

NATO SANS CLASSIFICATION

3 janvier 2019

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C-M(2018)0068-AS1

**RAPPORT DU COLLÈGE INTERNATIONAL
DES COMMISSAIRES AUX COMPTES DE L'OTAN
SUR LA VÉRIFICATION DES ÉTATS FINANCIERS 2017
DU RÉGIME DE PENSIONS COORDONNÉ DE L'OTAN**

NOTE SUR LA SUITE DONNÉE

Le 21 décembre 2018, au terme d'une procédure d'accord tacite, le Conseil a pris note du rapport de l'IBAN sur les états financiers 2017 du régime de pensions coordonné de l'OTAN joint au C-M(2018)0068, il a avalisé le rapport établi par le RPPB au sujet du rapport de l'IBAN et il a donné son accord pour que le rapport du RPPB, le rapport de l'IBAN et les états financiers correspondants soient communiqués au public.

(signé) Jens Stoltenberg
Secrétaire général

NB : La présente note fait partie du C-M(2018)0068 et doit être placée en tête de ce document.

NATO SANS CLASSIFICATION

14 décembre 2018

DOCUMENT

C-M(2018)0068

Procédure d'accord tacite :

21 déc 2018 15:30

**RAPPORT DU COLLÈGE INTERNATIONAL
DES COMMISSAIRES AUX COMPTES DE L'OTAN
SUR LA VÉRIFICATION DES ÉTATS FINANCIERS 2017
DU RÉGIME DE PENSIONS COORDONNÉ DE L'OTAN**

Note du secrétaire général

1. On trouvera ci-joint le rapport que le Collège international des commissaires aux comptes de l'OTAN (IBAN) a établi à la suite de la vérification des états financiers 2017 du régime de pensions coordonné de l'OTAN. L'IBAN a émis une opinion sans réserve sur ces états financiers et une opinion avec réserve sur la conformité.
2. Le rapport de l'IBAN a été examiné par le Bureau de la planification et de la politique générale des ressources (RPPB) (voir annexe).
3. Je ne pense pas que la question doive être débattue plus avant. Par conséquent, **sauf avis contraire me parvenant d'ici au vendredi 21 décembre 2018 à 15h30**, je considérerai que le Conseil aura pris note du rapport de l'IBAN sur les états financiers 2017 du régime de pensions coordonné de l'OTAN, qu'il aura avalisé le rapport établi par le RPPB au sujet du rapport de l'IBAN, et qu'il aura donné son accord pour que le rapport du RPPB, le rapport de l'IBAN et les états financiers correspondants soient communiqués au public.

(signé) Jens Stoltenberg

1 annexe
1 pièce jointe
1 appendice

Original : anglais



NATO SANS CLASSIFICATION

**RAPPORT DU COLLÈGE INTERNATIONAL
DES COMMISSAIRES AUX COMPTES DE L'OTAN
SUR LA VÉRIFICATION DES ÉTATS FINANCIERS 2017
DU RÉGIME DE PENSIONS COORDONNÉ DE L'OTAN**

Rapport

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

Références :

- A. IBA-A(2018)0117 Rapport de l'IBAN sur la vérification des états financiers 2017 du régime de pensions coordonné de l'OTAN
- B. C-M(2015)0025 Règlement financier de l'OTAN
- C. PO(2015)0052 Mandat issu du sommet du pays de Galles concernant la transparence et l'obligation de rendre compte

RAPPEL DES FAITS

1. Le présent document concerne le rapport du Collège international des commissaires aux comptes de l'OTAN (IBAN) sur la vérification des états financiers 2017 du régime de pensions coordonné de l'OTAN et sur la vérification de la conformité pour cet exercice. L'IBAN a émis une opinion sans réserve sur les états financiers et une opinion avec réserve sur la conformité (référence A).

EXAMEN DE LA QUESTION

2. L'IBAN a constaté que les informations présentées dans les états financiers étaient conformes au Règlement financier de l'OTAN (NFR) et au Règlement du personnel civil de l'OTAN. Cependant, il a émis une opinion avec réserve sur la conformité en raison de la publication tardive des états financiers. En effet, selon l'article 35.1 du NFR (référence B), le contrôleur des finances doit soumettre des états financiers annuels propres à l'organisme OTAN au plus tard le 31 mars qui suit la fin de l'exercice visé dans les états financiers ; or les états financiers du régime de pensions coordonné ont été soumis le 28 juin 2018, le contrôleur des finances s'étant efforcé de donner la suite voulue aux observations formulées par l'IBAN à l'issue de précédents audits. Pour plus d'informations à ce sujet, on se reportera au plan d'action figurant en appendice.

3. L'IBAN a fait le point sur la suite donnée aux observations formulées à l'issue de ces précédents audits, et il a constaté que trois questions avaient été réglées, que deux autres l'avaient été partiellement et qu'il en restait deux à régler. Les questions partiellement réglées ou restant à régler concernent l'évaluation actuarielle présentée, qui est basée sur des chiffres anciens (ceux de 2016), les soldes inexplicables – non significatifs – qui figurent dans les comptes, l'absence de confirmation officielle des soldes interentités et l'absence de méthode de change. Pour plus d'informations, on se reportera au plan d'action figurant en appendice.

4. Dans son rapport, l'IBAN a consacré une « observation particulière¹ » au fait que l'évaluation actuarielle des obligations de pension à couvrir par le régime de pensions coordonné s'était fondée sur des données de 2016 parce que l'étude basée sur les données de 2017 n'était pas encore achevée au moment de la publication des états financiers. Il a toutefois constaté que ce fait était dûment mentionné dans les notes jointes aux états financiers. Les obligations à couvrir par le régime sont passées de 7,29 milliards d'euros d'après les états financiers de 2016 à 6,89 milliards d'euros d'après ceux de 2017, soit une baisse de 5 %. Sur le principe, le contrôleur des finances souscrit à la recommandation de l'IBAN, et il étudiera les options qui permettraient d'obtenir le document voulu avant le 31 mars, afin que la question puisse être réglée dans les états financiers de 2018.

CONCLUSION

5. L'IBAN a émis une opinion sans réserve sur les états financiers du régime de pensions coordonné et une opinion avec réserve sur la conformité pour l'exercice 2017. Le RPPB se félicite de constater que des progrès ne cessent d'être accomplis et que le nombre de questions faisant l'objet d'observations continue de se réduire. Il souligne combien il importe que les états financiers et les informations les étayant soient soumis à temps à l'IBAN.

RECOMMANDATIONS

6. Le RPPB recommande au Conseil :
- 6.1. de prendre note du rapport de l'IBAN (référence A) ;
 - 6.2. d'approuver la conclusion figurant au paragraphe 5 du présent rapport ;
 - 6.3. d'approuver la communication au public du présent rapport, du rapport de l'IBAN et des états financiers 2017 du régime de pensions coordonné.

¹ Paragraphe ajouté dans l'opinion afin d'appeler l'attention sur un élément des états financiers qui est présenté correctement mais dont l'importance est telle, selon l'auditeur, qu'il est indispensable à l'utilisateur pour sa compréhension de ces documents.

Plan d'action pour le règlement des questions en souffrance

7. Le présent plan d'action fait le point sur les questions restant à régler qui sont mentionnées dans le rapport de l'IBAN (référence A). La direction a classé ces questions en trois catégories – à traiter, en cours et traitée –, en s'appuyant sur les définitions suivantes :

7.1. À traiter : La direction réfléchit à la meilleure manière de donner suite à l'observation ou elle la traitera ultérieurement.

7.2. En cours : La direction travaille activement au règlement de la question et a avancé dans la résolution du problème.

7.3. Traitée : La direction estime que la question a été réglée de manière satisfaisante ou considère qu'il ne lui est pas possible de prendre d'autres mesures.

