorisations qui ont été engagées et au titre desquelles des biens et des services ont été fournis mais n'ont pas encore été facturés lorsque l'exercice s'achève, sont comptabilisées comme charges à payer, et les engagements sont réduits d'autant.

1.2 Dans le cas du projet de nouveau siège de l'OTAN, les charges à payer concernent les travaux réalisés jusqu'au 31 décembre 2017 sous la responsabilité de la Belgique pays hôte et de son Équipe de gestion du projet (PMT) ainsi que de l'Agence OTAN d'information et de communication (NCIA).

1.3 Pour les besoins de l'information financière, les pays hôtes doivent communiquer au SI une estimation des factures attendues pour les travaux qui ont été effectués en 2017 mais qui n'ont pas encore été facturés ni payés.

Observation

1.4 Dans son courrier annuel, daté du 21 mars 2018, la PMT avait indiqué que les factures à recevoir pour les travaux achevés avant le 31 décembre 2017 (construction, équipement audiovisuel, etc.) représentaient 40,8 millions d'euros (MEUR). Des charges à payer d'un montant de 40,8 MEUR avaient donc été intégrées à la valeur des actifs en cours de construction dans les états financiers relatifs au projet de nouveau siège de l'OTAN pour l'exercice clos le 31 décembre 2017.

1.5 Le Collège a constaté que, jusqu'en mars 2018, seuls 2,3 MEUR avaient été facturés pour des travaux achevés en 2017. Trois mois plus tard, à la fin juin, le montant des factures réglées au titre de travaux réalisés en 2017 s'élevait à 15,5 MEUR. Les charges à payer avaient donc été surestimées de 25,3 MEUR.

1.6 Le Collège ayant exprimé sa préoccupation quant à l'absence de justificatifs concrets et vérifiables concernant le montant estimatif de 40,8 MEUR, la PMT a revu à la baisse son estimation des charges, la ramenant à 28,8 MEUR. Le SI a par conséquent publié le 18 juillet 2018 des états financiers rectifiés relatifs au projet de nouveau siège de l'OTAN (FC(2018)0049-REV2).

Recommandation

1.7 Le Collège recommande au SI d'obtenir des documents et des justificatifs à l'appui de l'estimation des charges à payer fournie par la PMT.

SUITES DONNÉES AUX OBSERVATIONS ANTÉRIEURES

Le Collège a fait le point sur la suite donnée aux observations et aux recommandations formulées à l'issue de l'audit précédent. On en trouvera un récapitulatif dans le tableau ci-dessous.

OBSERVATION/RECOMMANDATION	MESURES PRISES	ÉTAT DE LA QUESTION
(1) Exercice financier de 2015 IBA-AR(2017)28, paragraphe 1 IMPOSSIBILITÉ POUR L'IBAN D'OBTENIR LES ÉLÉMENTS PROBANTS SUFFISANTS ET NÉCESSAIRES Recommandations du Collège Le Collège recommande de se servir d'une balance, générée dans l'ERP, comme source principale pour la préparation des états financiers. Il faut que la personne responsable de l'établissement des états financiers conserve le détail des documents de travail utilisés afin de pouvoir justifier tout solde présenté dans les états financiers et toute information figurant dans les notes qui leur sont jointes (par exemple le solde de 280,7 MEUR figurant dans la note 16 jointe aux états financiers). De plus, le SI doit impérativement être en mesure de fournir des informations détaillées au sujet de chaque compte d'actif ou de passif de l'ERP, de sorte que les soldes puissent faire l'objet d'un suivi adéquat. Le Collège recommande d'accroître la transparence et la disponibilité des données comptables en enregistrant individuellement chaque opération comptable dans l'ERP et en appliquant des procédures normalisées pour les opérations courantes. Lorsque des données globales sont introduites dans l'ERP, les justificatifs correspondants (récapitulatifs, listes, calculs, etc.) doivent être disponibles dans l'ERP et faire l'objet d'une vérification adéquate et d'une validation dans le système. Le Collège recommande de mettre en œuvre le processus d'examen des états financiers à plusieurs niveaux, afin de garantir la qualité globale des états financiers publiés et leur conformité avec les cadres de compte rendu applicables.	La qualité et le niveau de détail des informations communiquées ont été améliorés dans les états financiers de 2017. Le Collège a constaté l'existence d'un processus documenté pour un examen à plusieurs niveaux permettant de garantir la qualité globale des états financiers publiés et leur conformité avec les cadres de compte rendu applicables. Certaines opérations présentées étaient liées aux corrections apportées au titre de l'exercice 2016, mais elles étaient assorties d'explications claires et/ou de justificatifs.	Observation réglée.

OBSERVATION/RECOMMANDATION	MESURES PRISES	ÉTAT DE LA QUESTION
(2) Exercice financier de 2015 IBA-AR(2017)28, paragraphe 2 PUBLICATION TARDIVE DES ÉTATS FINANCIERS Recommandation du Collège Le Collège recommande qu'à l'avenir, les états financiers soient soumis pour le 31 mars, échéance fixée dans le NFR.	La version originale des états financiers de 2017 a été publiée le 31 mars 2018, comme le requiert le NFR.	Observation réglée.
(3) Exercice financier de 2015 IBA-AR(2017)28, paragraphe 4 ABSENCE DE RAPPROCHEMENT RÉGULIER DES SOLDES BANCAIRES Recommandation du Collège Le Collège recommande de procéder au rapprochement mensuel des soldes de trésorerie et d'en garder la trace. Il sera ainsi plus facile de repérer à temps les éventuelles inexactitudes. Le résultat de ce travail devra être signé par celui qui l'aura effectué et celui qui l'aura vérifié.	Les soldes bancaires ont fait l'objet de rapprochements réguliers en 2017.	Observation réglée.
(4) Exercice financier de 2015 IBA-AR(2017)28, paragraphe 5 RETARDS IMPORTANTS DANS LA COMMUNICATION DES INFORMATIONS NÉCESSAIRES POUR L'AUDIT Recommandation du Collège Le Collège recommande que le Bureau du contrôle financier du SI lui transmette en temps voulu les informations requises. Pour pouvoir respecter ses propres échéances, le Collège se montrera moins souple lors de ses prochains audits.	Des informations complémentaires et des éclaircissements ont été apportés en temps voulu.	Observation réglée.

**NATO NEW HQ
FINANCIAL STATEMENTS**

For the year ended
31 December 2017

Annexes

- | | |
|---|---|
| 1 | Statement of financial position |
| 2 | Statement of financial performance |
| 3 | Cash flow statement |
| 4 | Statement of changes in net assets |
| 5 | Budgetary execution statements |
| 6 | Explanatory notes to the financial statements |

(Signed) Jens STOLTENBERG
Secretary General

Stephane CHAGNOT
(Signed) Financial Controller

NATO NEW HQ

Statement of financial position

As at 31 December 2017

(All amounts in EUR)

		Current Year	Prior Year	Variance
Notes	2017	2016	CY-PY	
Assets				
Current assets				
Cash and cash equivalents	3&4	46,271,773.49	47,467,999.34	-1,196,225.85
Short term investments	3&4	45,600,731.22	45,300,001.11	300,730.11
Receivables	5	16,046,108.33	774,888.19	15,271,220.14
Prepayments	6	35,452,140.82	64,008,770.31	-28,556,629.49
Other current assets	7	870,972.38	9,368,142.14	-8,497,169.76
Inventories	2	0.00	0.00	0.00
		<u>144,241,726.24</u>	<u>166,919,801.09</u>	<u>-22,678,074.85</u>
Non-current assets				
Receivables				
Property, plant & equipment	8	1,060,427,743.29	932,220,757.26	128,206,986.03
Intangible assets			0.00	0.00
Other non-current assets			0.00	0.00
		<u>1,060,427,743.29</u>	<u>932,220,757.26</u>	<u>128,206,986.03</u>
Total assets		<u>1,204,669,469.53</u>	<u>1,099,140,558.35</u>	<u>105,528,911.18</u>
Liabilities				
Current liabilities				
Payables	9	3,561,765.19	2,187,871.71	1,373,893.48
Deferred revenue	10	82,491,855.79	134,034,498.80	-51,542,643.01
Advances	11	28,818,516.39	20,266,158.50	8,552,357.89
Short term provisions	13			
Other current liabilities	12	29,369,588.87	10,431,272.08	18,938,316.79
		<u>144,241,726.24</u>	<u>166,919,801.09</u>	<u>-22,678,074.85</u>
Non-current liabilities				
Payables				
Long term provisions	13		0.00	0.00
Deferred revenue	14	1,060,427,743.29	932,220,757.26	128,206,986.03
Other non-current liabilities			0.00	0.00
		<u>1,060,427,743.29</u>	<u>932,220,757.26</u>	<u>128,206,986.03</u>
Total liabilities		<u>1,204,669,469.53</u>	<u>1,099,140,558.35</u>	<u>105,528,911.18</u>
Net assets				
Capital assets		0.00	0.00	0.00
Reserves		0.00	0.00	0.00
Current year Surplus / (Deficits)		0.00	0.00	0.00
Accumulated surpluses / (deficits) prior year		0.00	0.00	0.00
Total net assets/ equity	17	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>

NATO NEW HQ

Statement of financial performance

As at 31 December 2017

(All amounts in EUR)

		Current Year	Prior Year	Variance
	Notes	2017	2016	
Revenue	15			
Non exchange revenue		8,896,116.28	3,560,762.23	5,335,354.05
Exchange revenue		0.00	0.00	0.00
Other revenue		0.00	0.00	0.00
Financial revenue		0.00	0.00	0.00
Total revenue		8,896,116.28	3,560,762.23	5,335,354.05
Expenses	16			
Personnel		1,721,386.46	2,854,865.78	-1,133,479.32
Contractual supplies and services		7,057,255.47	671,008.14	6,386,247.33
Depreciation and amortization		8,923.91	0.00	8,923.91
Impairment		0.00	0.00	0.00
Provisions		32,835.72	0.00	32,835.72
Other expenses		0.00	0.00	0.00
Finance costs		75,714.72	34,888.31	40,826.41
Total expenses		8,896,116.28	3,560,762.23	5,335,354.05
Surplus/(Deficit) for the period	17	0.00	0.00	0.00

INTERNATIONAL STAFF
Statement of cash flow

As at 31 December 2017

(All amounts in EUR)

	Notes	2017	2016
Cash flow from operating activities	18		
Surplus/(Deficit)		-	-
Non-cash movements			
Depreciation/ Amortisation		-	-
Impairment		-	-
Increase /(decrease) in payables		1,373,893.48	(608,171.21)
Increase/ (decrease) in other current liabilities		(24,051,968.33)	(62,585,021.45)
Increase/ (decrease) in provisions		-	-
(Gains)/losses on sale of property, plant and equipment		-	-
Decrease/ (increase) in receivables		(15,271,220.14)	226,321.96
Decrease/ (increase) in other current assets		37,053,799.25	(44,536,400.18)
Increase/ (decrease) in other non-current liabilities		128,206,986.03	184,663,149.03
Net cash flow from operating activities		127,311,490.29	77,159,878.15
Cash flow from investing activities	18		
Purchase of property plant and equipment / Intangible assets		(128,206,986.03)	(184,663,149.03)
Proceeds from sale of property plant and equipment		-	-
Net cash flow from investing activities		(128,206,986.03)	(184,663,149.03)
Cash flow from financing activities	18		
Net cash flow from financing activities		-	-
Net increase/(decrease) in cash and cash equivalents	18	(895,495.74)	(107,503,270.88)
Cash, cash equivalent and short term investments at the beginning of the period		92,768,000.45	200,271,271.33
Cash, cash equivalent and short term investments at the end of the period		91,872,504.71	92,768,000.45

NEW NATO HEADQUARTERS

STATEMENT OF CHANGES IN NET ASSETS AS AT 31/12/2017

(in EUR)

	Accumulated surpluses/(deficits)
Balance at 31 December 2015	0.00
Deficit on revaluation of property	0.00
Surplus on revaluation of investments (1)	0.00
Currency translation differences	0.00
Net gains and losses not recognized in the statement of financial performance	0.00
Net for the period	0.00
Balance at 31 December 2016	0.00
Balance at 31 December 2016	0.00
Deficit on revaluation of property	0.00
Surplus on revaluation of investments (1)	0.00
Currency translation differences	0.00
Net gains and losses not recognized in the statement of financial performance	0.00
Net for the period	0.00
Balance at 31 December 2017	0.00

(1) fixed assets in progress

NEW NATO HEADQUARTERS
BUDGETARY OPERATIONS FOR FINANCIAL YEAR 2017
n° 2017

in EUR

CHAPTER Article		BUDGET AUTHORIZATIONS			COMMITMENTS	EXPENDITURES	BUDGETARY SURPLUS	
		BUDGET (ref.) C-M(2017)0070	AUTHORIZED TRANSFERS	ADJUSTED CREDITS			CREDITS CARRIED FORWARD TO n+1	LAPSED CREDITS
		(1)	(2)	(3) = (1)+(2)	(4)	(5)	(6) = (4) - (5)	(7) = (3) - (4)
I.	PERSONNEL COSTS							
01 01	Basic salaries and related expenses	4,180,419 00	0 00	4,180,419 00	4,180,419 00	894,964 97	3,495,454 03	0 00
01 02	Temporary staff and consultants	0 00	0 00	0 00	0 00	253,982 38	-253,982 38	0 00
01 03	Statutory travel	0 00	0 00	0 00	0 00	0 00	0 00	0 00
	Financial year n	4,180,419 00	0 00	4,180,419 00	4,180,419 00	948,957 35	3,241,661 65	0 00
	Carried forward							
	Financial year n-1	3,010,200 73	0 00	3,010,200 73	3,010,200 73	1,627,840 55	1,382,200 40	0 00
	Financial year n-2	748,492 97	0 00	748,492 97	748,492 97	1,208,553 61	-460,060 64	0 00
	Financial year n-3	50,864 38	0 00	50,864 38	50,864 38	50,000 05	864 33	0 00
	Financial year n-4	19,217 63	0 00	19,217 63	19,217 63	50,061 90	-31,844 27	0 00
	Financial year n-5	0 00	0 00	0 00	0 00	0 00	0 00	0 00
	Financial year n-6	0 00	0 00	0 00	0 00	0 00	0 00	0 00
	Financial year n-7	0 00	0 00	0 00	0 00	0 00	0 00	0 00
	Financial year n-8	0 00	0 00	0 00	0 00	0 00	0 00	0 00
	Financial year n-9	0 00	0 00	0 00	0 00	0 00	0 00	0 00
		8,019,184 68	0 00	8,019,184 68	8,019,184 68	2,845,132 88	4,131,002 02	0 00
II.	OPERATING COSTS							
02 01	Official missions	352 88	0 00	352 88	352 88	68 78	285 00	0 00
02 02	Administrative support	0 00	0 00	0 00	0 00	0 00	0 00	0 00
02 03	Hospitality	0 00	0 00	0 00	0 00	0 00	0 00	0 00
02 04	Telecommunications	0 00	0 00	0 00	0 00	0 00	0 00	0 00
02 05	Operating costs	8,082,247 32	0 00	8,082,247 32	8,082,247 32	1,130,296 21	6,951,951 11	0 00
02 06	Construction Site Guard	0 00	0 00	0 00	0 00	0 00	0 00	0 00
02 07	Materials Procurement	0 00	0 00	0 00	0 00	0 00	0 00	0 00
02 10	Miscellaneous and unforeseen	0 00	0 00	0 00	0 00	0 00	0 00	0 00
	Financial year n	8,082,600 00	0 00	8,082,600 00	8,082,600 00	1,130,346 87	6,952,253 03	0 00
	Carried forward							
	Financial year n-1	5,447,311 38	0 00	5,447,311 38	5,447,311 38	5,473,789 48	-28,457 08	0 00
	Financial year n-2	39,484 78	0 00	39,484 78	39,484 78	1,220,708 88	-1,181,224 08	0 00
	Financial year n-3	31,306 55	0 00	31,306 55	31,306 55	12,432 48	17,864 15	0 00
	Financial year n-4	49,573 78	0 00	49,573 78	49,573 78	50,094 68	-520 81	0 00
	Financial year n-5	0 00	0 00	0 00	0 00	0 00	0 00	0 00
	Financial year n-6	0 00	0 00	0 00	0 00	0 00	0 00	0 00
	Financial year n-7	0 00	0 00	0 00	0 00	0 00	0 00	0 00
	Financial year n-8	0 00	0 00	0 00	0 00	0 00	0 00	0 00
	Financial year n-9	0 00	0 00	0 00	0 00	0 00	0 00	0 00
		13,650,368 50	0 00	13,650,368 50	13,650,368 50	7,884,351 29	5,756,015 21	0 00
III.	INTELLECTUAL SERVICES							
03 01	Consultants & studies	707,065 00	0 00	707,065 00	707,065 00	549,085 00	162,000 00	0 00
03 02	Project management team	8,980,581 00	0 00	8,980,581 00	8,980,581 00	2,511,340 00	6,469,221 00	0 00
03 04	Concept design team	0 00	0 00	0 00	0 00	0 00	0 00	0 00
03 05	Overall CDT fees on addit. Constr. W.	0 00	0 00	0 00	0 00	0 00	0 00	0 00
	Financial year n	9,687,646 00	0 00	9,687,646 00	9,687,646 00	3,050,425 00	6,631,221 00	0 00
	Carried forward							
	Financial year n-1	891,384 74	0 00	891,384 74	891,384 74	293,617 82	597,767 72	0 00
	Financial year n-2	315,404 50	0 00	315,404 50	315,404 50	715,875 89	-400,471 38	0 00
	Financial year n-3	899,280 00	0 00	899,280 00	899,280 00	44,378 18	854,901 82	0 00
	Financial year n-4	258,580 05	0 00	258,580 05	258,580 05	14,201 00	242,758 05	0 00
	Financial year n-5	0 00	0 00	0 00	0 00	0 00	0 00	0 00
	Financial year n-6	0 00	0 00	0 00	0 00	0 00	0 00	0 00
	Financial year n-7	0 00	0 00	0 00	0 00	0 00	0 00	0 00
	Financial year n-8	0 00	0 00	0 00	0 00	0 00	0 00	0 00
	Financial year n-9	0 00	0 00	0 00	0 00	0 00	0 00	0 00
		11,850,275 29	0 00	11,850,275 29	11,850,275 29	4,124,184 05	7,726,091 20	0 00
IV.	CONSTRUCTION WORKS							
04 01	Works Requirements	38,421,983 00	0 00	38,421,983 00	38,421,983 00	20,120,802 10	18,301,080 90	0 00
	Financial year n	38,421,983 00	0 00	38,421,983 00	38,421,983 00	20,120,802 10	18,301,080 90	0 00
	Carried forward							
	Financial year n-1	7,597,787 10	0 00	7,597,787 10	7,597,787 10	5,813,324 14	1,784,262 96	0 00
	Financial year n-2	20,185,308 00	0 00	20,185,308 00	20,185,308 00	5,471,771 54	14,813,536 48	0 00
	Financial year n-3	7,387 89	0 00	7,387 89	7,387 89	878,078 87	-871,690 78	0 00
	Financial year n-4	308,293 29	0 00	308,293 29	308,293 29	498,265 39	-189,972 00	0 00
	Financial year n-5	0 00	0 00	0 00	0 00	0 00	0 00	0 00
	Financial year n-6	0 00	0 00	0 00	0 00	0 00	0 00	0 00
	Financial year n-7	0 00	0 00	0 00	0 00	0 00	0 00	0 00
	Financial year n-8	0 00	0 00	0 00	0 00	0 00	0 00	0 00
	Financial year n-9	0 00	0 00	0 00	0 00	0 00	0 00	0 00
		66,488,858 38	0 00	66,488,858 38	66,488,858 38	32,383,841 84	34,115,217 54	0 00
V.	SPECIAL EQUIPMENT							
05 01	Special equipment	25,789,291 00	0 00	25,789,291 00	25,789,291 00	14,581,386 10	11,227,824 90	0 00
	Financial year n	25,789,291 00	0 00	25,789,291 00	25,789,291 00	14,581,386 10	11,227,824 90	0 00
	Carried forward							
	Financial year n-1	20,814,370 48	0 00	20,814,370 48	20,814,370 48	13,827,089 89	6,987,280 50	0 00
	Financial year n-2	770,677 88	0 00	770,677 88	770,677 88	816,538 65	-37,860 88	0 00
	Financial year n-3	1,345,958 00	0 00	1,345,958 00	1,345,958 00	1,345,958 00	0 00	0 00
	Financial year n-4	0 00	0 00	0 00	0 00	0 00	0 00	0 00
	Financial year n-5	0 00	0 00	0 00	0 00	0 00	0 00	0 00
	Financial year n-6	0 00	0 00	0 00	0 00	0 00	0 00	0 00
	Financial year n-7	0 00	0 00	0 00	0 00	0 00	0 00	0 00
	Financial year n-8	0 00	0 00	0 00	0 00	0 00	0 00	0 00
	Financial year n-9	0 00	0 00	0 00	0 00	0 00	0 00	0 00
		48,520,198 36	0 00	48,520,198 36	48,520,198 36	33,512,953 74	15,007,244 61	0 00
	GRAND TOTAL	88,171,939 00	0 00	88,171,939 00	88,171,939 00	39,817,567 52	48,354,341 48	0 00
	Carried forward							
	Financial year n-1	37,361,054 48	0 00	37,361,054 48	37,361,054 48	28,835,938 98	10,725,114 50	0 00
	Financial year n-2	22,039,268 06	0 00	22,039,268 06	22,039,268 06	9,401,147 85	12,438,120 01	0 00
	Financial year n-3	2,334,887 82	0 00	2,334,887 82	2,334,887 82	2,132,845 30	202,042 52	0 00
	Financial year n-4	628,744 88	0 00	628,744 88	628,744 88	812,742 89	-183,997 97	0 00
	Financial year n-5	0 00	0 00	0 00	0 00	0 00	0 00	0 00
	Financial year n-6	0 00	0 00	0 00	0 00	0 00	0 00	0 00
	Financial year n-7	0 00	0 00	0 00	0 00	0 00	0 00	0 00
	Financial year n-8	0 00	0 00	0 00	0 00	0 00	0 00	0 00
	Financial year n-9	0 00	0 00	0 00	0 00	0 00	0 00	0 00
	GRAND TOTAL	148,535,894 20	0 00	148,535,894 20	148,535,894 10	78,800,273 62	69,735,620 48	0 10

NEW NATO HEADQUARTERS
BUDGETARY OPERATIONS FOR FINANCIAL YEAR 2018
n= 2018

In EUR)

CHAPTER Article		BUDGET AUTHORISATIONS			COMMITMENTS	EXPENDITURES	BUDGETARY SURPLUS	
		BUDGET (ref.) C-U20160087	AUTHORIZED TRANSFERS	ADJUSTED CREDITS			CREDITS CARRIED FORWARD TO n+1	LAPSED CREDITS
		(1)	(2)	(3) = (1)+(2)			(8) = (4) - (5)	(7) = (3) - (4)
I.	PERSONNEL COSTS							
01 01	Basic salaries and related expenses	5 303 000 00	0 00	5 303 000 00	5 303 000 00	2 374 438 66	2 928 561 44	0 00
01 02	Temporary staff and consultants	543 000 00	0 00	543 000 00	543 000 00	465 300 49	81 638 51	0 00
01 03	Statutory travel	0 00	0 00	0 00	0 00	0 00	0 00	0 00
	Financial year n	5 846 000 00	0 00	5 846 000 00	5 846 000 00	2 834 739 05	3 010 200 95	0 00
	Carried forward							
	Financial year n-1	1 824 147 64	0 00	1 824 147 64	1 824 147 64	1 075 654 72	748 492 92	0 00
	Financial year n-2	100 870 39	0 00	100 870 39	100 870 39	50 008 01	50 864 38	0 00
	Financial year n-3	59 819 27	0 00	59 819 27	59 819 27	43 001 64	16 217 63	0 00
	Financial year n-4	0 00	0 00	0 00	0 00	0 00	0 00	0 00
	Financial year n-5	0 00	0 00	0 00	0 00	0 00	0 00	0 00
	Financial year n-6	0 00	0 00	0 00	0 00	0 00	0 00	0 00
	Financial year n-7	0 00	0 00	0 00	0 00	0 00	0 00	0 00
	Financial year n-8	0 00	0 00	0 00	0 00	0 00	0 00	0 00
	Financial year n-9	0 00	0 00	0 00	0 00	0 00	0 00	0 00
		7 629 837 30	0 00	7 629 837 30	7 629 837 30	4 004 081 42	3 625 755 88	0 00
II.	OPERATING COSTS							
02 01	Official missions	5 000 00	0 00	5 000 00	5 000 00	1 521 53	3 478 47	0 00
02 02	Administrative support	152 000 00	0 00	152 000 00	152 000 00	152 000 00	0 00	0 00
02 03	Hospitality	0 00	0 00	0 00	0 00	0 00	0 00	0 00
02 04	Telecommunications	14 000 00	4 000 00	18 000 00	18 000 00	0 00	18 000 00	0 00
02 05	Operating costs	6 897 000 00	-4 000 00	6 893 000 00	6 893 000 00	1 695 043 67	4 797 956 33	0 00
02 06	Construction Site Guard	7 544 896 00	0 00	7 544 896 00	7 544 896 00	6 910 897 42	634 198 58	0 00
02 07	Materials Procurement	0 00	0 00	0 00	0 00	0 00	0 00	0 00
02 10	Miscellaneous and unforeseen	0 00	0 00	0 00	0 00	0 00	0 00	0 00
	Financial year n	14 412 696 00	0 00	14 412 696 00	14 412 696 00	8 850 302 62	5 453 963 38	0 00
	Carried forward							
	Financial year n-1	3 970 637 50	0 00	3 970 637 50	3 970 637 50	3 944 314 65	26 322 85	0 00
	Financial year n-2	40 658 22	0 00	40 658 22	40 658 22	13 153 32	27 704 90	0 00
	Financial year n-3	180 348 06	0 00	180 348 06	180 348 06	130 774 27	49 573 79	0 00
	Financial year n-4	0 00	0 00	0 00	0 00	0 00	0 00	0 00
	Financial year n-5	0 00	0 00	0 00	0 00	0 00	0 00	0 00
	Financial year n-6	0 00	0 00	0 00	0 00	0 00	0 00	0 00
	Financial year n-7	0 00	0 00	0 00	0 00	0 00	0 00	0 00
	Financial year n-8	0 00	0 00	0 00	0 00	0 00	0 00	0 00
	Financial year n-9	0 00	0 00	0 00	0 00	0 00	0 00	0 00
		18 604 938 78	0 00	18 604 938 78	18 604 938 78	12 047 945 06	6 557 394 72	0 00
III.	INTELLECTUAL SERVICES							
03 01	Consultants & Mission	2 865 281 00	0 00	2 865 281 00	2 865 281 00	2 450 281 00	415 000 00	0 00
03 02	Project management team	3 056 227 00	0 00	3 056 227 00	3 056 227 00	2 779 842 24	276 384 76	0 00
03 04	Concept design team	3 406 586 00	0 00	3 406 586 00	3 406 586 00	3 406 586 00	0 00	0 00
03 05	Overall COT fees on addit. Constr W	0 00	0 00	0 00	0 00	0 00	0 00	0 00
	Financial year n	11 328 094 00	0 00	11 328 094 00	11 328 094 00	10 636 708 26	691 384 74	0 00
	Carried forward							
	Financial year n-1	6 000 475 08	0 00	6 000 475 08	6 000 475 08	5 985 678 58	315 404 50	0 00
	Financial year n-2	2 428 480 10	0 00	2 428 480 10	2 428 480 10	1 527 200 10	899 280 00	0 00
	Financial year n-3	1 119 156 42	0 00	1 119 156 42	1 119 156 42	862 886 37	256 869 05	0 00
	Financial year n-4	0 00	0 00	0 00	0 00	0 00	0 00	0 00
	Financial year n-5	0 00	0 00	0 00	0 00	0 00	0 00	0 00
	Financial year n-6	0 00	0 00	0 00	0 00	0 00	0 00	0 00
	Financial year n-7	0 00	0 00	0 00	0 00	0 00	0 00	0 00
	Financial year n-8	0 00	0 00	0 00	0 00	0 00	0 00	0 00
	Financial year n-9	0 00	0 00	0 00	0 00	0 00	0 00	0 00
		20 874 207 60	0 00	20 874 207 60	20 874 207 60	19 711 578 31	2 162 629 29	0 00
IV.	CONSTRUCTION WORKS							
04 01	Works Requirements	58 426 786 00	0 00	58 426 786 00	58 426 786 00	50 628 896 80	7 597 787 10	0 00
	Financial year n	58 426 786 00	0 00	58 426 786 00	58 426 786 00	50 628 896 80	7 597 787 10	0 00
	Carried forward							
	Financial year n-1	88 399 533 57	0 00	88 399 533 57	88 399 533 57	69 224 225 57	20 185 308 00	0 00
	Financial year n-2	8 093 463 81	0 00	8 093 463 81	8 093 463 81	8 086 078 02	7 247 88	0 00
	Financial year n-3	2 286 722 89	0 00	2 286 722 89	2 286 722 89	1 860 328 50	306 393 39	0 00
	Financial year n-4	0 00	0 00	0 00	0 00	0 00	0 00	0 00
	Financial year n-5	0 00	0 00	0 00	0 00	0 00	0 00	0 00
	Financial year n-6	0 00	0 00	0 00	0 00	0 00	0 00	0 00
	Financial year n-7	0 00	0 00	0 00	0 00	0 00	0 00	0 00
	Financial year n-8	0 00	0 00	0 00	0 00	0 00	0 00	0 00
	Financial year n-9	0 00	0 00	0 00	0 00	0 00	0 00	0 00
		157 208 608 37	0 00	157 208 608 37	157 208 608 37	128 129 629 89	29 078 978 38	0 00
V.	SPECIAL EQUIPMENT							
05 01	Special equipment	43 965 183 00	0 00	43 965 183 00	43 965 183 00	23 370 812 51	20 514 370 49	0 00
	Financial year n	43 965 183 00	0 00	43 965 183 00	43 965 183 00	23 370 812 51	20 514 370 49	0 00
	Carried forward							
	Financial year n-1	17 478 391 44	0 00	17 478 391 44	17 478 391 44	16 704 813 86	770 577 66	0 00
	Financial year n-2	2 062 163 01	0 00	2 062 163 01	2 062 163 01	1 316 204 99	745 958 00	0 00
	Financial year n-3	0 00	0 00	0 00	0 00	0 00	0 00	0 00
	Financial year n-4	0 00	0 00	0 00	0 00	0 00	0 00	0 00
	Financial year n-5	0 00	0 00	0 00	0 00	0 00	0 00	0 00
	Financial year n-6	0 00	0 00	0 00	0 00	0 00	0 00	0 00
	Financial year n-7	0 00	0 00	0 00	0 00	0 00	0 00	0 00
	Financial year n-8	0 00	0 00	0 00	0 00	0 00	0 00	0 00
	Financial year n-9	0 00	0 00	0 00	0 00	0 00	0 00	0 00
		64 126 738 43	0 00	64 126 738 43	64 126 738 43	41 395 831 08	22 730 907 35	0 00
	GRAND TOTAL	133 867 858 00	0 00	133 867 858 00	133 867 858 00	96 830 622 64	37 367 536 46	0 00
	Carried forward							
	Financial year n-1	117 874 385 23	0 00	117 874 385 23	117 874 385 23	85 848 079 16	22 626 306 13	0 00
	Financial year n-2	13 323 836 81	0 00	13 323 836 81	13 323 836 81	10 902 640 44	2 231 196 17	0 00
	Financial year n-3	3 848 048 64	0 00	3 848 048 64	3 848 048 64	3 017 303 78	626 744 86	0 00
	Financial year n-4	0 00	0 00	0 00	0 00	0 00	0 00	0 00
	Financial year n-5	0 00	0 00	0 00	0 00	0 00	0 00	0 00
	Financial year n-6	0 00	0 00	0 00	0 00	0 00	0 00	0 00
	Financial year n-7	0 00	0 00	0 00	0 00	0 00	0 00	0 00
	Financial year n-8	0 00	0 00	0 00	0 00	0 00	0 00	0 00
	Financial year n-9	0 00	0 00	0 00	0 00	0 00	0 00	0 00
		268 642 229 48	0 00	268 642 229 48	268 642 229 48	206 788 845 86	62 353 583 62	0 00

**EXPLANATORY NOTES TO NEW NATO HEADQUARTERS PROJECT
2017 FINANCIAL STATEMENTS****NOTE 1: GENERAL INFORMATION**

In 1999, Heads of State of the NATO member countries decided at the Washington Summit to build a New NATO Headquarters (HQ) to meet Alliance requirements for the 21st century. For this New NATO HQ Project a separate budget was established in 2000.

The budget for the common funded part is approved on an annual basis by the North Atlantic Council, further to screening and recommendation by the Budget Committee and the Resource Policy and Planning Board (RPPB). The project is managed following NSIP procedures.

The main construction project, the electronic security services and the audio-visual infrastructure contracts are managed by the Belgian Ministry of Defence Host Nation Project Management Team (PMT) under the provisions of the NATO/Belgium MOU, signed on 8 December 2004.

NCIA acts as Host Nation for the Active Network Infrastructure contract. NATO-International Staff (IS) is the Host Nation for the Furniture contract and for the Business Data and Applications Migration Project (BDAM).

NATO is represented by the IS Defence Investment Division Headquarters Project Office (HQPO), which is in charge of programme management, coordination, approval procedures and the definition of requirements. HQPO also represents the interests of Nations in all dealings with the Host Nation.

A Transition Office within the IS Executive Management Division was created in 2011 to manage the practical and organisational aspects of the transition from the current headquarters to the new one.

NATO member nations maintain oversight of the project through the Deputies Committee (DPRC), a Board comprised of the Deputy Permanent Representatives. HQPO is responsible for financial management and for coordination with the DPRC, the Budget Committee, the RPPB, and the North Atlantic Council.

The overall programme budget ceiling is EUR 1,179 million.

NOTE 2: ACCOUNTING POLICIES

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

Declaration of conformity

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

Basis of preparation

These statements have been prepared on a going-concern basis and the amounts shown in these financial statements are presented in EUR. The New NATO Headquarters Project will continue in operation for the foreseeable future.

The following IPSAS have no material effect on the 2017 financial statements of the New NATO Headquarters Project Office:

IPSAS 5: Borrowing Costs.
IPSAS 6: Consolidated and Separate Financial
IPSAS 7: Investments in Associates.
IPSAS 8: Interests in Joint Ventures
IPSAS 10: Financial Reporting in Hyperinflationary Economies
IPSAS 11: Construction Contracts
IPSAS 16: Investment Property
IPSAS 18: Segment reporting
IPSAS 21: Impairment of non-cash generating assets
IPSAS 26: Impairment of Cash-Generating Assets
IPSAS 27: Agriculture
IPSAS 32: Service Concession Arrangement: Grantor

The Cash Flow Statement has been prepared using the indirect method.

Segment Reporting

A segment is a distinguishable activity or group of activities for which it is appropriate to separately report financial information. No segments are identified in this project and are therefore not reported in these financial statements.

Changes in Accounting Policy

None to report.

Reclassification of financial statements of previous years

None to report.

Use of estimates

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

Foreign currency transactions

The New NATO Headquarters Project's budget is authorized and managed in EUR so contribution calls are made in EUR. Foreign currency transactions as required are accounted for at the NATO parity rates prevailing on the date of the transaction. Monetary assets and liabilities at year-end which were denominated in foreign currencies were converted into EUR using the NATO parity rates applicable at 31 December.

Realised and unrealised gains and losses resulting from the settlement of such transactions and from the revaluation at the reporting dates of monetary assets and liabilities denominated in foreign currencies are recognised in Non-Current Liabilities.

Financial risks

The New NATO Headquarters Project Office uses only non-derivative financial instruments as part of its normal operations. These financial elements include cash, bank accounts, deposit accounts, accounts receivable and Funds Managed for Third Parties.

All the financial instruments are recognised in the statement of financial position at their fair value.

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

Foreign currency exchange risk

The exposure to foreign currency risk is limited as the majority of the New NATO Headquarters Project's expenditures are made in EUR, the currency of its budget. All bank accounts are held in EUR.

Credit risk

The New NATO Headquarters Project incurs credit risks from cash and cash equivalent held with banks and from receivables.