Incidence sur l'opinion et observation de l'IBAN	Plan d'action	État de la question	Échéance pour le règlement de la question
<i>Incidence sur l'opinion concernant la conformité</i> Publication tardive des états financiers	Les états financiers de 2018 seront publiés au plus tard le 31 mars 2019.	En cours	À la publication des états financiers de 2018

<i>Pas d'incidence sur l'opinion</i> Insuffisance des contrôles relatifs au compte rendu financier	La question a été jugée partiellement réglée lors de la vérification des états financiers de 2017. Le contrôleur des finances du SI continuera de travailler au renforcement du processus d'examen des états financiers en 2018 et en 2019. Les soldes inexpliqués seront analysés et, le cas échéant, supprimés à la clôture de l'exercice 2018. Le contrôleur des finances étudiera les options qui permettraient d'obtenir la confirmation officielle des soldes interentités à la clôture de cet exercice.	En cours	À la publication des états financiers de 2018
<i>Pas d'incidence sur l'opinion</i> Absence de mention des résultats de l'évaluation actuarielle basée sur les chiffres de 2016	Sur le principe, le contrôleur des finances souscrit à la recommandation, et il étudiera les options qui permettraient d'obtenir le document avant le 31 mars, afin que la question puisse être réglée dans les états financiers de 2018.	À traiter	À la publication des états financiers de 2018
<i>Pas d'incidence sur l'opinion</i> Retards importants dans la communication des informations nécessaires pour l'audit	Lors de la vérification des états financiers de 2018, le Bureau du contrôle financier s'attachera à réduire les délais de présentation des documents demandés par l'IBAN.	En cours	À l'issue des contrôles sur place qui porteront sur les états financiers de 2018
<i>Pas d'incidence sur l'opinion</i> Manque de clarté de la méthode de change	La question a été jugée partiellement réglée lors de la vérification des états financiers de 2017. Le contrôleur des finances du SI actualisera la partie intitulée « Opérations en monnaie étrangère » de la note 2 (<i>Méthodes comptables importantes utilisées pour l'établissement des états financiers de 2018</i>)	En cours	À la publication des états financiers de 2018

ENCLOSURE TO
C-M(2018) 00698



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)0117
29 October 2018

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

Cc: Assistant Secretary General, Executive Management Division
Financial Controller, International Staff
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 Financial Statements of the NATO Coordinated Pension Scheme for the year ended 31 December 2017 – IBA-AR(2018)0029*

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

The Board's report sets out an unqualified opinion on the Financial Statements of the NATO Coordinated Pension Scheme and a qualified opinion on compliance for financial year 2017.

Yours sincerely,

A handwritten signature in blue ink, appearing to read "H. Metzger".

Hervé-Adrien Metzger
Chairman

Attachments: As stated above.

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**Note succincte
du Collège international des commissaires aux comptes de l'OTAN
à l'intention du Conseil
sur la vérification des états financiers
du régime de pensions coordonné de l'OTAN
pour l'exercice clos le 31 décembre 2017**

Le régime de pensions coordonné de l'OTAN, régime non financé à prestations définies, s'applique à tous les agents civils recrutés entre le 1^{er} juillet 1974 et le 30 juin 2005. Les agents recrutés avant juillet 1974 sont membres de la Caisse de prévoyance, et ceux qui ont été recrutés depuis le 1^{er} juillet 2005 sont affiliés au régime de pensions à cotisations définies.

Les pays membres de l'OTAN garantissent collectivement le versement des prestations. En 2017, le montant total des paiements effectués au titre du régime de pensions s'est élevé à 158,5 millions d'euros (MEUR) (contre 149,9 MEUR en 2016). Au 31 décembre 2017, la valeur actuarielle du passif accumulé par le régime au titre des pensions s'élevait à 6,89 milliards d'euros (contre 7,25 milliards d'euros au 31 décembre 2016).

Le Collège a émis une opinion sans réserve sur les états financiers du régime de pensions coordonné de l'OTAN pour l'exercice clos le 31 décembre 2017 ainsi qu'une opinion avec réserve sur la conformité pour cet exercice.

À l'issue de l'audit, il a formulé une observation, qui a une incidence sur l'opinion relative à la conformité :

1. Publication tardive des états financiers.

Par ailleurs, le Collège a fait le point sur la suite donnée aux observations formulées lors de précédents audits, et il a constaté que trois questions avaient été réglées, que deux l'avaient été partiellement et qu'il en restait deux à régler.

L'opinion (annexe 2) et la lettre d'observations et de recommandations (annexe 3) ont été transmises au Secrétariat international, dont les commentaires ont ensuite été intégrés dans la lettre (appendice à l'annexe 3).

26 octobre 2018

COLLÈGE INTERNATIONAL DES COMMISSAIRES AUX COMPTES DE L'OTAN

OPINION SUR LES ÉTATS FINANCIERS

DU RÉGIME DE PENSIONS COORDONNÉ 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
ET DES AFFILIÉS AU RÉGIME DE PENSIONS COORDONNÉ DE L'OTAN**

Rapport sur les états financiers

Le Collège international des commissaires aux comptes de l'OTAN a procédé à la vérification des états financiers du régime de pensions coordonné de l'OTAN pour l'exercice clos le 31 décembre 2017, composés de l'état de l'actif net disponible pour le service des prestations, de l'état de l'évolution de l'actif net disponible pour le service des prestations, ainsi que de notes explicatives, y compris un résumé des méthodes comptables importantes.

Responsabilité de la direction

La direction est chargée d'établir les états financiers conformément à la norme comptable internationale (IAS) 26 (*Comptabilité et rapports financiers des régimes de retraite*)² et aux dispositions du Règlement financier de l'OTAN (NFR) telles qu'elles ont été fixées par le Conseil de l'Atlantique Nord, et de veiller à ce qu'ils donnent une image fidèle de la situation de l'entité. Elle est ainsi responsable de la conception, de l'application et de la tenue d'un système de contrôle interne de nature à permettre l'établissement et la présentation d'états financiers qui soient exempts d'inexactitudes significatives, que celles-ci relèvent d'une fraude ou d'une erreur.

Responsabilité du Collège

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

Un audit consiste à appliquer des procédures permettant d'obtenir des éléments probants relatifs aux montants et aux informations figurant dans les états financiers. Les procédures retenues à cette fin sont laissées à l'appréciation de l'auditeur, qui évalue notamment les risques d'inexactitudes significatives dans les états financiers, que celles-ci relèvent d'une fraude ou d'une erreur. Pour l'évaluation de ces risques, le système de contrôle interne sur lequel s'appuient l'établissement et la présentation des états financiers de l'entité concernée est pris en considération, le but étant d'élaborer des

² Comme le cadre comptable OTAN ne comporte pas de norme portant spécifiquement sur la comptabilité et sur les rapports financiers des régimes de retraite, le Secrétariat international établit les états financiers du régime de pensions coordonné de l'OTAN conformément à l'IAS 26.

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 sans réserve sur les états financiers

L'opinion du Collège est qu'à tous égards significatifs, les états financiers donnent une image fidèle, conforme à l'IAS 26, de la situation financière du régime de pensions coordonné de l'OTAN au 31 décembre 2017, ainsi que de l'évolution de sa situation financière au cours de l'exercice clos à cette date.

Observation particulière

La note 3 (*Évaluation actuarielle*) jointe aux états financiers mentionne une obligation actuarielle de 7,29 milliards d'euros incombant au régime de pensions coordonné de l'OTAN. Les auteurs expliquent que cette évaluation a été basée sur les chiffres de 2016 parce que l'étude d'évaluation actuarielle se fondant sur les chiffres de 2017 n'était pas encore disponible au moment de la publication des états financiers.

L'étude d'évaluation actuarielle basée sur les chiffres de 2017 applique la norme comptable internationale du secteur public (IPSAS) 39 (*Avantages du personnel*), tandis que celle fondée sur les chiffres de 2016 appliquait les dispositions de l'IPSAS 25 (même intitulé). L'IPSAS 39 actualise et remplace l'IPSAS 25, et la principale différence entre ces deux normes réside dans le fait que les entités n'ont plus la possibilité d'étaler la comptabilisation des écarts actuariels.