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

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

ING Bank Credit Ratings as at 22/02/2018

	Fitch	Moody's	S&P
Short term	F1	NA	A2

The New NATO Headquarters Project's outstanding accounts receivable are managed by maintaining control procedures over receivables. Most cash receivables are due from NATO member nations, which are considered credit worthy.

Liquidity risk

The liquidity risk, also referred to as funding risk, is based on the assessment as to whether the New NATO Headquarters Project will encounter difficulties in meeting its obligations associated with financial liabilities. A liquidity risk could arise from a short term liquidity requirement. There is a very limited exposure to liquidity risk because of the funding mechanism which guarantees contributions in relation to the approved New NATO Headquarters Project budget. Some limited risk could be due to the accuracy of budget forecasts or to late payment of Nations' contributions.

Interest rate risk

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

Current Assets

Cash and cash equivalents

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

Cash held on behalf of third parties corresponding to amounts called and received in relation to the nationally funded elements and the fit-out of delegations, and amounts corresponding to anticipated contributions, are reported separately.

Receivables

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

Contributions receivable are recognised when a call for contribution, based on the approved budget, has been issued to the funding Nations. These receivables represent the uncollected contributions from Member Nations. The same policy applies for contributions related to the nationally funded elements and to the fit-out of delegations. No allowance for loss is recorded with respect to Member countries' assessed contributions receivable.

Prepayments

A prepayment is a payment in advance of the period to which it pertains and is mainly in respect of advance payments made to third parties. In the case of the New NATO Headquarters Project, advance payments are essentially related to the pre-financing of PMT and NCIA expenses. The terms of the MOU prevent Host Nation Belgium (PMT) from pre-financing any aspect of the project.

Inventories

NATO's adaptations of IPSAS were spelled out in C-M(2013)0039 of July 2013, which included IPSAS 12 Inventories. It is described as follows:

Control of NATO Inventories was refined with a set of 10 criteria to be used in assessing the level of control of an asset. A positive response on six of the criteria will lead to the asset being capitalised in the Financial Statements if it is above the capitalization threshold.

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

Capitalization thresholds relevant to the financial statement are as follow:

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

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

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

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

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

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

The introduction of this adaptation to IPSAS 12 has no impact on the way these financial statements are presented. The value of NNHQ inventories is immaterial both in value and in terms of the nature of the items held. Consequently, inventory is fully expensed when goods are received.

Non-Current Assets (Property, Plant & Equipment and Intangible Assets)

2012 was the first year during which construction works related to the nationally funded elements were performed. These works are recognized as non-current assets (PPE: Property, Plant and Equipment) held on behalf of third parties, at least during the construction period. The reasoning stems from a number of factors. The NHQ building constitutes a coherent and global building whose purpose is to bring together member nations in order to enable an efficient and effective consultation process. This situation whereby dedicated National Representations are present on site is very specific to NATO and does not really exist in other comparable international organizations. The member nations are not considered, from a legal perspective, as having direct property rights on the parts of the building corresponding to their own delegation premises, but rather having an exclusive right of use. In this respect the different funding cost shares cannot be deemed a factor justifying a specific accounting treatment. The situation also carries certain restrictions, such as the inability to execute works affecting or altering the basic structure of the building, or to sell their premises. Additionally, at this stage of the project it is difficult to accurately distinguish the value between these common and nationally funded components. However, their inclusion provides useful and clear information which contributes to financial transparency.

In the future, an ability to limit physical access may justify an exclusion from NATO PPE. Until then, as currently, common funded and nationally funded construction works will be managed as a single project. At this point, and from an accounting standpoint, the fact remains that the economic benefit or the service potential is measured by the contribution to consensus building and therefore it cannot be separated from NATO's purpose. Therefore, this would not justify a separate accounting treatment until such a time as the building is operational and the related building parts are handed over to the nations concerned. It should be noted that this approach does not apply to the national fit-out segment, for which four nations have decided to act separately. The impact on previous years' financial statements is not material as no related works had been performed and therefore no fixed assets were recognised.

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

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

Capitalization thresholds relevant to the financial statement are as follow:

Category	Threshold	Depreciation life	Method
Land	€200,000	N/A	N/A
Buildings	€200,000	40 years	Straight line
Other infrastructure	€200,000	40 years	Straight line
Installed equipment	€ 30,000	10 years	Straight line
Machinery	€ 30,000	10 years	Straight line
Vehicles	€ 10,000	5 years	Straight line
Aircraft	€200,000	Dependent on type	Straight line
Vessels	€200,000	Dependent on type	Straight line
Mission equipment	€ 50,000	3 years	Straight line
Furniture	€ 30,000	10 years	Straight line
Communications	€ 50,000	3 years	Straight line
Automated information Systems	€ 50,000	3 years	Straight line

In the case of the New NATO Headquarters Project to date, PPE is work in progress. Depreciation will start after acceptance of the completed work.

The principles of valuing and depreciating fixed assets are the following:

Buildings are shown at fair value based on internal valuations at the reporting date. Valuation is done based on judgment using the best available information from relevant sources. With regard to land on which the buildings are erected, see note on Leases.

All other non-current assets, Property, Plant and Equipment (PPE) and intangible assets are recorded at their historical cost less accumulated depreciation and any recognized impairment loss.

The introduction of this adaptation to IPSAS 17 has no impact on the way these financial statements are presented. Although the adaptation to IPSAS allows one to consider PPE acquired prior to 1 January 2013 as fully expensed, it was decided not to do so: amounts considered as PPE work in progress prior to 1 January 2013 remain capitalized in the interest of disclosing relevant and complete information regarding the value of the future NNHQ.

Intangible Assets:

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

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

NATO Intangible Assets Capitalization Thresholds - the NNHQ Project will capitalize each intangible asset item that is above the following agreed NATO thresholds:

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

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

The NNHQ Project will capitalize integrated systems and include research, development, implementation and can include both software and hardware elements. But the NNHQ Project will not capitalise the following types of intangible assets in its financial statements:

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

The NNHQ Project will capitalize other types of intangible assets acquired after 1 January 2013 including:

- Copyright
- Intellectual Property Rights
- Software development

The NNHQ may consider Intangible Assets acquired prior to 1 January 2013 as fully expensed.

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

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

The introduction of this adaptation to IPSAS 31 has no impact on the way these financial statements are presented.

Impairment of fixed assets:

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

Current liabilities

Payables

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

Payables due to Nations include in particular the surplus as per the NATO Financial Regulations. In authorizing the New NATO Headquarters Project budget, Nations agreed that it would be a special budget extending over several years. Nations agreed that financial closure would take place only when the Project has been fully realised. Consequently, it was agreed that credits and the refundable surplus can be maintained with the entity until the Project's completion (C-M(2000)36). Amounts which would have been normally returned to contributing Nations in the framework of the standard NATO Financial Regulations' provisions – such as net interest earned, miscellaneous receipts, lapsed credits, accumulated surplus - remain on the entity's accounts.

Funds Managed for Third Parties (National Funds)

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

As a consequence of the recognition of the nationally funded elements as non-current assets, contributions called from the Nations with regard to the nationally funded elements are treated in a way comparable to that of budgetary contributions. Amounts called and amounts not converted to unearned revenue, which fund the related works, are included as liabilities under funds managed for third parties. The uncollected amount appears as a receivable.

Advances and Deferred Revenue

Deferred Revenue represents participating Nations' contributions related to approved annual budgets that have not yet been recognised as revenue in the absence of matching expenses, but which have been called for current common funded budgets and for nationally funded construction works. Funds are called in advance of requirements because the New NATO Headquarters Project has no capital that would allow it to pre-finance any of its activities.

Advances are contributions called related to future years' budgets. Voluntary advances made by outside of the call for contributions process are accounted as funds managed for third parties.

Revenue and expense recognition

All the costs incurred under the New NATO Headquarters Project since its inception, except those related to the Transition Office, qualify to be capitalized as PPE Work in Progress. This includes personnel and operating costs. The matching budget resources provided by Nations to fund these Works in Progress are recognised as a liability in the Statement of Financial Position as Long Term Unearned Revenue. No revenue is recognised in the Statement of Financial Performance, except for the part attributable to the Transition Office.

The task of the Transition Office is to plan and execute the transition from the current NATO HQ to the new NATO HQ. Its purpose is to transform the way NATO HQ operates to make best use of the facilities and technologies in the new NATO HQ; to relocate staff, NATO agencies and national delegations; and to return the current NATO HQ campus to Belgium. Transition Office related costs consist mainly in salaries of its staff and the costs of consultancy services to determine the best ways to conduct operations in the new building. Therefore they do not fulfil the criteria set by IPSAS 17 to qualify as directly attributable costs of the asset under construction. As a consequence Transition Office costs are expended rather than capitalized.

In the future, after the transfer of the building to the NATO International Staff, earned revenue will be progressively recognised from this long term unearned revenue, in an amount equal to annual depreciation of the related PPE, Intangible Assets etc. of the building, as future economic benefits and service potential will flow to the NATO International Staff when the building is operational.

Non-budgetary contributions called from Nations corresponding to the nationally funded construction works are treated as Long Term Unearned Revenue in an amount equal to the estimation of works completed.

Revenue from exchange and non-exchange transactions

There is no revenue from exchange transactions, as the contributions by Nations are based on a fixed cost-share of reimbursable costs for the construction of the New NATO Headquarters Project. They are considered as a liability for long term unearned revenue funding assets in progress.

NOTE 3: CASH AND CASH EQUIVALENTS

The current bank accounts are held in EUR. Deposits are held in interest-bearing bank current accounts, immediately available.

Derogations to NATO Financial Regulations were approved by the Council (C-M(2000)36 and BC-D(2000)20). In particular paragraphs 4.4 of the latter document introduce flexible arrangements for national contributions to allow Nations to make anticipated contributions. No ceiling is applicable to the amount of cash holdings other than what is needed for the project.

NOTE 4: CASH MANAGED FOR THIRD PARTIES

To meet the Project's payment for the fit-out and nationally funded elements under the NSIP rules and procedures, the IS Office of Financial Control has issued separate contribution calls for the fit-out and for nationally funded parts of the Project. The planning foresees that the Nations make payments in advance of the quarterly payment request. A matching liability is posted against the amount of cash held on behalf of the Nations concerned and of the amount of uncollected related contributions called for the nationally funded construction works.

These funds also includes amounts relating to anticipated contributions made by some nations.

There are also funds from Eurocontrol as its contribution to works for a secure pedestrian access between its headquarters and the NNHQ site.

NOTE 5: ACCOUNTS RECEIVABLE

Contributions receivable from member Nations are funds requested from the Nations to finance the Common Funded Budget, the Nationally Funded component and the Fit-Out. Usually a single call is issued at the beginning of the year for each component.

Other Receivables from Nations concern amounts due for cases other than contributions to the NNHQ budget or nationally funded elements.

Other Receivables relate to miscellaneous amounts due to the Project (e.g. reimbursement of operating costs, insurance claims, advances to staff for education allowances etc.).

The increase in receivables is due to the issuance at the end of 2017 of an additional call for contributions linked to the increase in the planning ceiling.

NOTE 6: PREPAYMENTS

Receivables from the PMT relate to advance payments made to the PMT which are not regularised at year end as they do not correspond to works completed. The terms of the MOU prevent the Host Nation from pre-financing any aspect of the Project. On a cash basis, at year end 2017, PMT held EUR 33,913,997.37 received from NHQPO as advance payments (EUR 62,366,505 at year end 2016). On an accruals basis, including provisions, taking into account amounts due by PMT, the net advance to be regularised amounted to EUR 31,278,209.37 (EUR 47,843,960 at year end 2016).

Similarly, at year end 2017, NHQPO has advanced funds to the NCIA in an amount of EUR 4,173,931.45 (EUR 16,164,810.31 at year end 2016) on an accruals basis.

Prepayments to suppliers (i.e. other than the two Host Nations mentioned above) amounted to EUR 0 (EUR 0 at year end 2016).

NOTE 7: OTHER CURRENT ASSETS

Corresponds essentially to reciprocal bank transactions between the New NATO HQ Project and NATO International Staff accounts, and transactions to be regularised. There is also a provision related to the potential receivable side of staff untaken leave (EUR 32,835.72).

NOTE 8: NON-CURRENT ASSETS

Costs charged as PPE Work in Progress cover the common funded PPE and the nationally funded construction works held on behalf of the member Nations which at this stage of the project are considered not separable from the overall amount of fixed assets.

Although parts of the building and its systems have been handed over from the PMT to NATO International Staff during 2017, the hand over process was not complete by end 2017; elements still remained in the hands of the PMT and of the NCIA. NATO International Staff did not yet benefit from the service potential of the building at year end 2017. The final acceptance of the building is supposed to take place on 30 November 2018. Therefore the related PPE valuation remains on the books of the NNHQ as Work In Progress. The transfer to the International Staff books will be done when the hand over is complete or when depreciation begins which is considered to be as from date of the first official meeting in the new premises. This approach also ensures greater visibility and completeness of information, as it can be connected to the budgetary process of the NNHQ..

The following tables reconcile works related PPE amounts at the beginning and at the end of 2017 (and of 2016).

(amounts in EUR)	Carrying Amount end 2016	Additions	Disposals	Depreciation	Other Changes	Carrying Amount end 2017
COMMON FUNDED						
Personnel (chapter 1)	20.756.606	1.655.603				22.412.209
Operating Costs (chapter 2)	49.055.622	1.784.553				50.840.175
Professional fees (chapter 3)	126.827.696	10.502.778				137.330.474
Works (chapter 4)	567.966.416	68.864.412				636.830.828
Special Equipment (chapter 5)	7.384.627	4.190.509				11.575.136
SUB-TOTAL COMMON FUNDED	771.990.967	86.997.855	0	0	0	858.988.822
NATIONALLY FUNDED		0				
Works	95.840.593	3.184.723				99.025.316
SUB-TOTAL NATIONALLY FUNDED	95.840.593	3.184.723	0	0	0	99.025.316
TOTAL	867.831.560	90.182.578	0	0	0	958.014.138

(amounts in EUR)	Carrying Amount end 2015	Additions	Disposals	Depreciation	Other Changes	Carrying Amount end 2016
COMMON FUNDED						
Personnel (chapter 1)	18.835.664	1.920.942				20.756.606
Operating Costs (chapter 2)	37.335.984	11.719.638				49.055.622
Professional fees (chapter 3)	116.949.744	9.877.952				126.827.696
Works (chapter 4)	465.517.971	102.448.445				567.966.416
Special Equipment (chapter 5)	648.180	6.736.447				7.384.627
SUB-TOTAL COMMON FUNDED	639.287.542	132.703.425	0	0	0	771.990.967
NATIONALLY FUNDED		0				
Works	77.666.447	18.174.146				95.840.593
SUB-TOTAL NATIONALLY FUNDED	77.666.447	18.174.146	0	0	0	95.840.593
TOTAL	716.953.989	150.877.571	0	0	0	867.831.560

For 2017, included is an amount of EUR 29,112,000 corresponding to accrued costs estimated by the PMT for invoices it had not yet received but relating to completed works end 2017.

The following table reconciles the ANWI Assets amounts at the beginning and at the end of 2017 (and of 2016).

(amounts in EUR)	Carrying Amount end 2016	Additions	Disposals	Depreciation	Other Changes	Carrying Amount end 2017
COMMON FUNDED						
Personnel (chapter 1)	0	0				0
Operating Costs (chapter 2)	0	0				0
Professional fees (chapter 3)	12,222,447	2,853,557				15,076,004
Works (chapter 4)	0	0				0
Special Equipment (chapter 5)	52,166,751	35,170,851				87,337,602
TOTAL COMMON FUNDED	64,389,198	38,024,408	0	0	0	102,413,606

(amounts in EUR)	Carrying Amount end 2015	Additions	Disposals	Depreciation	Other Changes	Carrying Amount end 2016
COMMON FUNDED						
Personnel (chapter 1)	0	0				0
Operating Costs (chapter 2)	0	0				0
Professional fees (chapter 3)	10,633,566	1,588,881				12,222,447
Works (chapter 4)	0	0				0
Special Equipment (chapter 5)	19,970,053	32,196,698				52,166,751
TOTAL COMMON FUNDED	30,603,619	33,785,579	0	0	0	64,389,198

A series of contracts have been entered into in relation to non-current assets, mainly by the PMT and the NCIA as Host Nations, and for smaller amounts by NHQPO. The main open contractual commitments, excluding short term non-works related contracts (such as for security and guard services), are the following.

The main construction contract including Passive Network Infrastructure was let in June 2010, at the price set in January 2010 of approximately MEUR 360 (MEUR 438 including National Funding). This base price does not include adjustments for price revisions. Further to a claim introduced end 2013 and settled in 2014, an agreement was reached to pay additional MEUR 85 and to extend the construction period by 4.5 months. In 2017, further to the revised financial assessment for the completion of the NNHQ the amount was increased by MEUR 20. This takes the total of authorised contingencies approved to PMT for the main construction contract including passive network to MEUR 194.

The main construction contract was let in June 2010, at the price set in January 2010 of approximately MEUR 360 (MEUR 438 including National Funding). This base price does not include adjustments for price revisions. Further to a claim introduced end 2013 and settled in 2014, an agreement was reached to pay additional MEUR 85 and to extend the construction period by 4.5 months.

The Concept Design Team contract was transferred to the PMT and has an LTPB planned cost of MEUR 85,845 which represents a reduction of MEUR 1.9 from the previous LPTB.

The PMT awarded in 2013 the contract for the Electronic Security System in an amount of MEUR 14.9 (2013 value). The 4.5 month extension agreed with the general construction contractor implied an estimated EUR 1.54 million additional cost and further to the revised cost to complete exercise an additional MEUR 1.99 was authorised in 2017. Regarding the contract for the Audio Visual Infrastructure in an initial amount of MEUR 26.4 (2013 value), estimated additional costs of MEUR 1.280 were agreed to compensate the 4.5 months delay and additional MEUR 1.8 in 2017 further to the revised cost to complete assessment.

In 2013, NCIA awarded the contract for the Active Network Infrastructure in the amount of MEUR 79.766 and MEUR 2.010 for Independent Validation and Verification Services. In order to achieve savings, a reduction in scope of KEUR 500 was agreed by the DPRC and an estimated additional cost of MEUR 1.500 was agreed to compensate the 4.5 months delay. As a consequence of the delays and the revised cost to complete, the amount of the Active Network Infrastructure contract is now MEUR 84,507.

Contracts were awarded by NHQPO for Furniture Supply (MEUR 8.9) and for Business Data and Applications Migration (MEUR 5.4 in the revised LTPB).

There are Project Support and Engineering Fees for NCIA in relation to the Active Network Infrastructure, in an estimated amount of MEUR 18 and MEUR 0.9 respectively.

The MOU between NATO and the Host Nation provides that management fees (National Administrative Expenses, NAE) equal to 3% of the works will be paid (LTPB total amount: MEUR 22.434).

NOTE 9: PAYABLES

Payables and accrued expenses may be to commercial suppliers, staff, Member Nations and other NATO bodies.

Payable to suppliers

Payable to suppliers relates to goods and services for which an invoice has been received, checked, and queued for payment but for which payment was still pending at year-end.

Payable to personnel

Payable to personnel relates to amounts due to staff in relation to remuneration of interns or temporary staff, travel expenses and hospitalities (EUR 1,372.47 end 2017; EUR 4,392.75 end 2016).

Payable to Nations

End 2017, payables to Nations due for the Construction Surveillance Technical Team relating to reimbursement to those Nations who provided personnel to the Team during the year were EUR 0 (EUR 80,105 end 2016). Most of those Nations have opted for direct payment, one has opted for deductions from its contributions.

A payable of EUR 1,513,305.90 (EUR 1,513,305.90 end 2016) is in relation to the reimbursable salaries due to the United States for a civilian staff member who is paid directly by the United States government. This amount can be used by the United States by applying it against its annual Project contribution.

Payable to other NATO bodies

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

Accruals

Accrued expenses correspond to the estimated accrual obligation to third parties for goods and services received but not yet invoiced

NOTE 10: DEFERRED REVENUE**Deferred Revenue from Budgetary Appropriations**

Deferred Revenue from budgetary appropriations corresponds to contributions called in relation to approved budgets up to 2017 but for which corresponding expenses will be incurred after the reporting date of 31 December 2017. The Unearned Revenue includes principally those amounts of contributions which will be spent in subsequent years on the New NATO Headquarters Project budget as credits carried-forward resulting from the budget execution in accordance with the NATO Financial Regulations (and the specific waiver thereto applicable to this project) and advances made to the PMT and the NCIA.

Other Deferred Revenue

There are also National Funds corresponding to funds managed on behalf of Nations outside of the standard call for Common Funded budgetary contributions process which are the counterpart of specific contributions called from Nations to meet the Project's payment for the Fit-Out or for Nationally Funded elements.

NOTE 11: ADVANCES**Advances Related to the Budgetary Process**

Up to 2013 there were no such advances received as there had not been calls for advance budgetary contributions. However, when setting up the funding framework related to the settlement of the claim introduced end 2013, it was agreed that Nations could opt for providing funding beyond what was needed for the part corresponding to the 2014 budget. This has resulted in EUR 20,768,632 being called. This amount was allocated to the calls issued in 2017, 2016 and in 2015 and to additional contributions.

At the time of the call for contributions related to the 2017 Revised Budget, some Nations requested to pay advances (total amount EUR 18,814,083.00).

Other Advances

Nations may, in addition, make ad hoc voluntary additional contributions in relation to the Common Funded budget (EUR 316,924.50 end 2017), to their Nationally Funded component (EUR 9,245,956.12 end 2017; end 2016 EUR 20,526,852.92) or to their Fit-Out.

NOTE 12: OTHER CURRENT LIABILITIES:**Other Current Liabilities linked to the budget process**

Lapsed credits are budget funds for which no legal liability exists. They cannot be spent in subsequent years. Lapsed credits are normally deducted from the contributions due from Nations in the call of the following year.

Receipts linked to interest, foreign exchange difference gain and bank charges are normally deducted from the contributions due by Nations in the following year.

The standard budgetary process provides that amounts corresponding to the current year budgetary surplus (lapsed credits + net interests + miscellaneous income) are considered a liability towards the contributing nations. The settlement does not follow the normal accounts payable process, since the standard approach is to return them to contributing nations via a deduction of the following year's call for budget contributions. Nations may also decide that part or all of the budgetary surplus is made available for use in future years. In the case of the NNHQ Project member nations have decided that this rule would not apply until completion of the project and that all available appropriations at the end of each year would be carried forward. Consequently calls for contributions are equal to the gross amount of the approved budget with no deductions for any surplus.

Project Accumulated Surplus

Project Accumulated Surplus resulting from previous years' budget execution, which amounted to EUR 13,339,622.00 end 2013, remained until then in the entity's accounts in accordance with the specific budget funding rules approved by Nations, according to which surpluses are not returned to contributing Nations before the completion of the project.

This amount can be broken down into the following components:

(cumulative amounts since the beginning of the project until 2013)

lapsed credits (including frozen)	12,213,702.50
net overcall (minus = undercall)	-4,588,528.69
interest earned	5,700,330.32
miscellaneous income	14,117.87
Total	13,339,622.00

When assessing, end 2014, the funding impact of the settlement of the claim with the contractor and related additional costs, Nations decided to use the surplus as of end 2013 and to allocate it as a

resource in order to reduce contributions to be called in this respect. As a consequence, end 2014, the surplus available from previous years was nil.

Since then the surplus is limited to net financial revenue and miscellaneous revenue.

Other Current Liabilities linked to Accrued Costs

An amount of EUR 29,112,000 corresponds to accrued costs incurred by the PMT to completion of the works and for which no budget transactions have been registered yet, nor payments claimed by the PMT to the NHQPO.

NOTE 13: NON CURRENT LIABILITIES: PROVISIONS

Provisions end 2016 related to design fees. There were no provisions end 2017.

Concerning design fees, the provision related to additional studies and/or modifications done by the CDT in 2009, at the request of the PMT. An original estimate was made for EUR 2 million concerning 2009. Further to various settlements and minor adjustments, the related provision was assessed at EUR 1.000 million at year end 2015. The remaining settlement finally amounted to EUR 582,358.60.

NOTE 14: LONG TERM UNEARNED REVENUE

This revenue corresponds to the contributions, budgetary and non-budgetary, that funded fixed assets work in progress.

For common funded PPE and Intangible Assets, the amount originates from budget contributions.

Funding provided for the nationally funded elements matching completed related works is also considered long term unearned revenue during the construction period. A specific accounting treatment may have to be determined when the related building parts are operational and the corresponding assets are transferred to the national delegations.

NOTE 15: REVENUE

Budgetary revenue is matched to recognised expenses relating to the activities of the Transition Office.

Any interest gained is attributed to the funding of the construction itself and is therefore not recognised in the statement of financial performance.

NOTE 16: EXPENSES

The only expenses recognised are those related to the Transition Office. They consist mainly of the salaries of staff, administrative expenses and miscellaneous consultancy studies conducted in order to optimize the use of the future building. Consultancy services are included under the item "salaries" to be consistent with the budget breakdown, which explains the changes from year to year (Transition Office staffing remaining almost unchanged).

Banking costs are not recognised as expenses but are deducted from interests earned.

NOTE 17: NET RESULT OF THE PERIOD

Given that revenue stemming from budgetary resources is recognised in an equal amount to expenses, the result of the year is nil.

NOTE 18: CASH FLOW STATEMENT

The cash flow statement is presented following the indirect method.

NOTE 19: BUDGET INFORMATION AND RECONCILIATION WITH CASH FLOWS

Presently, NATO budgets are not publicly available.

Presentation of budget information in the financial statements

Besides NATO Financial Regulations and Financial Rules and Procedures as well as elements of the NSIP procedure, the New Headquarters Project is governed by the following:

- a. Project Authorization to Ministry of Defense BE: C-M(2007)0076-AS1,
- b. MOU between Ministry of Defense BE and NATO: SG(2004)1220-REV4,
- c. CDT Contract signed between Belgium and CDT in December 2004 (PMT responsibility),
- d. Council derogation to NATO Financial Regulations (C-M(2000)36) and Budget Committee derogation to NFR (BC-DS(2007)0005). The derogation concerns, in particular: committed, or to be committed credits, which may be carried forward until the closure of the Project; the only limitations to cash holdings being the actual funding requirements.

There are three types of funding:

- NATO Common Funding (CF) for Common Infrastructure requirements: based on an approved Cost Sharing Formula specific to the New NATO HQ Project (SG(99)1707, C-M(2004)0061 and BC-D(2009)0008-ADD1).
- National Funding (NF) for Construction of Private Space of Delegations: calculated on the basis of actual 'shell and core' costs based on the number of gross square meters of occupied space,
- National Funding for Fit-Out of Delegations: based on actual costs to fit-out the occupied space of each Delegation.

The initial budget in NATO corresponds to the credits that are initially authorised by the North Atlantic Council annually at the end of the previous financial year. During the year the budget is adjusted as required. The final authorisation is the credit situation as reported at the end of the financial year including approved budgetary increases/decreases and transfers approved by the IS Financial Controller (between Chapters of the New NATO HQ budget up to 5% of the credits initially granted for the receiving chapter) or by the Budget Committee.

There are two types of credits: Cash Credits (CC) are approved credits against which payments can be made during the budget year; Contract Authority Credits (CA) are approved credits to enter into a legal obligation for multi-year contracts. No payment may be made against CA prior to its conversion into CC.

The New NATO Headquarters Project 2017 initial budget authorization for the Common Funded part amounted to EUR 55,335,242. In addition, an amount of EUR 62,363,955 related to credits carried over from the previous financial years. The National Funding component for 2017 was approved in the amount of EUR 516,950. The Fit-Out programme was foreseen at EUR 766,290 to which changes could be done depending on nations' involvement in the furniture programme.

In December 2017, as a consequence of delays in the delivery of the NNHQ buildings and systems, the overall budget ceiling was increased from EUR 1.124 million to EUR 1.179. Accordingly the Common Funded budget was revised to the total amount of EUR 86,171,939, an increase of EUR 30,836,647. The National Funding component remained unchanged. The Fit-Out programme was increased by EUR 553,025.

It should be noted that the credits approved for 2017, as for previous budget years, do not correspond to the full extent of the annual costs, including for Salaries and Operations and Maintenance. Credits carried forward from previous years were used, with the agreement of Nations, to fund 2017 commitments and expenses.

Budget execution statements for 2017 and 2016 are provided at Annex 4.

The Revised LTPB 2017-2018 (DPRC-N(2017)0076 and COR1) is shown in Addendum 1 at the end of these notes.

Reconciliation of the Budget Execution Statement and the Financial Performance Statement

The budget is prepared for the same period (1 January to 31 December) and encompasses the same entity as these financial statements but the basis and the presentation format are different.

The New NATO HQ Project budget is prepared and executed on a commitment basis. The commitment of credits is the advance acceptance and recording of the financial consequence resulting from a legal obligation incurred during the financial year. Unliquidated commitments are carried forward and added to the budget of the following financial year to the extent of existing legal liabilities or if a special agreement is given by the Budget Committee. The balance of unused budgetary credits (not committed) lapses but is not returned to nations at year-end, in accordance with the derogation agreed by the NAC.

The budget classification is based on the economic nature of the expenses broken down into five chapters as follows:

Chapter I:	Personnel Expenses
Chapter II:	Operating Expenses
Chapter III:	Intellectual Services
Chapter IV:	Demolition/Construction Works
Chapter V:	Special Equipment

However, in these financial statements all costs, with the exception of those relating to the Transition Office, are considered as investing activities.

The New NATO HQ budget, like all the other NATO budgets, contains budget chapters and items corresponding to capital expenditure. The latter result in increases of non-current assets (essentially PPE) and in changes to the level of advances made to the Host Nations given the specific operating model of the NNHQ Project concerning the construction of the building and its IT systems.

All budget expenses related to the Host Nations are, in practice, advances. In this respect, the budget execution remains largely cash based and, concerning the relation with the Host Nations, does not correspond to an accruals approach, contrary to the spirit of the changes introduced by the new NATO Financial Regulations applicable to the other NATO entities as from 2015. The previous approach continued to be applied to the NNHQ Budget. Prepayments to suppliers, in the context of the standard accounts payable process, are not taken into account for the purpose of this reconciliation.

Concerning the budget execution statement, it must be noted that the approved budget concerns exclusively the Common Funded component of the building. The Nationally Funded component is not strictly speaking a budget (see below) but, the execution of its expenses in a quasi-budget context does result in increases of the related non-current assets and changes in related cash advances to the Host Nations.

Also, carried forward credits, in the case of the NNHQ Project, correspond to unused funds (see Council derogation above); only budget expenses have a financial impact. As a consequence the reconciliation of the budget execution statement should be made between the budget expenses on one side, and, on the other side, the statement of financial performance, changes in the level of non-current assets and of advances to Host Nations, taking into account the distinction between the Common Funded and the Nationally Funded components. Such is the purpose of the table below.

The table below reconciles the budget execution with statement of financial performance for 2017. It shows that an absolute reconciliation could not be made by an immaterial amount.

Reconciliation of Budget to Financial Performance				
BUDGET EXECUTION		Common Funded	National Funded	Total
Total budget (including Carry-forward from Previous year)	(a)	148 535.894.20	516.950.00	149.052.844.20
Credits Carried Forward in Following Year	(b)	69.735.620.48	0.00	69.735.620.48
Budget Execution Expenses	(c) = (a-b)	78 800.273.72	516.950.00	79.317.223.72
RECONCILIATION		Common Funded	National Funded	Total
Financial Performance Expenses (excluding Depreciation and Financial costs)	(d)	8.778.641.93		8.778.641.93
Increase in Non-Current Assets	(e)	125.022.263.03	3.184.723.00	128.206.986.03
Change in Advances to Host Nations	(f)	-25.888.856.49	-2.667.773.00	-28.556.629.49
Other Elements	(g)	-29.112.000.00		-29.112.000.00
Sub-Total	(h) = (d+e+f+g)	78.800.048.47	516.950.00	79.316.998.47
Difference to Budget Expenses	(c-h)	225.25	0.00	225.25

Nationally Funded Component

Although not considered as a common funded budget, specific amounts are approved for the nationally funded component (excluding Fit-Out). Related expenses are apportioned using physical criteria (such as surface, number of parking spaces) rather than the cost-shares applicable to the Common Funded Component. The table below compares the cumulative approved amounts, related advances to the PMT and accrued expenses.

	(amounts in EUR)						
	Up to 2012	2013	2014	2015	2016	2017	Cumulative
Approved Amounts	37,790,467	12,756,605	25,327,510	21,211,531	1,422,252	516,950	99,025,315
Cash advances	12,000,000	27,099,999	26,500,000	16,000,000	16,908,366	516,950	99,025,315
Expenses	11,423,370	22,126,329	22,168,519	21,948,229	18,174,145	3,184,723	99,025,315

Fit-Out

Operations related to the Fit-Out of national delegations are not executed in the context of a budget framework; they result in outflows of cash to the PMT for settlement of related invoices.

NOTE 20: WRITE-OFFS

Nothing to report.

NOTE 21: LEASES

Belgium has granted to NATO by way of concession a plot of land on which NATO is authorized to erect all necessary buildings and facilities related to the NATO New Headquarters Project. The annual fee is EUR 250. NATO is the full owner of all constructions made. Belgium remains the sole and full owner of the land, which is military public domain. The concession ends 180 days after NATO has left the buildings and facilities. In such case, if Belgium would decide to use the building and facilities, it shall pay a fair indemnity to NATO. If Belgium should decide to demolish them, it will not be obliged to pay an indemnity to NATO neither will NATO have to contribute to demolition costs. At the end of the concession, there would be no property rights transferred to NATO. As a consequence, given the indefinite economic life of land and the specific nature of concessions, the use of the land is classified as an operational lease.

The New NATO Headquarters Project does not have any financial leases.

NOTE 22: RESTRICTIONS ON FIXED ASSETS

There are no restrictions on fixed assets.

[illegible]

NOTE 24: CONTINGENT ASSETS

Nothing to report.

NOTE 25: EMPLOYEE DISCLOSURE

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

At 31 December 2017, New NATO Headquarters Project Office had an approved Personnel Establishment of 17 positions (24 for 2016) funded by its budget. Seven positions related to the Transition Office. For administrative and project management purposes the post of Building Z Project Manager is attached to the HQPO but has a specific funding mechanism with no impact on the New NATO Headquarters project.

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

Nine staff members participate in the DCPS administered by NATO (nineteen end 2016). The DCPS provides that the New NATO Headquarters Project budget makes a 12% monthly matching contribution to the staff members' contributions for current service. Three employees participate in the DBPS: a deduction of 9.5% of their salaries is made and contributed to the annual financing of this Plan (four end 2016). In addition, the New NHQPO budget makes a monthly matching contribution to the DBPS equal to 19% of their basic salaries, which in accordance with (BC-WP(83)3(Revised) and C-M(83)34) is deemed to provide the necessary funds for the subsequent pensions liability of the NHQPO. These contributions are expensed during the year in which the services are rendered and represent the total pension obligation of the entity (find reference). Consequently, the NHQPO has neither DBPS nor DCPS liability for its staff members. Also, during 2016, one staff member was employed on reimbursable basis with an agreement between NATO-IS and the United States. The individual was paid and accrues pension rights under a United States pension scheme.

The contributions for pensions paid are as follows.

amounts in EUR	2017			2016		
	Staff	Employer	Total	Staff	Employer	Total
Provident Fund	-	-	-	-	-	-
Co-ordinated Pension Scheme	20,132.01	40,264.02	60,396.03	18,097.89	36,195.78	54,293.67
Defined Contribution Pension Scheme	95,459.57	132,454.97	227,914.54	120,837.33	181,255.99	302,093.32
TOTAL	115,591.58	172,718.99	288,310.57	138,935.22	217,451.77	356,386.99

Paid leave is an employee benefit and as such part of overall personnel expenses. In accordance with personnel regulations, the remaining balance at year end may be carried forward but must be taken before 30 April of the following year. It can be exceptionally expanded to 31 October in accordance with Civilian Personnel Regulations art. 42.3.5 and 42.3.6. After this date it lapses and is not paid to staff. For these financial statements, untaken leave is specifically reported if its monetary value is more than 10% of the total annual leave entitlement. The cost of untaken leave days is usually absorbed during the year through the monthly salaries; leave to be taken carried forward into the next year constitutes a liability towards the future and would notionally require funding from Participating Nations.