À la date du présent rapport, l'étude d'évaluation actuarielle appliquant l'IPSAS 39 avait été achevée, faisant apparaître des passifs actuariels de 6,89 milliards d'euros pour 2017 et de 7,25 milliards d'euros pour 2016, qui incombent au régime de pensions coordonné de l'OTAN.

Cette situation n'a pas amené le Collège à émettre une opinion modifiée.

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 NFR 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 NFR 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 sur la conformité.

Justification de l'opinion avec réserve émise sur la conformité

Selon le NFR, 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 régime de pensions coordonné de l'OTAN pour l'exercice clos le 31 décembre 2017 n'ont toutefois été présentés pour audit que le 28 juin 2018.

Opinion avec réserve sur la conformité

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

Bruxelles, le 26 octobre 2018



Hervé-Adrien Metzger
Président

26 octobre 2018

COLLÈGE INTERNATIONAL DES COMMISSAIRES AUX COMPTES DE L'OTAN

LETTRE D'OBSERVATIONS ET DE RECOMMANDATIONS

CONCERNANT LE RÉGIME DE PENSIONS COORDONNÉ 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 du régime de pensions coordonné de l'OTAN pour l'exercice clos le 31 décembre 2017, et il a émis une opinion sans réserve à leur sujet ainsi qu'une opinion avec réserve sur la conformité.

Observations et recommandations

À l'issue de l'audit, le Collège a formulé une observation, assortie d'une recommandation. Cette observation a eu une incidence sur l'opinion relative à la conformité :

1. Publication tardive des états financiers.

Par ailleurs, le Collège a fait le point sur la suite donnée aux observations formulées lors de précédents audits, et il a constaté que trois questions avaient été réglées, que deux l'avaient été partiellement et qu'il en restait deux à régler.

OBSERVATION ET RECOMMANDATION

1. PUBLICATION TARDIVE DES ÉTATS FINANCIERS

Contexte

Aux termes de l'article 35 du Règlement financier de l'OTAN (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 ».

Observation

1.2 Les états financiers 2017 du régime de pensions coordonné de l'OTAN ont été soumis au Collège le 28 juin 2018, soit après l'échéance fixée dans le NFR.

Conclusion

1.3 La publication tardive des états financiers donne lieu à la formulation d'une opinion avec réserve sur la conformité pour l'exercice 2017.

SUITES DONNÉES AUX OBSERVATIONS ANTÉRIEURES

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

OBSERVATION/RECOMMANDATION	MESURES PRISES	ÉTAT DE LA QUESTION
(1) Régime de pensions coordonné – Exercice 2016 IBA-AR(2017)31, paragraphe 1 MENTION INADÉQUATE D'INFORMATIONS RELATIVES À DES OBLIGATIONS DANS LA VERSION ORIGINALE DES ÉTATS FINANCIERS Recommandation du Collège Le Collège recommande au SI de suivre les prescriptions des IAS 26 et 7 et de mentionner séparément dans les états financiers tout placement ne remplissant pas les critères d'un équivalent de trésorerie. Le Collège recommande au SI de définir explicitement la finalité des placements au moment de l'achat et de mentionner toutes les informations nécessaires dans les notes jointes aux états financiers. Le calcul de la valeur d'un placement doit se faire en fonction de la finalité qui aura été précédemment définie. Le Collège recommande au SI d'analyser le risque de marché lié au placement et de rendre compte des conclusions de cette analyse dans les états financiers.	Les placements sont mentionnés séparément dans les états financiers. Les informations fournies au sujet des placements dans les notes jointes aux états financiers sont suffisantes. Il a été indiqué que le placement serait détenu jusqu'à l'échéance. La valorisation du placement est justifiée dans la note jointe aux états financiers adéquate.	Question réglée.
(2) Régime de pensions coordonné – Exercice 2016 IBA-AR(2017)31, paragraphe 2 INSUFFISANCE DES CONTRÔLES RELATIFS AU COMPTE RENDU FINANCIER Recommandation du Collège Les personnes responsables de l'établissement des états financiers doivent conserver les documents sur lesquels ils se sont appuyés dans leur travail afin de pouvoir justifier tout solde présenté dans les états financiers et toute information mentionnée 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, pour que les soldes puissent faire l'objet d'un suivi adéquat.	Les comptables ont conservé suffisamment de documents pour pouvoir justifier les informations mentionnées dans les états financiers.	Question partiellement réglée.

OBSERVATION/RECOMMANDATION	MESURES PRISES	ÉTAT DE LA QUESTION
Le Collège recommande de constater les opérations correspondant à des produits et les opérations correspondant à des charges, par nature différentes, dans des comptes distincts, tels que : - profits/pertes non réalisé(e)s ; - profits/pertes sur achats en devises ; - contributions ; - reprises/transferts ; - autres types de produits/charges. Le Collège recommande d'améliorer la transparence et la disponibilité des données comptables. Il recommande, lorsque c'est techniquement possible, de lier les opérations enregistrées dans l'ERP à la contrepartie concernée afin de pouvoir retracer l'évolution des différents soldes à payer aux contreparties et/ou à recevoir de leur part. Il engage le SI à appliquer des procédures ERP normalisées plutôt que de procéder à des ajustements manuels. Lorsque des données globales sont introduites dans l'ERP, des justificatifs détaillés (récapitulatifs, listes, calculs, etc.) doivent être disponibles dans l'ERP et faire l'objet d'une vérification et d'une validation dans le système. Le Collège recommande de renforcer le processus d'examen multiniveau des états financiers, afin d'améliorer la qualité globale des états financiers et leur conformité avec les cadres de compte rendu applicables. Le Collège recommande d'obtenir, une fois par an au moins, la confirmation officielle des soldes interentités auprès de toutes les entités dont les états financiers sont préparés par le Bureau du contrôle financier du SI.	Des opérations correspondant à des produits de natures différentes ont encore été enregistrées dans un nombre restreint de comptes. Toutefois, les auditeurs se sont vu fournir des justificatifs suffisants concernant ces opérations. Le Collège a constaté que la transparence et la disponibilité des données comptables s'étaient améliorées et que les procédures ERP étaient davantage appliquées. Bien qu'un important travail de nettoyage des données comptables ait été effectué en 2017, certains soldes inexpliqués, non significatifs, figurent encore dans les comptes en fin d'exercice. Ces soldes doivent être analysés et, le cas échéant, supprimés. Le Collège a constaté une amélioration globale de la qualité des états financiers. Cependant, il suggère de continuer de renforcer le processus d'examen des états financiers. En effet, quelques différences non significatives y ont été relevées. D'après ce que le Collège a pu constater, le Bureau du contrôle financier du SI n'a pas cherché à obtenir de confirmation officielle des soldes interentités auprès de toutes les entités dont il prépare les états financiers. Comme pour l'exercice précédent, le fait que ce contrôle n'ait pas été effectué a conduit à la surévaluation du solde des montants à recevoir du SI en fin d'exercice.	