NOTE 26: KEY MANAGEMENT PERSONNEL

The Deputies Committee (DPRC) is responsible for the oversight of the New NATO HQ Project management. The DPRC took over this responsibility from the DPRHQB which was disbanded in 2010. Members of the DPRC are nominated by their respective National Authorities. They are paid on the basis of applicable national pay scales. They do not receive from NATO any additional remuneration for their responsibilities or access to benefits.

For the purposes of IPSAS 20 implementation, Key Management Personnel of New NATO HQ Project are the Director of the NHQPO and his Deputy. They are remunerated in accordance with their respective NATO grades, respectively A6 and A5.

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

NOTE 27: RELATED PARTIES**NATO Bodies**

For administrative purposes the NHQPO is attached to the NATO International Staff Defense Investment Division and the Transition Team to Executive Management Division. The Assistant Secretary General of the Defense Investment Division chairs the DPRC when it addresses issues related to the Project.

In 2017, NATO International Staff charged the NHQPO an amount of EUR 207,301 for administrative support costs (EUR 187,474 in 2016). The specific operating costs related to the PMT (around EUR 4,000) are absorbed by the Civil Budget in exchange of the occupancy of the CDH building by the International Staff

The NCI Agency is the Host Nation in charge of equipping the New NATO HQ with modern and cost effective Information and Communication Technologies solutions, to include voice, video and data management, processing and storage through the Active Network Infrastructure (ANWI) project, for an authorized amount of MEUR 90,505 including contingencies. Additional MEUR 9,705 have been authorised by DPRC to Host Nation NCIA up to 31 December 2017 from the 5% Host Nation contingencies and 5% additional contingencies.

An amount of MEUR 18.090 is approved in the LTPB for NCIA Project Service Costs for ANWI representing an increase of MEUR 5,974 from the previous LTPB. NCIA provided also some specific consultancy services (EUR 0.866 million approved in the LTPB).

The IS acts also as a Host Nation concerning the procurement of Furniture (MEUR 20.5 in the LTPB) and the Business Data and Applications Migration Project (MEUR 4.105 in the LTPB). The IS receives no related remuneration fees.

Member Nations

NATO Security Investment Programme (NSIP) procedures are the management process for the New NATO HQ. Belgium is the Host Nation for the construction, the passive network infrastructure, the building management system, the electronic security system and audio visual infrastructure. In exchange for this service, Belgium receives fees (National Administrative Expense (NAE) equal to 3% of works) the total amount of which is estimated EUR 22.434 million over the duration of the project.

The DPRC agreed that Construction Surveillance Technician Team required to support the construction project should be manned by personnel from Nations on a reimbursable basis.

Each delegation's fit-out is the financial responsibility of the Nation concerned. Twenty four Nations agreed to have their delegations' fit-out undertaken by the PMT. Specific advance contributions are requested from the Nations concerned to cover the related costs (C-M(2006)0096). The other four Nations have decided to have their fit-out done nationally without the intervention by the PMT.

List of Acronyms:

DPRC: Deputy Permanent Representatives Committee
HN: Host Nation
IS: International Staff
LTPB: Long Term Program Budget
MOU: Memorandum of Understanding
NCIA: NATO Communication and Information Agency
NSIP: NATO Security Investment Programme
OFC: International Staff Office of Financial Control
PMT: Project Management Team
PPE: Property, Plant and Equipment

2017-2018 LONG TERM PROGRAMME BUDGET (REVISION SEPTEMBER 2017)

SUMMARY OF COMMON AND NATIONAL FUNDING REQUIREMENTS (CF + NF) (EXCLUDING FIT-OUT) PER CISI AND PER YEAR - IN KEUR-

Chapter Item Sub-Item (CISI)	Description of requirements	Actuals 2000- 2015	Actuals 2016	Revised 2017	Request 2018	CF	NF	(CF + NF) TOTAL CASH FLOW	CURRENT LTPB	CHANGES
CHAPTER I PERSONNEL COSTS										
01-01 to 01-03	Personnel costs (except Transition Management)	18,511	2,775	1,899	275	23,460	0	23,460	23,460	0
01-01 to 01-03	Transition Support Office - NATO Staff Posts	3,772	720	791	1,258	6,542	0	6,542	5,134	1,408
01-01-06-00	Transition Management - Staff Restructuring	0	1,000	1,500	294	2,794	0	2,794	2,500	294
01-01-04-01	Transition Management - Staff Training	1,203	1,689	0	38	2,929	0	2,929	2,891	38
01-02-02-00	Transition Support Office - Consultants	2,115	492	0	0	2,607	0	2,607	2,607	0
	Sub-total I	25,601	6,676	4,190	1,865	38,332	0	38,332	36,592	1,740
CHAPTER II OPERATING EXPENSES										
02-01 to 02-10	Operat. Exp. excl. Security / Renovat. Works / Trans.Mgmt	6,255	400	350	0	7,005	0	7,005	6,655	350
02-01-00-01	Transition Management - Travel costs	65	5	0	0	70	0	70	70	0
02-02-00-00	Transition Management - Admin Support to IS	184	42	0	125	351	0	351	226	125
02-05-01-01	Transition Management - Operat. & Mainten. overlap costs	0	4,374	4,000	7,778	16,152	0	16,152	8,374	7,778
02-05-02-00	Renovation of buildings A2/A12 on new construction site	749	0	0	0	749	0	749	749	0
02-05-03-00	Transition Management - Disposal of current HQ site	340	829	2,750	181	4,100	0	4,100	3,919	181
02-05-04-00	Transition Management - New HQ LAUNCH	340	2,076	983	230	3,628	0	3,628	2,153	1,475
02-05-10-00	Security Equipment for Site Guards	109	0	0	0	109	0	109	109	0
02-06-00-00	Site Security Guards labour	35,891	7,545	0	0	43,436	0	43,436	45,236	-1,800
	Sub-total II	43,932	15,270	8,083	8,314	75,600	0	75,600	67,491	8,109

CHAPTER III INTELLECTUAL SERVICES												
03-01-01-00	Construction Security Planning	99	0	0	0	99	0	0	0	99	99	0
03-01-02-00	Geotechnical Survey of Site	326	0	0	0	326	0	0	0	326	326	0
03-01-03-00	Environmental Impact Study	206	0	0	0	206	0	0	0	206	206	0
03-01-04-00	Legal consultant - PMT	490	60	90	0	640	0	0	0	640	640	0
03-01-04-01	Legal consultant - NATO	150	0	0	0	150	0	0	0	150	150	0
03-01-05-00	Stability & Quality Control	1,600	0	0	0	1,600	0	0	0	1,600	1,605	-5
03-01-06-00	Fire & Physical Safety Control	689	0	0	0	689	0	0	0	689	689	0
03-01-07-00	Furniture Programme Management	378	0	0	0	378	0	0	0	378	450	-72
03-01-08-00	Cost and Change Management	4,677	298	0	0	4,975	0	0	0	4,975	5,005	-30
03-01-08-01	Data Management System	1,127	85	88	0	1,301	0	0	0	1,301	1,301	0
03-01-08-02	Encryptors/Collaboration Tools NCIA	706	15	0	0	721	0	0	0	721	866	-145
03-01-09-00	Technical Consultancy IBAN	74	0	0	0	74	0	0	0	74	74	0
03-01-10-00	Web Site Design	22	0	0	0	22	0	0	0	22	22	0
03-01-11-00	Topographic & Blast Study	88	0	0	0	88	0	0	0	88	88	0
03-01-12-00	Miscellaneous Consulting - NATO	1,294	0	0	0	1,294	0	0	0	1,294	1,298	-4
03-01-12-01	Specialized consulting - PMT	94	0	0	0	94	0	0	0	94	94	0
03-01-13-00	ICT Consultancy	1,196	0	0	0	1,196	0	0	0	1,196	1,218	-23
03-01-13-01	ICT - Programme Management -	3,490	400	162	0	4,052	0	0	0	4,052	4,052	0
03-01-14-00	Surveillance of Works	8,779	2,407	367	0	11,553	0	0	0	11,553	11,233	320
03-01-15-00	SITE/Plant Laboratory Testing	105	0	0	0	105	0	0	0	105	105	0
03-01-16-00	Logistics Study	60	0	0	0	60	0	0	0	60	60	0
03-01-18-00	Space Management Consulting	238	0	0	0	238	0	0	0	238	238	0
03-02-00-00	Belgian PMT National Admin Expenses (NAE)	17,639	2,000	2,525	270	22,434	0	0	0	22,434	21,676	758
03-02-01-00	ICT - ANWI NCIA Fees	10,635	1,000	6,455	0	18,090	0	0	0	18,090	12,116	5,974
03-03-00-00	ICT- ANWI Engineering Services	810	56	0	0	866	0	0	0	866	866	0
03-03-02-00	IADC	1,008	0	0	0	1,008	0	0	0	1,008	1,008	0
03-03-03-00	JURY HONORAIRES	85	0	0	0	85	0	0	0	85	85	0
03-03-04-00	INDEMNISATION POUR NON RETENUES	126	0	0	0	126	0	0	0	126	126	0
03-04-00-00	Concept Desin Fees + Amendments	1,370	0	0	0	1,370	0	0	0	1,370	1,370	0
03-05-00-00	Overall fees on additional Contingencies	80,730	5,007	0	108	85,845	0	0	0	85,845	87,745	-1,900
		36	0	0	0	36	0	0	0	36	686	-650
	Sub-total III	138,326	11,328	9,688	378	159,720	0	0	0	159,720	155,497	4,223

CHAPTER IV CONSTRUCTION WORKS AND ASSOCIATED COSTS													
04-01-01-00	Demolition works - Lot 1	9,589	0	0	0	0	9,589	0	9,589	0	9,589	9,589	0
04-01-02-00	Construction Works (CF+NF) excl PNWI	400,398	14,623	4,579	27,896	5,000	344,710	76,147	420,858	420,858	0	0	0
	Contingencies on Construction Works authorised to PMT	152,268	4,861	0	0	0	178,279	11,746	190,025	171,056	18,969	0	0
	Annual revision	40,369	0	0	0	0	31,941	8,428	40,369	40,369	0	0	0
04-01-02-00	Passive Network Infrastructure (PNWI) (CF+NF)	13,212	4,217	0	0	0	15,137	2,292	17,429	17,429	0	0	0
	Contingencies on PNWI works	752	1,253	1,654	0	0	3,544	115	3,658	2,425	1,233	0	0
	Annual revision	1,537	127	0	0	0	1,367	297	1,664	1,664	0	0	0
04-01-02-02	Additional Contingencies of construction works and PNWI (on DPRC release)	9,855	0	3,185	8,651	21,691	0	0	21,691	10,434	11,257	0	0
04-01-02-03	Potential Changes of Scope (on DPRC release)	0	0	0	0	0	0	0	0	370	-370	0	0
04-01-02-04	Transition Programme Contingencies on DPRC release	0	0	542	0	542	0	0	542	1,447	-905	0	0
04-01-02-05	Transition Programme Contingencies on DPRC release for one-time requirements	0	2,384	0	0	0	2,384	0	2,384	2,384	0	0	0
04-01-02-01	Electronic Security Systems (ESS) [CF]	7,952	6,913	0	0	0	14,865	0	14,865	14,865	0	0	0
	Contingencies (ESS)	3,287	1,558	314	0	0	5,159	0	5,159	3,167	1,992	0	0
	Annual revision (ESS)	452	215	0	0	0	667	0	667	667	0	0	0
04-01-03-00	Audiovisual (AV) Equipment	11,516	14,009	521	385	26,431	0	0	26,431	26,431	0	0	0
	Contingencies (AV)	1,973	2,434	209	0	4,616	0	0	4,616	2,852	1,764	0	0
	Annual revision (AV)	590	710	39	38	1,377	0	0	1,377	1,377	0	0	0
04-01-04-00	Construction of Mock-ups	300	0	0	0	300	0	0	300	300	0	0	0
04-01-05-00	Construction Security Programme-Equipment	844	103	0	0	946	0	0	946	1,032	-86	0	0
04-01-06-00	Construction Surveillance Team (CST) on reimbursable basis	11,125	6,200	0	0	17,325	0	0	17,325	17,325	0	0	0
04-01-07-00	Connection of utilities (sewage,elec,gas,water)	980	0	0	0	980	0	0	980	1,050	-70	0	0
	Sub-total IV	666,999	59,607	38,939	15,331	681,851	99,025	780,876	747,092	33,784	0	0	0
CHAPTER V SPECIAL EQUIPMENT													
05-01-01-00	ICT - Active Network Infrastructure	37,168	27,000	21,939	0	86,107	0	0	86,107	79,766	6,341	0	0
	ICT- Independent Verification & Validation	1,815	195	0	0	2,010	0	0	2,010	2,010	0	0	0
	ICT- 5% Contingencies HN	3,208	780	0	0	3,988	0	0	3,988	3,988	0	0	0
	ICT- 5% Contingencies NATO	3,208	280	500	0	3,988	0	0	3,988	3,988	0	0	0
05-01-02-00	ICT- Programme contingencies	7,472	145	2,000	0	9,617	0	0	9,617	10,775	-1,158	0	0
	ICT - Application Migration	2,352	2,553	350	124	5,379	0	0	5,379	4,405	974	0	0
05-01-03-00	Furniture either internal or external (loose)	0	8,900	0	0	8,900	0	0	8,900	8,900	0	0	0
	Contingencies on Furniture Programme	0	1,200	0	0	1,200	0	0	1,200	1,200	0	0	0
05-01-04-00	Contingencies on Furniture under DPRC	0	400	0	0	400	0	0	400	400	0	0	0
	Sports or recreational equipment	0	0	0	0	0	0	0	0	0	0	0	0
05-01-05-00	Relocation costs and movement of furniture	502	1,087	1,000	278	2,867	0	0	2,867	2,087	780	0	0
	Non-Fixed Equipment	0	0	0	0	0	0	0	0	0	0	0	0
	Sub-total V	55,726	42,539	25,789	402	124,457	0	0	124,457	117,519	6,938	0	0
	GRAND TOTAL	930,584	135,420	86,689	26,291	1,079,959	99,025	1,178,984	1,124,190	54,794	0	0	0



NORTH ATLANTIC TREATY ORGANIZATION
ORGANISATION DU TRAITÉ DE L'ATLANTIQUE NORD
INTERNATIONAL BOARD OF AUDITORS
COLLÈGE INTERNATIONAL DES COMMISSAIRES AUX COMPTES

NATO UNCLASSIFIED



IBA-A(2018)0008
9 February 2018

To: Secretary General
(Attn: Director of the Private Office)

Cc: Assistant Secretary General, Executive Management Division
Financial Controller, International Staff (IS)
Chairman, Resource Policy & Planning Board (RPPB)
Branch Head, Plans and Policy Branch, NATO Office of Resources (NOR)
Private Office Registry

Subject: ***International Board of Auditors for NATO (Board) Auditor's Report and Letter of Observations and Recommendations on the audit of the New NATO Headquarters (NHQ) Restated Financial Statements for the year ended 31 December 2016 - IBA-AR(2017)34***

The Board submits herewith its approved Auditor's Report (Annex 2) and Letter of Observations and Recommendations (Annex 3) with a Summary Note for distribution to the Council (Annex 1).

The Board's report sets out a qualified opinion on the restated financial statements of the New NATO Headquarters and a qualified opinion on compliance for the financial year 2016.

Yours sincerely,

(Signed) Hervé-Adrien Metzger
Chairman

Attachments: As stated above.



**Note succincte
du Collège international des commissaires aux comptes de l'OTAN
à l'intention du Conseil sur la vérification des états financiers rectifiés
relatifs au projet de nouveau siège de l'OTAN
pour l'exercice clos le 31 décembre 2016**

Au sommet de Washington, en avril 1999, les chefs d'État et de gouvernement des pays de l'OTAN ont officiellement décidé de faire construire un nouveau siège à Bruxelles, afin de répondre aux besoins de l'Alliance pour le XXI^e siècle. Le Conseil de l'Atlantique Nord, sur recommandation du Comité des budgets, approuve le budget relatif au projet de nouveau siège. Ce budget est alimenté par les contributions des pays de l'OTAN sur la base d'un accord spécifique de partage des coûts entre eux.

Le budget global est de 1,124 milliard d'euros.

La dotation budgétaire pour 2016 s'élevait au total à 268,6 millions d'euros (133,9 millions d'euros de crédits du budget 2016 et 134,7 millions d'euros de crédits reportés d'exercices précédents).

La valeur du nouveau siège de l'OTAN en cours de construction enregistrée au 31 décembre 2016 s'établissait à 932,2 millions d'euros au total.

Le Collège a émis une opinion avec réserve sur les états financiers rectifiés relatifs au projet de nouveau siège de l'OTAN pour l'exercice clos le 31 décembre 2016.

La réserve tient au fait qu'à l'exception de requalifications de portée limitée, les informations présentées à des fins de comparaison dans les états financiers rectifiés de 2016 sont identiques à celles qui figuraient dans les états financiers rectifiés de 2015. Comme le Collège avait émis une opinion avec réserve sur les états financiers rectifiés de 2015, son opinion sur ceux de 2016 est également assortie d'une réserve. En effet, les informations indiquées pour 2015 ne sont pas fiables et rendent dès lors la comparaison impossible.

Le Collège a également émis une opinion avec réserve sur la conformité, du fait de la publication tardive des états financiers et de l'absence de rapprochement régulier des soldes bancaires.

Le Collège a fait le point sur la suite donnée aux questions ayant fait l'objet d'observations lors du précédent audit, et il a constaté que quatre d'entre elles restaient à régler et qu'une d'entre elle avait été réglée. Deux questions ayant déjà fait l'objet d'observations ont eu, cette fois encore, une incidence sur l'opinion émise au sujet de la conformité.

Les commentaires officiels du Secrétariat international figurent en appendice à l'annexe 3.

9 février 2018

COLLÈGE INTERNATIONAL DES COMMISSAIRES AUX COMPTES DE L'OTAN

**OPINION SUR LES ÉTATS FINANCIERS RECTIFIÉS
RELATIFS AU PROJET DE NOUVEAU SIÈGE DE L'OTAN
POUR L'EXERCICE CLOS LE 31 DÉCEMBRE 2016**

**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 rectifiés

Le Collège international des commissaires aux comptes de l'OTAN a été chargé de procéder à la vérification des états financiers rectifiés relatifs au projet de nouveau siège de l'OTAN, composés de l'état de la situation financière au 31 décembre 2016 et de l'état de la performance financière, de l'état des variations de l'actif net et du tableau des flux de trésorerie pour l'exercice clos à cette date, ainsi que d'un résumé des méthodes comptables importantes et de diverses notes explicatives. Le Collège a également été chargé de vérifier les états relatifs aux opérations budgétaires et aux transferts de crédits autorisés par le contrôleur des finances pour l'exercice clos le 31 décembre 2016.

Responsabilité de la direction

La direction est chargée d'établir les états financiers conformément au cadre comptable OTAN et aux dispositions du Règlement financier de l'OTAN tels qu'ils ont été fixés par le Conseil de l'Atlantique Nord, et de veiller à ce que les états financiers donnent une image fidèle de la situation de l'entité.

Elle est ainsi responsable de la conception, de l'application et de la tenue d'un système de contrôle interne de nature à permettre l'établissement et la présentation d'états financiers qui soient exempts d'inexactitudes significatives, que celles-ci relèvent d'une fraude ou d'une erreur.

Responsabilité du Collège

Il incombe au Collège de formuler sur ces états financiers rectifiés 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'appuie l'établissement et la présentation des états financiers de l'entité concernée est pris en considération, le but étant d'élaborer des procédures d'audit qui soient adaptées à la situation considérée et non pas d'exprimer une opinion sur l'efficacité du système de contrôle interne. Il s'agit aussi de déterminer si les méthodes comptables appliquées sont appropriées et si les estimations comptables

faites par la direction sont raisonnables, ainsi que d'évaluer la présentation générale des états financiers.

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

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

À l'exception de requalifications de portée limitée, les informations présentées à des fins de comparaison dans les états financiers rectifiés de 2016 sont identiques à celles qui figuraient dans les états financiers rectifiés de 2015. Comme le Collège avait émis une opinion avec réserve sur les états financiers rectifiés de 2015, son opinion sur ceux de 2016 est également assortie d'une réserve. En effet, les informations indiquées pour 2015 ne sont pas fiables et rendent dès lors la comparaison impossible.

Opinion avec réserve sur les états financiers rectifiés

L'opinion du Collège est que, à l'exception des effets avérés et des effets possibles des questions mentionnées dans la section précédente, les états financiers rectifiés donnent, à tous égards significatifs, une image fidèle, conforme au cadre comptable OTAN, de la situation financière du projet de nouveau siège de l'OTAN au 31 décembre 2016, 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 rectifiés, 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

Selon le Règlement financier de l'OTAN, le contrôleur des finances doit présenter les états financiers au Collège au plus tard le 31 mars qui suit la fin de l'exercice visé dans les états financiers. Les états financiers du projet de nouveau siège de l'OTAN pour l'exercice clos le 31 décembre 2016 ont été présentés le 19 mai 2017. Les états financiers rectifiés, signés par le secrétaire général de l'OTAN et le contrôleur des finances, ont finalement été publiés le 4 décembre 2017.

Le Collège a constaté par ailleurs qu'il n'y avait pas eu de rapprochement des soldes bancaires en 2016. Il s'agit là d'une insuffisance significative dans le contrôle interne du compte rendu financier.

Opinion avec réserve sur la conformité

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

Bruxelles, le 9 février 2018

(signé) Hervé-Adrien Metzger
Président

9 février 2018

COLLÈGE INTERNATIONAL DES COMMISSAIRES AUX COMPTES DE L'OTAN

**LETTRE D'OBSERVATIONS ET DE RECOMMANDATIONS
CONCERNANT LE PROJET DE NOUVEAU SIÈGE DE L'OTAN
POUR L'EXERCICE CLOS LE 31 DÉCEMBRE 2016**

Introduction

Le Collège international des commissaires aux comptes de l'OTAN a procédé à la vérification des états financiers rectifiés relatifs au projet de nouveau siège de l'OTAN pour l'exercice clos le 31 décembre 2016. Il a émis une opinion avec réserve à leur sujet ainsi que sur la conformité.

Observations et recommandations

Au cours de l'audit, le Collège a constaté des différences significatives entre l'état de l'exécution du budget et les soldes figurant dans l'état de la situation financière et dans l'état de la performance financière, différences que le Secrétariat international (SI) n'a pas pu expliquer. Par ailleurs, le tableau des flux de trésorerie était incorrect. S'appuyant sur les constatations du Collège, le SI a publié des états financiers rectifiés le 4 décembre 2017, dans lesquels n'apparaissaient plus certaines des erreurs repérées par le Collège.

Le Collège n'a pas relevé de questions autres que celles qui avaient déjà fait l'objet d'observations à l'issue de l'audit précédent. Il a constaté que quatre questions restaient à régler et qu'une question avait été réglée. Deux questions ayant déjà fait l'objet d'observations ont eu, cette fois encore, une incidence sur l'opinion émise au sujet de la conformité.

Le Collège a adressé une lettre (référence IBA-AML(2017)17) au contrôleur des finances du SI.

Le Collège a reçu des commentaires factuels et des commentaires officiels du SI. Là où il a jugé que c'était nécessaire, il a modifié son projet de rapport pour tenir compte des commentaires factuels. Les commentaires officiels du SI figurent en appendice à l'annexe 3.

SUITES DONNÉES AUX OBSERVATIONS ANTÉRIEURES

Le Collège a fait le point sur la suite donnée aux observations et aux recommandations formulées à l'issue de l'audit précédent. On en trouvera un récapitulatif dans le tableau ci-dessous.

Suites données aux observations antérieures

OBSERVATION/RECOMMANDATION	MESURES PRISES	ÉTAT DE LA QUESTION
(1) Exercice financier de 2015 IBA-AR(2017)28, paragraphe 1 IMPOSSIBILITE POUR L'IBAN D'OBTENIR LES ELEMENTS PROBANTS SUFFISANTS ET NECESSAIRES Recommandations du Collège Le Collège recommande de se servir d'une balance, générée dans l'ERP, comme source principale pour la préparation des états financiers. Il faut que la personne responsable de l'établissement des états financiers conserve le détail des documents de travail utilisés afin de pouvoir justifier tout solde présenté dans les états financiers et toute information figurant dans les notes qui leur sont jointes (par exemple le solde de 280,7 millions d'euros figurant dans la note 16 jointe aux états financiers). De plus, le SI doit impérativement être en mesure de fournir des informations détaillées au sujet de chaque compte d'actif ou de passif de l'ERP, de sorte que les soldes puissent faire l'objet d'un suivi adéquat. Le Collège recommande d'accroître la transparence et la disponibilité des données comptables en enregistrant individuellement chaque opération comptable dans l'ERP et en appliquant des procédures normalisées pour les opérations courantes. Lorsque des données globales sont introduites dans l'ERP, les justificatifs correspondants (récapitulatifs, listes, calculs, etc.) doivent être disponibles dans l'ERP et faire l'objet d'une vérification adéquate et d'une validation dans le système. Le Collège recommande de mettre en œuvre le processus d'examen des états financiers à plusieurs niveaux, afin de garantir la qualité globale des états financiers publiés et leur conformité avec les cadres de compte rendu applicables.	Le niveau de détail des informations est meilleur dans les états financiers de 2016. Cela étant, les données comptables pour chacune des opérations comptables dans l'ERP ne sont toujours pas pleinement transparentes et disponibles. Le Collège a par ailleurs constaté qu'il n'existait pas de processus documenté pour un examen à plusieurs niveaux permettant de garantir la qualité globale des états financiers publiés et leur conformité avec les cadres de compte rendu applicables.	Question restant à régler.

OBSERVATION/RECOMMANDATION	MESURES PRISES	ÉTAT DE LA QUESTION
(2) Exercice financier de 2015 IBA-AR(2017)28, paragraphe 2 PUBLICATION TARDIVE DES ETATS FINANCIERS Recommandation du Collège Le Collège recommande qu'à l'avenir, les états financiers soient soumis pour le 31 mars, échéance fixée dans le Règlement financier de l'OTAN.	La version originale des états financiers de 2016 a, elle aussi, été publiée tardivement, le 19 mai 2017. Les états financiers rectifiés ont, quant à eux, été publiés le 4 décembre 2017. Cette observation continue de motiver une réserve sur la conformité.	Question restant à régler.
(3) Exercice financier de 2015 IBA-AR(2017)28, paragraphe 3 ABSENCE DE DECLARATION SUR LE CONTROLE INTERNE Recommandation du Collège Le Collège recommande que le SI fournisse en temps voulu au Collège une déclaration sur le contrôle interne en même temps que les états financiers et que ces deux documents soient dûment signés, comme le prévoit le Règlement financier de l'OTAN.	Les états financiers étaient accompagnés d'une déclaration sur le contrôle interne.	Question réglée.
(4) Exercice financier de 2015 IBA-AR(2017)28, paragraphe 4 ABSENCE DE RAPPROCHEMENT REGULIER DES SOLDES BANCAIRES Recommandation du Collège Le Collège recommande de procéder au rapprochement mensuel des soldes de trésorerie et d'en garder la trace. Il sera ainsi plus facile de repérer à temps les éventuelles inexactitudes. Le résultat de ce travail devra être signé par celui qui l'aura effectué et celui qui l'aura vérifié.	Les soldes bancaires n'ont pas fait l'objet de rapprochements réguliers au cours de 2016, ce qui continue de motiver une réserve sur la conformité.	Question restant à régler.
(5) Exercice financier de 2015 IBA-AR(2017)28, paragraphe 5 RETARDS IMPORTANTS DANS LA COMMUNICATION DES INFORMATIONS NECESSAIRES POUR L'AUDIT		

OBSERVATION/RECOMMANDATION	MESURES PRISES	ÉTAT DE LA QUESTION
Recommandation du Collège Le Collège recommande que le Bureau du contrôle financier du SI lui transmette en temps voulu les informations requises. Pour pouvoir respecter ses propres échéances, le Collège se montrera moins souple lors de ses prochains audits.	Le Collège a relevé des améliorations, mais il a encore constaté des retards. Des informations complémentaires et des éclaircissements ont été apportés dans les états financiers rectifiés, publiés le 4 décembre 2017.	Question restant à régler .

**COMMENTAIRES OFFICIELS DU SECRÉTARIAT INTERNATIONAL (SI)
CONCERNANT LA LETTRE D'OBSERVATIONS ET DE RECOMMANDATIONS
ET LA POSITION DU COLLÈGE INTERNATIONAL DES COMMISSAIRES AUX
COMPTES DE L'OTAN**

Commentaires officiels du SI

La balance de l'ERP est la source principale utilisée pour la préparation des états financiers. Le SI souscrit aux recommandations.

SUITES DONNÉES AUX OBSERVATIONS ANTÉRIEURES

**Rapport sur l'audit des états financiers de 2015
IBA-AR(2017)28
Publication tardive des états financiers**

Le SI souscrit à la recommandation. Le délai de publication des états financiers s'explique par des circonstances particulières, liées aux difficultés rencontrées avec l'ERP, et par le fait que le Bureau du contrôle financier du SI se trouve en situation de sous-effectif.

**NATO NEW HQ
FINANCIAL STATEMENTS**

For the year ended
31 December 2016

Annexes

- | | |
|---|---|
| 1 | Statement of financial position |
| 2 | Statement of financial performance |
| 3 | Cash flow statement |
| 4 | Statement of changes in net assets |
| 5 | Budget execution statements |
| 6 | Explanatory notes to the financial statements |

(Signed) Jens STOLTENBERG
Secretary General

(Signed) Stephane CHAGNOT
Financial Controller

NEW NATO HQ

Statement of financial position

As at 31 December 2016

(All amounts in EUR)

		Current Year	Prior Year	Variance
Notes	2016	2015	CY-PY	
Assets				
<i>Current assets</i>				
Cash and cash equivalents	3 & 4	47,467,999.34	200,271,271.33	-152,803,271.99
Short term investments	3 & 4	45,300,001.11	0.00	45,300,001.11
Receivables	5	774,888.19	1,001,210.15	-226,321.96
Prepayments	6	64,008,770.31	28,178,260.60	35,830,509.71
Other current assets	7	9,368,142.14	662,251.67	8,705,890.47
Inventories	2	0.00	0.00	0.00
		166,919,801.09	230,112,993.75	-63,193,192.66
<i>Non-current assets</i>				
Receivables	5	0.00	0.00	0.00
Property, plant & equipment	8	932,220,757.26	747,557,608.23	184,663,149.03
Intangible assets	8	0.00	0.00	0.00
Other non-current assets	8	0.00	0.00	0.00
		932,220,757.26	747,557,608.23	184,663,149.03
Total assets		1,099,140,558.35	977,670,601.98	121,469,956.37
Liabilities				
<i>Current liabilities</i>				
Payables	9	-2,187,871.71	-2,796,042.92	608,171.21
Deferred revenue	10	-134,034,498.80	-179,093,519.01	45,059,020.21
Advances	11	-20,266,158.50	-47,712,936.61	27,446,778.11
Short term provisions		0.00	0.00	0.00
Other current liabilities		-10,431,272.08	-510,495.21	-9,920,776.87
		-166,919,801.09	-230,112,993.75	63,193,192.66
<i>Non-current liabilities</i>				
Payables	12	0.00	0.00	0.00
Long term provisions	13	0.00	-1,000,000.00	1,000,000.00
Deferred revenue	14	-932,220,757.26	-746,557,608.23	-185,663,149.03
Other non-current liabilities		0.00	0.00	0.00
		-932,220,757.26	-747,557,608.23	-184,663,149.03
Total liabilities		-1,099,140,558.35	-977,670,601.98	-121,469,956.37
Net assets				
Capital assets		0.00	0.00	0.00
Reserves		0.00	0.00	0.00
Current year Surplus / (Deficits)		0.00	0.00	0.00
Accumulated surpluses / (deficits) prior year		0.00	0.00	0.00
Total net assets/ equity	17	0.00	0.00	0.00

NEW NATO HQ
Statement of financial performance

As at 31 December 2016

(All amounts in EUR)

		Current Year	Prior Year	Variance
	Notes	2016	2015	CY-PY
Revenue	15			
Non exchange revenue		-3,560,762.23	-1,450,902.56	-2,109,859.67
Exchange revenue		0.00	0.00	0.00
Other revenue		0.00	0.00	0.00
Financial revenue		0.00	0.00	0.00
				0
Total revenue		-3,560,762.23	-1,450,902.56	-2,109,859.67
Expenses	16			
Personnel		2,854,865.78	1,124,541.14	1,730,324.64
Contractual supplies and services		671,008.14	326,361.42	344,646.72
Depreciation and amortization		0.00	0.00	0.00
Impairment		0.00	0.00	0.00
Provisions		0.00	0.00	0.00
Other expenses		0.00	0.00	0.00
Finance costs		34,888.31	0.00	34,888.31
Total expenses		3,560,762.23	1,450,902.56	2,109,859.67
Surplus/(Deficit) for the period	17	0.00	0.00	0.00

**NEW NATO HQ
Statement of cash flow**As at 31 December 2016
(All amounts in EUR)

	Notes	2016	2015
	18		
Cash flow from operating activities			
Surplus/(Deficit)		-	-
Non-cash movements			
Depreciation/ Amortisation		-	-
Impairment		-	-
Increase /(decrease) in payables		(608,171.21)	748,717.16
Increase/ (decrease) in other current liabilities		(62,585,021.45)	(6,583,375.21)
Increase/ (decrease) in provisions		-	-
(Gains)/losses on sale of property, plant and equipment		-	-
Decrease/ (increase) in other current assets		(44,536,400.18)	8,816,770.58
Decrease/ (Increase) in receivables		226,321.96	22,365,513.68
Increase/ (decrease) in other non-current liabilities		184,663,149.03	172,092,073.86
Net cash flow from operating activities		77,159,878.15	197,439,700.07
Cash flow from investing activities			
Purchase of property plant and equipment / Intangible assets		(184,663,149.03)	(172,092,073.87)
Proceeds from sale of property plant and equipment		-	-
Net cash flow from investing activities		(184,663,149.03)	(172,092,073.87)
Cash flow from financing activities			
Net cash flow from financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		(107,503,270.88)	25,347,626.20
Cash and cash equivalent at the beginning of the period		200,271,271.33	174,923,645.13
Cash and cash equivalent at the end of the period		92,768,000.45	200,271,271.33

NEW NATO HEADQUARTERS

STATEMENT OF CHANGES IN NET ASSETS AS AT 31/12/2016

(in EUR)

	Accumulated surpluses/(deficits)
Balance at 31 December 2014	0.00
Deficit on revaluation of property	0.00
Surplus on revaluation of investments (1)	0.00
Currency translation differences	0.00
Net gains and losses not recognized in the statement of financial performance	0.00
Net for the period	0.00
Balance at 31 December 2015	0.00
Balance at 31 December 2015	0.00
Deficit on revaluation of property	0.00
Surplus on revaluation of investments (1)	0.00
Currency translation differences	0.00
Net gains and losses not recognized in the statement of financial performance	0.00
Net for the period	0.00
Balance at 31 December 2016	0.00

(1) fixed assets in progress

NEW NATO HEADQUARTERS
BUDGETARY OPERATIONS FOR FINANCIAL YEAR 2016
n= 2016

CHAPTER Article	BUDGET AUTHORISATIONS				COMMITMENTS	EXPENDITURES	BUDGETARY SURPLUS	
	BUDGET (ref.) C-M(2014)0064	AUTHORIZED TRANSFERS	ADJUSTED CREDITS	(3) = (1) + (2)			CREDITS CARRIED FORWARD TO n+1	LAPSED CREDITS
	(1)	(2)		(3) = (1) + (2)	(4)	(5)	(6) = (4) - (5)	(7) = (3) - (4)
I.								
PERSONNEL COSTS								
01.01 Basic salaries and related expenses	5,303,000.00	0.00		5,303,000.00	5,303,000.00	2,374,438.56	2,928,561.44	0.00
01.02 Temporary staff and consultants	542,000.00	0.00		542,000.00	542,000.00	460,360.69	81,639.31	0.00
01.03 Statutory travel	0.00	0.00		0.00	0.00	0.00	0.00	0.00
Financial year n	5,845,000.00	0.00		5,845,000.00	5,845,000.00	2,834,799.25	3,010,200.75	0.00
Carried forward:								
Financial year n-1	1,824,147.64	0.00		1,824,147.64	1,824,147.64	1,075,654.72	748,492.92	0.00
Financial year n-2	100,870.39	0.00		100,870.39	100,870.39	50,006.01	50,864.38	0.00
Financial year n-3	59,819.27	0.00		59,819.27	59,819.27	43,601.64	16,217.63	0.00
Financial year n-4	0.00	0.00		0.00	0.00	0.00	0.00	0.00
Financial year n-5	0.00	0.00		0.00	0.00	0.00	0.00	0.00
Financial year n-6	0.00	0.00		0.00	0.00	0.00	0.00	0.00
Financial year n-7	0.00	0.00		0.00	0.00	0.00	0.00	0.00
Financial year n-8	0.00	0.00		0.00	0.00	0.00	0.00	0.00
Financial year n-9	0.00	0.00		0.00	0.00	0.00	0.00	0.00
	7,829,837.30	0.00		7,829,837.30	7,829,837.30	4,004,061.62	3,825,775.68	0.00
II.								
OPERATING COSTS								
02.01 Official missions	5,000.00	0.00		5,000.00	5,000.00	1,521.53	3,478.47	0.00
02.02 Administrative support	152,000.00	0.00		152,000.00	152,000.00	152,000.00	0.00	0.00
02.03 Hospitality	0.00	0.00		0.00	0.00	0.00	0.00	0.00
02.04 Telecommunications	14,000.00	4,000.00		18,000.00	18,000.00	0.00	18,000.00	0.00
02.05 Operating costs	6,697,000.00	-4,000.00		6,693,000.00	6,693,000.00	1,895,083.87	4,797,916.13	0.00
02.06 Construction Site Guard	7,544,896.00	0.00		7,544,896.00	7,544,896.00	6,910,697.42	634,198.58	0.00
02.07 Materials Procurement	0.00	0.00		0.00	0.00	6,281.80	-6,281.80	0.00
02.10 Miscellaneous and unforeseen	0.00	0.00		0.00	0.00	0.00	0.00	0.00
Financial year n	14,412,896.00	0.00		14,412,896.00	14,412,896.00	8,985,584.62	5,447,311.38	0.00
Carried forward:								
Financial year n-1	3,970,837.50	0.00		3,970,837.50	3,970,837.50	3,931,352.72	39,484.78	0.00
Financial year n-2	40,858.22	0.00		40,858.22	40,858.22	9,461.67	31,396.55	0.00
Financial year n-3	180,348.06	0.00		180,348.06	180,348.06	130,774.27	49,573.79	0.00
Financial year n-4	0.00	0.00		0.00	0.00	0.00	0.00	0.00
Financial year n-5	0.00	0.00		0.00	0.00	0.00	0.00	0.00
Financial year n-6	0.00	0.00		0.00	0.00	0.00	0.00	0.00
Financial year n-7	0.00	0.00		0.00	0.00	0.00	0.00	0.00
Financial year n-8	0.00	0.00		0.00	0.00	0.00	0.00	0.00
Financial year n-9	0.00	0.00		0.00	0.00	0.00	0.00	0.00
	18,604,939.78	0.00		18,604,939.78	18,604,939.78	13,037,173.28	5,567,766.50	0.00

NEW NATO HEADQUARTERS
BUDGETARY OPERATIONS FOR FINANCIAL YEAR 2016
n= 2016

CHAPTER Article		BUDGET AUTHORISATIONS				EXPENDITURES	BUDGETARY SURPLUS	
		BUDGET (ref.) C-M(2014)0064	AUTHORIZED TRANSFERS	ADJUSTED CREDITS	COMMITMENTS		CREDITS CARRIED FORWARD TO n+1	LAPSED CREDITS
		(1)	(2)	(3) = (1)+(2)	(4)	(5)	(6) = (4) - (5)	(7) = (3) - (4)
III.	INTELLECTUAL SERVICES							
03.01	Consultants & studies	2,865,281.00	0.00	2,865,281.00	2,865,281.00	2,450,281.00	415,000.00	0.00
03.02	Project management team	3,056,227.00	0.00	3,056,227.00	3,056,227.00	2,779,842.26	276,384.74	0.00
03.04	Concept design team	5,406,586.00	0.00	5,406,586.00	5,406,586.00	5,406,586.00	0.00	0.00
03.05	Overall CDT fees on addit Constr W	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Financial year n	11,328,094.00	0.00	11,328,094.00	11,328,094.00	10,636,709.26	691,384.74	0.00
	Carried forward:							
	Financial year n-1	6,000,475.08	0.00	6,000,475.08	6,000,475.08	5,685,070.58	315,404.50	0.00
	Financial year n-2	2,426,480.10	0.00	2,426,480.10	2,426,480.10	1,527,200.10	899,280.00	0.00
	Financial year n-3	1,119,158.42	0.00	1,119,158.42	1,119,158.42	862,598.37	256,560.05	0.00
	Financial year n-4	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Financial year n-5	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Financial year n-6	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Financial year n-7	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Financial year n-8	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Financial year n-9	0.00	0.00	0.00	0.00	0.00	0.00	0.00
		20,874,207.60	0.00	20,874,207.60	20,874,207.60	18,711,578.31	2,162,629.29	0.00
IV.	CONSTRUCTION WORKS							
04.01	Works Requirements	58,426,786.00	0.00	58,426,786.00	58,426,786.00	50,828,998.90	7,597,787.10	0.00
	Financial year n	58,426,786.00	0.00	58,426,786.00	58,426,786.00	50,828,998.90	7,597,787.10	0.00
	Carried forward:							
	Financial year n-1	88,399,533.57	0.00	88,399,533.57	88,399,533.57	68,234,225.57	20,165,308.00	0.00
	Financial year n-2	8,093,463.91	0.00	8,093,463.91	8,093,463.91	8,086,076.02	7,387.89	0.00
	Financial year n-3	2,286,722.89	0.00	2,286,722.89	2,286,722.89	1,980,329.50	306,393.39	0.00
	Financial year n-4	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Financial year n-5	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Financial year n-6	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Financial year n-7	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Financial year n-8	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Financial year n-9	0.00	0.00	0.00	0.00	0.00	0.00	0.00
		157,206,506.37	0.00	157,206,506.37	157,206,506.37	129,129,628.98	28,076,876.38	0.00

NEW NATO HEADQUARTERS
BUDGETARY OPERATIONS FOR FINANCIAL YEAR 2016
n= 2016

CHAPTER Article		BUDGET AUTHORISATIONS				EXPENDITURES	BUDGETARY SURPLUS	
		BUDGET (ref.) C-M(2014)0064	AUTHORIZED TRANSFERS	ADJUSTED CREDITS	COMMITMENTS		CREDITS CARRIED FORWARD TO n+1	LAPSED CREDITS
(1)	(2)	(3) = (1)+(2)	(4)	(5)	(6) = (4) - (5)	(7) = (3) - (4)		
V.	SPECIAL EQUIPMENT							
05 01	Special equipment	43,985,183.00	0.00	43,985,183.00	43,985,183.00	23,370,812.51	20,614,370.49	0.00
	Carried forward:	43,985,183.00	0.00	43,985,183.00	43,985,183.00	23,370,812.51	20,614,370.49	0.00
	Financial year n-1	17,479,391.44	0.00	17,479,391.44	17,479,391.44	16,708,813.58	770,577.86	0.00
	Financial year n-2	2,662,163.99	0.00	2,662,163.99	2,662,163.99	1,316,204.99	1,345,959.00	0.00
	Financial year n-3	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Financial year n-4	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Financial year n-5	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Financial year n-6	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Financial year n-7	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Financial year n-8	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Financial year n-9	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	GRAND TOTAL	64,126,738.43	0.00	64,126,738.43	64,126,738.43	41,395,831.08	22,730,907.35	0.00
	Financial year n	133,997,959.00	0.00	133,997,959.00	133,997,959.00	96,636,904.54	37,361,054.46	0.00
	Carried forward:							
	Financial year n-1	117,674,385.23	0.00	117,674,385.23	117,674,385.23	95,635,117.17	22,039,268.06	0.00
	Financial year n-2	13,323,836.61	0.00	13,323,836.61	13,323,836.61	10,988,948.79	2,334,887.82	0.00
	Financial year n-3	3,646,048.64	0.00	3,646,048.64	3,646,048.64	3,017,303.78	628,744.86	0.00
	Financial year n-4	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Financial year n-5	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Financial year n-6	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Financial year n-7	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Financial year n-8	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Financial year n-9	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	GRAND TOTAL	268,642,229.48	0.00	268,642,229.48	268,642,229.48	206,278,274.28	62,363,955.20	0.00

NEW NATO HEADQUARTERS
BUDGETARY OPERATIONS FOR FINANCIAL YEAR 2015
n° 2015

CHAPTER Article		BUDGET AUTHORISATIONS			COMMITMENTS	EXPENDITURES	BUDGETARY SURPLUS	
		BUDGET (ref.) C-M(2014)0064	AUTHORIZED TRANSFERS	ADJUSTED CREDITS			CREDITS CARRIED FORWARD TO n°1	LAPSED CREDITS
		(1)	(2)	(3) = (1)+(2)	(4)	(5)	(6) = (4) - (5)	(7) = (3) - (4)
I.	PERSONNEL COSTS							
01 01	Basic salaries and related expenses	3 710 000 00	-67 509 59	3 642 490 41	3 642 490 41	2 314 814 34	1 327 676 07	0 00
01 02	Temporary staff and consultants	600 000 00	38 423 87	638 423 87	638 423 87	141 952 30	496 471 57	0 00
01 03	Statutory travel	0 00	0 00	0 00	0 00	0 00	0 00	0 00
	Financial year n	4 310 000 00	29 085 72	4 280 914 28	4 280 914 28	2 456 766 64	1 824 147 64	0 00
	Carried forward:							
	Financial year n-1	727 532 40	1 076 90	728 609 30	728 609 30	627 738 91	100 870 39	0 00
	Financial year n-2	264 597 49	-11 190 57	253 406 92	253 406 92	193 587 65	59 819 27	0 00
	Financial year n-3	0 00	0 00	0 00	0 00	0 00	0 00	0 00
	Financial year n-4	0 00	0 00	0 00	0 00	0 00	0 00	0 00
	Financial year n-5	0 00	0 00	0 00	0 00	0 00	0 00	0 00
	Financial year n-6	0 00	0 00	0 00	0 00	0 00	0 00	0 00
	Financial year n-7	0 00	0 00	0 00	0 00	0 00	0 00	0 00
	Financial year n-8	0 00	0 00	0 00	0 00	0 00	0 00	0 00
	Financial year n-9	0 00	0 00	0 00	0 00	0 00	0 00	0 00
		5 302 129 89	-39 199 39	5 262 930 50	5 262 930 50	3 278 093 20	1 984 837 30	0 00
II.	OPERATING COSTS							
02 01	Official missions	7 000 00	67 10	7 067 10	7 067 10	5 778 60	1 288 30	0 00
02 02	Administrative support	42 000 00	0 00	42 000 00	42 000 00	42 000 00	0 00	0 00
02 03	Hospitality	0 00	0 00	0 00	0 00	0 00	0 00	0 00
02 04	Telecommunications	14 000 00	0 00	14 000 00	14 000 00	4 322 51	9 677 49	0 00
02 05	Operating costs	111 000 00	29 018 62	140 018 62	140 018 62	45 167 59	94 851 03	0 00
02 06	Construction Site Guard	7 800 000 00	0 00	7 800 000 00	7 800 000 00	3 959 979 32	3 840 020 68	0 00
02 07	Materials Procurement	0 00	0 00	0 00	0 00	0 00	0 00	0 00
02 10	Miscellaneous and unforeseen	25 000 00	0 00	25 000 00	25 000 00	0 00	25 000 00	0 00
	Financial year n	7 999 000 00	29 085 72	8 028 085 72	8 028 085 72	4 057 248 22	3 970 837 50	0 00
	Carried forward:							
	Financial year n-1	5 411 955 62	-1 076 90	5 410 878 72	5 410 878 72	5 370 020 50	40 858 22	0 00
	Financial year n-2	546 478 17	11 190 57	557 668 74	557 668 74	377 320 68	180 348 06	0 00
	Financial year n-3	0 00	0 00	0 00	0 00	0 00	0 00	0 00
	Financial year n-4	0 00	0 00	0 00	0 00	0 00	0 00	0 00
	Financial year n-5	0 00	0 00	0 00	0 00	0 00	0 00	0 00
	Financial year n-6	0 00	0 00	0 00	0 00	0 00	0 00	0 00
	Financial year n-7	0 00	0 00	0 00	0 00	0 00	0 00	0 00
	Financial year n-8	0 00	0 00	0 00	0 00	0 00	0 00	0 00
	Financial year n-9	0 00	0 00	0 00	0 00	0 00	0 00	0 00
		13 957 433 79	39 199 39	13 996 633 18	13 996 633 18	9 804 589 40	4 192 043 78	0 00

NEW NATO HEADQUARTERS
BUDGETARY OPERATIONS FOR FINANCIAL YEAR 2015
n= 2015

CHAPTER Article		BUDGET AUTHORISATIONS				COMMITMENTS	EXPENDITURES	BUDGETARY SURPLUS		in EUR
		BUDGET (ref) C-M(2014)0064	AUTHORIZED TRANSFERS	ADJUSTED CREDITS	(6) = (4) - (5)			LAPSED CREDITS		
									(1)	
III.	INTELLECTUAL SERVICES									
	03.01 Consultants & studies	2,547,361.00	0.00	2,547,361.00	2,547,361.00	1,415,701.92	1,131,659.08	0.00		
	03.02 Project management team	2,870,000.00	0.00	2,870,000.00	2,870,000.00	797,379.00	2,072,621.00	0.00		
	03.04 Concept design team	2,796,195.00	0.00	2,796,195.00	2,796,195.00	0.00	2,796,195.00	0.00		
	03.05 Overall CDT fees on addit Constr W	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
	Financial year n	8,213,556.00	0.00	8,213,556.00	8,213,556.00	2,213,080.92	6,000,475.08	0.00		
	Carried forward:									
	Financial year n-1	6,224,264.55	0.00	6,224,264.55	6,224,264.55	3,797,784.45	2,426,480.10	0.00		
	Financial year n-2	2,061,090.85	0.00	2,061,090.85	2,061,090.85	941,932.43	1,119,158.42	0.00		
	Financial year n-3	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
	Financial year n-4	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
	Financial year n-5	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
Financial year n-6	0.00	0.00	0.00	0.00	0.00	0.00	0.00			
Financial year n-7	0.00	0.00	0.00	0.00	0.00	0.00	0.00			
Financial year n-8	0.00	0.00	0.00	0.00	0.00	0.00	0.00			
Financial year n-9	0.00	0.00	0.00	0.00	0.00	0.00	0.00			
		16,498,911.40	0.00	16,498,911.40	16,498,911.40	6,952,797.60	9,546,113.60	0.00		
IV.	CONSTRUCTION WORKS									
	04.01 Works Requirements	115,110,729.00	0.00	115,110,729.00	115,110,729.00	26,711,195.43	88,399,533.57	0.00		
	Financial year n	115,110,729.00	0.00	115,110,729.00	115,110,729.00	26,711,195.43	88,399,533.57	0.00		
	Carried forward:									
	Financial year n-1	72,280,882.45	0.00	72,280,882.45	72,280,882.45	64,187,418.54	8,093,463.91	0.00		
	Financial year n-2	13,239,405.82	0.00	13,239,405.82	13,239,405.82	10,952,682.93	2,286,722.89	0.00		
	Financial year n-3	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
	Financial year n-4	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
	Financial year n-5	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
	Financial year n-6	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
	Financial year n-7	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
	Financial year n-8	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
Financial year n-9	0.00	0.00	0.00	0.00	0.00	0.00	0.00			
		200,631,017.27	0.00	200,631,017.27	200,631,017.27	101,851,296.90	98,779,720.37	0.00		

NEW NATO HEADQUARTERS
BUDGETARY OPERATIONS FOR FINANCIAL YEAR 2015
n= 2015

CHAPTER Article		BUDGET AUTHORISATIONS				EXPENDITURES	BUDGETARY SURPLUS		
		BUDGET (ref) C-M(2014)0064	AUTHORIZED TRANSFERS	ADJUSTED CREDITS	COMMITMENTS			CREDITS CARRIED FORWARD TO n+1	LAPSED CREDITS
(1)	(2)	(3) = (1)+(2)	(4)	(5)	(6) = (4) - (5)	(7) = (3) - (4)			
V. 05 01	SPECIAL EQUIPMENT								
	Special equipment	17,856,653.00	0.00	17,856,653.00	17,856,653.00	377,261.56	17,479,391.44	0.00	
	Financial year n	17,856,653.00	0.00	17,856,653.00	17,856,653.00	377,261.56	17,479,391.44	0.00	
	Carried forward:								
	Financial year n-1	25,861,529.00	0.00	25,861,529.00	25,861,529.00	23,199,365.01	2,662,163.99	0.00	
	Financial year n-2	2,109,788.00	0.00	2,109,788.00	2,109,788.00	2,109,788.00	0.00	0.00	
	Financial year n-3	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
	Financial year n-4	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
	Financial year n-5	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
	Financial year n-6	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
	Financial year n-7	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Financial year n-8	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
Financial year n-9	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
	GRAND TOTAL	45,827,970.00	0.00	45,827,970.00	45,827,970.00	25,686,414.57	20,141,555.43	0.00	
	Financial year n	153,489,938.00	0.00	153,489,938.00	153,489,938.00	35,815,552.77	117,674,385.23	0.00	
	Carried forward:								
	Financial year n-1	110,506,164.02	0.00	110,506,164.02	110,506,164.02	97,182,327.41	13,323,836.61	0.00	
	Financial year n-2	18,221,360.33	0.00	18,221,360.33	18,221,360.33	14,575,311.69	3,646,048.64	0.00	
	Financial year n-3	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
	Financial year n-4	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
	Financial year n-5	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
	Financial year n-6	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
	Financial year n-7	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
	Financial year n-8	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
	Financial year n-9	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
	GRAND TOTAL	282,217,462.35	0.00	282,217,462.35	282,217,462.35	147,573,191.87	134,644,270.48	0.00	

**EXPLANATORY NOTES TO NEW NATO HEADQUARTERS PROJECT
2016 FINANCIAL STATEMENTS****NOTE 1: GENERAL INFORMATION**

In 1999 Heads of State of the NATO member countries decided at the Washington Summit to build a New NATO Headquarters (HQ) to meet Alliance requirements for the 21st century. For this New NATO HQ Project a separate budget was established in 2000.

The budget for the common funded part is approved on an annual basis by the North Atlantic Council, further to screening and recommendation by the Budget Committee and the Resource Policy and Planning Board (RPPB). The project is managed following NSIP procedures.

The main construction project, the electronic security services and the audio-visual infrastructure contracts are managed by the Belgian Ministry of Defence Host Nation Project Management Team (PMT) under the provisions of the NATO/Belgium MOU, signed on 8 December 2004.

NCIA acts as Host Nation for the Active Network Infrastructure contract. NATO-International Staff (IS) is the Host Nation for the Furniture contract and for the Business Data and Applications Migration Project (BDAM).

NATO is represented by the IS Defence Investment Division Headquarters Project Office (HQPO), which is in charge of programme management; coordination, approval procedures and the definition of requirements. HQPO also represents the interests of Nations in all dealings with the Host Nation.

A Transition Office, within the IS Executive Management Division, was created in 2011 to manage the practical and organisational aspects of the transition from the current headquarters to the new one.

NATO member nations maintain oversight of the project through the Deputies Committee (DPRC), a Board comprised of the Deputy Permanent Representatives. HQPO is responsible for financial management and for coordination with the DPRC, the Budget Committee, the RPPB, and the North Atlantic Council.

The overall programme budget ceiling is EUR 1,124 million.

NOTE 2: ACCOUNTING POLICIES

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

Declaration of conformity

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

Basis of preparation

These statements have been prepared on a going-concern basis and the amounts shown in these financial statements are presented in EUR. The New NATO Headquarters Project will continue in operation for the foreseeable future.

The following IPSAS have no material effect on the 2016 financial statements of the New NATO Headquarters Project Office:

IPSAS 5: Borrowing Costs.
IPSAS 6: Consolidated and Separate Financial
IPSAS 7: Investments in Associates.
IPSAS 8: Interests in Joint Ventures
IPSAS 10: Financial Reporting in Hyperinflationary Economies
IPSAS 11: Construction Contracts
IPSAS 16: Investment Property
IPSAS 18: Segment reporting
IPSAS 21: Impairment of non-cash generating assets
IPSAS 26: Impairment of Cash-Generating Assets
IPSAS 27: Agriculture
IPSAS 32: Service Concession Arrangement: Grantor

The Cash Flow Statement has been prepared using the indirect method.

Segment Reporting

A segment is a distinguishable activity or group of activities for which it is appropriate to separately report financial information. No segments are identified in this project and are therefore not reported in these financial statements.

Changes in Accounting Policy and Reclassification of financial statements of previous years

None to report.

Reclassification of financial statements of previous years

Some items of the statement of financial position (mainly current liability accounts) have been readjusted compared to 2015.

Use of estimates

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

Foreign currency transactions

The New NATO Headquarters Project's budget is authorized and managed in EUR so contribution calls are made in EUR. Foreign currency transactions as required are accounted for at the NATO parity rates prevailing on the date of the transaction. Monetary assets and liabilities at year-end which were denominated in foreign currencies were converted into EUR using the NATO parity rates applicable at 31 December 2016.

Realised and unrealised gains and losses resulting from the settlement of such transactions and from the revaluation at the reporting dates of monetary assets and liabilities denominated in foreign currencies are recognised in Non-Current Liabilities.

Financial risks

The New NATO Headquarters Project Office uses only non-derivative financial instruments as part of its normal operations. These financial elements include cash, bank accounts, deposit accounts, accounts receivable and Funds Managed for Third Parties.

All the financial instruments are recognised in the statement of financial position at their fair value.

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

Foreign currency exchange risk

The exposure to foreign currency risk is limited as the majority of the New NATO Headquarters Project's expenditures are made in EUR, the currency of its Budget. All bank accounts are held in EUR.

Credit risk

The New NATO Headquarters Project incurs credit risks from cash and cash equivalent held with banks and from receivables.

The maximum exposure as at 31 December 2016 is equal to the total amount of bank balances, short term deposits and receivables. There is very limited credit risk associated with the realization of these elements.

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

ING Bank Credit Ratings as at 07/02/2017

	Fitch	Moody's	S&P
Short term	F1	NA	A2

The New NATO Headquarters Project's outstanding accounts receivable are managed by maintaining control procedures over receivables. Most cash receivables are due from NATO member nations, which are considered credit worthy.

Liquidity risk

The liquidity risk, also referred to as funding risk, is based on the assessment as to whether the New NATO Headquarters Project will encounter difficulties in meeting its obligations associated with financial liabilities. A liquidity risk could arise from a short term liquidity requirement. There is a very limited exposure to liquidity risk because of the funding mechanism which guarantees contributions in relation to the approved New NATO Headquarters Project budget. Some limited risk could be due to the accuracy of budget forecasts.

Interest rate risk

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

Current Assets**Cash and cash equivalents**

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

Cash held on behalf of third parties corresponding to amounts called and received in relation to the nationally funded elements and the fit-out of delegations, and amounts corresponding to anticipated contributions are reported separately.

Receivables

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

Contributions receivable are recognised when a call for contribution, based on the approved budget, has been issued to the funding Nations. These receivables represent the uncollected contributions from Member Nations. The same policy applies for contributions related to the nationally funded elements but not to the fit-out of delegations. No allowance for loss is recorded with respect to Member countries' assessed contributions receivable.

Prepayments

A prepayment is a payment in advance of the period to which it pertains and is mainly in respect of advance payments made to third parties. In the case of the New NATO Headquarters Project, advance payments are essentially related to the pre-financing of PMT and NCIA expenses. The terms of the MOU prevent Host Nation Belgium (PMT) from pre-financing any aspect of the project.

Inventories

NATO's adaptations of IPSAS were spelled out in C-M(2013)0039 of July 2013, which included IPSAS 12 Inventories. It is described as follows:

Control of NATO Inventories was refined with a set of 10 criteria to be used in assessing the level of control of an asset. A positive response on six of the criteria will lead to the asset being capitalised in the Financial Statements if it is above the capitalization threshold.

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

Capitalization thresholds relevant to the financial statement are as follow:

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

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

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

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

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

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

The introduction of this adaptation to IPSAS 12 has no impact on the way these financial statements are presented. The value of NNHQ inventories is immaterial both in value and in terms of the nature of the items held. Consequently, inventory is fully expensed when goods are received.

Non-Current Assets (Property, Plant & Equipment and Intangible Assets)

2012 was the first year during which construction works related to the nationally funded elements were performed. These works are recognized as non-current assets (PPE: Property, Plant and Equipment) held on behalf of third parties, at least during the construction period. The reasoning stems from a number of factors. The NHQ building constitutes a coherent and global building whose purpose is to bring together member nations in order to enable an efficient and effective consultation process. This situation whereby dedicated National Representations are present on site is very specific to NATO and does not really exist in other comparable international organizations. The member nations are not considered, from a legal perspective, as having direct property rights on the parts of the building corresponding to their own delegation premises, but rather having an exclusive right of use. In this respect the different funding cost shares cannot be deemed a factor justifying a specific accounting treatment. The situation also carries certain restrictions, such as the inability to execute works affecting or altering the basic structure of the building, and to sell their premises. Additionally, at this stage of the project it is difficult to accurately distinguish the value between these common and nationally funded components. However, their inclusion provides useful and clear information which contributes to financial transparency.

This does not preclude that in the future, an ability to limit physical access will exist, which could then justify an exclusion from NATO PPE. Until then, as currently, common funded and nationally funded construction works will be managed as a single project. At this point, and from an accounting standpoint, the fact remains that the economic benefit or the service potential is measured by the contribution to consensus building and therefore it cannot be separated from NATO's purpose. Therefore, this would not justify a separate accounting treatment until such a time as the building is operational and the related building parts are handed over to the nations concerned. It should be noted that this approach does not apply to the national fit-out segment, for which four nations have decided to act separately. The impact on previous years' financial statements is not material as no related works had been performed and therefore no fixed assets were recognised.

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

Control of NATO PPE was refined with a set of 10 criteria to be used in assessing the level of control of an asset – they are the same as mentioned above under Inventory. A positive response on six of the

NATO UNCLASSIFIED

ANNEX 6 to
FC(2017)080-REV1

6-6

criteria will lead to the asset being capitalized in the Financial Statements if it is above the capitalization threshold.

Capitalization thresholds relevant to the financial statement are as follow:

Category	Threshold	Depreciation life	Method
Land	€200,000	N/A	N/A
Buildings	€200,000	40 years	Straight line
Other infrastructure	€200,000	40 years	Straight line
Installed equipment	€ 30,000	10 years	Straight line
Machinery	€ 30,000	10 years	Straight line
Vehicles	€ 10,000	5 years	Straight line
Aircraft	€200,000	Dependent on type	Straight line
Vessels	€200,000	Dependent on type	Straight line
Mission equipment	€ 50,000	3 years	Straight line
Furniture	€ 30,000	10 years	Straight line
Communications	€ 50,000	3 years	Straight line
Automated information Systems	€ 50,000	3 years	Straight line

In the case of the New NATO Headquarters Project to date PPE is work in progress. Depreciation will start after acceptance of the completed work.

The principles of valuing and depreciating fixed assets are the following:

Buildings are shown at fair value based on internal valuations at the reporting date. Valuation is done based on judgment using the best available information from relevant sources. With regard to land on which the buildings are erected, see note on Leases.

All other non-current assets, Property, Plant and Equipment (PPE) and intangible assets are recorded at their historical cost less accumulated depreciation and any recognized impairment loss.

The introduction of this adaptation to IPSAS 17 has no impact on the way these financial statements are presented. Although the adaptation to IPSAS allows one to consider PPE acquired prior to 1 January 2013 as fully expensed, it was decided not to do so: amounts considered as PPE work in progress prior to 1 January 2013 remain capitalized in the interest of disclosing relevant and complete information regarding the value of the future NNHQ.

Intangible Assets:

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

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

NATO Intangible Assets Capitalization Thresholds - the NNHQ Project will capitalize each intangible asset item that is above the following agreed NATO thresholds:

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

NATO UNCLASSIFIED

6-6

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

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

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

The NNHQ Project will capitalize other types of intangible assets acquired after 1 January 2013 including:

- Copyright
- Intellectual Property Rights
- Software development

The NNHQ may consider Intangible Assets acquired prior to 1 January 2013 as fully expensed.

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

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

The introduction of this adaptation to IPSAS 31 has no impact on the way these financial statements are presented.

Impairment of fixed assets:

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

Current liabilities

Payables

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

Payables due to Nations include in particular the surplus as per the NATO Financial Regulations. In authorizing the New NATO Headquarters Project budget, Nations agreed that it would be a special budget extending over several years. Nations agreed that financial closure would take place only when the Project has been fully realised. Consequently, it was agreed that credits and the refundable surplus can be maintained with the entity until the Project's completion (C-M(2000)36). Amounts which would have been normally returned to contributing Nations in the framework of the standard NATO Financial

Regulations' provisions – such as net interest earned, miscellaneous receipts, lapsed credits, accumulated surplus - remain on the entity's accounts.

Funds Managed for Third Parties (National Funds)

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

As a consequence of the recognition of the nationally funded elements as Project's non-current assets, contributions called from the Nations with regard to the nationally funded elements are treated in a way comparable to that of budgetary contributions. Amounts called and amounts not converted to unearned revenue, which fund the related works, are included as liabilities under funds managed for third parties. The uncollected amount appears as a receivable.

Advances and Unearned Revenue

Unearned Revenue represents participating Nations' contributions related to approved annual budgets that have not yet been recognised as revenue in the absence of matching expenses, but which have been called for current common funded budgets and for nationally funded construction works. Funds are called in advance of requirements because the New NATO Headquarters Project has no capital that would allow it to pre-finance any of its activities.

Advances are contributions called related to future years' budgets. Voluntary advances made by outside of the call for contributions process are accounted as funds managed for third parties.

Revenue and expense recognition

All the costs incurred under the New NATO Headquarters Project since its inception, except those related to the Transition Office, qualify to be capitalized as PPE Work in Progress. This includes personnel and operating costs. The matching budget resources provided by Nations to fund these Works in Progress are recognised as a liability in the Statement of Financial Position as Long Term Unearned Revenue. No revenue is recognised in the Statement of Financial Performance, except for the part attributable to the Transition Office.

The task of the Transition Office is to plan and execute the transition from the current NATO HQ to the new NATO HQ. Its purpose is to transform the way NATO HQ operates to make best use of the facilities and technologies in the new NATO HQ; to relocate staff, NATO agencies and national delegations; and to return the current NATO HQ campus to Belgium. Transition Office related costs consist mainly in salaries of its staff, and at this stage in consultancy services on best ways to conduct the operations in the new building. It is therefore considered that they do not fulfil the criteria set by IPSAS 17 to qualify as directly attributable costs of the asset under construction. As a consequence Transition Office costs should be expended rather than capitalized.

In the future, after the transfer of the building to the NATO International Staff, earned revenue will be progressively recognised from this long term unearned revenue, in an amount equal to annual depreciation of the related PPE, Intangible Assets etc. of the building, as future economic benefits and service potential will flow to the NATO International Staff when the building is operational.

Non-budgetary contributions called from Nations corresponding to the nationally funded construction works are treated as Long Term Unearned Revenue in an amount equal to the estimation of works completed.

Revenue from exchange and non-exchange transactions

There is no revenue from exchange transactions, as the contributions by Nations are based on a fixed cost-share of reimbursable costs for the construction of the New NATO Headquarters Project. They are considered as a liability for long term unearned revenue funding assets in progress.

NOTE 3: CASH AND CASH EQUIVALENTS

The current bank accounts are held in EUR. Deposits are held in interest-bearing bank current accounts, immediately available.

Derogations to NATO Financial Regulations were approved by the Council (C-M(2000)36 and BC-D(2000)20). In particular paragraphs 4.4 of the latter document introduce flexible arrangements for national contributions to allow Nations to make anticipated contributions. No ceiling is applicable to the amount of cash holdings other than what is needed for the project.

NOTE 4: CASH MANAGED FOR THIRD PARTIES

To meet the Project's payment for the fit-out and nationally funded elements under the NSIP rules and procedures, the IS Office of Financial Control has opened bank accounts in the names of NATO member Nations. Interest earned is credited to the specific bank account of the Nation concerned. These are extra-budgetary funds belonging to the Nations concerned. Separate contribution calls are made for the fit-out and for nationally funded parts of the Project. The planning foresees that the Nations make payments in advance of the quarterly payment request. A matching liability is posted against the amount of cash held on behalf of the Nations concerned and of the amount of uncollected related contributions called for what concerns the nationally funded construction works.

These funds also includes amounts relating to anticipated contributions made by some nations.

There are also funds from Eurocontrol as their contribution to works for a secure pedestrian access between their headquarters and the NNHQ site.

The total amount of cash held at the end of the year on the specific bank accounts of the nations or entities concerned may not match the value of funds held on behalf of the third parties because of voluntary advances made on the bank account for Common Funded operations, or of contributions not received on the appropriate bank account, etc. The breakdown of these bank accounts by country and entity is the following.

NATO UNCLASSIFIED

ANNEX 6 to
FC(2017)080-REV1

6-10

FUNDS MANAGED FOR THE ACCOUNT OF THIRD PARTIES			
Bank Balances at Year End			
		end 2016	end 2015
US MISSION FUNDS	EUR	5,383,501.34	16,703,274.17
ALBANIA NEW SITE DEL	EUR	94,314.04	326,598.85
BELGIUM NEW SITE DEL F.O.	EUR	6,172,041.15	6,562,078.07
BULGARIA NEW SITE DEL F.O.	EUR	440,728.08	6,562,078.07
CANADA NEW SITE DEL	EUR	125,889.91	482,666.41
CROATIA NEW SITE DEL	EUR	262,501.77	774,099.01
CZECH REP. NEW SITE DEL F.O.	EUR	489,298.35	501,452.99
DENMARK NEW SITE DEL F.O.	EUR	152,731.59	797,539.87
ESTONIA NEW SITE DEL F.O.	EUR	387,910.74	338,762.45
FRANCE NEW SITE DEL	EUR	104,359.84	604,755.04
GERMANY NEW SITE DEL F.O.	EUR	637,079.49	942,255.68
GREECE NEW SITE DEL F.O.	EUR	281,821.92	688,222.94
HUNGARY NEW SITE DEL F.O.	EUR	435,708.99	494,411.49
ICELAND NEW SITE DEL F.O.	EUR	110,261.38	121,298.66
ITALY NEW SITE DEL F.O.	EUR	4,438,305.18	13,225,230.05
LATVIA NEW SITE DEL F.O.	EUR	348,260.31	1,034,361.61
LATVIA NEW HQ	EUR	655,260.79	654,997.42
LITHUANIA NEW SITE DEL F.O.	EUR	525,972.81	429,354.53
LUXEMBOURG NEW SITE DEL F.O.	EUR	247,617.43	202,808.15
NETHERLANDS NEW SITE F.O.	EUR	166,747.25	557,741.99
NORWAY NEW SITE DEL F.O.	EUR	470,342.03	569,558.53
POLAND NEW SITE DEL F.O.	EUR	436,797.30	629,628.30
PORTUGAL NEW SITE DEL F.O.	EUR	419,170.79	538,558.66
ROMANIA NEW SITE DEL F.O.	EUR	425,924.39	566,828.16
SLOVAKIA NEW SITE DEL F.O.	EUR	399,730.25	499,545.92
SLOVENIA NEW SITE DEL F.O.	EUR	361,457.69	435,439.17
SPAIN NEW SITE DEL F.O.	EUR	473,877.74	566,537.23
TURKEY NEW SITE DEL F.O.	EUR	760,577.49	795,978.83
U.K. NEW SITE DEL	EUR	54,997.08	481,330.35
U.S.A. NEW SITE DEL	EUR	1,745,326.86	3,729,314.35
NHQ EUROCONTROL	EUR	2,042.72	1,945.77
NEW HQ FIT-OUT	EUR	3,797.98	3,718.12
MONTENEGRO NEW SITE DEL F.O.	EUR	646,586.00	
TOTAL	EUR	27,660,940.68	60,822,370.84

NATO UNCLASSIFIED

6-10

NOTE 5: ACCOUNTS RECEIVABLE

Contributions receivable from member Nations are funds requested from the Nations to finance the Common Funded Budget, the Nationally Funded component and the Fit-Out. Usually a single call is issued at the beginning of the year for each component.