OBSERVATION/RECOMMANDATION	MESURES PRISES	ÉTAT DE LA QUESTION
(3) Régime de pensions coordonné – Exercice 2016 IBA-AR(2017)31, paragraphe 3 INSUFFISANCES DANS LE CONTRÔLE INTERNE RELATIF AUX PRESTATIONS DE PENSION MENTIONNÉES DANS LES ÉTATS FINANCIERS Recommandation du Collège Le Collège recommande que le SI conserve la totalité des informations nécessaires, avec un niveau de détail suffisant, pour justifier les entrées comptables dans l'ERP. Le Collège recommande qu'il soit procédé régulièrement à un rapprochement entre les données relatives aux prestations de pension figurant dans l'ERP et celles de l'Unité Pensions.	Les informations nécessaires ont été conservées, avec un niveau de détail suffisant, pour justifier les entrées comptables dans l'ERP. Le Collège s'est vu présenter des justificatifs attestant qu'un rapprochement régulier avait été effectué entre les données figurant dans l'ERP et celles de l'Unité Pensions.	Question réglée.
(4) Régime de pensions coordonné – Exercice 2016 IBA-AR(2017)31, paragraphe 4 NÉCESSITÉ DE METTRE EN PLACE DES CONTRÔLES EN MATIÈRE DE RAPPROCHEMENT DES SOLDES BANCAIRES Recommandation du Collège Le Collège recommande de procéder au rapprochement mensuel des soldes du système comptable et des relevés bancaires et d'en conserver une trace écrite. Il sera ainsi plus facile de repérer à temps les éventuelles inexactitudes. Le résultat de ce travail devra être signé par la personne qui l'aura effectué et par celle qui l'aura examiné, avec mention de la date dans chaque cas.	Des justificatifs ont été fournis qui attestent que des rapprochements mensuels avaient été effectués.	Question réglée.
(5) Régime de pensions coordonné – Exercice 2016 IBA-AR(2017)31, paragraphe 5 ABSENCE DE MENTION DES RÉSULTATS DE L'ÉVALUATION ACTUARIELLE BASÉE SUR LES CHIFFRES DE 2016 Recommandation du Collège Le Collège recommande de faire en sorte que les résultats de l'évaluation actuarielle par le SIRP de l'obligation relative aux prestations	Les résultats de l'évaluation actuarielle 2017 n'étaient pas disponibles au moment de la	Question restant à régler.

OBSERVATION/RECOMMANDATION	MESURES PRISES	ÉTAT DE LA QUESTION
relevant du régime de pensions coordonné soient disponibles suffisamment tôt pour pouvoir être intégrés dans les états financiers à établir pour l'exercice considéré.	publication des états financiers de l'exercice. Ils ont été reçus par le SI le 10 juillet 2018. Le SI devrait faire en sorte de recevoir les chiffres de 2018 avant la publication des états financiers du régime de pensions coordonné de l'OTAN pour cet exercice, afin de pouvoir les y intégrer.	
(6) Régime de pensions coordonné – Exercice 2015 IBA-AR(2017)23, 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.	Le Collège a constaté des améliorations pour ce qui est du délai dans lequel les informations lui sont soumises. Cependant, les états financiers du régime de pensions coordonné de l'OTAN lui ont été soumis le 28 juin 2018. De plus, certaines informations nécessaires à l'audit lui ont été fournies après cette date.	Question restant à régler (en cours).
(7) Régime de pensions coordonné – Exercice 2015 IBA-AR(2017)23, paragraphe 8 Manque de clarté de la méthode de change Recommandations du Collège Le Collège recommande de mettre au point et d'appliquer une méthode complète pour la comptabilisation et le compte rendu des opérations libellées en monnaie étrangère. Le Collège recommande qu'en fin d'exercice, les actifs et passifs monétaires soient réévalués en euros sur la base des taux de change applicables en fin d'exercice.	Le SI n'a pas mis au point de méthode officielle de comptabilisation et de compte rendu des opérations et des soldes libellés en monnaie étrangère. Aucun écart significatif n'a été constaté dans la réévaluation en fin d'exercice des soldes libellés en monnaie étrangère.	Question partiellement réglée .

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

**OBSERVATION 1 :
PUBLICATION TARDIVE DES ÉTATS FINANCIERS**

Commentaires officiels du Secrétariat international

Le projet soumis pour commentaires ne contenait pas de recommandation. Le SI comprend que l'IBAN recommande implicitement de respecter l'échéance fixée à l'article 35 du NFR, et il souscrit à cette recommandation.

SUITES DONNÉES AUX OBSERVATIONS ANTÉRIEURES

(5) Régime de pensions coordonné – Exercice 2016

IBA-AR(2017)31, paragraphe 5

**ABSENCE DE MENTION DES RÉSULTATS DE L'ÉVALUATION ACTUARIELLE
BASÉE SUR LES CHIFFRES DE 2016**

Commentaires officiels du Secrétariat international

La méthode de calcul du passif actuariel a été modifiée. Pour ce qui est de l'exercice 2018, le SI travaillera en collaboration avec le SIRP pour pouvoir, dans toute la mesure du possible, disposer à temps des informations nécessaires et ainsi pouvoir les intégrer dans les états financiers.

**NATO COORDINATED PENSION SCHEME
FINANCIAL STATEMENTS**

For the year ended
31 December 2017

Annexes

- | | |
|---|---|
| 1 | Statement of Net Assets Available for Benefits |
| 2 | Statement of Changes in Net Assets Available for Benefits |
| 3 | Notes to the Financial Statements |



Jens STOLTENBERG
Secretary General



Stéphane CHAGNOT
Financial Controller

NATO COORDINATED PENSION SCHEME
Statement of Net Assets Available for Benefits

(All amounts in EUR)	Notes	Current Year	Previous Year
		31-Dec-17	31-Dec-16
Assets			
Cash and cash equivalent	4	48,336,753.88	43,358,221.40
Financial investment	5	40,000,000.00	40,000,000.00
Staff member contributions receivable	6	549,197.06	0.00
Employer contribution receivable	7	1,311,689.94	1,323,650.61
Nation contributions receivable	8	113,969,650.36	118,514,990.98
Pension adjustments contribution receivable	9	19,807,575.69	10,403,628.68
Credit for past service to be refunded by staff	10	76,915.45	60,132.35
Other	11	270,127.75	0.00
Total assets		224,321,910.13	213,660,624.02
Liabilities			
Contributions called for y+1	8	154,542,700.00	145,807,300.00
Voluntary advances	8	0.00	1,368,915.73
Pension adjustments called for y+1	9	27,109,100.00	24,107,300.00
Other	12	419,791.48	154,158.16
Total Liabilities		182,071,591.48	171,437,673.89
Net assets available for benefits	13	42,250,318.65	42,222,950.13

THE NATO COORDINATED PENSION SCHEME
Statement of Changes in Net Assets Available for Benefits

(All amounts in EUR)	Notes	Current Year	Previous Year
		31-Dec-17	31-Dec-16
Increase in net assets		157,810.10	697,645.48
Interest income	14	-225,121.92	4,622.18
Transfers from other pension funds	15	199,660.66	219,276.28
Bank costs	14		277,063.26
Other	16	183,271.36	196,683.76
Contributions		158,349,731.20	149,525,196.73
Staff members	6	16,231,956.37	17,461,541.04
Employer's	7	550,055.43	300,990.85
Nations	8	141,567,719.40	131,762,664.84
Pension adjustment	9	25,924,447.09	23,974,793.77
Total increase in net assets available for benefits		184,431,988.39	174,197,635.98
Decrease in net assets			
Pension benefits	18	157,977,212.21	149,921,305.36
Leaving allowances	18	148,401.18	0.00
Other costs	17	70,293.06	0.00
Bank costs	14	284,266.33	0.00
Pension adjustment	9	25,924,447.09	23,974,793.77
Total decrease in net assets available for benefits		184,404,619.87	173,896,099.13
Net change for the year		27,368.52	301,536.85
Net assets available for benefits, beginning of year		42,222,950.13	41,921,413.28
Net assets available for benefits, end of year		42,250,318.65	42,222,950.13

**EXPLANATORY NOTES TO THE
2017 FINANCIAL STATEMENTS OF THE
NATO COORDINATED PENSION SCHEME****NOTE 1: GENERAL INFORMATION****Description**

The NATO Coordinated Pension Scheme is a defined benefit retirement plan that applies to NATO staff recruited between 1 July 1974 and 30 June 2005. NATO staff recruited before 1 July 1974 are participants in the NATO Provident Fund, a defined contribution retirement plan. NATO staff recruited after 30 June 2005 are participants in the NATO Defined Contribution Pension Scheme (DCPS), also a defined contribution retirement plan.

NATO IS operates the Coordinated Pension Scheme for all NATO staff. This Scheme is often referred to as the NATO Defined Benefit Pension Scheme, and is hereafter referred to as the NATO DBPS.