Other Receivables from Nations concern amounts due for other cases than contributions to the NNHQ budget or nationally funded elements.

Other Receivables relate to miscellaneous amounts due to the Project (e.g. reimbursement of operating costs, insurance claims, advances to staff for education allowances etc.).

NOTE 6: PREPAYMENTS

Receivables from the PMT relate to advance payments made to the PMT which are not regularised at year end as they do not correspond to works completed. The terms of the MOU prevent the Host Nation from prefinancing any aspect of the Project. On a cash basis, at year end 2016, PMT held EUR 62,366,505 received from NHQPO as advance payments (EUR 20,569,321 at year end 2015). On an accruals basis, including provisions, taking into account amounts due by PMT, the net advance to be regularised amounted to EUR 47,843,960 (EUR 13,315,682.69 at year end 2015).

Similarly, at year end 2015, NHQPO has advanced funds to the NCIA in an amount of EUR 16,164,810.31 (EUR 14,848,460.61 at year end 2015) on an accruals basis.

Prepayments to suppliers (i.e. other than the two Host Nations mentioned above) amounted to EUR 0 (EUR 14,117.30 at year end 2015).

Prepayments	2016	2015	Variance
PMT Common Funded	45,176,187.00	9,382,131.00	35,794,056.00
PMT Nationally Funded	2,667,773.00	3,933,551.69	- 1,265,778.69
NCIA	16,164,810.31	14,848,460.61	1,316,349.70
Sub-Total Host Nations	64,008,770.31	28,164,143.30	35,844,627.01
Suppliers	-	14,117.30	- 14,117.30
TOTAL	64,008,770.31	28,178,260.60	35,830,509.71

NOTE 7: OTHER CURRENT ASSETS

Corresponds essentially to reciprocal bank transactions between the New NATO HQ Project and NATO International Staff accounts.

NOTE 8: NON-CURRENT ASSETS

Costs charged as PPE Work in Progress cover the common funded PPE and the nationally funded construction works held on behalf of the member Nations which at this stage of the project are considered not separable from the overall amount of fixed assets.

The following tables reconcile PPE amounts at the beginning and at the end of 2016 (and of 2015).

NATO UNCLASSIFIED

ANNEX 6 to
FC(2017)080-REV1

6-12

(amounts in EUR)	Carrying Amount end 2015	Additions	Disposals	Depreciation	Other Changes	Carrying Amount end 2016
COMMON FUNDED						
Personnel (chapter 1)	18,835,664	1,920,942				20,756,606
Operating Costs (chapter 2)	37,335,984	11,719,638				49,055,622
Professional fees (chapter 3)	116,949,744	9,877,952				126,827,696
Works (chapter 4)	465,517,971	98,060,101				563,578,071
Special Equipment (chapter 5)	648,180	6,736,447				7,384,627
SUB-TOTAL COMMON FUNDED	639,287,542	128,315,080	0	0	0	767,602,622
NATIONALLY FUNDED		0				
Works	77,666,447	18,174,146				95,840,593
SUB-TOTAL NATIONALLY FUNDED	77,666,447	18,174,146	0	0	0	95,840,593
TOTAL	716,953,989	146,489,226	0	0	0	863,443,215

(amounts in EUR)	Carrying Amount end 2014	Additions	Disposals	Depreciation	Other Changes	Carrying Amount end 2015
COMMON FUNDED						
Personnel (chapter 1)	16,735,689	2,099,975				18,835,664
Operating Costs (chapter 2)	27,162,632	10,173,352				37,335,984
Professional fees (chapter 3)	107,929,470	9,020,274				116,949,744
Works (chapter 4)	349,297,777	116,220,194				465,517,971
Special Equipment (chapter 5)	161,928	486,252				648,180
SUB-TOTAL COMMON FUNDED	501,287,496	138,000,046	0	0	0	639,287,542
NATIONALLY FUNDED		0				
Works	55,718,218	21,948,229				77,666,447
SUB-TOTAL NATIONALLY FUNDED	55,718,218	21,948,229	0	0	0	77,666,447
TOTAL	557,005,714	159,948,275	0	0	0	716,953,989

The following table reconciles the ANWI Assets amounts at the beginning and at the end of 2016 (and of 2015).

(amounts in EUR)	Carrying Amount end 2015	Additions	Disposals	Depreciation	Other Changes	Carrying Amount end 2016
COMMON FUNDED						
Personnel (chapter 1)	0	0				0
Operating Costs (chapter 2)	0	0				0
Professional fees (chapter 3)	10,633,566	5,977,226				16,610,792
Works (chapter 4)	0	0				0
Special Equipment (chapter 5)	19,970,053	32,196,698				52,166,751
TOTAL COMMON FUNDED	30,603,619	38,173,924	0	0	0	68,777,543

(amounts in EUR)	Carrying Amount end 2014	Additions	Disposals	Depreciation	Other Changes	Carrying Amount end 2015
COMMON FUNDED						
Personnel (chapter 1)	0	0				0
Operating Costs (chapter 2)	0	0				0
Professional fees (chapter 3)	10,392,278	241,288				10,633,566
Works (chapter 4)	0	0				0
Special Equipment (chapter 5)	8,067,542	11,902,511				19,970,053
TOTAL COMMON FUNDED	18,459,820	12,143,799	0	0	0	30,603,619

A series of contracts have been entered into in relation to non-current assets, mainly by the PMT and the NCIA as Host Nations, and for smaller amounts by NHQPO. The main open contractual commitments, excluding non-works related contracts with a short term (such as for security and guard services), are the following.

The main construction contract was let in June 2010, at the price set in January 2010 of approximately MEUR 360 (MEUR 438 including National Funding). This base price does not include adjustments for price revisions. Further to a claim introduced end 2013 and settled in 2014, an agreement was reached to pay additional MEUR 85 and an extension of the construction period of 4.5 months.

The amounts below do not include any potential impact from the delay of the move date.

The Concept Design Team contract was transferred to the PMT and has an LTPB planned cost of MEUR 89.045, with no impact by the claim.

The PMT awarded in 2013, the contract for the Electronic Security System in an amount of MEUR 14.9 (2013 value). The 4.5 month extension agreed with the general construction contractor implied an estimated EUR 1.540 million additional cost. Regarding the contract for the Audio Visual Infrastructure in an initial amount of MEUR 26.4 (2013 value), an estimated additional costs of MEUR 1.280 was agreed to compensate the 4.5 months delay.

In 2013, NCIA awarded the contract for the Active Network Infrastructure in the amount of MEUR 79.766 and MEUR 2.010 for Independent Validation and Verification Services. In order to achieve savings a reduction in scope of KEUR 500 was agreed by the DPRC and an estimated additional cost of MEUR 1.500 was agreed to compensate the 4.5 months delay.

Contracts were awarded by NHQPO for Furniture Supply (MEUR 8.9) and for Business Data and Applications Migration (MEUR 4.1).

There are Project Support and Engineering Fees for NCIA in relation to the Active Network Infrastructure, in an estimated amount of EUR 13.0 million.

The MOU between NATO and the Host Nation provides that management fees (National Administrative Expenses, NAE) equal to 3% of the works will be paid (LTPB total amount: MEUR 21.583).

NOTE 9: PAYABLES

Payables and accrued expenses may be to commercial suppliers, staff, Member Nations and other NATO bodies.

Payable to suppliers

Payable to suppliers relates to goods and services for which an invoice has been received, checked, and queued for payment but for which payment was still pending at year-end.

Payable to personnel

Payable to personnel relates to amounts due to staff in relation to remuneration of interns or temporary staff, travel expenses and hospitalities.

Payable to Nations

An amount of EUR 80,105 (EUR 903,947 end 2015) was payable to Nations for the Construction Surveillance Technical Team relating to reimbursement to those Nations who provided personnel to the Team during financial year 2016 or before. Most of those Nations have opted for direct payment, one has opted for deductions from its contributions.

A payable of EUR1,513,305.90 (EUR 1,437,652.07 end 2015) is in relation to the reimbursable salaries due to the United States for a civilian staff member who is paid directly by the United States government. This amount can be used by the United States by applying it against its annual Project contribution.

Payable to other NATO bodies

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

Accruals

Accrued expenses correspond to the estimated accrual obligation to third parties for goods and services received but not yet invoiced

NOTE 10: DEFERRED REVENUE**Unearned Revenue from Budgetary Appropriations**

Unearned Revenue from budgetary appropriations corresponds to contributions called in relation to approved budgets up to 2016 but for which corresponding expenses will be incurred after the reporting date of 31 December 2016. The Unearned Revenue includes principally those amounts of contributions which will be spent in subsequent years on the New NATO Headquarters Project budget as credits carried-forward resulting from the budget execution in accordance with the NATO Financial Regulations (and the specific waiver thereto applicable to this project) and advances made to the PMT and the NCIA.

Other Unearned Revenue

There are also National Funds corresponding to funds managed on behalf of Nations outside of the standard call for Common Funded budgetary contributions process which are the counterpart of specific contributions called from Nations to meet the Project's payment for the Fit-Out or for Nationally Funded elements.

NOTE 11: ADVANCES**Advances Related to the Budgetary Process**

Up to 2013 there were no such as advances received as there had not been calls for advance budgetary contributions. However, when setting up the funding framework related to the settlement of the claim introduced end 2013, it was agreed that Nations could opt for providing funding beyond what was needed for the part corresponding to the 2014 budget. This has resulted in EUR 20,768,632 being called. Further to the allocation of these amounts to the calls issued in 2016 and in 2015 and to additional contributions, the open amount end 2016 was EUR 458,461.90 (end 2015: EUR 8,630,461.10).

Other Advances

Nations may, in addition, make ad hoc voluntary additional contributions (EUR 20,526,852.92) in relation to the Common Funded budget, to their Nationally Funded component or to their Fit-Out.

NOTE 12: OTHER CURRENT LIABILITIES:**Other Current Liabilities linked to the budget process**

Lapsed credits are budget funds for which no legal liability exists. They cannot be spent in subsequent years. Lapsed credits are normally deducted from the contributions due from Nations in the call of the following year.

Receipts linked to interest, foreign exchange difference gain and bank charges are normally deducted from the contributions due by Nations in the following year.

The standard budgetary process provides that amounts corresponding to the current year budgetary surplus (lapsed credits + net interests + miscellaneous income) are considered a liability towards the contributing nations. The settlement does not follow the normal accounts payable process, since the standard approach is to return them to contributing nations via a deduction of the following year's call for budget contributions. Nations may also decide that part or all of the budgetary surplus is made available for use in future years. In the case of the NNHQ Project member nations have decided that this rule would not apply until completion of the project and that all available appropriations at the end

of each year would be carried forward. Consequently calls for contributions are equal to the gross amount of the approved budget with no deductions for any surplus.

Project Accumulated Surplus

Project Accumulated Surplus resulting from previous years' budget execution, which amounted to EUR 13,339,622.00 end 2013, remained until then in the entity's accounts in accordance with the specific budget funding rules approved by Nations, according to which surpluses are not returned to contributing Nations before the completion of the project.

This amount can be broken down into the following components:

(cumulative amounts since the beginning of the project until 2013)

lapsed credits (including frozen)	12,213,702.50
net overcall (minus = undercall)	-4,588,528.69
interest earned	5,700,330.32
miscellaneous income	14,117.87
Total	13,339,622.00

When assessing, end 2014, the funding impact of the settlement of the claim with the contractor and related additional costs, Nations decided to use the surplus as of end 2013 and to allocate it as a resource in order to reduce contributions to be called in this respect. As a consequence, end 2014, the surplus available from previous years was nil.

Since then the surplus is limited to net financial revenue and miscellaneous revenue.

NOTE 13: NON CURRENT LIABILITIES : PROVISIONS

Provisions relate to design fees.

Concerning design fees, the provision relates to additional studies and/or modifications done by the CDT in 2009, at the request of the PMT. An original estimate was made for EUR 2 million concerning 2009. Further to various settlements and minor adjustments the related provision was assessed at EUR 1.000 million at year end 2015. The remaining settlement finally amounted to EUR 582,358.60

NOTE 14: LONG TERM UNEARNED REVENUE

This revenue corresponds to the contributions, budgetary and non-budgetary, that funded fixed assets work in progress.

For common funded PPE and Intangible Assets, the amount originates from budget contributions.

Funding provided for the nationally funded elements matching completed related works is also considered long term unearned revenue during the construction period. A specific accounting treatment may have to be determined when the related building parts are operational and the corresponding assets are transferred to the national delegations.

NOTE 15: REVENUE

Budgetary revenue is matched to recognised expenses relating to the activities of the Transition Office.

Any interest gained is attributed to the funding of the construction itself and is therefore not recognised in the statement of financial performance.

NOTE 16: EXPENSES

The only expenses recognised are those related to the Transition Office. They consist mainly of the salaries of staff, administrative expenses and miscellaneous consultancy studies conducted in order to optimize the use of the future building. Consultancy services) are included under the item "salaries" to

NATO UNCLASSIFIED

ANNEX 6 to
FC(2017)080-REV1

6-16

be consistent with the budget breakdown, which explains the changes from year to year (Transition Office staffing remaining almost unchanged).

Banking costs are not recognised as expenses but are deducted from interests earned.

NOTE 17: NET RESULT OF THE PERIOD

Given that revenue stemming from budgetary resources is recognised in an equal amount to expenses, the result of the year is nil.

NOTE 18: CASH FLOW STATEMENT

The cash flow statement is presented following the indirect method.

NOTE 19: BUDGET INFORMATION AND RECONCILIATION WITH CASH FLOWS

Presently, NATO budgets are not publicly available.

Presentation of budget information in the financial statements

Besides NATO Financial Regulations and Financial Rules and Procedures as well as elements of the NSIP procedure, the New Headquarters Project is governed by the following:

- a. Project Authorization to Ministry of Defense BE: C-M(2007)0076-AS1,
- b. MOU between Ministry of Defense BE and NATO: SG(2004)1220-REV4,
- c. CDT Contract signed between Belgium and CDT in December 2004 (PMT responsibility),
- d. Council derogation to NATO Financial Regulations (C-M(2000)36) and Budget Committee derogation to NFR (BC-DS(2007)0005). The derogation concerns, in particular: committed, or to be committed credits, which may be carried forward until the closure of the Project; the only limitations to cash holdings being the actual funding requirements.

There are three types of funding:

- NATO Common Funding (CF) for Common Infrastructure requirements: based on an approved Cost Sharing Formula specific to the New NATO HQ Project (SG(99)1707, C-M(2004)0061 and BC-D(2009)0008-ADD1).
- National Funding (NF) for Construction of Private Space of Delegations: calculated on the basis of actual 'shell and core' costs based on the number of gross square meters of occupied space,
- National Funding for Fit-Out of Delegations: based on actual costs to fit-out the occupied space of each Delegation.

The initial budget in NATO corresponds to the credits that are initially authorised by the North Atlantic Council annually at the end of the previous financial year. During the year the budget is adjusted as required. The final authorisation is the credit situation as reported at the end of the financial year including approved budgetary increases/decreases and transfers approved by the IS Financial Controller (between Chapters of the New NATO HQ budget up to 5% of the credits initially granted for the receiving chapter) or by the Budget Committee.

There are two types of credits: Cash Credits (CC) are approved credits against which payments can be made during the budget year; Contract Authority Credits (CA) are approved credits to enter into a legal obligation for multi-year contracts. No payment may be made against CA prior to its conversion into CC.

The New NATO Headquarters Project 2016 initial budget authorization, for the Common Funded part, amounted to EUR 133,997,959, in addition, an amount of EUR 134,644,270.48 related to credits carried over from the previous financial years. The National Funding component for 2016 was approved in the amount of EUR 1,422,252. The Fit-Out programme was foreseen at EUR 5,255,097 to which changes could be done depending on nation's involvement in the furniture programme.

It should be noted that the credits approved for 2016, as for previous budget years, do not correspond to the full extent of the annual costs, including for Salaries and Operations and Maintenance. Credits carried forward from previous years were used, with the agreement of Nations, to fund 2016 commitments and expenses.

Budget execution statements for 2016 and 2015 are provided at Annex 4.

The LTPB 2017-2018 (DPRC-D(2016)0004-REV2(INV)) is shown in Addendum 1 at the end of these notes.

Reconciliation of the Budget Execution Statement and the Financial Performance Statement

The budget is prepared for the same period (1 January to 31 December) and encompasses the same entity as these financial statements but the basis and the presentation format are different.

The New NATO HQ Project budget is prepared and executed on a commitment basis. The commitment of credits is the advance acceptance and recording of the financial consequence resulting from a legal obligation incurred during the financial year. Unliquidated commitments are carried forward and added to the budget of the following financial year to the extent of existing legal liabilities or if a special agreement is given by the Budget Committee. The balance of unused budgetary credits (not committed) lapses but is not returned to nations at year-end, in accordance with the derogation agreed by the NAC.

The budget classification is based on the economic nature of the expenses broken down into five chapters as follows:

Chapter I:	Personnel Expenses
Chapter II:	Operating Expenses
Chapter III:	Intellectual Services
Chapter IV:	Demolition/Construction Works
Chapter V:	Special Equipment

However, in these financial statements all costs, with the exception of those relating to the Transition Office, are considered as investing activities.

The New NATO HQ budget, like all the other NATO budgets, contains budget chapters and items corresponding to capital expenditure. The latter result in increases of non-current assets (essentially PPE) and in changes to the level of advances made to the Host Nations given the specific operating model of the NNHQ Project concerning the construction of the building and its IT systems. All budget expenses related to the Host Nations are, in practice, advances. Prepayments to suppliers, in the context of the standard accounts payable process, are not taken into account for the purpose of this reconciliation. Concerning the budget execution statement, it must be noted that the approved budget concerns exclusively the Common Funded component of the building. The Nationally Funded component is not strictly speaking a budget (see below) but, the execution of its expenses in a quasi-budget context does result in increases of the related non-current assets and changes in related cash advances to the Host Nations. Also, carried forward credits, in the case of the NNHQ Project, correspond to unused funds (see Council derogation above); only budget expenses have a financial impact. As a consequence the reconciliation of the budget execution statement should be made between the budget expenses on one side, and, on the other side, the statement of financial performance, changes in the level of non-current assets and of advances to Host Nations, taking into account the distinction between the Common Funded and the Nationally Funded components. Such is the purpose of the table below. It shows that an absolute reconciliation could not be made by an amount of EUR 82,795 which corresponds to un-identified cut-off issues between 2015 and 2016 financial years and to the impact of issues encountered in the context of the first years of implementation of the ERP.

The item "Other Elements" in the table below corresponds to adjustments that have to be made to take into account the following cases: + EUR 695,124 of security services incurred during 2015 which were capitalized in 2015 but wrongly allocated against the 2016 budget, and - EUR 1,624,927 which had been properly recorded as 2014 budget transactions but had not been taken into account in the valuation of PPE at that time and were regularized in 2016.

NATO UNCLASSIFIED

ANNEX 6 to
FC(2017)080-REV1

6-18

The table below reconciles the budget execution with statement of financial performance.

Reconciliation of Budget Execution to Financial Performance				
BUDGET EXECUTION		Common Funded	Nationally Funded	Total
Total Budget (including carried-forward from previous year)	(a)	268,642,229.48	16,908,366.00	285,550,595.48
Credits Carried Forward in Following Year	(b)	62,363,955.20	0.00	62,363,955.20
Budget Execution Expenses	(c) = (a-b)	206,278,274.28	16,908,366.00	223,186,640.28
RECONCILIATION		Common Funded	Nationally Funded	Total
Financial Performance Expenses (excluding financial costs)	(d)	3,525,873.92		3,525,873.92
Increase in Non-Current Assets	(e)	166,489,003.03	18,174,146.00	184,663,149.03
Change Increase (Decrease) in Advances to Host Nations	(f)	37,110,405.70	-1,265,778.69	35,844,627.01
Other Elements	(g)	-929,803.00		-929,803.00
Sub-Total	(h)=(d+e+f+g)	206,195,479.65	16,908,367.31	223,103,846.96
Difference to Budget Expenses	(c-h)	82,794.63	-1.31	82,793.32

Nationally Funded Component

Although not considered as a common funded budget, specific amounts are approved for the nationally funded component (excluding Fit-Out). Related expenses are apportioned using physical criteria (such as surface, number of parking spaces) rather than the cost-shares applicable to the Common Funded Component. The table below compares the cumulative approved amounts, related advances to the PMT and accrued expenses.

	(amounts in EUR)					
	Up to 2012	2013	2014	2015	2016	Cumulative
Approved Amounts	37,790,467	12,756,605	25,327,510	21,211,531	1,422,252	98,508,365
Cash advances	12,000,000	27,099,999	26,500,000	16,000,000	16,908,366	98,508,365
Expenses	11,423,370	22,126,329	22,168,519	21,948,229	18,174,145	95,840,592

Fit-Out

Operations related to the Fit-Out of national delegations are not executed in the context of a budget framework; they result in outflows of cash to the PMT for settlement of related invoices.

NOTE 20: WRITE-OFFS

Nothing to report.

NOTE 21: LEASES

Belgium has granted to NATO by way of concession a plot of land on which NATO is authorized to erect all necessary buildings and facilities related to the NATO New Headquarters Project. The annual fee is EUR 250. NATO is the full owner of all constructions made. Belgium remains the sole and full owner of the land, which is military public domain. The concession ends 180 days after NATO has left the buildings and facilities. In such case, if Belgium would decide to use the building and facilities, it shall pay a fair indemnity to NATO. If Belgium would decide to demolish them, it will not be obliged to pay an indemnity to NATO neither will NATO have to contribute to demolition costs. At the end of the concession, there would be no property rights transferred to NATO. As a consequence, given the indefinite economic life of land and the specific nature of concessions, the use of the land is classified as an operational lease.

The New NATO Headquarters Project does not have any financial leases.

NOTE 22: RESTRICTIONS ON FIXED ASSETS

There are no restrictions on fixed assets.

NOTE 23: CONTINGENCY CREDITS AND CONTINGENT LIABILITIES

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

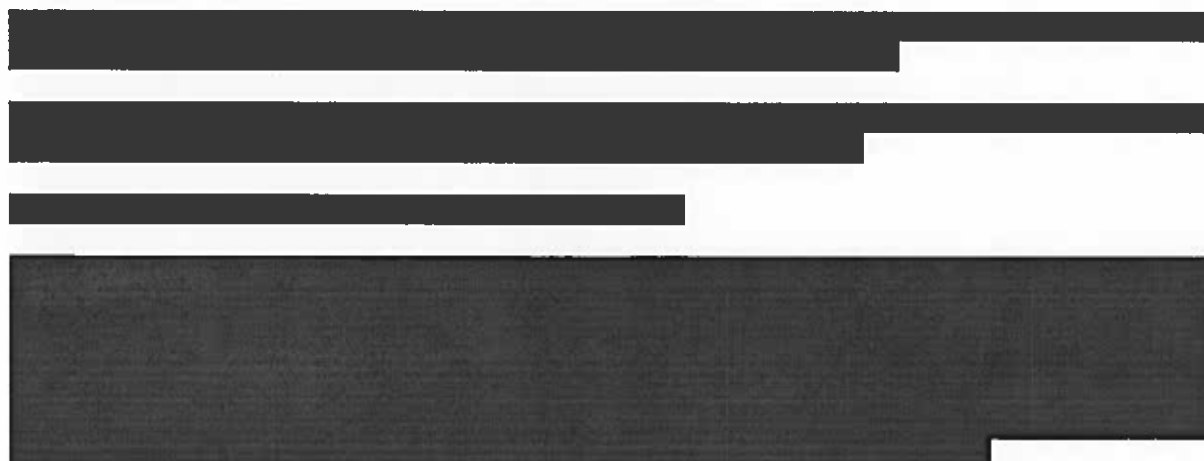
[REDACTED]

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ANNEX 6 to
FC(2017)080-REV1

6-20



NOTE 24: CONTINGENT ASSETS

Nothing to report.

NOTE 25: EMPLOYEE DISCLOSURE

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

At 31 December 2016, New NATO Headquarters Project Office had an approved Personnel Establishment of 24 positions (24 for 2015) funded by its budget. Seven positions related to the Transition Office. For administrative and project management purposes the post of Building Z Project Manager is attached to the HQPO but has a specific funding mechanism with no impact on the New NATO Headquarters project.

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

Nineteen staff members participate in the DCPS administered by NATO. The DCPS provides that the New NATO Headquarters Project budget makes a 12% monthly matching contribution to the staff members' contributions for current service. Four employees participate in the DBPS: a deduction of 9.5% of their salaries is made and contributed to the annual financing of this Plan. In addition, the New NHQPO budget makes a monthly matching contribution to the DBPS equal to 19% of their basic salaries, which in accordance with (BC-WP(83)3(Revised) and C-M(83)34) is deemed to provide the necessary funds for the subsequent pensions liability of the NHQPO. These contributions are expensed during the year in which the services are rendered and represent the total pension obligation of the entity (find reference). Consequently, the NHQPO has neither DBPS nor DCPS liability for its staff members. Also, one staff member is employed on reimbursable basis with an agreement between NATO-IS and the United States. The individual is paid and accrues pension rights under a United States pension scheme.

The contributions for pensions paid are as follows:

amounts in EUR	2016			2015		
	Staff	Employer	Total	Staff	Employer	Total
Provident Fund	-	-	-	-	-	-
Co-ordinated Pension Scheme	18,097.89	36,195.78	54,293.67	32,657.66	65,315.32	97,972.98
Defined Contribution Pension Scheme	120,837.33	181,255.99	302,093.32	129,342.12	167,226.41	296,568.53
TOTAL	138,935.22	217,451.77	356,386.99	161,999.78	232,541.73	394,541.51

Untaken leave by NHQPO staff is not considered material and is therefore not recognised.

One staff member is employed on a reimbursable basis with an agreement between NATO-IS and the United States. The salary is paid directly by the US using national salary scales and the US is reimbursed the costs corresponding to the grade of the post occupied by the staff member. The individual accrues pension rights under a United States pension scheme.

NOTE 26: KEY MANAGEMENT PERSONNEL

The Deputies Committee (DPRC) is responsible for the oversight of the New NATO HQ Project management. The DPRC took over this responsibility from the DPRHQB which was disbanded in 2010. Members of the DPRC are nominated by their respective National Authorities. They are paid on the basis of applicable national pay scales. They do not receive from NATO any additional remuneration for their responsibilities or access to benefits.

For the purposes of IPSAS 20 implementation, Key Management Personnel of New NATO HQ Project are the Director of the NHQPO and his Deputy. They are remunerated in accordance with their respective NATO grades, respectively A6 and A5.

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

NOTE 27: RELATED PARTIES**NATO Bodies**

For administrative purposes the NHQPO is attached to the NATO International Staff Defense Investment Division and the Transition Team to Executive Management Division. The Assistant Secretary General of the Defense Investment Division chairs the DPRC when it addresses issues related to the Project.

In 2016, NATO International Staff charged the NHQPO an amount of EUR 187,474 for administrative support costs (EUR 167,928.05 in 2015) and EUR 6,956.86 for common operating costs (EUR 7,015.19 in 2015). The specific operating costs related to the PMT (around EUR 4,000) are absorbed by the Civil Budget in exchange of the occupancy of the CDH building by the International Staff

The NCI Agency is the Host Nation in charge of equipping the New NATO HQ with modern and cost effective Information and Communication Technologies solutions, to include voice, video and data management, processing and storage through the Active Network Infrastructure (ANWI) project, for an estimated cost of MEUR 100.527 including contingencies (5% Host Nation contingencies, 5% additional contingencies and MEUR 10,775 ICT Programme contingencies; the two last ones are subject to DPRC approval).

An amount of EUR 12.116 million is approved in the LTPB for NCIA Project Service Costs for ANWI. NCIA provided also some specific consultancy services (EUR 0.866 million approved in the LTPB).

At the end of financial year 2015, the position of the project towards NCIA was a net advance receivable in an amount of MEUR 16.1 (MEUR 14.8 at year-end 2015).

The IS acts also as a Host Nation concerning the procurement of Furniture (MEUR 20.5 in the LTPB) and the Business Data and Applications Migration Project (MEUR 4.105 in the LTPB). The IS receives no related remuneration fees.

Member Nations

NATO Security Investment Programme (NSIP) procedures are the management process for the New NATO HQ. Belgium is the Host Nation for the construction, the passive network infrastructure, the building management system, the electronic security system and audio visual infrastructure. In exchange for this service, Belgium receives fees (National Administrative Expense (NAE) equal to 3% of works) the total amount of which is estimated EUR 21.583 million over the duration of the project.

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ANNEX 6 to
FC(2017)080-REV1

6-22

The DPRC agreed that Construction Surveillance Technician Team required to support the construction project should be manned by personnel from Nations on a reimbursable basis.

Each delegation's fit-out is the financial responsibility of the Nation concerned. Twenty four Nations agreed to have their delegations' fit-out undertaken by the PMT. Specific advance contributions are requested from the Nations concerned to cover the related costs (C-M(2006)0096). The other four Nations have decided to have their fit-out done nationally without the intervention by the PMT.

* * * * *

List of Acronyms:

DPRC: Deputy Permanent Representatives Committee
HN: Host Nation.
IS: International Staff
LTPB: Long Term Program Budget
MOU: Memorandum of Understanding
NCIA: NATO Communication and Information Agency
NSIP: NATO Security Investment Programme
OFC: International Staff Office of Financial Control
PMT: Project Management Team
PPE: Property, Plant and Equipment

2017-2018 LONG TERM PROGRAMME BUDGET (REVISION MARCH 2017)									
SUMMARY OF COMMON AND NATIONAL FUNDING REQUIREMENTS (CF + NF) (EXCLUDING FIT-OUT) PER CISI AND PER YEAR - IN KEUR-									
Chapter Item Sub-item (CISI)	Description of requirements	Actuals 2000- 2016	Actuals 2016	Approved 2017	Forecast 2018	CF	NF	(CF + NF) TOTAL CASH FLOW	CHANGES
CHAPTER I PERSONNEL COSTS									
01-01 to 01-03	Personnel costs (except Transition Management)	18,511	2,776	1,899	275	23,460	0	23,460	22,585
01-01 to 01-03	Transition Support Office - NATO Staff Posts	3,772	720	641	0	5,134	0	5,134	4,552
01-01-06-00	Transition Management - Staff Restructuring	0	1,000	1,500	0	2,500	0	2,500	2,500
01-01-04-01	Transition Management - Staff Training	1,203	1,589	0	0	2,891	0	2,891	2,836
01-02-02-00	Transition Support Office - Consultants	2,115	492	0	0	2,607	0	2,607	2,607
	Sub-total I	25,501	6,576	4,040	275	36,592	0	36,592	1,512
CHAPTER II OPERATING EXPENSES									
02-01 to 02-10	Operat. Exp. excl. Security / Renovat. Works / Trans.Mgmt	5,255	400	0	0	6,655	0	6,655	5,955
02-01-00-01	Transition Management - Travel costs	65	5	0	0	70	0	70	70
02-02-00-00	Transition Management - Admin. Support to IS	184	42	0	0	226	0	226	226
02-05-01-01	Transition Management - Operat. & Mainten. overlap costs	0	4,374	4,000	0	8,374	0	8,374	8,374
02-05-02-00	Renovation of buildings A2/A12 on new construction site	749	0	0	0	749	0	749	749
02-05-03-00	Transition Management - Disposal of current HQ site	340	829	2,750	0	3,919	0	3,919	3,829
02-05-04-00	Transition Management - New HQ LAUNCH	0	1,723	430	0	2,153	0	2,153	1,738
02-05-10-00	Security Equipment for Site Guards	109	0	0	0	109	0	109	109
02-06-00-00	Site Security Guards labour	37,991	7,545	0	0	45,236	0	45,236	41,636
	Sub-total II	46,392	14,918	7,180	0	67,491	0	67,491	4,805
CHAPTER III INTELLECTUAL SERVICES									
03-01-01-00	Construction Security Planning	99	0	0	0	99	0	99	99
03-01-02-00	Geotechnical Survey of Site	326	0	0	0	326	0	326	326
03-01-03-00	Environmental Impact Study	206	0	0	0	206	0	206	206
03-01-04-00	Legal consultant - PMT	490	60	90	0	640	0	640	640
03-01-04-01	Legal consultant - NATO	0	150	0	0	150	0	150	250
03-01-05-00	Stability & Quality Control	1,505	0	0	0	1,605	0	1,605	1,590
03-01-06-00	Fire & Physical Safety Control	689	0	0	0	689	0	689	689
03-01-07-00	Furniture Programme Management	450	0	0	0	450	0	450	450
03-01-08-00	Cost and Change Management	4,707	298	0	0	5,005	0	5,005	4,955
03-01-08-01	Data Management System	1,127	85	88	0	1,301	0	1,301	1,301
03-01-08-02	Encryptors/Collaboration Tools NCIA	861	15	0	0	866	0	866	816
03-01-09-00	Technical Consultancy IBAN	74	0	0	0	74	0	74	74
03-01-10-00	Web Site Design	22	0	0	0	22	0	22	22
03-01-11-00	Topographic & Blast Study	88	0	0	0	88	0	88	88
03-01-12-00	Miscellaneous Consulting - NATO	1,298	0	0	0	1,298	0	1,298	1,298
03-01-12-01	Specialized consulting - PMT	94	0	0	0	94	0	94	94
03-01-13-00	ICT Consultancy	1,218	0	0	0	1,218	0	1,218	1,218
03-01-13-01	ICT - Programme Management	3,490	400	162	0	4,052	0	4,052	3,992
03-01-14-00	Surveillance of Works	8,859	2,007	367	0	11,233	0	11,233	11,053
03-01-15-00	SITE/Plant Laboratory Testing	105	0	0	0	105	0	105	105
03-01-16-00	Logistics Study	60	0	0	0	60	0	60	60
03-01-18-00	Space Management Consulting	238	0	0	0	238	0	238	238
03-02-00-00	Belgian PMT National Admin Expenses (NAE)	16,895	2,000	2,511	270	21,676	0	21,676	21,583
03-02-01-00	ICT - ANWI NCIA Fees	10,535	1,000	481	0	12,116	0	12,116	12,116
03-03-00-00	ICT - ANWI Engineering Services	810	56	0	0	866	0	866	866
03-03-02-00	IADC	1,008	0	0	0	1,008	0	1,008	1,008
03-03-03-00	JURY HONORAIRES	85	0	0	0	85	0	85	85
03-03-04-00	UJA HONORAIRES	126	0	0	0	126	0	126	126
03-03-04-00	INDEMNISATION POUR NON RETENUES	1,370	0	0	0	1,370	0	1,370	1,370
03-04-00-00	Concept Desltn Fees + Amendments	82,230	5,407	0	108	87,745	0	87,745	87,545
03-05-00-00	Overall fees on additional Contingencies	686	0	0	0	686	0	686	686
	Sub-total III	140,091	11,328	3,699	378	155,497	0	155,497	154,949

CHAPTER IV CONSTRUCTION WORKS AND ASSOCIATED COSTS												
04-01-01-00	Demolition works - Lot 1	9,589	0	0	0	0	0	9,589	0	9,589	9,589	0
04-01-02-00	Construction Works (CF+NF) excl PNWI	400,398	14,623	4,579	1,257	0	0	344,710	76,147	420,858	420,858	0
	Contingencies on Construction Works authorised to PMT	151,530	4,861	14,665	0	0	0	159,310	11,746	171,056	168,956	2,100
	Annual revision	40,369	0	0	0	0	0	31,941	8,428	40,369	40,369	0
04-01-02-00	Passive Network Infrastructure (PNWI) (CF+NF)	13,212	4,217	0	0	0	0	15,137	2,292	17,429	17,429	0
	Contingencies on PNWI works	618	1,253	554	0	0	0	2,310	115	2,425	2,425	0
	Annual revision	1,537	127	0	0	0	0	1,367	297	1,664	1,664	0
04-01-02-02	Additional Contingencies of construction works and PNWI (on DPRC release)	10,341	0	93	0	0	0	10,434	0	10,434	19,363	-8,929
04-01-02-03	Potential Changes of Scope (on DPRC release)	370	0	0	0	0	0	370	0	370	370	0
04-01-02-04	Transition Programme Contingencies on DPRC release	0	352	1,095	0	0	0	1,447	0	1,447	2,495	-1,048
04-01-02-05	Transition Programme Contingencies on DPRC release for one-time requirements	0	2,384	0	0	0	0	2,384	0	2,384	2,384	0
04-01-02-01	Electronic Security Systems (ESS) [CF]	7,952	6,913	0	0	0	0	14,865	0	14,865	14,865	0
	Contingencies (ESS)	1,648	1,230	289	0	0	0	3,167	0	3,167	1,917	1,250
	Annual revision (ESS)	452	215	0	0	0	0	667	0	667	667	0
04-01-03-00	Audiovisual (AV) Equipment	11,516	14,009	521	385	0	0	26,431	0	26,431	26,431	0
	Contingencies (AV)	826	2,026	0	0	0	0	2,852	0	2,852	2,602	250
	Annual revision (AV)	590	710	39	38	0	0	1,377	0	1,377	1,377	0
04-01-04-00	Construction of Mock-ups	300	0	0	0	0	0	300	0	300	300	0
04-01-05-00	Construction Security Programme-Equipment	852	180	0	0	0	0	1,032	0	1,032	1,032	0
04-01-06-00	Construction Surveillance Team (CST) on reimbursable basis	11,125	6,200	0	0	0	0	17,325	0	17,325	17,325	0
04-01-07-00	Connection of utilities (sewage, elec, gas, water)	1,050	0	0	0	0	0	1,050	0	1,050	1,050	0
	Sub-total IV	664,276	59,301	21,835	1,680	0	0	648,067	99,025	747,092	753,469	-6,377
CHAPTER V SPECIAL EQUIPMENT												
	ICT - Active Network Infrastructure	37,168	27,000	15,598	0	0	0	79,766	0	79,766	79,766	0
05-01-01-00	ICT- Independent Verification & Validation	1,815	195	0	0	0	0	2,010	0	2,010	2,010	0
	ICT- 5% Contingencies HN	3,208	780	0	0	0	0	3,988	0	3,988	3,988	0
	ICT- 5% Contingencies NATO	3,208	280	500	0	0	0	3,988	0	3,988	3,988	0
	ICT- Programme contingencies	7,472	1,303	2,000	0	0	0	10,775	0	10,775	11,275	-500
05-01-02-00	ICT - Application Migration	2,352	2,053	0	0	0	0	4,405	0	4,405	4,105	300
	Furniture either internal or external (loose)	0	8,900	0	0	0	0	8,900	0	8,900	8,900	0
05-01-03-00	Contingencies on Furniture Programme	0	1,200	0	0	0	0	1,200	0	1,200	1,200	0
	Contingencies on Furniture under DPRC	0	400	0	0	0	0	400	0	400	675	-275
05-01-03-00	Sports or recreational equipment	0	0	0	0	0	0	0	0	0	200	-200
05-01-04-00	Relocation costs and movement of furniture	0	1,087	1,000	0	0	0	2,087	0	2,087	1,600	487
05-01-05-00	Non-Fixed Equipment	0	0	0	0	0	0	0	0	0	300	-300
	Sub-total V	55,224	43,197	19,098	0	0	0	117,519	0	117,519	118,007	-488
	GRAND TOTAL	930,584	135,420	55,852	2,333	0	0	1,025,165	99,025	1,124,190	1,124,190	0



NORTH ATLANTIC TREATY ORGANIZATION
ORGANISATION DU TRAITÉ DE L'ATLANTIQUE NORD
INTERNATIONAL BOARD OF AUDITORS
COLLÈGE INTERNATIONAL DES COMMISSAIRES AUX COMPTES

NATO UNCLASSIFIED



IBA-A(2018)0007
9 February 2018

To: Secretary General
(Attn: Director of the Private Office)

Cc: Assistant Secretary General, Executive Management Division
Financial Controller, International Staff (IS)
Chairman, Resource Policy & Planning Board (RPPB)
Branch Head, Plans and Policy Branch, NATO Office of Resources (NOR)
Private Office Registry

Subject: ***International Board of Auditors for NATO (Board) Auditor's Report and Letter of Observations and Recommendations on the audit of the New NATO Headquarters (NHQ) Restated Financial Statements for the year ended 31 December 2015 - IBA-AR(2017)28***

The Board submits herewith its approved Auditor's Report (Annex 2) and Letter of Observations and Recommendations (Annex 3) with a Summary Note for distribution to the Council (Annex 1).