The NATO DBPS is coordinated with five other international organisations (the Council of Europe, the European Centre for Medium Range Weather Forecast, the European Space Agency, the Organisation for Economic Cooperation and Development and the Western European Union). These Coordinated Organisations apply a common set of rules concerning the present defined benefit retirement plan. These rules are initiated and recommended by the Coordinating Committee on Remuneration and are approved by the North Atlantic Council. They are embedded in the NATO Civilian Personnel Regulations (CPRs), Annex IV.

The scheme includes provisions for retirement, invalidity, survivor, orphan and dependent pensions. Benefits paid are usually calculated as a proportion of the staff member's final salary, based on the number of reckonable years of service. NATO civilian staff recruited between 1 July 1974 and 30 June 2005 become eligible for a retirement pension after 10 years of service; those who depart before 10 years of service receive a leaving allowance. The details of the conditions and entitlements of each component of the NATO DBPS are laid down in Annex IV of the CPRs.

Financing Policy

The benefits of the NATO DBPS are paid from annual budgets approved by the North Atlantic Council. Funding sources consist of compulsory contributions from active staff, employer contributions of certain NATO bodies, and, as a balancing resource, budgetary contributions by NATO member Nations. Contrary to most, if not all, of the other Co-ordinated Organisations, NATO has not set aside funds to be invested to fund future costs and, therefore, NATO's funding of the Coordinated Pension Scheme is on a pay-as-you-go basis.

Staff Contributions

The rate of the staff contribution is set so as to represent the cost, in the long term, of one-third of the benefits provided at the coordinated level. Therefore this rate is not specific to NATO; it is the same for all the Coordinated Organisations.

The staff contribution rate is adjusted in accordance with the result of an actuarial study which is carried out every 5 years. This rate has been increasing over time. It was 7.0%

from the inception of the scheme until it was brought to 8.0% in 1995. The rate was further increased to 8.3% in 2000 and to 8.9% in 2005.

As of 1 January 2010, contributions to the NATO DBPS from serving staff increased from 8.9% to 9% of their basic salary, further to a change in the method used to calculate such rates in order to take account of the closure of the pension scheme in certain Coordinated Organisations. The rate was increased to 9.5% as from 1 January 2015.

Employer contributions

In specific cases, and in particular for a few NATO activities, limited either in time or in numbers of personnel, or with a specific financial basis, Nations decided that the pension liability is best discharged through a contribution equal to twice the staff contribution rate from the annual budget of the concerned activity or NATO entity (BC-WP(83)3(Revised) paragraph 5(1) and C-M(83)34). This contribution is considered as an employer's contribution. This contribution, together with the staff's, is deemed to provide the necessary funds for the subsequent pensions liability of the entities concerned. Employer contributions are due from the following NATO bodies: the NATO Headquarters Staff Centre, the New NATO Headquarters Project Office (NHQPO), the Munitions Safety Information Analysis Centre (MSIAC), the NATO Naval Forces Sensor and Weapon Accuracy Check Sites (FORACS), the NATO Battlefield Information Collection and Exploitation Systems (BICES) Agency and the NATO Alliance Ground Surveillance Management Agency (NAGSMA).

Nations' contributions

The member states jointly guarantee the payment of benefits. Should a country, being a member or ex-member of the Organisation, fail to comply with its obligations, the other countries shall meet the cost thereof in proportion to their contributions to the budget of the Organisation as fixed annually from and after the said country's default (article 40.4 of Civilian Personnel Regulations, Annex IV).

Contributions from member states are called once a year based on the authorized annual budgets. They are calculated as the difference between the anticipated benefits due for the year under review and the main sources of funding, primarily staff contributions and employer's contributions. The NATO DBPS is funded through two separate budgets approved by the North Atlantic Council, one for the International Staff and the other for the Military Budgets which includes NATO agencies.

The related calls for contributions are issued in advance, usually towards the end of the preceding year. Costs are shared among NATO member countries based on the cost-shares applicable to the NATO body for which the staff member worked before he/she became a beneficiary of the scheme. In practice, the annual call is based on a weighted average of each NATO body's cost-share weighted by the related pension costs as per the latest available financial statements.

Management of the DBPS

Administrative services and secretarial support are provided by the Pensions Unit of NATO-IS Human Resources. In the framework of the coordinated system, this unit is referred to as Computation Unit II. The Pensions Unit assesses the entitlement to benefits payable under the DBPS for the whole NATO community. Financial services are provided by the NATO-IS Office of Financial Control (OFC). The OECD's International Service for Remunerations and

Pensions (ISRP) provides overall support concerning the global NATO DBPS (actuarial studies, adjustment calculations, etc.).

An Administrative Committee on Pensions of the Coordinated Organizations (CAPOC) was set up to ensure that provisions of the Pension Scheme Rules are uniformly applied at the coordinated level.

None of the above-mentioned management services provided by NATO and the ISRP are charged to the NATO DBPS (see note on Related Parties).

Pension Adjustment

The recipient of a pension is entitled to an adjustment applying to the member country of the organisation in which the pension and adjustment relating thereto are chargeable to income taxes under the tax regulations in force in that country. This adjustment (sometimes referred to as "tax adjustment") concerns members of the NATO DBPS and of the DCPS. The adjustment equals 50% of the amount by which the recipient's pension would theoretically need to be increased, were the balance remaining after deduction of the amount of national income tax or taxes on the total to correspond to the amount of the pension calculated in accordance with the rules of the NATO DBPS or of the DCPS.

The adjustment is borne by the country in which the recipient is subject to taxes on income for the period considered and, therefore, separate accounts are drawn up for each individual country.

For practical reasons, the operations relating to the adjustment of pensions are included in the present financial statements rather than in a separate set of financial statements.

A specific call for contributions is issued to the countries concerned.

NOTE 2: SIGNIFICANT 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 NATO DBPS have been prepared in accordance with the NATO Financial Regulations and International Accounting Standard 26, "Accounting and Reporting by Retirement Benefit Plans". The NATO Accounting Framework, which is an adapted version of the International Public Sector Accounting Standards (IPSAS), does not have a specific standard for accounting and reporting by retirement benefit plans

The accounting system currently used by the NATO DBPS is accrual based.

The financial statements summarise the transactions, net assets available for benefits and the changes in net assets available for benefits. In accordance with IAS 26 the actuarial present value of promised retirement benefits of the NATO DBPS is presented in Note 3.

Basis of presentation

The financial statements have been prepared on a going-concern basis: the NATO DBPS will continue in operation for the foreseeable future.

The amounts shown in these financial statements are presented in EUR.

Changes in accounting policy

As from 2017, transactions relating to the pension adjustment are reflected in the statement of changes in net assets. Up to now, the reporting in the face of the financial statements of transactions related to the pension adjustment would be limited to their impact on the statement of net assets, in particular receivables from nations, advances called for the following year and amounts to be regularized concerning the calls for contribution process. This change better reflects the nature of the operations of the pension schemes managed by NATO and provides a global view of the pension adjustment process: the pension adjustment is provided for by the Civilian Personnel Regulations, is processed at the same time as the payment of pension benefits (be it for the Coordinated Pension Scheme or the Defined Contributions Pension Scheme), is subject to a specific call for contributions by the Nations concerned and results in material flows of cash. A specific line item was added in the statement of changes in net assets, in amounts equal to the pension adjustment paid so as to avoid any impact on the value of net assets which concerns only the Coordinated Pension Scheme.

Reclassification of financial statements of previous year

None in 2017.

Use of estimates

In the application of accounting policies judgments, estimates and assumptions are made about carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. Estimates include, but are not limited to: the long term obligation of the NATO DBPS and receivables.

Foreign currency transactions

NATO entities pay their staff's contributions in various currencies (EUR mostly, GBP, USD, NOK, PLN and DKK) normally in the bank accounts denominated in the same currency. Contributions from the Nations to the pension budget and for the pension adjustment are exclusively called in EUR at the year-end for the following year and received in the EUR bank account.

Benefits are paid in various currencies. Benefits are calculated by reference to salary scales applicable to the country of the staff member's last posting. However the staff member may opt for the scale applicable to another country if the former staff member settles subsequently: in a member country of one of the Coordinated Organisations of which he is a national, or in a member country of one of the Coordinated Organisations of which his spouse is a national, or in a country where he/she has served at least five years in one of the organisations of the Coordinated Organisations. As a consequence payments are made in a variety of currencies such as: EUR, AUD, CAD, CHF, DKK, GBP, NOK, NZD, SEK, THB, TRY and USD.

Foreign currency transactions are accounted for at the NATO exchange rates prevailing on the date of transactions. The monetary assets and liabilities at year-end are reported in EUR using the NATO rates of exchange that were applicable at year-end.

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 recognized as expenses and revenues.

Cash and Cash equivalents

Cash and cash equivalents are defined as short-term assets. They include cash in banks, term deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash.

Financial Investments

Financial investments with a fixed redemption value, acquired with the intention to be held to maturity, matching DBPS obligations or parts thereof, are recognised at ultimate redemption value.

Receivables

Receivables are stated at net realisable value. No allowance for loss is recorded for receivables relating to NATO bodies' statutory contributions or to national contributions.

Payables

Payables are amounts due to third parties based on rights acquired by staff or pensioners, or services provided that remain unpaid. This includes, as required, an estimate of the related accrued obligation for rights not liquidated, or services provided but not yet invoiced.

Financial instruments

The NATO DBPS uses non-derivative financial instruments as part as its normal operations. These financial elements include bank accounts, deposit accounts, accounts receivable and provisions. The NATO DBPS has also invested in a 3-year capital-guaranteed note yielding 3-month Euribor but with a minimum of 0.03%. The note is intended to be held to maturity in order to match obligations of the DBPS.

Cash and equivalents are recognised in the statement of financial position at their fair value. The 3-year note with capital guarantee is recognised at redemption value at maturity.

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

Credit risk

The NATO DBPS incurs credit risks from cash, cash equivalents and a note held with banks, and receivables.

Credit risk on cash and cash equivalents is managed by holding current accounts and short term highly liquid deposits that are readily convertible to a known amount of cash held a with registered banking institution with the following ratings (short term).

ING Bank Credit Ratings as at 22/02/2018

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

A "floored floater" 3-year, capital-guaranteed note held with a registered banking institution has the following ratings.

Credit Ratings as at 30/03/2018

	Fitch	Moody's	S&P
Ratings	A-	A2	A-

Credit risk is also managed by maintaining control procedures over receivables. These consist essentially of contributions due from NATO member countries. This risk is considered limited since these countries are generally considered creditworthy. Similarly, the risk linked to employer or staff contributions due from NATO bodies is considered limited since, with the exception of the Staff Centre, these bodies are directly funded by member Nations or indirectly in the case of customer funding.

Currency risk

The NATO DBPS is exposed to foreign currency exchange risk arising from fluctuations in currency rates. The scheme receives contributions in EUR from member Nations. It receives mostly EUR but also GBP, USD, NOK, PLN and DKK from NATO bodies. As explained above, benefits due to participants in the scheme are in various currencies. Payments are made mainly in EUR (83%), GBP (8%), NOK (2%), USD (2%) and DKK (2%); the other currencies (AUD, CAD, CHF, NZD, SEK, THB, TRY) each represent less than 1%. Foreign currencies are purchased as needed on a monthly basis keeping foreign currency holdings at a minimum. There is therefore very little currency risk because cash and cash equivalent balances on bank accounts in foreign currencies are always a small percentage of the cash and equivalents.

The calls for contributions from Nations related to Pension Adjustment are in EUR. Pension Adjustments paid to pensioners are primarily in EUR. There is therefore very little currency risk.

Liquidity risk

A liquidity risk could arise from an unforeseen short term liquidity requirement. There is a very limited exposure to liquidity risk because contributions ensure funding commensurate with budgeted benefit disbursements and because member states jointly guarantee the funding of this pension scheme. Some limited risk could be due to the validity of forecasts used for the NATO DBPS budget formulation. However, past history shows that this process results in surpluses.

The outflows of cash follow fairly regular paths and so do the staff and employer contributions but the latter are of a smaller amount. While the timing of member Nations' contributions is not entirely predictable, staff and employer contributions as well as benefit outflows are very stable. The budgetary surplus shields NATO DBPS from liquidity risk.

Cash, cash equivalents, and the capital-guaranteed note are managed to avoid liquidity risk.

The calls for contributions related to the Pension Adjustment tend to be lower than the actual requirement due to difficulties in making accurate forecasts. This situation generates a liquidity risk that is managed through the excess cash on the DBPS side.

Interest rate risk

The scheme is restricted from entering into borrowings and therefore, there is no related interest rate risk.

Market risk

The bank-guaranteed note yields 3-month Euribor with a minimum of 0.03%. There is no currency risk attached to it since it is in EUR. The capital is guaranteed. Fluctuations in the euro interest rates will affect the market value of the note if sold before maturity, which is not the intention. The principal corresponds to funds the DBPS has no intention to use in the immediate future, it matches DPBS obligations and relates to inward transfers of pension rights by staff members from their previous pension schemes.

NOTE 3: ACTUARIAL VALUATION

At the date of submission of these financial statements, the updated actuarial study was not yet available. The information below concerns the evaluation as of end of 2016.

The new DCPS was created on 1 July 2005 and thereafter the NATO DBPS was closed to new entrants.

An actuarial study was conducted in 2017 by the OECD International Service for Remunerations and Pensions (ISRP) to assess the value of the long term NATO pension obligation.

The evaluation of the situation end 2016, further to the study conducted in 2017, results in a present value of the NATO DBPS obligation of MEUR 7,293 at year end 2016 (including MEUR 40.2 inward transfer of pension rights). The previous evaluation was MEUR 6,499 (including MEUR 40.0 inward transfer of pension rights).

The methodology is based on the Projected Unit Credit Approach, the method recognized by the IFRS/IPSAS standards.

Endogenous assumptions taken into account are:

- Probability that a staff member leaves the Organization, retires, or becomes invalid.
- Annual salary increase and impact due to career progression (0.27% above inflation)

Exogenous assumptions taken into account are:

- Discount rate in nominal value of pensions: 0.89%
- Price inflation in the long run: 2%
- Rates of mortality for both active staff and pensioners (mortality table International Civil Servant Life Table 2013 – ICSLT2013, source ISRP/EUROSTAT).

The previous actuarial study dated 2016 estimated the value of the obligation at the end of 2015 at MEUR 6,459 (excluding inward transfers of rights). The current projection of this liability at the end of 2016 can be obtained as follows:

(Amounts in MEUR – excluding transfers of pension rights)

Evaluation of the obligation at year end 2015	(a)	6,459
Benefits paid	(b)	149
Interest costs	(c)	96
Current service costs	(d)	186
Obligation at year end 2015 projected into 2016	(e)=(a-b+c+d)	6,592
Actuarial loss (gain) on obligation	(f-e)	661
Evaluation of obligation at year end 2016	(f)	7,253

The actuarial loss (i.e. the (positive) difference between the obligation estimated at year end 2016 by the new study and the obligation of 2015 projected into 2016 resulting from the previous study) is MEUR 661. The actuarial loss represents approximately 10% of the obligation projected in 2016.

Assumptions taken into account in the previous actuarial study were:

Discount rate: 1.51%

Price inflation: 2%

Future salary increase: 0.27% above inflation

By definition actuarial valuations are largely dependent on the endogenous and exogenous parameters. Therefore any changes to the latter can result in material changes to the final evaluation of the obligation. In this case, the discount rate was decreased, by 62 basis points, from 1.51% to 0.89%. This reduction in the discount rate resulted in an actuarial loss of MEUR 830.