The Board's report sets out a qualified opinion on the restated financial statements of the New NATO Headquarters and a qualified opinion on compliance for the financial year 2015.

Yours sincerely,

(Signed) Hervé-Adrien Metzger
Chairman

Attachments: As stated above.



**Note succincte
du Collège international des commissaires aux comptes de l'OTAN
à l'intention du Conseil sur la vérification des états financiers rectifiés
relatifs au projet de nouveau siège de l'OTAN
pour l'exercice clos le 31 décembre 2015**

Au sommet de Washington, en avril 1999, les chefs d'État et de gouvernement des pays de l'OTAN ont officiellement décidé de faire construire un nouveau siège à Bruxelles, afin de répondre aux besoins de l'Alliance pour le XXI^e siècle. Le Conseil de l'Atlantique Nord, sur recommandation du Comité des budgets, approuve le budget relatif au projet de nouveau siège. Ce budget est alimenté par les contributions des pays de l'OTAN sur la base d'un accord spécifique de partage des coûts entre eux.

Le budget global est de 1,124 milliard d'euros.

La dotation budgétaire pour 2015 s'élevait au total à 282,2 millions d'euros (153,5 millions d'euros de crédits du budget 2015 et 128,7 millions d'euros de crédits reportés d'exercices précédents).

La valeur du nouveau siège de l'OTAN en cours de construction enregistrée au 31 décembre 2015 s'établissait à 747,5 millions d'euros au total.

À l'issue de l'audit, le Collège a formulé cinq observations. Une observation a une incidence sur l'opinion émise au sujet des états financiers ainsi que de la conformité.

1. Impossibilité pour l'IBAN d'obtenir les éléments probants suffisants et nécessaires

Trois observations ont une incidence sur l'opinion émise au sujet de la conformité.

2. Publication tardive des états financiers
3. Absence de déclaration sur le contrôle interne
4. Absence de rapprochement régulier des soldes bancaires

Une observation n'a pas d'incidence sur l'opinion émise.

5. Retards importants dans la communication des informations nécessaires pour l'audit

Les constatations du Collège sont récapitulées dans la lettre d'observations et de recommandations (annexe 3).

Les commentaires officiels du Secrétariat international figurent en appendice à l'annexe 3.

9 février 2018

COLLÈGE INTERNATIONAL DES COMMISSAIRES AUX COMPTES DE L'OTAN

**OPINION SUR LES ÉTATS FINANCIERS RECTIFIÉS
RELATIFS AU PROJET DE NOUVEAU SIÈGE DE L'OTAN
POUR L'EXERCICE CLOS LE 31 DÉCEMBRE 2015**

**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 rectifiés**

Le Collège international des commissaires aux comptes de l'OTAN a été chargé de procéder à la vérification des états financiers rectifiés relatifs au projet de nouveau siège de l'OTAN, composés de l'état de la situation financière au 31 décembre 2015 et de l'état de la performance financière, de l'état des variations de l'actif net et du tableau des flux de trésorerie pour l'exercice clos à cette date, ainsi que d'un résumé des méthodes comptables importantes et de diverses notes explicatives. Le Collège a également été chargé de vérifier les états relatifs aux opérations budgétaires et aux transferts de crédits autorisés par le contrôleur des finances pour l'exercice clos le 31 décembre 2015.

Responsabilité de la direction

La direction est chargée d'établir les états financiers conformément au cadre comptable OTAN et aux dispositions du Règlement financier de l'OTAN tels qu'ils ont été fixés par le Conseil de l'Atlantique Nord, et de veiller à ce que les états financiers donnent une image fidèle de la situation de l'entité.

Elle est ainsi responsable de la conception, de l'application et de la tenue d'un système de contrôle interne de nature à permettre l'établissement et la présentation d'états financiers qui soient exempts d'inexactitudes significatives, que celles-ci relèvent d'une fraude ou d'une erreur.

Responsabilité du Collège

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

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

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

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

Le Collège a tenté à de multiples reprises d'obtenir les justificatifs nécessaires à la mise en œuvre des procédures de vérification. Il n'a toutefois pas obtenu certains des justificatifs et n'a dès lors pas pu mettre en œuvre une partie des procédures de vérification prévues. Il n'a pas reçu les justificatifs détaillés demandés pour les rubriques suivantes de l'état de la situation financière :

- autres actifs courants (0,6 million d'euros) ;
- montants à payer (1,3 million d'euros) ;
- produits non acquis (180,5 millions d'euros) ;
- autres passifs courants (0,5 million d'euros).

En conséquence, le Collège n'a pas pu obtenir les éléments probants suffisants et nécessaires de nature à lui permettre d'établir que l'état de la situation financière et l'état de la performance financière sont exempts d'inexactitudes significatives. De ce fait, il n'a pas été en mesure de déterminer s'il aurait fallu apporter des ajustements dans ces états.

Par ailleurs, le Collège a constaté des différences significatives entre les états financiers et les soldes figurant dans le système de planification des ressources d'entreprise (ERP).

Opinion avec réserve sur les états financiers rectifiés

L'opinion du Collège est que, à l'exception des effets avérés et des effets possibles des questions mentionnées dans la section précédente, les états financiers rectifiés donnent, à tous égards significatifs, une image fidèle, conforme au cadre comptable OTAN, de la situation financière du projet de nouveau siège de l'OTAN au 31 décembre 2015, 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 rectifiés, 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

Les questions qui ont justifié l'opinion avec réserve émise sur les états financiers rectifiés justifient aussi l'opinion avec réserve émise sur la conformité (voir section précédente).

Selon le Règlement financier de l'OTAN, le contrôleur des finances doit présenter les états financiers au Collège au plus tard le 31 mars qui suit la fin de l'exercice visé dans les états financiers. Les états financiers du projet de nouveau siège de l'OTAN pour l'exercice clos le 31 décembre 2015 n'ont toutefois été présentés pour audit que le 15 juillet 2016, les états financiers rectifiés ayant, quant à eux, été publiés le 4 décembre 2017. La première version des états financiers ne portait pas la signature du secrétaire général de l'OTAN.

De plus, le Règlement financier de l'OTAN dispose qu'une déclaration sur le contrôle interne doit être établie chaque année et signée par le secrétaire général de l'Organisation et par le contrôleur des finances. Or aucune déclaration sur le contrôle interne n'a été publiée pour l'exercice 2015.

Le Collège a constaté par ailleurs qu'il n'y avait pas eu de rapprochement des soldes bancaires en 2015. Il s'agit là d'une insuffisance significative dans le contrôle interne du compte rendu financier.

Opinion avec réserve sur la conformité

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

Bruxelles, le 9 février 2018

(signé) Hervé-Adrien Metzger
Président

9 février 2018

COLLÈGE INTERNATIONAL DES COMMISSAIRES AUX COMPTES DE L'OTAN

**LETTRE D'OBSERVATIONS ET DE RECOMMANDATIONS
CONCERNANT LE PROJET DE NOUVEAU SIÈGE DE L'OTAN
POUR L'EXERCICE CLOS LE 31 DÉCEMBRE 2015**

Introduction

Le Collège international des commissaires aux comptes de l'OTAN a procédé à la vérification des états financiers rectifiés relatifs au projet de nouveau siège de l'OTAN pour l'exercice clos le 31 décembre 2015. Il a émis une opinion avec réserve à leur sujet ainsi que sur la conformité.

Observations et recommandations

Le Collège a constaté des différences significatives entre l'état de l'exécution du budget et les soldes figurant dans l'état de la situation financière et dans l'état de la performance financière, différences que le Secrétariat international (SI) n'a pas pu expliquer. Par ailleurs, le tableau des flux de trésorerie était largement incorrect. S'appuyant sur les constatations du Collège, le SI a publié des états financiers rectifiés le 4 décembre 2017, dans lesquels n'apparaissaient plus certaines des erreurs repérées par le Collège.

À l'issue de l'audit, le Collège a formulé cinq observations. Une observation a une incidence sur l'opinion émise sur les états financiers ainsi que sur la conformité.

1. Impossibilité pour l'IBAN d'obtenir les éléments probants suffisants et nécessaires

Trois observations ont une incidence sur l'opinion émise au sujet de la conformité.

2. Publication tardive des états financiers
3. Absence de déclaration sur le contrôle interne
4. Absence de rapprochement régulier des soldes bancaires

Une observation n'a pas d'incidence sur l'opinion émise.

5. Retards importants dans la communication des informations nécessaires pour l'audit

Le Collège a adressé une lettre (référence IBA-AML(2017)15) au contrôleur des finances du SI.

Le Collège a reçu des commentaires factuels et des commentaires officiels du SI. Là où il a jugé que c'était nécessaire, il a modifié son projet de rapport pour tenir compte des commentaires factuels. Les commentaires officiels du SI figurent en appendice à l'annexe 3.

OBSERVATIONS ET RECOMMANDATIONS**1. IMPOSSIBILITÉ POUR L'IBAN D'OBTENIR LES ÉLÉMENTS PROBANTS SUFFISANTS ET NÉCESSAIRES****Contexte**

1.1 Selon l'article 12 du Règlement financier de l'OTAN (NFR), le secrétaire général veille à ce que les fonctions de gestion interne nécessaires soient en place au sein du SI pour assurer un contrôle interne efficace qui permette de fournir une assurance raisonnable quant à la réalisation par l'organisme OTAN de ses objectifs, qui consistent notamment à vérifier l'exactitude et la fiabilité des données et registres comptables, à établir et tenir des registres comptables complets répertoriant tous les actifs et passifs, ainsi qu'à constituer des pistes d'audit adéquates et à maintenir la confidentialité, l'intégrité et la disponibilité des données dans les systèmes d'information.

1.2 La charte du Collège dispose que celui-ci effectue ses audits conformément aux principes de vérification définis par l'Organisation internationale des institutions supérieures de contrôle des finances publiques. Selon ces principes, le Collège doit obtenir par son audit les éléments probants nécessaires et suffisants pour lui permettre de formuler une opinion.

1.3 Des notes sont jointes aux états financiers pour donner des informations complémentaires au lecteur et lui permettre ainsi de mieux comprendre les soldes présentés dans l'état de la situation financière, dans l'état de la performance financière, dans l'état des variations de l'actif net/situation nette et dans l'état de l'exécution du budget.

Observations

1.4 Le Collège a tenté à de multiples reprises d'obtenir du SI les justificatifs détaillés nécessaires à la mise en œuvre des procédures d'audit. Et pour certaines rubriques, il n'a pas obtenu les justificatifs demandés et n'a dès lors pas pu procéder aux vérifications prévues. Il n'a pas reçu non plus les justificatifs détaillés correspondant aux rubriques suivantes de l'état de la situation financière :

- autres actifs courants (0,6 million d'euros) ;
- montants à payer (1,3 million d'euros) ;
- produits non acquis (180,5 millions d'euros) ;
- autres passifs courants (0,5 million d'euros).

1.5 Le Collège a constaté par ailleurs que le solde de fin d'exercice des produits non acquis (180,5 millions d'euros) avait été mal calculé. Alors que le montant des crédits reportés sur l'exercice suivant à inclure dans les produits non acquis était de 134,6 millions d'euros d'après l'état de l'exécution du budget, le SI a tenu compte pour son calcul d'un montant de 136,6 millions d'euros. De plus, un montant de 1,4 million d'euros pour les frais de personnel remboursables aux États-Unis a été erronément comptabilisé dans les produits non acquis au lieu de l'être dans les montants à payer. Qui plus est, un montant de 14,2 millions d'euros a été erronément comptabilisé dans les produits non acquis au lieu de

l'être dans les avances. Par ailleurs, le Collège n'est pas parvenu à trouver une correspondance pour le montant de 14,2 millions d'euros d'avances.

1.6 D'une manière générale, les données des états financiers et les soldes figurant dans le système de planification des ressources d'entreprise (ERP) ne concordaient pas. Il existait des différences de 13,3 millions d'euros pour les montants à recevoir, de 0,66 million d'euros pour les autres actifs courants, de 0,68 million d'euros pour les montants à payer, de 3 millions d'euros pour les produits non acquis, de 2,6 millions d'euros pour les avances et de 0,21 million d'euros pour les autres passifs courants. Pour annuler ces différences sur le plan comptable, le SI a maintenu dans le système des comptes d'attente et de transit pour un montant de 13,5 millions d'euros ainsi qu'un compte dit de « transferts bancaires internes » pour un montant de 0,9 million d'euros, que le Collège n'a pas pu vérifier. Il n'y avait généralement pas de justificatifs pour ces différences, si bien que le travail de vérification s'est révélé très difficile et a pris beaucoup de temps.

1.7 Pour compliquer encore la comptabilité, un grand nombre d'opérations effectuées au cours de l'exercice n'ont pas été enregistrées une par une dans l'ERP. En lieu et place, les opérations ont été regroupées par compte en dehors de l'ERP et les totaux ont ensuite été saisis manuellement dans le système. La tenue de registres comptables en dehors de l'ERP a considérablement nui à la transparence et à la disponibilité des données comptables et des pièces justificatives. Le risque d'atteinte à l'intégrité des registres comptables et des états financiers s'en est trouvé sensiblement accru. Il faut noter, enfin, que le fait de ne pas appliquer de procédure ERP normalisée pour chacune des opérations courantes augmente le risque d'une séparation insuffisante des tâches et, par conséquent, le risque d'erreur et de fraude.

Recommandations

1.8 Le Collège recommande de se servir d'une balance, générée dans l'ERP, comme source principale pour la préparation des états financiers. Il faut que la personne responsable de l'établissement des états financiers conserve le détail des documents de travail utilisés afin de pouvoir justifier tout solde présenté dans les états financiers et toute information figurant dans les notes qui leur sont jointes. De plus, le SI doit impérativement être en mesure de fournir des informations détaillées au sujet de chaque compte d'actif ou de passif de l'ERP, de sorte que les soldes puissent faire l'objet d'un suivi adéquat.

1.9 Le Collège recommande par ailleurs d'accroître la transparence et la disponibilité des données comptables en enregistrant individuellement chaque opération comptable dans l'ERP et en appliquant des procédures normalisées pour les opérations courantes. Lorsque des données globales sont introduites dans l'ERP, les justificatifs correspondants (récapitulatifs, listes, calculs, etc.) doivent être disponibles dans l'ERP et faire l'objet d'une vérification adéquate et d'une validation dans le système.

1.10 Enfin, le Collège recommande de mettre en œuvre le processus d'examen des états financiers à plusieurs niveaux, afin de garantir la qualité globale des états financiers publiés et leur conformité avec les cadres de compte rendu applicables.

2. PUBLICATION TARDIVE DES ÉTATS FINANCIERS

Contexte

2.1 Aux termes de l'article 35 du NFR, « *[d]es états financiers annuels propres aux différents organismes OTAN, consolidés s'il y a lieu, sont soumis au Collège international des commissaires aux comptes de l'OTAN par le contrôleur des finances aux fins d'audit, au plus tard le 31 mars qui suit la fin de l'exercice visé dans les états financiers* ».

Observations

2.2 Les états financiers 2015 relatifs au projet de nouveau siège de l'OTAN ont été soumis au Collège le 15 juillet 2016, soit plus de trois mois après l'échéance fixée dans le NFR. De plus, ils ne portaient pas la signature du secrétaire général de l'OTAN. Du fait de ce retard, le Collège n'a pas été en mesure de procéder à la vérification des états financiers dans des conditions satisfaisantes et d'en présenter les résultats au Conseil en temps voulu. L'utilité des états financiers s'en trouve quelque peu limitée.

2.3 Le SI a publié les états financiers rectifiés le 4 décembre 2017 ; les erreurs significatives repérées par le Collège dans les notes et dans le tableau des flux de trésorerie n'y apparaissaient plus.

Recommandation

2.4 Le Collège recommande qu'à l'avenir, les états financiers soient soumis pour le 31 mars, échéance fixée dans le NFR.

3. ABSENCE DE DÉCLARATION SUR LE CONTRÔLE INTERNE

Contexte

3.1 Aux termes des articles 3.1 et 3.2 du NFR, le secrétaire général est chargé d'assurer à tout moment une saine gestion financière et de mettre en place les mécanismes de gouvernance nécessaires à cet effet, tout en respectant son obligation de rendre compte. Dans ce contexte, il veille notamment à mettre en place des mesures de gouvernance financière, des pratiques de gestion des ressources, des contrôles internes et des systèmes d'information financière, puis à les tenir à jour, afin de garantir une utilisation efficace et efficiente des ressources. L'attachement à ces dispositions est confirmé chaque année par la signature des états financiers et de la déclaration sur le contrôle interne. Ces deux documents doivent être signés par le chef d'organisme OTAN et le contrôleur des finances.

Observation

3.2 Aucune déclaration sur le contrôle interne n'a été publiée pour ce qui est des états financiers 2015 relatifs au projet de nouveau siège de l'OTAN. Ce document doit être dûment signé.

Recommandation

3.3 Le Collège recommande que le SI fournisse au Collège une déclaration sur le contrôle interne en même temps que les états financiers et que ces deux documents soient dûment signés, comme le prévoit le NFR.

4. ABSENCE DE RAPPROCHEMENT RÉGULIER DES SOLDES BANCAIRES

Contexte

4.1 Aux termes de l'alinéa VI(4)(c) des règles et procédures financières de l'OTAN (FRP), le contrôleur des finances veille à ce que tous les comptes soient régulièrement rapprochés et vérifiés, et à ce que toutes les activités ayant des incidences financières, y compris les activités financées sur des fonds multinationaux et sur des fonds extrabudgétaires, fassent l'objet d'inspections périodiques.

Observation

4.2 Le Collège a constaté que le SI n'avait pas procédé au rapprochement mensuel des soldes de trésorerie du système comptable et des relevés bancaires en 2015. Un tel rapprochement n'est possible qu'après que toutes les opérations bancaires ont été enregistrées et rapprochées dans l'ERP. Or, en 2015, un nombre substantiel d'opérations bancaires n'ont pas été consignées et rapprochées dans l'ERP, d'où l'impossibilité d'un rapprochement mensuel.

Recommandation

4.3 Le Collège recommande de procéder au rapprochement mensuel des soldes de trésorerie et d'en garder la trace. Il sera ainsi plus facile de repérer à temps les éventuelles inexactitudes. Le résultat de ce travail devra être signé par celui qui l'aura effectué et celui qui l'aura vérifié.

5. RETARDS IMPORTANTS DANS LA COMMUNICATION DES INFORMATIONS NÉCESSAIRES POUR L'AUDIT

Contexte

5.1 Le Collège applique les normes internationales des institutions supérieures de contrôle des finances publiques (ISSAI). Selon l'ISSAI 1260, l'auditeur est tenu de signaler les difficultés majeures qu'il a rencontrées au cours de la vérification des états financiers.

Observation

5.2 Au cours de la vérification des états financiers 2015, d'importants retards ont été constatés dans la communication, par le Bureau du contrôle financier du SI, des informations nécessaires pour l'audit. De plus, le Collège n'a jamais reçu certaines des

informations demandées. Il en résulte que le Collège n'a pas pu procéder à la vérification des états financiers dans des conditions satisfaisantes et que la présentation des résultats de l'audit au Conseil a été considérablement retardée. L'utilité des états financiers s'en trouve limitée.

Recommandation

5.3 Le Collège recommande que le Bureau du contrôle financier du SI lui transmette en temps voulu les informations requises.

**COMMENTAIRES OFFICIELS DU SECRÉTARIAT INTERNATIONAL (SI)
CONCERNANT LA LETTRE D'OBSERVATIONS ET DE RECOMMANDATIONS
ET LA POSITION DU COLLÈGE INTERNATIONAL
DES COMMISSAIRES AUX COMPTES DE L'OTAN**

**OBSERVATION N° 1 :
IMPOSSIBILITÉ POUR L'IBAN D'OBTENIR LES ÉLÉMENTS PROBANTS SUFFISANTS
ET NÉCESSAIRES**

Commentaires officiels du SI

Le SI souscrit aux recommandations. Les problèmes mentionnés aux paragraphes 1.4 à 1.8 ont été réglés au cours de 2016, et il en a été tenu compte dans les états financiers de 2016. Ils étaient dus en grande partie aux difficultés rencontrées dans les premiers mois qui ont suivi la mise en service de l'ERP.

**OBSERVATION N° 2 :
PUBLICATION TARDIVE DES ÉTATS FINANCIERS**

Commentaires officiels du SI

Le SI souscrit à la recommandation. Le délai de publication des états financiers s'explique par des circonstances particulières, liées aux difficultés rencontrées avec l'ERP, et par le fait que le Bureau du contrôle financier du SI se trouve en situation de sous-effectif.

**OBSERVATION N° 3 :
ABSENCE DE DÉCLARATION SUR LE CONTRÔLE INTERNE**

Commentaires officiels du SI

Le SI souscrit à la recommandation. Les états financiers de 2016 étaient accompagnés d'une déclaration sur le contrôle interne.

**OBSERVATION N° 4 :
ABSENCE DE RAPPROCHEMENT RÉGULIER DES SOLDES BANCAIRES**

Commentaires officiels du SI

Le SI souscrit à la recommandation.

**OBSERVATION N° 5 :
RETARDS IMPORTANTS DANS LA COMMUNICATION DES INFORMATIONS
NÉCESSAIRES POUR L'AUDIT**

Commentaires officiels du SI

Le SI souscrit à la recommandation.

NEW NATO HEADQUARTERS
FINANCIAL STATEMENTS A1 31/12/2015
FINANCIAL YEAR 2015

Annexes

- 1 Statement of financial position
- 2 Statement of financial performance
- 3 Cash flow statement
- 4 Statement of changes in net assets
- 5 Budgetary operations 2015
- 6 Budgetary operations 2014
- 7 Explanatory notes to the financial statements

(Signed) Jens STOLTENBERG
Secretary General

(Signed) Stephane CHAGNOT
Financial Controller

NEW NATO HEADQUARTERS
STATEMENT OF FINANCIAL POSITION
As at 31 December 2015

(All amounts in Euro)				
	Notes	Current Year	Prior Year	Variance
		2015	2014	CY - PY
ASSETS				
CURRENT ASSETS				
Cash	3	953.28	299.06	654.22
Current bank accounts	3 & 4	200,270,318.05	174,923,346.07	25,346,971.98
Cash equivalents	3	-	-	-
Receivables	5	1,001,210.15	23,366,723.83	-22,365,513.68
Prepayments	6	28,178,260.60	37,425,165.25	-9,246,904.65
Other Current Assets	6	662,251.67	232,117.60	430,134.07
Inventories	2	-	-	-
Total Current Assets		230,112,993.75	235,947,651.81	-5,834,658.06
NON CURRENT ASSETS				
Receivables	5	-	-	-
Property, Plant and Equipment	7	747,557,608.23	575,465,534.36	172,092,073.87
Land and buildings	18	-	-	-
Intangible assets	7	-	-	-
Total Non Current Assets		747,557,608.23	575,465,534.36	172,092,073.87
TOTAL ASSETS		977,670,601.98	811,413,186.17	166,257,415.81
LIABILITIES				
Current Liabilities				
Payables	8	1,358,390.85	609,673.69	748,717.16
Unearned Revenue	9	180,531,171.08	181,669,143.92	-1,137,972.84
Advances	9	47,712,936.61	53,439,125.71	-5,726,189.10
Short Term Provisions	10	-	-	-
Other Current Liabilities	9	510,495.21	229,708.48	280,786.73
Total Current Liabilities		230,112,993.75	235,947,651.80	-5,834,658.05
NON CURRENT ASSETS				
Long Term Provisions	10	1,000,000.00	1,073,000.00	-73,000.00
Non Current Deferred Revenue	11	746,557,608.23	574,392,534.37	172,165,073.86
Other Non Current Liabilities	11	-	-	-
Total Non Current Assets		747,557,608.23	575,465,534.37	172,092,073.86
TOTAL LIABILITIES		977,670,601.98	811,413,186.17	166,257,415.81

NEW NATO HEADQUARTERS
STATEMENT OF FINANCIAL PERFORMANCE
For the Year Ended 31 December 2015
(All amounts in EUR)

	Notes	Current Year	Prior Year	Variance
		2015	2014	CY - PY
Revenue	12			
Revenue from non exchange transactions		1,450,902.56	1,670,036.89	-219,134.33
Financial Revenue		0.00	0.00	0.00
Other revenue		0.00	0.00	0.00
Total Revenue		1,450,902.56	1,670,036.89	-219,134.33
Expenses	13			
Wages, salaries and employee benefits		1,124,541.14	1,571,880.89	-447,339.75
Services, supplies and consumables used		326,361.42	98,156.00	228,205.42
Financial Costs			0.00	0.00
Other expenses			0.00	0.00
Total Expenses		1,450,902.56	1,670,036.89	-219,134.33
Surplus/Deficit for the period	14	0.00	0.00	0.00

NEW NATO HEADQUARTERS
Statement of cash flow
For the Year Ended 31 December 2015

	(All amounts in Euro)	
	2015	2014
Cash flow from operating activities		
Surplus/(Deficit)	0.00	0.00
Non-cash movements		
Depreciation/ Amortisation	0.00	0.00
Impairment	0.00	0.00
Increase /(decrease) in payables	748,717.16	-36,815,856.96
Increase/ (decrease) in other current liabilities	-6,583,375.21	88,477,899.74
Increase/ (decrease) in provisions	0.00	700.36
(Gains)/losses on sale of property, plant and equipment	0.00	0.00
Decrease/ (increase) in other current assets	8,816,770.58	9,910,477.95
Decrease/ (Increase) in receivables	22,365,513.68	-12,831,712.07
Increase/ (decrease) in other non current liabilities	172,092,073.86	197,245,203.28
Net cash flow from operating activities	197,439,700.07	245,986,712.30
Cash flow from investing activities		
Purchase of property plant and equipment / Intangible assets	-172,092,073.87	-197,245,203.28
Proceeds from sale of property plant and equipment	0.00	0.00
Net cash flow from investing activities	-172,092,073.87	-197,245,203.28
Cash flow from financing activities		
Net cash flow from financing activities	0.00	0.00
Net increase/(decrease) in cash and cash equivalents	25,347,626.20	48,741,509.02
Cash and cash equivalent at the beginning of the period	174,923,645.13	126,182,136.11
Cash and cash equivalent at the end of the period	200,271,271.33	174,923,645.13

NEW NATO HEADQUARTERS

STATEMENT OF CHANGES IN NET ASSETS AS AT 31/12/2015

(in EUR)

	Accumulated surpluses/(deficits)
Balance at 31 December 2014	0.00
Deficit on revaluation of property	0.00
Surplus on revaluation of investments (1)	0.00
Currency translation differences	0.00
Net gains and losses not recognized in the statement of financial performance	0.00
Net for the period	0.00
Balance at 31 December 2015	0.00

(1) fixed assets in progress

NEW NATO HEADQUARTERS
BUDGETARY OPERATIONS FOR FINANCIAL YEAR 2015
n= 2015

CHAPTER Article		BUDGET AUTHORISATIONS				COMMITMENTS	EXPENDITURES	BUDGETARY SURPLUS					
		BUDGET (ref.) C-M(2014)0064	AUTHORIZED TRANSFERS	ADJUSTED CREDITS	CREDITS CARRIED FORWARD TO n+1			LAPSED CREDITS					
									(1)	(2)	(3) = (1)+(2)	(4)	(5)
I.	PERSONNEL COSTS												
01.01	Basic salaries and related expense	3,710,000.00	-67,509.59	3,642,490.41	3,642,490.41	3,642,490.41	2,314,814.34	1,327,676.07	0.00				
01.02	Temporary staff and consultants	600,000.00	38,423.87	638,423.87	638,423.87	638,423.87	141,952.30	496,471.57	0.00				
01.03	Statutory travel	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00				
	Financial year n	4,310,000.00	-29,085.72	4,280,914.28	4,280,914.28	4,280,914.28	2,456,766.64	1,824,147.64	0.00				
	Carried forward:												
	Financial year n-1	727,532.40	1,076.90	728,609.30	728,609.30	728,609.30	627,738.91	100,870.39	0.00				
	Financial year n-2	264,597.49	-11,190.57	253,406.92	253,406.92	253,406.92	193,587.65	59,819.27	0.00				
	Financial year n-3	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00				
	Financial year n-4	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00				
	Financial year n-5	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00				
	Financial year n-6	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00				
	Financial year n-7	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00				
	Financial year n-8	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00				
	Financial year n-9	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00				
		5,302,129.89	-39,199.39	5,262,930.50	5,262,930.50	5,262,930.50	3,278,093.20	1,984,837.30	0.00				
II.	OPERATING COSTS												
02.01	Official missions	7,000.00	67.10	7,067.10	7,067.10	7,067.10	5,778.80	1,288.30	0.00				
02.02	Administrative support	42,000.00	0.00	42,000.00	42,000.00	42,000.00	42,000.00	0.00	0.00				
02.03	Hospitality	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00				
02.04	Telecommunications	14,000.00	0.00	14,000.00	14,000.00	14,000.00	4,322.51	9,677.49	0.00				
02.05	Operating costs	111,000.00	29,018.62	140,018.62	140,018.62	140,018.62	45,167.59	94,851.03	0.00				
02.06	Construction Site Guard	7,800,000.00	0.00	7,800,000.00	7,800,000.00	7,800,000.00	3,959,979.32	3,840,020.68	0.00				
02.07	Materials Procurement	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00				
02.10	Miscellaneous and unforeseen	25,000.00	0.00	25,000.00	25,000.00	25,000.00	0.00	25,000.00	0.00				
	Financial year n	7,999,000.00	29,085.72	8,028,085.72	8,028,085.72	8,028,085.72	4,057,248.22	3,970,837.50	0.00				
	Carried forward:												
	Financial year n-1	5,411,955.62	-1,076.90	5,410,878.72	5,410,878.72	5,410,878.72	5,370,020.50	40,858.22	0.00				
	Financial year n-2	546,478.17	11,190.57	557,668.74	557,668.74	557,668.74	377,320.68	180,348.06	0.00				
	Financial year n-3	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00				
	Financial year n-4	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00				
	Financial year n-5	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00				
	Financial year n-6	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00				
	Financial year n-7	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00				
	Financial year n-8	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00				
	Financial year n-9	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00				
		13,957,433.79	39,199.39	13,996,633.18	13,996,633.18	13,996,633.18	9,804,589.40	4,192,043.78	0.00				