The discount rate refers to market yields on high quality corporate bonds. For the purpose of this actuarial study, in the absence of a market for Eurozone corporate bonds with maturities longer than 18 years, the Euro area government bond yield curve was used instead as a reference to discount the liabilities of the RMCF. This resulted in the discount rate of 0.89%, compared to the previous 1.51% (and before: 1.33% and 2.77%).

Use of the ever-changing market value reference discount rate is likely to result in substantial changes of the actuarial valuations. The present interest rates used for the actuarial study are historically low; the use of a higher discount rate in the future would result in a decrease in the valuation of the liability.

The present actuarial study has used a new mortality table developed jointly by ISRP and EUROSTAT (ICSLT2013). It is based on data covering several international organizations in Europe, including NATO and the European Union.

Any potential liabilities regarding medical expenses for present and future pensioners are reported in the financial statements of the RMCF.

There could be an additional long term obligation in relation to the adjustment of pensions for countries in which pensions are subject to national tax legislation. This obligation is not an obligation of the NATO DBPS and, therefore, it is not reported here.

NOTE 4: CASH AND CASH EQUIVALENTS

Separate bank accounts are held in various currencies (AUD, CAD, CHF, DKK, EUR, GBP, NOK and USD) in order to ensure payments. Payments are made in other currencies (e.g. NZD, SEK, TRY); they are usually made from the EUR bank account

Cash is held on account of third parties in the amount of EUR 58,900.28 (EUR 58,995 end 2016). These funds belong to Nations, members of former NAMSA (now NSPA), who decided that amounts credited to them further to the transfer of staff from the Provident Fund to the DBPS (validation costs) would be kept at their disposal. Five Nations are concerned. These funds can be used to fund part of their budgetary contributions to the DBPS.

The increase in the level of cash holdings can be explained by contributions paid faster by Nations.

NOTE 5: FINANCIAL INVESTMENTS

In 2016, in a market context where low-risk deposits in euro offered negative interest an amount of EUR 40,000,000 was invested in a Belfius Bank guaranteed capital note maturing in June 2019 yielding the 3-month Euribor rate but with a floor of 0.03%. The 3-year maturity is consistent with a conservative assessment of when these funds might be required for disbursement. The EUR 40 million is related to inward transfers from national pension schemes so are not subject to disbursement in the near term.

This note is recognized at its redemption value because it is held to maturity and corresponds to DBPS future requirements. It is an "over the counter" (OTC) investment, not publicly traded. However, if it were marketable and if it were held for sale, its reported value would be based on current interest rate market conditions. At 31 December 2017, that notional market value would have represented an unrealised gain of EUR 142 thousand. The most recent estimated value on 1 June 2018 represented a notional unrealised gain of EUR 127 thousand.

This is the only non-cash-equivalent investment held by DBPS.

NOTE 6: STAFF MEMBER CONTRIBUTIONS

Staff member contributions are paid monthly by the NATO payroll centres. Since 1 January 2015, contributions to the NATO DBPS from serving staff have been 9.5% of basic salary (previous contribution rate was 9.0% since 1 January 2010). The reduction in the number of contributing staff, as newly recruited staff are members of the DCPS, results in reductions in the value of staff member contributions. This trend is partially offset by the increase of the contribution rate.

Outstanding amounts are contributions due on staff salaries for December from several NATO entities, which were all received in early 2018.

NOTE 7: EMPLOYER CONTRIBUTIONS

Employer contributions are due from the following NATO bodies: MSIAC, FORACS, NAGSMA, the NATO BICES Agency, the New NATO Headquarters Project Office and the NATO Headquarters Staff Centre. Employer contributions are paid monthly.

Outstanding amounts are essentially employer contributions due by the NATO Headquarters Staff Centre, which is in charge of morale and welfare activities. No employer contributions have been made by the Staff Centre since 2001 (staff member contributions were paid). A recovery plan was established in 2011 and the Staff Centre reimburses EUR 25,000 per month (EUR 300,000 per annum) which is about 50% more than its annual dues. According to the initial plan the full amount should be repaid by 2021. However due to its financial

situation the Staff Centre does not fully comply with the plan and no contributions were received during recent years.

NOTE 8: NATIONS' CONTRIBUTION

Contributions due from NATO member Nations to fund the NATO DBPS of a given budget year are called once annually towards the end of the preceding year. In accordance with Article 15.5 of the NATO Financial Regulations, amounts called are to be paid in principle within a period of one month after receipt of the request. Amounts recognised are those amounts called.

The DBPS call for contributions is a single call issued towards the end of the year. It includes an advance on next year's pension budget including any frozen credits, takes into account the previous year's surplus or deficit, and regularises any adjustments done in the course of the budget year such as budget revisions.

Budget Advances Called		
(in EUR)	2017	2016
Civil Budget	37,842,700.00	35,507,300.00
Military Budget	116,700,000.00	110,300,000.00
Total	154,542,700.00	145,807,300.00

Uncollected budgetary contributions from Nations relate mainly to the call for the 2018 pension budget. The call for contributions was issued in late 2017 which largely explains the level of these receivables.

On occasion, NATO member Nations may voluntarily pay supplementary advance contributions (EUR 0 end 2017; EUR 1,301,153.11 end 2016).

NOTE 9: PENSION ADJUSTMENT

For practical reasons, the operations relating to the adjustment of pensions are included in the present financial statements. Members of the DCPS are also entitled to such an adjustment. DCPS related payments are a very small fraction of the total (circa KEUR 65) and were advanced by the DCPS.

The adjustment is paid monthly by way of advance at the same time as the pension.

The following table provides the breakdown of actual payments by country.

Pension adjustments paid to pensioners

(in EUR)	2017	2016
ALBANIA	0.00	0.00
BELGIUM	12,430,463.00	11,585,300.45
BULGARIA	0.00	0.00
CANADA	246,888.02	214,883.44
CROATIA	0.00	0.00
CZECH REPUBLIC	0.00	0.00
DENMARK	1,233,275.20	564,114.72
ESTONIA	0.00	0.00
FRANCE	1,594,300.00	1,597,615.29
GERMANY	2,154,439.00	1,814,920.00
GREECE	165,092.00	151,190.00
HUNGARY	0.00	0.00
ICELAND	0.00	0.00
ITALY	1,867,275.54	1,963,772.00
LATVIA	0.00	0.00
LITHUANIA	0.00	0.00
LUXEMBOURG	1,210,731.00	1,343,881.56
NETHERLANDS	2,846,766.80	2,469,206.00
NORWAY	61,833.05	378,392.53
POLAND	16,472.71	8,982.18
PORTUGAL	135,415.00	154,973.00
ROMANIA	0.00	0.00
SLOVAKIA	0.00	0.00
SLOVENIA	0.00	0.00
SPAIN	260,662.00	254,885.00
TURKEY	0.00	0.00
UNITED KINGDOM OF GREAT BRITAIN	1,211,339.55	1,145,343.51
UNITED STATES OF AMERICA	324,984.51	327,334.09
DCPS regularization	164,509.69	0.00
TOTAL	25,924,447.07	23,974,793.77

Amounts paid to pensioners as reported in Euros in the table above are impacted by a variety of factors, among which: exchange rates, number of pensioners having their tax residence in a given country (which may be different from their country of origin or the country in which the NATO entity for which staff worked is located), household/family situation, level of the pension itself, national taxation policies, etc. As a consequence, amounts due by individual Nations may vary from one year to the other and are not related to their cost shares of the NATO entity for which staff worked.

Contributions due by Nations concerned to fund the Pension Adjustment of a given budget year are called towards the end of the preceding year. In accordance with Article 15.5 of the NATO Financial Regulations, amounts called are to be paid in principle within one month after receipt of the request. Amounts recognised are those amounts called.

Advances on the next year's payments of the pension adjustment are called towards the end of the current year.

Pension Adjustment Advances Called		
(in EUR)	2017	2016
Civil Budget	9,522,300.00	8,713,000.00
Military Budget	17,586,800.00	15,394,300.00
Total	27,109,100.00	24,107,300.00

Receivables from Nations to fund the Pension Adjustment relate mainly to the call for the advances on 2018 expenses. The call was issued in late 2017 which largely explains the level of these receivables. End 2017, an amount of EUR 1,817,147.09 remained to be called (in 2018) to the Nations concerned since the advances called were insufficient to cover all expenses incurred.