NEW NATO HEADQUARTERS
BUDGETARY OPERATIONS FOR FINANCIAL YEAR 2015
n= 2015

CHAPTER Article		BUDGET AUTHORISATIONS				COMMITMENTS	EXPENDITURES	BUDGETARY SURPLUS	
		BUDGET (ref.) C-M(2014)0064	AUTHORIZED TRANSFERS	ADJUSTED CREDITS	CREDITS CARRIED FORWARD TO n+1			LAPSED CREDITS	
(1)	(2)	(3) = (1)+(2)	(4)	(5)	(6) = (4) - (5)	(7) = (3) - (4)			
III. 03.01 03.02 03.04 03.05	INTELLECTUAL SERVICES Consultants & studies Project management team Concept design team Overall CDT fees on addit Constr V Financial year n Carried forward: Financial year n-1 Financial year n-2 Financial year n-3 Financial year n-4 Financial year n-5 Financial year n-6 Financial year n-7 Financial year n-8 Financial year n-9	2,547,361.00	0.00	2,547,361.00	2,547,361.00	1,415,701.92	1,131,659.08	0.00	
		2,870,000.00	0.00	2,870,000.00	2,870,000.00	797,379.00	2,072,621.00	0.00	
		2,796,195.00	0.00	2,796,195.00	2,796,195.00	0.00	2,796,195.00	0.00	
		0.00	0.00	0.00	0.00	0.00	0.00	0.00	
		8,213,556.00	0.00	8,213,556.00	8,213,556.00	2,213,080.92	6,000,475.08	0.00	
		6,224,264.55	0.00	6,224,264.55	6,224,264.55	3,797,784.45	2,426,480.10	0.00	
		2,061,090.85	0.00	2,061,090.85	2,061,090.85	941,932.43	1,119,158.42	0.00	
		0.00	0.00	0.00	0.00	0.00	0.00	0.00	
		0.00	0.00	0.00	0.00	0.00	0.00	0.00	
		0.00	0.00	0.00	0.00	0.00	0.00	0.00	
		0.00	0.00	0.00	0.00	0.00	0.00	0.00	
		0.00	0.00	0.00	0.00	0.00	0.00	0.00	
		0.00	0.00	0.00	0.00	0.00	0.00	0.00	
IV. 04.01	CONSTRUCTION WORKS Works Requirements Financial year n Carried forward: Financial year n-1 Financial year n-2 Financial year n-3 Financial year n-4 Financial year n-5 Financial year n-6 Financial year n-7 Financial year n-8 Financial year n-9	16,498,911.40	0.00	16,498,911.40	16,498,911.40	6,952,787.80	9,546,113.60	0.00	
		115,110,729.00	0.00	115,110,729.00	115,110,729.00	26,711,195.43	88,399,533.57	0.00	
		115,110,729.00	0.00	115,110,729.00	115,110,729.00	26,711,195.43	88,399,533.57	0.00	
		72,280,882.45	0.00	72,280,882.45	72,280,882.45	64,187,418.54	8,093,463.91	0.00	
		13,239,405.82	0.00	13,239,405.82	13,239,405.82	10,952,682.93	2,286,722.89	0.00	
		0.00	0.00	0.00	0.00	0.00	0.00	0.00	
		0.00	0.00	0.00	0.00	0.00	0.00	0.00	
		0.00	0.00	0.00	0.00	0.00	0.00	0.00	
		0.00	0.00	0.00	0.00	0.00	0.00	0.00	
		0.00	0.00	0.00	0.00	0.00	0.00	0.00	
		0.00	0.00	0.00	0.00	0.00	0.00	0.00	
		0.00	0.00	0.00	0.00	0.00	0.00	0.00	
		0.00	0.00	0.00	0.00	0.00	0.00	0.00	

NEW NATO HEADQUARTERS
BUDGETARY OPERATIONS FOR FINANCIAL YEAR 2015
n= 2015

CHAPTER Article		BUDGET AUTHORISATIONS				COMMITMENTS	EXPENDITURES	BUDGETARY SURPLUS						
		BUDGET (ref.) C-M(2014)0064	AUTHORIZED TRANSFERS	ADJUSTED CREDITS	(3) = (1)+(2)			(4)	(5)	(6) = (4) - (5)	CREDITS CARRIED FORWARD TO n+1	LAPSED CREDITS		
													(1)	(2)
V. 05.01	SPECIAL EQUIPMENT													
	Special equipment	17,856,653.00				17,856,653.00	0.00	17,856,653.00	17,856,653.00	377,261.56	17,479,391.44			0.00
	Financial year n	17,856,653.00				17,856,653.00	0.00	17,856,653.00	17,856,653.00	377,261.56	17,479,391.44			0.00
	Carried forward:													
	Financial year n-1	25,861,529.00				25,861,529.00	0.00	25,861,529.00	25,861,529.00	23,199,365.01	2,662,163.99			0.00
	Financial year n-2	2,109,788.00				2,109,788.00	0.00	2,109,788.00	2,109,788.00	2,109,788.00	0.00			0.00
	Financial year n-3	0.00				0.00	0.00	0.00	0.00	0.00	0.00			0.00
	Financial year n-4	0.00				0.00	0.00	0.00	0.00	0.00	0.00			0.00
	Financial year n-5	0.00				0.00	0.00	0.00	0.00	0.00	0.00			0.00
	Financial year n-6	0.00				0.00	0.00	0.00	0.00	0.00	0.00			0.00
	Financial year n-7	0.00				0.00	0.00	0.00	0.00	0.00	0.00			0.00
	Financial year n-8	0.00				0.00	0.00	0.00	0.00	0.00	0.00			0.00
Financial year n-9	0.00				0.00	0.00	0.00	0.00	0.00	0.00			0.00	
	GRAND TOTAL	45,827,970.00				45,827,970.00	0.00	45,827,970.00	45,827,970.00	25,686,414.57	20,141,555.43			0.00
	GRAND TOTAL	153,489,938.00				153,489,938.00	0.00	153,489,938.00	153,489,938.00	35,815,552.77	117,674,385.23			0.00
	Financial year n	153,489,938.00				153,489,938.00	0.00	153,489,938.00	153,489,938.00	35,815,552.77	117,674,385.23			0.00
	Carried forward:													
	Financial year n-1	110,506,164.02				110,506,164.02	0.00	110,506,164.02	110,506,164.02	97,182,327.41	13,323,836.61			0.00
	Financial year n-2	18,221,360.33				18,221,360.33	0.00	18,221,360.33	18,221,360.33	14,575,311.69	3,646,048.64			0.00
	Financial year n-3	0.00				0.00	0.00	0.00	0.00	0.00	0.00			0.00
	Financial year n-4	0.00				0.00	0.00	0.00	0.00	0.00	0.00			0.00
	Financial year n-5	0.00				0.00	0.00	0.00	0.00	0.00	0.00			0.00
	Financial year n-6	0.00				0.00	0.00	0.00	0.00	0.00	0.00			0.00
	Financial year n-7	0.00				0.00	0.00	0.00	0.00	0.00	0.00			0.00
	Financial year n-8	0.00				0.00	0.00	0.00	0.00	0.00	0.00			0.00
	Financial year n-9	0.00				0.00	0.00	0.00	0.00	0.00	0.00			0.00
	GRAND TOTAL	282,217,462.35				282,217,462.35	0.00	282,217,462.35	282,217,462.35	147,573,181.87	134,644,270.48			0.00

NEW NATO HEADQUARTERS
BUDGETARY OPERATIONS FOR FINANCIAL YEAR 2014
n° 2014

CHAPTER Article		BUDGET AUTHORISATIONS					COMMITMENTS	EXPENDITURES	BUDGETARY SURPLUS		
		BUDGET (ref.) PO(2014)0706	AUTHORIZED TRANSFERS	ADJUSTED CREDITS	(3) = (1)+(2)	(4)			(5)	(6) = (4) - (5)	(7) = (3) - (4)
I.	PERSONNEL COSTS										
01.01	Basic salaries and related expense	2,220,000.00	0.00	2,220,000.00	2,220,000.00	1,678,044.74	541,955.26	0.00	0.00		
01.02	Temporary staff and consultants	300,000.00	0.00	300,000.00	300,000.00	114,422.86	185,577.14	0.00	0.00		
01.03	Statutory travel	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
	Financial year n	2,520,000.00	0.00	2,520,000.00	2,520,000.00	1,792,467.60	727,532.40	0.00	0.00		
	Carried forward:										
	Financial year n-1	1,269,614.90	328,281.08	1,597,895.98	1,597,895.98	1,333,298.49	264,597.49	0.00	0.00		
	Financial year n-2	354,100.00	-257,558.65	96,541.35	96,541.35	96,541.35	0.00	0.00	0.00		
	Financial year n-3	239,102.94	-1,433.69	237,669.25	237,669.25	237,669.25	0.00	0.00	0.00		
	Financial year n-4	74,192.79	-69,288.74	4,904.05	4,904.05	4,904.05	0.00	0.00	0.00		
	Financial year n-5	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
	Financial year n-6	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
	Financial year n-7	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
	Financial year n-8	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
	Financial year n-9	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
		4,457,010.63	0.00	4,457,010.63	4,457,010.63	3,464,860.74	992,129.89	0.00	0.00		
II.	OPERATING COSTS										
02.01	Official missions	10,000.00	0.00	10,000.00	10,000.00	0.00	10,000.00	0.00	0.00		
02.02	Administrative support	41,000.00	0.00	41,000.00	41,000.00	0.00	41,000.00	0.00	0.00		
02.03	Hospitality	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
02.04	Telecommunications	14,000.00	0.00	14,000.00	14,000.00	146.39	13,853.61	0.00	0.00		
02.05	Operating costs	63,000.00	0.00	63,000.00	63,000.00	6,465.50	56,534.50	0.00	0.00		
02.06	Construction Site Guard	7,165,000.00	0.00	7,165,000.00	7,165,000.00	1,899,061.42	5,265,938.58	0.00	0.00		
02.07	Materials Procurement	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
02.10	Miscellaneous and unforeseen	25,000.00	0.00	25,000.00	25,000.00	371.07	24,628.93	0.00	0.00		
	Financial year n	7,318,000.00	0.00	7,318,000.00	7,318,000.00	1,906,044.38	5,411,955.62	0.00	0.00		
	Carried forward:										
	Financial year n-1	2,456,737.72	3,145,371.29	5,602,109.01	5,602,109.01	5,055,630.84	546,478.17	0.00	0.00		
	Financial year n-2	3,417,901.35	-2,930,220.70	487,680.65	487,680.65	487,680.65	0.00	0.00	0.00		
	Financial year n-3	111,429.95	-88,400.78	23,029.17	23,029.17	23,029.17	0.00	0.00	0.00		
	Financial year n-4	267,340.80	-126,749.81	140,590.99	140,590.99	140,590.99	0.00	0.00	0.00		
	Financial year n-5	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
	Financial year n-6	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
	Financial year n-7	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
	Financial year n-8	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
	Financial year n-9	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
		13,571,409.82	0.00	13,571,409.82	13,571,409.82	7,612,978.03	5,958,433.79	0.00	0.00		

NEW NATO HEADQUARTERS
BUDGETARY OPERATIONS FOR FINANCIAL YEAR 2014
n= 2014

CHAPTER Article		BUDGET AUTHORISATIONS				COMMITMENTS	EXPENDITURES	BUDGETARY SURPLUS	
		BUDGET (ref.) PO(2014)0706	AUTHORIZED TRANSFERS	ADJUSTED CREDITS	CREDITS CARRIED FORWARD TO n+1			LAPSED CREDITS	
		(1)	(2)	(3) = (1)+(2)	(4)	(5)	(6) = (4) - (5)	(7) = (3) - (4)	
III.	INTELLECTUAL SERVICES								
03.01	Consultants & studies	4,172,850.00	0.00	4,172,850.00	4,172,850.00	2,683,327.55	1,489,522.45	0.00	0.00
03.02	Project management team	2,420,000.00	0.00	2,420,000.00	2,420,000.00	1,728,797.00	691,203.00	0.00	0.00
03.04	Concept design team	6,500,000.00	0.00	6,500,000.00	6,500,000.00	3,142,460.90	3,357,539.10	0.00	0.00
03.05	Overall CDT fees on addit Constr V	686,000.00	0.00	686,000.00	686,000.00	0.00	686,000.00	0.00	0.00
	Financial year n	13,778,850.00	0.00	13,778,850.00	13,778,850.00	7,554,585.45	6,224,264.55	0.00	0.00
	Carried forward:								
	Financial year n-1	6,369,813.97	1,519,440.98	7,889,254.95	7,889,254.95	5,828,164.10	2,061,090.85	0.00	0.00
	Financial year n-2	504,216.75	-180,274.21	323,942.54	323,942.54	0.00	0.00	0.00	0.00
	Financial year n-3	38,405.78	-38,405.78	0.00	0.00	0.00	0.00	0.00	0.00
	Financial year n-4	372,823.51	-297,411.01	75,412.50	75,412.50	25,000.00	0.00	0.00	0.00
	Financial year n-5	120,000.00	-95,000.00	25,000.00	25,000.00	0.00	0.00	0.00	0.00
	Financial year n-6	211,000.00	-75,153.98	135,846.02	135,846.02	0.00	0.00	0.00	0.00
	Financial year n-7	120,337.27	0.00	120,337.27	120,337.27	0.00	0.00	0.00	0.00
	Financial year n-8	854,350.00	-733,196.00	121,154.00	121,154.00	0.00	0.00	0.00	0.00
	Financial year n-9	147,292.00	-100,000.00	47,292.00	47,292.00	0.00	0.00	0.00	0.00
		22,517,089.28	0.00	22,517,089.28	22,517,089.28	14,231,733.88	8,285,355.40	0.00	0.00
IV.	CONSTRUCTION WORKS								
04.01	Works Requirements	189,966,664.00	0.00	189,966,664.00	189,966,664.00	117,685,781.55	72,280,882.45	0.00	0.00
	Financial year n	189,966,664.00	0.00	189,966,664.00	189,966,664.00	117,685,781.55	72,280,882.45	0.00	0.00
	Carried forward:								
	Financial year n-1	25,016,737.00	4,120,174.30	29,136,911.30	29,136,911.30	15,897,505.48	13,239,405.82	0.00	0.00
	Financial year n-2	4,105,694.53	-3,274,393.73	831,300.80	831,300.80	0.00	0.00	0.00	0.00
	Financial year n-3	845,780.57	-845,780.57	0.00	0.00	0.00	0.00	0.00	0.00
	Financial year n-4	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Financial year n-5	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Financial year n-6	200,000.00	0.00	200,000.00	200,000.00	0.00	0.00	0.00	0.00
	Financial year n-7	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Financial year n-8	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Financial year n-9	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
		220,134,876.10	0.00	220,134,876.10	220,134,876.10	134,614,587.83	85,520,288.27	0.00	0.00

NEW NATO HEADQUARTERS
BUDGETARY OPERATIONS FOR FINANCIAL YEAR 2014
n= 2014

CHAPTER Article		BUDGET AUTHORISATIONS				COMMITMENTS	EXPENDITURES	BUDGETARY SURPLUS		in EUR)
		BUDGET (ref) PO(2014)0706	AUTHORIZED TRANSFERS	ADJUSTED CREDITS	CREDITS CARRIED FORWARD TO n+1			LAPSED CREDITS		
(1)	(2)	(3) = (1)+(2)	(4)	(5)	(6) = (4) - (5)	(7) = (3) - (4)				
V.	SPECIAL EQUIPMENT									
05.01	Special equipment	25,989,203.00	0.00	25,989,203.00	25,989,203.00	127,674.00	25,861,529.00	0.00		
	Financial year n	25,989,203.00	0.00	25,989,203.00	25,989,203.00	127,674.00	25,861,529.00	0.00		
	Carried forward:									
	Financial year n-1	2,109,788.00	0.00	2,109,788.00	2,109,788.00	0.00	2,109,788.00	0.00		
	Financial year n-2	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
	Financial year n-3	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
	Financial year n-4	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
	Financial year n-5	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
	Financial year n-6	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
	Financial year n-7	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
	Financial year n-8	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
	Financial year n-9	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
		28,098,991.00	0.00	28,098,991.00	28,098,991.00	127,674.00	27,971,317.00	0.00		
	GRAND TOTAL									
	Financial year n	239,572,717.00	0.00	239,572,717.00	239,572,717.00	129,066,552.98	110,506,164.02	0.00		
	Carried forward:									
	Financial year n-1	37,222,691.59	9,113,267.65	46,335,959.24	46,335,959.24	28,114,588.91	18,221,360.33	0.00		
	Financial year n-2	8,381,912.63	-6,842,447.29	1,739,465.34	1,739,465.34	1,739,465.34	0.00	0.00		
	Financial year n-3	1,234,719.24	-974,020.82	260,698.42	260,698.42	260,698.42	0.00	0.00		
	Financial year n-4	714,357.10	-493,449.56	220,907.54	220,907.54	220,907.54	0.00	0.00		
	Financial year n-5	120,000.00	-95,000.00	25,000.00	25,000.00	25,000.00	0.00	0.00		
	Financial year n-6	411,000.00	-75,153.98	335,846.02	335,846.02	335,846.02	0.00	0.00		
	Financial year n-7	120,337.27	0.00	120,337.27	120,337.27	120,337.27	0.00	0.00		
	Financial year n-8	854,350.00	-733,196.00	121,154.00	121,154.00	121,154.00	0.00	0.00		
	Financial year n-9	147,292.00	-100,000.00	47,292.00	47,292.00	47,292.00	0.00	0.00		
		288,779,376.83	0.00	288,779,376.83	288,779,376.83	160,051,852.48	128,727,524.35	0.00		
	GRAND TOTAL									

**EXPLANATORY NOTES TO NEW NATO HEADQUARTERS PROJECT
2015 FINANCIAL STATEMENTS****NOTE 1: GENERAL INFORMATION**

In 1999 Heads of State of the NATO member countries decided at the Washington Summit to build a New NATO Headquarters (HQ) to meet Alliance requirements for the 21st century. For this New NATO HQ Project a separate budget was established in 2000.

The budget for the common funded part is approved on an annual basis by the North Atlantic Council, further to screening and recommendation by the Budget Committee and the Resource Policy and Planning Board (RPPB). The project is managed following NSIP procedures.

The main construction project, the electronic security services and the audio-visual infrastructure contracts are managed by the Belgian Ministry of Defence Host Nation Project Management Team (PMT) under the provisions of the NATO/Belgium MOU, signed on 8 December 2004.

NCIA acts as Host Nation for the Active Network Infrastructure contract. NATO-International Staff (IS) is the Host Nation for the Furniture contract and for the Business Data and Applications Migration Project (BDAM).

NATO is represented by the IS Defence Investment Division Headquarters Project Office (HQPO), which is in charge of programme management; coordination, approval procedures and the definition of requirements. HQPO also represents the interests of Nations in all dealings with the Host Nation.

A Transition Office, within the IS Executive Management Division, was created in 2011 to manage the practical and organisational aspects of the transition from the current headquarters to the new one.

NATO member nations maintain oversight of the project through the Deputies Committee (DPRC), a Board comprised of the Deputy Permanent Representatives. HQPO is responsible for financial management and for coordination with the DPRC, the Budget Committee, the RPPB, and the North Atlantic Council.

The overall programme budget ceiling is EUR 1,124 million.

NOTE 2: ACCOUNTING POLICIES

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

Declaration of conformity

The financial statements of the New NATO Headquarters Project have been prepared on the basis of the NATO Financial Regulations, of the IPSAS (International Public Sector Accounting Standards) specifications, which the North Atlantic Council approved for adoption on 17 July 2002, and of the NATO Accounting Framework approved under C-M(2013)0039 on 26 July, 2013, which adapts a small number of IPSAS standards to better suit the specific requirements of the Alliance.

Implementation of IPSAS

Up to 2014, the accounting system used by New NATO Headquarters Project was a budgetary driven accounting system. It can be deemed as a hybrid system which is essentially budget and cash based.

In the financial system, commitments are recorded for budget execution and control purposes, in accordance with NATO Financial Regulations. Commitment of credits is defined as the advance acceptance and recording of the financial consequence resulting from a legal obligation incurred during the financial year. Payments linked to those commitments are recorded when the settlement of invoices

is due. The unexpended balances of committed credits may be carried forward to the following financial years. Transformational entries for accruals were made based on an analysis of the commitments carried-forward at year-end, and on information provided by the Host Nations, in particular in order to determine the value of fixed assets work in progress. Contributions are registered as unearned revenue on the date they are called and revenue is recognized afterwards on the basis of expenditure.

The New NATO Headquarters Project financial statements are currently compliant with IPSAS, and its NATO approved adaptations, using the transformational method described above. The New NATO Headquarters Project is transitioning to full transactional accrual accounting with the implementation of an integrated Enterprise Resource Planning (ERP) as from 2015. These financial statements still rely on information provided by the Host Nations, in particular in order to determine the value of fixed assets work in progress

Basis of preparation

The financial statements have been prepared in accordance with the accounting requirements of the NATO Financial Regulations (NFR) and the Financial Rules and Procedures (FRP) including the specific changes approved for this project by the North Atlantic Council.

These statements have been prepared on a going-concern basis and the amounts shown in these financial statements are presented in EUR. The New NATO Headquarters Project will continue in operation for the foreseeable future.

The following IPSAS have no material effect on the 2015 financial statements of the New NATO Headquarters Project Office:

- IPSAS 5: Borrowing Costs.
- IPSAS 6: Consolidated and Separate Financial
- IPSAS 7: Investments in Associates.
- IPSAS 8: Interests in Joint Ventures
- IPSAS 10: Financial Reporting in Hyperinflationary Economies
- IPSAS 11: Construction Contracts
- IPSAS 16: Investment Property
- IPSAS 18: Segment reporting
- IPSAS 21: Impairment of non-cash generating assets
- IPSAS 26: Impairment of Cash-Generating Assets
- IPSAS 27: Agriculture
- IPSAS 32: Service Concession Arrangement: Grantor

The Cash Flow Statement has been prepared using the indirect method.

Segment Reporting

A segment is a distinguishable activity or group of activities for which it is appropriate to separately report financial information. No segments are identified in this project and are therefore not reported in these financial statements.

Changes in Accounting Policy and Reclassification of financial statements of previous years

The cash-flow statement is presented using the indirect method when in the past it was done using the direct method.

Use of estimates

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

Foreign currency transactions

The New NATO Headquarters Project's budget is authorized and managed in EUR so contribution calls are made in EUR. Foreign currency transactions as required are accounted for at the NATO parity rates prevailing on the date of the transaction. Monetary assets and liabilities at year-end which were denominated in foreign currencies were converted into EUR using the NATO parity rates applicable at 31 December 2015.

Realised and unrealised gains and losses resulting from the settlement of such transactions and from the revaluation at the reporting dates of monetary assets and liabilities denominated in foreign currencies are recognised in Non-Current Liabilities.

Financial risks

The New NATO Headquarters Project Office uses only non-derivative financial instruments as part of its normal operations. These financial elements include cash, bank accounts, deposit accounts, accounts receivable and Funds Managed for Third Parties.

All the financial instruments are recognised in the statement of financial position at their fair value.

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

Foreign currency exchange risk

The exposure to foreign currency risk is limited as the majority of the New NATO Headquarters Project's expenditures are made in EUR, the currency of its Budget. All bank accounts are held in EUR.

Credit risk

The New NATO Headquarters Project incurs credit risks from cash and cash equivalent held with banks and from receivables.

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

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

ING Bank	Credit Ratings as at 29/03/2016		
	Fitch	Moody's	S&P
Short term	F1	P1	A1

The New NATO Headquarters Project's outstanding accounts receivable are managed by maintaining control procedures over receivables. Most cash receivables are due from NATO member nations, which are considered credit worthy.

Liquidity risk

The liquidity risk, also referred to as funding risk, is based on the assessment as to whether the New NATO Headquarters Project will encounter difficulties in meeting its obligations associated with financial liabilities. A liquidity risk could arise from a short term liquidity requirement. There is a very limited exposure to liquidity risk because of the funding mechanism which guarantees contributions in relation to the approved New NATO Headquarters Project budget. Some limited risk could be due to the accuracy of budget forecasts.

Interest rate risk

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

Current Assets**Cash and cash equivalents**

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

Cash held on behalf of third parties corresponding to amounts called and received in relation to the nationally funded elements and the fit-out of delegations, and amounts corresponding to anticipated contributions are reported separately.

Receivables

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

Contributions receivable are recognised when a call for contribution, based on the approved budget, has been issued to the funding Nations. These receivables represent the uncollected contributions from Member Nations. The same policy applies for contributions related to the nationally funded elements but not to the fit-out of delegations. No allowance for loss is recorded with respect to Member countries' assessed contributions receivable.

Prepayments

A prepayment is a payment in advance of the period to which it pertains and is mainly in respect of advance payments made to third parties. In the case of the New NATO Headquarters Project, advance payments are essentially related to the pre-financing of PMT and NCIA expenses. The terms of the MOU prevent Host Nation Belgium (PMT) from pre-financing any aspect of the project.

Inventories

NATO's adaptations of IPSAS were spelled out in C-M(2013)0039 of July 2013, which included IPSAS 12 Inventories. It is described as follows:

Control of NATO Inventories was refined with a set of 10 criteria to be used in assessing the level of control of an asset. A positive response on six of the criteria will lead to the asset being capitalised in the Financial Statements if it is above the capitalization threshold.

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

Capitalization thresholds relevant to the financial statement are as follow:

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

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

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

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

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

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

The introduction of this adaptation to IPSAS 12 has no impact on the way these financial statements are presented. The value of NNHQ inventories is immaterial both in value and in terms of the nature of the items held. Consequently, inventory is fully expensed when goods are received.

Non-Current Assets (Property, Plant & Equipment and Intangible Assets)

2012 was the first year during which construction works related to the nationally funded elements were performed. These works are recognized as non-current assets (PPE: Property, Plant and Equipment)

held on behalf of third parties, at least during the construction period. The reasoning stems from a number of factors. The NHQ building constitutes a coherent and global building whose purpose is to bring together member nations in order to enable an efficient and effective consultation process. This situation whereby dedicated National Representations are present on site is very specific to NATO and does not really exist in other comparable international organizations. The member nations are not considered, from a legal perspective, as having direct property rights on the parts of the building corresponding to their own delegation premises, but rather having an exclusive right of use. In this respect the different funding cost shares cannot be deemed a factor justifying a specific accounting treatment. The situation also carries certain restrictions, such as the inability to execute works affecting or altering the basic structure of the building, and to sell their premises. Additionally, at this stage of the project it is difficult to accurately distinguish the value between these common and nationally funded components. However, their inclusion provides useful and clear information which contributes to financial transparency.

This does not preclude that in the future, an ability to limit physical access will exist, which could then justify an exclusion from NATO PPE. Until then, as currently, common funded and nationally funded construction works will be managed as a single project. At this point, and from an accounting standpoint, the fact remains that the economic benefit or the service potential is measured by the contribution to consensus building and therefore it cannot be separated from NATO's purpose. Therefore, this would not justify a separate accounting treatment until such a time as the building is operational and the related building parts are handed over to the nations concerned. It should be noted that this approach does not apply to the national fit-out segment, for which four nations have decided to act separately. The impact on previous years' financial statements is not material as no related works had been performed and therefore no fixed assets were recognised.

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

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

Capitalization thresholds relevant to the financial statement are as follow:

Category	Threshold	Depreciation life	Method
Land	€200,000	N/A	N/A
Buildings	€200,000	40 years	Straight line
Other infrastructure	€200,000	40 years	Straight line
Installed equipment	€ 30,000	10 years	Straight line
Machinery	€ 30,000	10 years	Straight line
Vehicles	€ 10,000	5 years	Straight line
Aircraft	€200,000	Dependent on type	Straight line
Vessels	€200,000	Dependent on type	Straight line
Mission equipment	€ 50,000	3 years	Straight line
Furniture	€ 30,000	10 years	Straight line
Communications	€ 50,000	3 years	Straight line
Automated information Systems	€ 50,000	3 years	Straight line

In the case of the New NATO Headquarters Project to date PPE is work in progress. Depreciation will start after acceptance of the completed work.

The principles of valuing and depreciating fixed assets are the following:

Buildings are shown at fair value based on internal valuations at the reporting date. Valuation is done based on judgment using the best available information from relevant sources. With regard to land on which the buildings are erected, see note on Leases.

All other non-current assets, Property, Plant and Equipment (PPE) and intangible assets are recorded at their historical cost less accumulated depreciation and any recognized impairment loss.

The introduction of this adaptation to IPSAS 17 has no impact on the way these financial statements are presented. Although the adaptation to IPSAS allows one to consider PPE acquired prior to 1 January 2013 as fully expensed, it was decided not to do so: amounts considered as PPE work in progress prior to 1 January 2013 remain capitalized in the interest of disclosing relevant and complete information regarding the value of the future NNHQ.

Intangible Assets:

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

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

NATO Intangible Assets Capitalization Thresholds - the NNHQ Project will capitalize each intangible asset item that is above the following agreed NATO thresholds:

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

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

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

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

The NNHQ Project will capitalize other types of intangible assets acquired after 1 January 2013 including:

- Copyright
- Intellectual Property Rights
- Software development

The NNHQ may consider Intangible Assets acquired prior to 1 January 2013 as fully expensed.

The NNHQ Project will report controlled Intangible assets in its financial statements. Where there is a conflict between more than one NATO Reporting Entity as to the control of intangible assets, only the end-use entity will capitalize the intangible asset in its financial statements based on reliable information

provided by the NATO services provider entity as defined in individual agreements between the two entities.

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

The introduction of this adaptation to IPSAS 31 has no impact on the way these financial statements are presented.

Impairment of fixed assets:

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

Current liabilities

Payables

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

Payables due to Nations include in particular the surplus as per the NATO Financial Regulations. In authorizing the New NATO Headquarters Project budget, Nations agreed that it would be a special budget extending over several years. Nations agreed that financial closure would take place only when the Project has been fully realised. Consequently, it was agreed that credits and the refundable surplus can be maintained with the entity until the Project's completion (C-M(2000)36). Amounts which would have been normally returned to contributing Nations in the framework of the standard NATO Financial Regulations' provisions – such as net interest earned, miscellaneous receipts, lapsed credits, accumulated surplus - remain on the entity's accounts.

Funds Managed for Third Parties (National Funds)

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

As a consequence of the recognition of the nationally funded elements as Project's non-current assets, contributions called from the Nations with regard to the nationally funded elements are treated in a way comparable to that of budgetary contributions. Amounts called and amounts not converted to unearned revenue, which fund the related works, are included as liabilities under funds managed for third parties. The uncollected amount appears as a receivable.

Advances and Unearned Revenue

Unearned Revenue represents participating Nations' contributions related to approved annual budgets that have not yet been recognised as revenue in the absence of matching expenses, but which have been called for current common funded budgets and for nationally funded construction works. Funds are called in advance of requirements because the New NATO Headquarters Project has no capital that would allow it to pre-finance any of its activities.

Advances are contributions called related to future years' budgets. Voluntary advances made by outside of the call for contributions process are accounted as funds managed for third parties.

Revenue and expense recognition

All the costs incurred under the New NATO Headquarters Project since its inception, except those related to the Transition Office, qualify to be capitalized as PPE Work in Progress. This includes personnel and operating costs. The matching budget resources provided by Nations to fund these Works in Progress are recognised as a liability in the Statement of Financial Position as Long Term Unearned Revenue. No revenue is recognised in the Statement of Financial Performance, except for the part attributable to the Transition Office.

The task of the Transition Office is to plan and execute the transition from the current NATO HQ to the new NATO HQ. Its purpose is to transform the way NATO HQ operates to make best use of the facilities and technologies in the new NATO HQ; to relocate staff, NATO agencies and national delegations; and to return the current NATO HQ campus to Belgium. Transition Office related costs consist mainly in salaries of its staff, and at this stage in consultancy services on best ways to conduct the operations in the new building. It is therefore considered that they do not fulfil the criteria set by IPSAS 17 to qualify as directly attributable costs of the asset under construction. As a consequence Transition Office costs should be expended rather than capitalized.

In the future, after the transfer of the building to the NATO International Staff, earned revenue will be progressively recognised from this long term unearned revenue, in an amount equal to annual depreciation of the related PPE, Intangible Assets etc. of the building, as future economic benefits and service potential will flow to the NATO International Staff when the building is operational.

Non-budgetary contributions called from Nations corresponding to the nationally funded construction works are treated as Long Term Unearned Revenue in an amount equal to the estimation of works completed.

Revenue from exchange and non-exchange transactions

There is no revenue from exchange transactions, as the contributions by Nations are based on a fixed cost-share of reimbursable costs for the construction of the New NATO Headquarters Project. They are considered as a liability for long term unearned revenue funding assets in progress.

NOTE 3: CASH AND CASH EQUIVALENTS

The current bank accounts are held in EUR. Deposits are held in interest-bearing bank current accounts, immediately available.

Derogations to NATO Financial Regulations were approved by the Council (C-M(2000)36 and BC-D(2000)20). In particular paragraphs 4.4 of the latter document introduce flexible arrangements for national contributions to allow Nations to make anticipated contributions. No ceiling is applicable to the amount of cash holdings other than what is needed for the project.

NOTE 4: CASH MANAGED FOR THIRD PARTIES

To meet the Project's payment for the fit-out and nationally funded elements under the NSIP rules and procedures, the IS Office of Financial Control has opened bank accounts in the names of NATO member Nations. Interest earned is credited to the specific bank account of the Nation concerned. These are extra-budgetary funds belonging to the Nations concerned. Separate contribution calls are made for the fit-out and for nationally funded parts of the Project. The planning foresees that the Nations make payments in advance of the quarterly payment request. A matching liability is posted against the amount of cash held on behalf of the Nations concerned and of the amount of uncollected related contributions called for what concerns the nationally funded construction works.

These funds also include an amount of EUR 29,358,271.59 (EUR 31,232,576.91 end 2014) relating to anticipated contributions made by two nations.

There are also funds from Eurocontrol as their contribution to works for a secure pedestrian access between their headquarters and the NNHQ site EUR 1,945.77 (EUR 236,019.68 end 2014).

NATO UNCLASSIFIED

ANNEX 7 to
FC(2016)076-REV1

7-10

The total amount of cash held at the end of the year on the specific bank accounts of the nations or entities concerned may not match the value of funds held on behalf of the third parties because of voluntary advances made on the bank account for Common Funded operations, or of contributions not received on the appropriate bank account, etc. The breakdown of these bank accounts by country and entity is the following.

FUNDS MANAGED FOR THE ACCOUNT OF THIRD PARTIES			
Bank Balances at Year End			
		end 2015	end 2014
US MISSION FUNDS	EUR	16,703,274.17	30,579,230.39
ALBANIA NEW SITE DEL	EUR	326,598.85	218,106.00
BELGIUM NEW SITE DEL F.O.	EUR	6,562,078.07	401,561.40
BULGARIA NEW SITE DEL F.O.	EUR	556,988.92	667,847.72
CANADA NEW SITE DEL	EUR	482,666.41	329,588.43
CROATIA NEW SITE DEL	EUR	774,099.01	291,810.28
CZECH REP. NEW SITE DEL F.O.	EUR	501,452.99	536,977.84
DENMARK NEW SITE DEL F.O.	EUR	797,539.87	227,125.59
ESTONIA NEW SITE DEL F.O.	EUR	338,762.45	395,850.75
FRANCE NEW SITE DEL	EUR	604,755.04	329,176.36
GERMANY NEW SITE DEL F.O.	EUR	942,255.68	637,150.91
GREECE NEW SITE DEL F.O.	EUR	688,222.94	459,567.30
HUNGARY NEW SITE DEL F.O.	EUR	494,411.49	535,232.59
ICELAND NEW SITE DEL F.O.	EUR	121,298.66	97,819.33
ITALY NEW SITE DEL F.O.	EUR	13,225,230.05	630,859.47
LATVIA NEW SITE DEL F.O.	EUR	1,034,361.61	1,676,742.76
LATVIA NEW HQ	EUR	654,997.42	653,346.52
LITHUANIA NEW SITE DEL F.O.	EUR	429,354.53	482,050.06
LUXEMBOURG NEW SITE DEL F.O.	EUR	202,808.15	218,976.45
NETHERLANDS NEW SITE F.O.	EUR	557,741.99	375,267.57
NORWAY NEW SITE DEL F.O.	EUR	569,558.53	610,049.98
POLAND NEW SITE DEL F.O.	EUR	629,628.30	422,762.24
PORTUGAL NEW SITE DEL F.O.	EUR	538,558.66	343,438.59
ROMANIA NEW SITE DEL F.O.	EUR	566,828.16	525,106.57
SLOVAKIA NEW SITE DEL F.O.	EUR	499,545.92	399,638.26
SLOVENIA NEW SITE DEL F.O.	EUR	435,439.17	189,677.97
SPAIN NEW SITE DEL F.O.	EUR	566,537.23	379,293.59
TURKEY NEW SITE DEL F.O.	EUR	795,978.83	715,109.76
U.K. NEW SITE DEL	EUR	481,330.35	323,216.19
U.S.A. NEW SITE DEL	EUR	3,729,314.35	2,781,367.49
NHQ EUROCONTROL	EUR	1,945.77	236,019.68
NEW HQ FIT-OUT	EUR	3,718.12	2,280.00
TOTAL	EUR	54,817,281.69	46,672,248.04

NOTE 5: ACCOUNTS RECEIVABLE

Contributions receivable from member Nations amount to EUR 1,001,210.15 (EUR 23,366,723.83 end 2014) are funds requested from the Nations to finance the Common Funded Budget, the Nationally Funded component and the Fit-Out. One Call was issued in January 2015 (FC(CC)(2015)0001(NHQ-CF-NF-01) concerning the Common Funded component in a total amount of EUR 153,489,938. Another call was issued in January 2015 (FC(CC)(2015)0001(NHQ-CF-NF-01) in a total amount of EUR 36,474,265 (EUR 21,211,531 for construction and EUR 15,033,790 for Fit-Out 2015 and a revision to Fit-Out 2014 of EUR 228,944).

Other Receivables from Nations concern amounts due for other cases than contributions to the NNHQ budget or nationally funded elements.

Other Receivables relate to miscellaneous amounts due to the Project (e.g. reimbursement of operating costs, insurance claims, advances to staff for education allowances etc.).

NOTE 6: PREPAYMENTS

Receivables from the PMT relate to advance payments made to the PMT which are not regularised at year end as they do not correspond to works completed. The terms of the MOU prevent the Host Nation from prefinancing any aspect of the Project. On a cash basis, at year end 2015, PMT held EUR 20,569,321 received from NHQPO as advance payments (EUR 40,082,085 at year end 2014). On an accruals basis, including provisions, taking into account amounts due by PMT, the net advance to be regularised amounted to EUR 13,315,682.69 (EUR 36,143,185.27 at year end 2014).

Similarly, at year end 2015, NHQPO has advanced funds to the NCIA in an amount of EUR 14,848,460.61 (EUR 1,281,979.98 at year end 2014) on an accruals basis.

Prepayments to suppliers (i.e. other than the two Host Nations mentioned above) amounted to EUR 14,117.30 at year end 2015.

Prepayments	2015	2014	Variance
PMT Common Funded	9,382,131.00	26,261,404.58	- 16,879,273.58
PMT Nationally Funded	3,933,551.69	9,881,780.69	- 5,948,229.00
NCIA	14,848,460.61	1,281,979.98	13,566,480.63
Sub-Total Host Nations	28,164,143.30	37,425,165.25	- 9,261,021.95
Suppliers	14,117.30	-	14,117.30
TOTAL	28,178,260.60	37,425,165.25	- 9,246,904.65

NOTE 7: NON-CURRENT ASSETS

As of 31 December 2015, the costs charged as PPE Work in Progress amounted to EUR 716,953,989. This overall amount covers the common funded PPE, and the nationally funded construction works held on behalf of the member Nations which at this stage of the project are considered not separable from the overall amount of fixed assets.

The following table reconciles PPE amounts at the beginning and at the end of 2015.

NATO UNCLASSIFIED

ANNEX 7 to
FC(2016)076-REV1

7-12

(amounts in EUR)	Carrying Amount end 2014	Additions	Disposals	Depreciation	Other Changes	Carrying Amount end 2015
COMMON FUNDED						
Personnel (chapter 1)	16,735,689	2,099,975				18,835,664
Operating Costs (chapter 2)	27,162,632	10,173,352				37,335,984
Professional fees (chapter 3)	107,929,470	9,020,274				116,949,744
Works (chapter 4)	349,297,777	116,220,194				465,517,971
Special Equipment (chapter 5)	161,928	486,252				648,180
SUB-TOTAL COMMON FUNDED	501,287,496	138,000,046	0	0	0	639,287,542
NATIONALLY FUNDED		0				
Works	55,718,218	21,948,229				77,666,447
SUB-TOTAL NATIONALLY FUNDED	55,718,218	21,948,229	0	0	0	77,666,447
TOTAL	557,005,714	159,948,275	0	0	0	716,953,989

The following table reconciles the ANWI Assets amounts at the beginning and at the end of 2015 (and of 2014).

(amounts in EUR)	Carrying Amount end 2014	Additions	Disposals	Depreciation	Other Changes	Carrying Amount end 2015
COMMON FUNDED						
Personnel (chapter 1)	0	0				0
Operating Costs (chapter 2)	0	0				0
Professional fees (chapter 3)	10,392,278	241,288				10,633,566
Works (chapter 4)	0	0				0
Special Equipment (chapter 5)	8,067,542	11,902,511				19,970,053
TOTAL COMMON FUNDED	18,459,820	12,143,799	0	0	0	30,603,619

A series of contracts have been entered into in relation to non-current assets, mainly by the PMT and the NCIA as Host Nations, and for smaller amounts by NHQPO. The main open contractual commitments, excluding non-works related contracts with a short term (such as for security and guard services), are the following.

The main construction contract was let in June 2010, at the price set in January 2010 of approximately MEUR 360 (MEUR 438 including National Funding). This base price does not include adjustments for price revisions. Further to a claim introduced end 2013 and settled in 2014, an agreement was reached to pay additional MEUR 85 and an extension of the construction period of 4.5 months.

The Concept Design Team contract was transferred to the PMT and has an LTPB planned cost of MEUR 89.045, with no impact by the claim.

The PMT awarded in 2013, the contract for the Electronic Security System in an amount of MEUR 14.9 (2013 value). The 4.5 month extension agreed with the general construction contractor implied an estimated EUR 1.540 million additional cost. Regarding the contract for the Audio Visual Infrastructure in an initial amount of MEUR 26.4 (2013 value), an estimated additional costs of MEUR 1.280 was agreed to compensate the 4.5 months delay.

In 2013, NCIA awarded the contract for the Active Network Infrastructure in the amount of MEUR 79.766 and MEUR 2.010 for Independent Validation and Verification Services. In order to achieve savings a reduction in scope of KEUR 500 was agreed by the DPRC and an estimated additional cost of MEUR 1.500 was agreed to compensate the 4.5 months delay.

Contracts were awarded by NHQPO for Furniture Supply (MEUR 8.9) and for Business Data and Applications Migration (MEUR 4.1).

The MOU between NATO and the Host Nation provides that management fees (National Administrative Expenses, NAE) equal to 3% of the works will be paid (LTPB total amount: MEUR 21.271).

NOTE 8: PAYABLES

Project Accumulated Surplus resulting from previous years' budget execution, which amounted to EUR 13,339,622.00 end 2013, remained until then in the entity's accounts in accordance with the specific budget funding rules approved by Nations, according to which surpluses are not returned to contributing Nations before the completion of the project.

This amount can be broken down into the following components:

(cumulative amounts since the beginning of the project until 2013)

lapsed credits (including frozen)	12,213,702.50
net overcall (minus = undercall)	-4,588,528.69
interest earned	5,700,330.32
miscellaneous income	14,117.87
Total	13,339,622.00

When assessing the funding impact of the settlement of the claim with the contractor and related additional costs, Nations decided to use the surplus as of end 2013 and to allocate it as a resource in order to reduce contributions to be called in this respect. As a consequence, end 2014, the surplus available from previous years was nil.

The table below summarizes the evolution of unused funds since the inception of the Project:

										(amounts in EUR)
	Budget Authorization (a)	Called (b)	Use of previous years' surplus (c)	Undercalled (d)=(a)-(b)-(c)	Lapsed credits (e)	Frozen credits (f)	Surplus from unused funds (g)=(d)+(e)+(f)	Interests earned (h)	Miscellaneous (i)	TOTAL SURPLUS (j)=(g)+(h)+(i)-(c)
2000	643,283.70	643,283.70	0.00	0.00	204,307.89	0.00	204,307.89	0.00	0.00	204,307.89
2001	3,933,128.24	3,729,855.55	0.00	-203,272.69	1,265,094.73	0.00	1,061,822.04	25,126.17	0.00	1,086,948.21
2002	8,300,600.00	7,009,344.00	0.00	-1,291,256.00	1,698,187.11	4,013,000.00	4,417,931.11	133,512.75	211.61	4,551,655.47
2003	2,932,000.00	2,932,000.00	0.00	0.00	1,402,526.02	0.00	1,402,526.02	186,678.59	1,468.05	1,590,672.66
2004	3,237,600.00	3,237,600.00	0.00	0.00	851,273.08	0.00	851,273.08	161,479.12	0.00	1,012,752.20
2005	9,453,000.00	6,359,000.00	0.00	-3,094,000.00	488,836.32	0.00	-2,607,163.68	221,371.00	0.00	-2,385,792.68
2006	19,297,936.00	19,297,936.00	0.00	0.00	155,186.50	0.00	155,186.50	146,486.45	7,167.96	308,840.91
2007	40,716,097.00	40,716,097.00	0.00	0.00	654.15	0.00	654.15	616,483.57	0.00	617,137.72
2008	15,833,900.00	15,833,900.00	0.00	0.00	58,532.98	0.00	58,532.98	1,556,979.64	0.00	1,615,512.62
2009	12,104,500.00	12,104,500.00	0.00	0.00	270,459.93	0.00	270,459.93	217,922.35	37.1	488,419.38
2010	38,701,000.00	38,701,000.00	0.00	0.00	62,314.59	0.00	62,314.59	297,105.21	5,233.15	364,652.95
2011	72,023,000.00	72,023,000.00	0.00	0.00	1,747,329.20	0.00	1,747,329.20	844,547.56	0.00	2,591,876.76
2012	107,052,000.00	107,052,000.00	0.00	0.00	0.00	0.00	0.00	930,722.14	0.00	930,722.14
2013	118,421,323.00	118,421,323.00	0.00	0.00	0.00	0.00	0.00	361,915.77	0.00	361,915.77
2014	239,572,717.00	226,333,095.00	13,339,622.00	0.00	0.00	0.00	0.00	228,391.68	1,172.04	-13,110,058.28
TOTAL	692,222,084.94	674,293,934.25	13,339,622.00	-4,588,528.69	8,200,702.50	4,013,000.00	7,625,173.81	5,928,722.00	15,289.91	229,563.72

The National Funds item corresponds to funds managed on behalf of Nations outside of the standard call for Common Funded budgetary contributions process. They are the counterpart of specific contributions from Nations to meet the Project's payment for the fit-out, for nationally funded elements, and of voluntary advances towards future common funded budgets. They are matched with cash held on specific bank accounts, cash held for common funding when voluntary advances were made and with receivables related to nationally funded elements.

An amount of EUR 903,947 (EUR 556,685.00 end 2014) was payable to Nations for the Construction Surveillance Technical Team relating to reimbursement to those Nations who provided personnel to the Team during financial year 2014 or before. Most of those Nations have opted for direct payment, one has opted for deductions from its contributions.

A payable of EUR 1,437,652.07 (EUR 1,310,942.00 end 2014) is in relation to the reimbursable salaries due to the United States for a civilian staff member who is paid directly by the United States government. This amount is partially used by the United States by applying it against its annual Project contribution.

Other Payables include EUR 1,347.68 left from an initial EUR 235,000 contribution made by Eurocontrol for works between their headquarters and the NNHQ and related interest as per agreement.

NOTE 9: UNEARNED REVENUE AND ADVANCES RELATED TO THE BUDGETARY PROCESS**Unearned Revenue from Budgetary Credits**

Unearned Revenue from budgetary credits corresponds to contributions called in relation to approved budgets up to 2015 but for which corresponding expenses will be incurred after the reporting date of 31 December 2015. The Unearned Revenue includes principally those amounts of contributions which will be spent in subsequent years on the New NATO Headquarters Project budget as credits carried-forward resulting from the budget execution in accordance with the NATO Financial Regulations and advances made to the PMT and the NCIA.

Advances Related to the Budgetary Process

Up to 2013 there were no such as advances received as there had not been calls for advance budgetary contributions. However, when setting up the funding framework related to the settlement of the claim introduced end 2013, it was agreed that Nations could opt for providing funding beyond what was needed for the part corresponding to the 2014 budget. This has resulted in EUR 20,768,632 being called. Further to the allocation of these amounts to the call issued in 2015 and to an additional contribution, the open amount end 2015 was EUR 8,378,587.20.

NOTE 10: PROVISIONS

Provisions relate to design fees.

Concerning design fees, the provision relates to additional studies and/or modifications done by the CDT in 2009, at the request of the PMT. An original estimate was made for EUR 2 million concerning 2009. Further to various settlements and minor adjustments the related provision is currently assessed at EUR 1.000 million.

A provision was booked in 2013, in relation to the claim introduced by the general construction contractor end 2013. The claim was settled end 2014 and related provision is no longer required. The negotiations conducted by PMT resulted in an overall agreement of EUR 87,253,982 - covering past and future expenses - which was funded by Nations through an adjustment of the Long Term Programme Budget requiring a specific call for contributions issued end 2014.

NOTE 11: LONG TERM UNEARNED REVENUE

This revenue corresponds to the contributions, budgetary and non-budgetary, that funded fixed assets work in progress.

For common funded PPE and Intangible Assets, the amount originates from budget contributions.

Funding provided for the nationally funded elements matching completed related works is also considered long term unearned revenue during the construction period. A specific accounting treatment may have to be determined when the related building parts are operational and the corresponding assets are transferred to the national delegations.

NOTE 12: REVENUE

Budgetary revenue is matched to recognised expenses relating to the activities of the Transition Office.

Any interest gained is attributed to the funding of the construction itself and is therefore not recognised in the statement of financial performance.

NOTE 13: EXPENSES

The only expenses recognised are those related to the Transition Office. They consist mainly of the salaries of staff, administrative expenses and miscellaneous consultancy studies conducted in order to optimize the use of the future building. Consultancy services KEUR 204 (KEUR 946 in 2014) are

included under the item "salaries" to be consistent with the budget breakdown, which explains the decrease from 2014 to 2015 (Transition Office staffing remaining almost unchanged).

Banking costs are not recognised as expenses but are deducted from interests earned.

NOTE 14: NET RESULT OF THE PERIOD

Given that revenue stemming from budgetary resources is recognised in an equal amount to expenses, the result of the year is nil.

NOTE 15: CASH FLOW STATEMENT

The cash flow statement is presented following the indirect method.

NOTE 16: BUDGET INFORMATION AND RECONCILIATION WITH CASH FLOWS

Presently, NATO budgets are not publicly available.

Presentation of budget information in the financial statements

Besides NATO Financial Regulations and Financial Rules and Procedures as well as elements of the NSIP procedure, the New NATO Headquarters Project is governed by the following:

- a. Project Authorization to Ministry of Defense BE: C-M(2007)0076-AS1,
- b. MOU between Ministry of Defense BE and NATO: SG(2004)1220-REV4,
- c. CDT Contract signed between Belgium and CDT in December 2004 (PMT responsibility),
- d. Council derogation to NATO Financial Regulations (C-M(2000)36) and Budget Committee derogation to NFR (BC-DS(2007)0005). The derogation concerns, in particular: committed, or to be committed credits, which may be carried forward until the closure of the Project; the only limitations to cash holdings being the actual funding requirements.

There are three types of funding:

- NATO Common Funding (CF) for Common Infrastructure requirements: based on an approved Cost Sharing Formula specific to the New NATO HQ Project (SG(99)1707, C-M(2004)0061 and BC-D(2009)0008-ADD1).
- National Funding (NF) for Construction of Private Space of Delegations: calculated on the basis of actual 'shell and core' costs based on the number of gross square meters of occupied space,
- National Funding for Fit-Out of Delegations: based on actual costs to fit-out the occupied space of each Delegation.

The initial budget in NATO corresponds to the credits that are initially authorised by the North Atlantic Council annually at the end of the previous financial year. During the year the budget is adjusted as required. The final authorisation is the credit situation as reported at the end of the financial year including approved budgetary increases/decreases and transfers approved by the IS Financial Controller (between Chapters of the New NATO HQ budget up to 5% of the credits initially granted for the receiving chapter) or by the Budget Committee.

There are two types of credits: Cash Credits (CC) are approved credits against which payments can be made during the budget year; Contract Authority Credits (CA) are approved credits to enter into a legal obligation for multi-year contracts. No payment may be made against CA prior to its conversion into CC.

The New NATO Headquarters Project 2015 initial budget authorization, for the Common Funded part, amounted to EUR 153,489,938, in addition, an amount of EUR 128,727,524.35 related to credits carried over from the previous financial years. The National Funding component for 2015 was approved in the amount of EUR 21,211,531. The Fit-Out programme was established at EUR 15,033,790.

It should be noted that the credits approved for 2015, as for previous budget years, do not correspond to the full extent of the annual costs, including for Salaries and Operations and Maintenance. Credits carried forward from previous years were used, with the agreement of Nations, to fund 2015 commitments and expenses.

Budget execution statements for 2015 and 2014 are provided at Annex 5 and Annex 6.

The LTPB 2016-2018 (DPRC-D(2015)0001) is shown in Addendum 1 at the end of these notes.

Reconciliation of the Budget Execution Statement and the Cash Flow Statement

The budget is prepared for the same period (1 January to 31 December) and encompasses the same entity as these financial statements but the basis and the presentation format are different.

The New NATO HQ Project budget is prepared and executed on a commitment basis. The commitment of credits is the advance acceptance and recording of the financial consequence resulting from a legal obligation incurred during the financial year. Unliquidated commitments are carried forward and added to the budget of the following financial year to the extent of existing legal liabilities or if a special agreement is given by the Budget Committee. The balance of unused budgetary credits (not committed) lapses but is not returned to nations at year-end, in accordance with the derogation agreed by the NAC.

The budget classification is based on the economic nature of the expenses broken down into five chapters as follows:

Chapter I:	Personnel Expenses
Chapter II:	Operating Expenses
Chapter III:	Intellectual Services
Chapter IV:	Demolition/Construction Works
Chapter V:	Special Equipment

However, in these financial statements all costs, with the exception of those relating to the Transition Office, are considered as investing activities.

The New NATO HQ budget, like all the other NATO budgets, contains budget chapters and items corresponding to capital expenditure. The latter result in increases of non-current assets (essentially PPE) and in changes to the level of advances made to the Host Nations given the specific operating model of the NNHQ Project concerning the construction of the building and its IT systems. All budget expenses related to the Host Nations are, in practice, advances. Prepayments to suppliers, in the context of the standard accounts payable process, are not taken into account for the purpose of this reconciliation. Concerning the budget execution statement, it must be noted that the approved budget concerns exclusively the Common Funded component of the building. The Nationally Funded component is not strictly speaking a budget (see below) but the execution of its expenses in a quasi-budget context does result in increases of the related non-current assets and changes in related cash advances to the Host Nations. Also, carried forward credits, in the case of the NNHQ Project, correspond to unused funds (see Council derogation above); only budget expenses have a financial impact. As a consequence the reconciliation of the budget execution statement should be made between the budget expenses on one side, and, on the other side, the statement of financial performance, changes in the level of non-current assets and of advances to Host Nations, taking into account the distinction between the Common Funded and the Nationally Funded components. Such is the purpose of the table below. It shows that an absolute reconciliation could not be made by an amount of EUR 13,639 which corresponds to un-identified cut-off issues between 2014, 2015 and 2016 financial years and to the impact of issues encountered in the context of the first year of implementation of the ERP.

The item "Other Elements" corresponds to adjustments that have to be made to take into account the following cases: - EUR 695,124 of security services incurred during 2015 were capitalized in 2015 but wrongly allocated against the 2016 budget.

The table below reconciles the budget execution with statement of financial performance.

Reconciliation of Budget Execution to Financial Performance				
BUDGET EXECUTION		Common Funded	Nationally Funded	Total
Total Budget (including carried-forward from previous year)	(a)	282,217,462.35	16,000,000.00	298,217,462.35
Credits Carried Forward in Following Year	(b)	134,644,270.48	0.00	134,644,270.48
Budget Execution Expenses	(c) = (a-b)	147,573,191.87	16,000,000.00	163,573,191.87
RECONCILIATION		Common Funded	Nationally Funded	Total
Financial Performance Expenses (excluding financial costs)	(d)	1,450,902.56		1,450,902.56
Increase in Non-Current Assets	(e)	150,143,845.00	21,948,229.00	172,092,074.00
Change Increase (Decrease) in Advances to Host Nations	(f)	-3,312,792.95	-5,948,229.00	-9,261,021.95
Other Elements	(g)	-695,124.00		-695,124.00
Sub-Total	(h)=(d+e+f+g)	147,586,830.61	16,000,000.00	163,586,830.61
Difference to Budget Expenses	(c-h)	-13,638.74	0.00	-13,638.74

Nationally Funded Component

Although not considered as a common funded budget, specific amounts are approved for the nationally funded component (excluding Fit-Out). Related expenses are apportioned using physical criteria (such as surface, number of parking spaces) rather than the cost-shares applicable to the Common Funded Component. The table below compares the cumulative approved amounts, related advances to the PMT and accrued expenses.

Nationally Funded component					
	(amounts in EUR)				
	Up to 2012	2013	2014	2015	Cumulative
Approved Amounts	37,790,467	12,756,605	25,327,510	21,211,531	97,086,113
Cash advances	12,000,000	27,099,999	26,500,000	16,000,000	81,599,999
Expenses	11,423,370	22,126,329	22,168,519	21,948,229	77,666,447

Operations related to the Fit-Out of national delegations are not executed in the context of a budget framework; they result in outflows of cash to the PMT for settlement of related invoices.

NOTE 17: WRITE-OFFS

Nothing to report.

NOTE 18: LEASES

Belgium has granted to NATO by way of concession a plot of land on which NATO is authorized to erect all necessary buildings and facilities related to the NATO New Headquarters Project. The annual fee is EUR 250. NATO is the full owner of all constructions made. Belgium remains the sole and full owner of the land, which is military public domain. The concession ends 180 days after NATO has left the buildings and facilities. In such case, if Belgium would decide to use the building and facilities, it shall pay a fair indemnity to NATO. If Belgium would decide to demolish them, it will not be obliged to pay an indemnity to NATO neither will NATO have to contribute to demolition costs. At the end of the concession, there would be no property rights transferred to NATO. As a consequence, given the indefinite economic life of land and the specific nature of concessions, the use of the land is classified as an operational lease.

The New NATO Headquarters Project does not have any financial leases.

NOTE 19: RESTRICTIONS ON FIXED ASSETS

There are no restrictions on fixed assets.

NOTE 20: CONTINGENCY CREDITS AND CONTINGENT LIABILITIES

[illegible]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

NOTE 21: CONTINGENT ASSETS

Nothing to report.

NOTE 22: EMPLOYEE DISCLOSURE

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

At 31 December 2015, New NATO Headquarters Project Office had an approved Personnel Establishment of 24 positions (23 for 2014) funded by its budget, of which one was vacant end 2015. Seven positions related to the Transition Office. For administrative and project management purposes the post of Building Z Project Manager is attached to the HQPO but has a specific funding mechanism with no impact on the New NATO Headquarters project.

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

Nineteen staff members participate in the DCPS administered by NATO. The DCPS provides that the New NATO Headquarters Project budget makes a 12% monthly matching contribution to the staff members' contributions for current service. Four employees participate in the DBPS: a deduction of 9.5% of their salaries is made and contributed to the annual financing of this Plan. In addition, the New NHQPO budget makes a monthly matching contribution to the DBPS equal to 19% of their basic salaries, which in accordance with (BC-WP(83)3(Revised) and C-M(83)34) is deemed to provide the necessary funds for the subsequent pensions liability of the NHQPO. These contributions are expensed during the year in which the services are rendered and represent the total pension obligation of the entity (find reference). Consequently, the NHQPO has neither DBPS nor DCPS liability for its staff

members. Also, one staff member is employed on reimbursable basis with an agreement between NATO-IS and the United States. The individual is paid and accrues pension rights under a United States pension scheme.

The contributions for pensions paid are as follows:

amounts in EUR	2015			2014		
	Staff	Employer	Total	Staff	Employer	Total
Provident Fund	-	-	-	-	-	-
Co-ordinated Pension Scheme	32,657.66	65,315.32	97,972.98	34,342.98	68,685.96	103,028.94
Defined Contribution Pension Scheme	129,342.12	167,226.41	296,568.53	91,810.39	137,715.88	229,526.27
TOTAL	161,999.78	232,541.73	394,541.51	126,153.37	206,401.84	332,555.21

Untaken leave by NHQPO staff is not considered material and is therefore not recognised.

One staff member is employed on a reimbursable basis with an agreement between NATO-IS and the United States. The salary is paid directly by the US using national salary scales and the US is reimbursed the costs corresponding to the grade of the post occupied by the staff member. The individual accrues pension rights under a United States pension scheme.

NOTE 23: KEY MANAGEMENT PERSONNEL

The Deputies Committee (DPRC) is responsible for the oversight of the New NATO HQ Project management. The DPRC took over this responsibility from the DPRHQB which was disbanded in 2010. Members of the DPRC are nominated by their respective National Authorities. They are paid on the basis of applicable national pay scales. They do not receive from NATO any additional remuneration for their responsibilities or access to benefits.

For the purposes of IPSAS 20 implementation, Key Management Personnel of New NATO HQ Project are the Director of the NHQPO and his Deputy. They are remunerated in accordance with their respective NATO grades, respectively A6 and A5.

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

NOTE 24: RELATED PARTIES

NATO Bodies

For administrative purposes the NHQPO is attached to the NATO International Staff Defense Investment Division and the Transition Team to Executive Management Division. The Assistant Secretary General of the Defense Investment Division chairs the DPRC when it addresses issues related to the Project.

In 2015, NATO International Staff charged the NHQPO an amount of EUR 167,928.05 for administrative support costs (EUR 113,290 in 2014) and EUR 7,015.19 for common operating costs (EUR 6,797.10 in 2014). The specific operating costs related to the PMT (around EUR 4,000) are absorbed by the Civil Budget in exchange of the occupancy of the CDH building by the International Staff

The NCI Agency is the Host Nation in charge of equipping the New NATO HQ with modern and cost effective Information and Communication Technologies solutions, to include voice, video and data management, processing and storage through the Active Network Infrastructure (ANWI) project, for an estimated cost of MEUR 101.027 including contingencies (5% Host Nation contingencies, 5% additional contingencies and MEUR 11.275 ICT Programme contingencies; the two last ones are subject to DPRC approval).

An amount of EUR 12.116 million is approved in the LTPB for NCIA Project Service Costs for ANWI. NCIA provided also some specific consultancy services (EUR 0.866 million approved in the LTPB).

At the end of financial year 2015, the position of the project towards NCIA was a net advance receivable in an amount of MEUR 14.8 (MEUR 1.3 at year-end 2013).

The IS acts also as a Host Nation concerning the procurement of Furniture (MEUR 20.5 in the LTPB) and the Business Data and Applications Migration Project (MEUR 4.105 in the LTPB). The IS receives no related remuneration fees.

Member Nations

NATO Security Investment Programme (NSIP) procedures are the management process for the New NATO HQ. Belgium is the Host Nation for the construction, the passive network infrastructure, the building management system, the electronic security system and audio visual infrastructure. In exchange for this service, Belgium receives fees (National Administrative Expense (NAE) equal to 3% of works) the total amount of which is estimated EUR 21.272 million over the duration of the project.

The DPRC agreed that Construction Surveillance Technician Team required to support the construction project should be manned by personnel from Nations on a reimbursable basis.

Each delegation's fit-out is the financial responsibility of the Nation concerned. Twenty four Nations agreed to have their delegations' fit-out undertaken by the PMT. Specific advance contributions are requested from the Nations concerned to cover the related costs (C-M(2006)0096). The other four Nations have decided to have their fit-out done nationally without the intervention by the PMT.

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List of Acronyms:

DPRC: Deputy Permanent Representatives Committee
HN: Host Nation.
IS: International Staff
LTPB: Long Term Program Budget
MOU: Memorandum of Understanding
NCIA: NATO Communication and Information Agency
NSIP: NATO Security Investment Programme
OFC: International Staff Office of Financial Control
PMT: Project Management Team
PPE: Property, Plant and Equipment

II SUMMARY OF COMMON AND NATIONAL FUNDING REQUIREMENTS (CF + NF) (EXCLUDING FIT-OUT) PER CISI AND PER YEAR - IN KEUR- [Including Salary Adjustment / Inflation / Annual Revision & Contingencies]

Chapter Item Sub-item (CISI)	Description of requirements	Actuals 2000- 2014	Budget Approved 2015	Budget Request 2016	Forecast 2017	Forecast 2018	CF	NF	(CF + NF) TOTAL CASH FLOW
CHAPTER I PERSONNEL COSTS									
01-01 to 01-03	Personnel costs (except Transition Management)	16,411	2,000	2,000	1,899	275	22,585	0	22,585
01-01 to 01-03	Transition Support Office - NATO Staff Posts	2,481	710	720	641	0	4,552	0	4,552
01-01	Transition Management - Staff Restructuring	0	0	1,000	1,500	0	2,500	0	2,500
01-01-04-01	Transition Management - Staff Training	143	1,100	1,683	0	0	2,926	0	2,926
01-02-02-00	Transition Support Office - Consultants	1,615	500	442	0	0	2,557	0	2,557
	Sub-total I	20,650	4,310	5,845	4,040	275	35,120	0	35,120
CHAPTER II OPERATING EXPENSES									
02-01 to 02-10	Operat. Exp. excl. Security / Renovat. Works / Trans Mgmt	5,453	102	400	0	0	5,955	0	5,955
02-01-00-01	Transition Management - Travel costs	60	5	5	0	0	70	0	70
02-02-00-00	Transition Management - Admin Support to IS	142	42	42	0	0	226	0	226
02-05-01-01	Transition Management - Operat. & Mainten. overlap costs	0	0	4,374	4,000	0	8,374	0	8,374
02-05-02-00	Renovation of buildings A2/A12 on new construction site	749	0	0	0	0	749	0	749
02-05-03-00	Transition Management - Disposal of current HQ site	250	50	1,014	3,000	0	4,314	0	4,314
02-05-04-00	Transition Management - New HQ LAUNCH	0	0	1,033	180	0	1,213	0	1,213
02-05-10-00	Security Equipment for Site Guards	109	0	0	0	0	109	0	109
02-06-00-00	Site Security Guards labour	26,291	7,800	7,545	0	0	41,636	0	41,636
	Sub-total II	33,053	7,999	14,413	7,180	0	62,645	0	62,645
CHAPTER III INTELLECTUAL SERVICES									
03-01-01-00	Construction Security Planning	99	0	0	0	0	99	0	99
03-01-02-00	Geotechnical Survey of Site	326	0	0	0	0	326	0	326
03-01-03-00	Environmental Impact Study	206	0	0	0	0	206	0	206
03-01-04-00	Legal consultant - PMT	490	0	60	90	0	640	0	640
03-01-04-01	Legal consultant - NATO	150	100	150	0	0	250	0	250
03-01-05-00	Stability & Quality Control	1,760	0	0	68	12	1,840	0	1,840
03-01-06-00	Fire & Physical Safety Control	689	0	0	0	0	689	0	689
03-01-07-00	Furniture Programme Management	440	10	0	0	0	450	0	450
03-01-08-00	Cost and Change Management	4,657	0	298	152	0	5,107	0	5,107
03-01-08-01	Data Management System	980	147	85	88	0	1,301	0	1,301
03-01-08-02	Encryptors/Collaboration Tools NCIA	741	60	0	0	0	801	0	801
03-01-09-00	Technical Consultancy IBAN	74	0	15	0	0	89	0	89
03-01-10-00	Web Site Design	22	0	0	0	0	22	0	22
03-01-11-00	Topographic & Blast Study	88	0	0	0	0	88	0	88
03-01-12-00	Miscellaneous Consulting - NATO	1,298	0	0	0	0	1,298	0	1,298
03-01-12-01	Specialized consulting - PMT	224	0	0	200	0	424	0	424
03-01-13-00	ICT Consultancy (NATO Specific NCIA)	1,110	108	0	0	0	1,218	0	1,218
03-01-13-01	ICT - Programme Management - NCIA	2,830	600	400	162	0	3,992	0	3,992
03-01-14-00	Constant Surveillance of Works	7,157	1,522	2,007	367	0	11,053	0	11,053
03-01-15-00	SITE/Plant Laboratory Testing	105	0	0	0	0	105	0	105
03-01-16-00	Logistics Study	60	0	0	0	0	60	0	60
03-01-18-00	Data Sheet Consulting (Space Management)	238	0	0	0	0	238	0	238
03-02-00-00	Belgian PMT National Admin Expenses (NAE)	15,502	1,000	2,000	2,640	130	21,272	0	21,272
03-02-01-00	ICT - ANWMI NC3A Fees	8,985	1,650	1,000	481	0	12,116	0	12,116
03-03-00-00	ICT - ANWMI Engineering Services	590	220	56	0	0	866	0	866
03-04-00-00	IADC, JURY HONORAIRES, UJA & INDEMNITIES	2,589	0	0	0	0	2,589	0	2,589
03-04-00-00	CDT Fees + Amendments	79,234	2,796	5,407	1,372	236	89,045	0	89,045
03-05-00-00	Overall fees on additional Contingencies	686	0	0	0	0	686	0	686
	Sub-total III	131,330	8,214	11,328	5,620	378	156,870	0	156,870

CISI	Description	Actuals 2000-2014	Budget Approved 2015	Budget Request 2016	Forecast 2017	Forecast 2018	CF	NF	(CF + NF) TOTAL CASH FLOW
CHAPTER IV CONSTRUCTION WORKS AND ASSOCIATED COSTS									
04-01-01-00	Demolition works - Lot 1	9,589	0	0	0	0	9,589	0	9,589
04-01-02-00	Construction Works (CF+NF) excl PNWI, ESS, AV	330,311	70,087	14,623	4,579	1,257	344,710	76,147	420,858
	Contingencies authorised to PMT	116,281	32,175	4,217	2,797	0	143,723	11,746	155,469
	Annual revision	38,284	3,059	0	0	0	32,915	8,428	41,343
04-01-02-00	Passive Network Infrastructure (PNWI) (CF+NF)	9,861	3,351	4,217	0	0	15,137	2,292	17,429
	Contingencies (5% of PNWI works)	493	125	1,253	0	0	1,757	115	1,871
	Annual revision	1,260	252	127	0	0	1,342	297	1,640
04-01-02-02	Additional Contingencies (5% of construction works and PNWI) (without revisions) (on DPRC release) per MOU Art 6 d.3.	0	19,270	0	11,689	0	30,959	0	30,959
04-01-02-03	Potential Changes of Scope (5% of Construction works and PNWI) (on DPRC release) (without revisions)	0	895	2,003	0	0	2,898	0	2,898
04-01-02-04	Transition Programme Contingencies on DPRC release	0	0	1,400	0	0	1,400	0	1,400
04-01-02-01	Electronic Security Systems (ESS) [CF]	7,952	0	6,913	0	0	14,865	0	14,865
	Contingencies (ESS)	398	0	1,230	289	0	1,917	0	1,917
	Annual revision	452	0	215	0	0	667	0	667
04-01-03-00	Audiovisual Equipment [CF]-TBCE C-M(2010)0036 Apr 2010	4,747	6,769	14,009	521	385	26,431	0	26,431
04-01-04-00	Contingencies (AV equipment)	237	338	2,026	0	0	2,602	0	2,602
	Annual revision	590	0	710	39	38	1,377	0	1,377
	Construction of Mock-ups	300	0	0	0	0	300	0	300
04-01-05-00	Construction Security Programme-Equipment (on site)	852	0	180	0	0	1,032	0	1,032
04-01-06-00	CST Team on reimbursable basis	11,125	0	6,200	0	0	17,325	0	17,325
04-01-07-00	Connection of utilities (sewage, elec, gas, water)	1,050	0	0	0	0	1,050	0	1,050
	Sub-total IV	533,783	136,322	59,324	19,914	1,680	651,998	99,025	751,024
CHAPTER V SPECIAL EQUIPMENT									
05-01-01-00	ICT - Active Network Infrastructure	32,139	5,029	27,000	15,598	0	79,766	0	79,766
	ICT- I&V	1,415	400	195	0	0	2,010	0	2,010
	ICT- 5% Contingencies HN	629	2,579	780	0	0	3,988	0	3,988
05-01-02-00	ICT- 5% Contingencies NATO	629	2,579	280	500	0	3,988	0	3,988
	ICT- Programme contingencies	1,810	5,662	1,803	2,000	0	11,275	0	11,275
05-01-03-00	Furniture either internal or external (loose)	445	1,607	2,053	0	0	4,105	0	4,105
05-01-03-00	Contingencies on Furniture Programme	0	0	8,900	0	0	8,900	0	8,900
	Contingencies on Furniture under DPRC	0	0	1,200	0	0	1,200	0	1,200
05-01-04-00	Sports or recreational equipment (loose)	0	0	200	0	0	200	0	200
05-01-05-00	Relocation costs and movement of (loose) furniture	0	0	600	1,000	0	1,600	0	1,600
	Non-Fixed Equipment	0	0	300	0	0	300	0	300
	Sub-total V	37,067	17,857	44,510	19,098	0	118,532	0	118,532
GRAND TOTAL									
		755,883	174,701	135,420	55,852	2,333	1,025,165	99,025	1,124,190