NOTE 10: CREDIT FOR PAST SERVICE TO BE REFUNDED BY STAFF

This relates to amounts due from staff who had left the Organisation and were paid a leaving allowance but who were later re-employed by the Organisation or to staff who retroactively became members of the Coordinated Scheme further to NATO Administrative Tribunal decisions.

NOTE 11: OTHER ASSETS

These are essentially accrued interest, occasional advances to the DCPS and miscellaneous amounts to be regularised.

NOTE 12: OTHER LIABILITIES

These correspond to amounts relating to bank fees, life insurance capital due and other miscellaneous amounts due to be regularised (including reimbursement to the DCPS of amounts it paid in relation to Pension Adjustment), and an amount of EUR 226K which still requires further analysis.

This item also includes funds held on behalf of certain Nations corresponding to their share of former NAMSA (now NSPA) staff members' validation costs EUR 58,900.28 (EUR 58,995 end 2016). When the DBPS was established, staff who decided to transfer from the Provident Fund had to return the value of their accounts to the DBPS. The related holdings were returned to the Nations but certain Nations decided to keep the funds in the DBPS accounts.

NOTE 13: NET ASSETS AVAILABLE FOR BENEFITS

The net assets available for benefits at year-end correspond essentially to the surplus linked to the budgetary process, the inward transfer of pension rights (Note 15) and credit for past service by staff. As explained in the introductory note on the funding of the DBPS, contrary to most, if not all, of the other Coordinated Organisations, NATO has not set aside funds to be invested to fund future costs and, therefore, NATO's funding of the Coordinated Pension Scheme is on a pay-as-you-go basis.

(in EUR)	2017
Budgetary Surplus at Year End	1,740,373.01
Pension Rights Transferred to the DBPS	40,433,030.19
Credit for Past Service	76,915.45
TOTAL NET ASSETS	42,250,318.65

The surplus at year-end is the difference between the final approved pension budgets and actual amounts required to ensure the payment of benefits due for the period covered by these financial statements. It therefore normally contains excess funding from Nations. The surplus is due to the budgetary context under which the NATO DBPS operates and normally results from prudent estimation of the net funding requirements and unforeseen net revenue (such as the net result from interest revenue, foreign exchange profit and loss, bank charges and other miscellaneous income and expenditure).

This surplus is not invested into a fund from which future benefits would be paid: it is returned to contributing Nations. The surplus is taken into account, as a deduction, in the assessment of the net contributions to be called from member Nations for the budgets of the second year after the reporting period (e.g. the surplus end of 2017 will be returned to Nations with the call for the 2019 budget to be issued end 2018).

NOTE 14: INTEREST EARNED AND BANK CHARGES

This corresponds to expenses and revenues related to financial operations, interest earned on cash holdings and bank charges paid on transactions. The negative value is due to the correction of past transactions (omission of the reversal of accrued income).

NOTE 15: INWARD TRANSFER OF PENSION RIGHTS FROM PENSION SYSTEMS

The NATO Civilian Personnel Regulations (Annex IV, Article 12) provide that staff may, under certain circumstances, arrange for payment to the Organisation of any amounts corresponding to the retirement pension rights accrued under the pension scheme to which the staff member was previously affiliated in so far as that scheme allows such a transfer. Agreements can be signed with other pension systems to establish the conditions under which such transfers apply to staff in given conditions.

For the individuals concerned, the related amount is converted into a number of years of reckonable service with which the staff member concerned has been credited under his/her own pension scheme.

End 2017, the total amount of inward transfers was EUR 40,433,030.19.

In 2009, the Belgian Authorities allowed such inward transfers to NATO and accordingly gave the then-active staff a limited period of time, from 1 December 2009 to 31 May 2010, to make their requests. For 2010 and 2011, the Belgian "Office National des pensions" was the sole case concerned, with contributions amounting to respectively EUR 22.507 million and EUR 10.914 million. As of 31 December 2013, NATO-IS OFC had received EUR 36.025 million from the Belgian "Office National des Pensions" (EUR 35.714 million as of end 2012, EUR 33.422 million as of 31 December 2011).

In 2012, the inward transfers received amounted to EUR 3.294 million, with the main contributions coming from the following national pension systems: Belgium (EUR 2.291

million), Greece (EUR 0.471 million), the Netherlands (EUR 0.369 million) and Luxemburg (0.072 million).

In 2013, the inward transfers received amounted to EUR 2.694 million, with the main contributions coming from the following national pension systems: Belgium (EUR 0.311 million), Greece (EUR 0.232 million), the Netherlands (EUR 2.026 million) and Luxemburg (0.124 million).

In 2014, the inward transfers received amounted to EUR 0.329 million, with the main contributions coming from the following pension systems: Greece (EUR 0.191 million), the Netherlands (EUR 0.034 million) and International Organisations (0.103 million).

In 2015, the inward transfers received amounted to EUR 0.274 million, with the main contribution being the repayment of a Leaving Allowance (EUR 0.222 million) and the rest coming from a pension system of the Netherlands (EUR 0.052 million).

In 2017, the inward transfers received amounted to EUR 199,660.66.

In consideration of the fact that these inward transfers of rights are evaluated at the actuarial value of future benefits due to the concerned staff, the corresponding amounts have been considered as a net asset available for future benefits. They have also been included in the actuarial value of the future obligation of the NATO DBPS.

The Budget Committee approved, per BC-DS(2011)0055, that the related budgetary receipts be applied not as a lump sum to the current year but rather spread over time and should offset expenses when they occur.

NOTE 16: OTHER INCREASES IN NET ASSETS

This corresponds mainly to income related to realised exchange gains and to prior years and other miscellaneous operations.

NOTE 17: OTHER DECREASES IN NET ASSETS

This corresponds mainly to the cost of the actuarial study, realised exchange losses and other miscellaneous operations.

NOTE 18: PENSIONS AND LEAVING ALLOWANCES

The tables under notes 18 and 21 provide a breakdown of payments according to the kind of pensions paid in 2017.

	CIVIL BUDGET	MILITARY BUDGETS	TOTAL
PAYMENTS / PAIEMENTS			
Retirement Pension / Pension d'Ancienneté	27,097,736.42	82,046,626.96	109,144,363.38
Survivor Pension / Pension de Survie	5,500,424.71	16,248,013.80	21,748,438.51
Orphans Pension / Pension d'Orphelins	186,745.65	623,934.12	810,679.77
Invalidity Pension / Pension d'Invalidité	4,508,153.70	14,040,982.83	18,549,136.53
Family Allowance / Allocations Familiales	1,693,021.42	6,031,572.60	7,724,594.02
Leaving Allowance / Allocations de Départ	148,401.18	0.00	148,401.18
Validation Costs Paid / Coûts de Validation payés	0.00	0.00	0.00
Miscellaneous / Divers	117,261.67	356,542.29	473,803.96
Total Payments / Paiements	39,251,744.75	119,347,672.60	158,599,417.35
RECEIPTS / RECETTES			
Staff Contributions / Contributions des Agents	4,058,952.02	12,173,004.35	16,231,956.37
Employer Contributions / Contributions de l'Employeur	379,826.82	170,228.61	550,055.43
Validation Costs Received / Coûts de Validation reçus	0.00	0.00	0.00
Interests, Profit & Loss / Intérêts, Pertes & Profits	0.00	0.00	0.00
Miscellaneous / Divers	0.00	478.56	478.56
Total Receipts / Recettes	4,438,778.84	12,343,711.52	16,782,490.36
Funding Requirement / Besoin de financement	34,812,965.91	107,003,961.08	141,816,926.99

NOTE 19: CONTINGENT ASSETS

Nothing to report.

NOTE 20: CONTINGENT LIABILITIES

There are no material contingent liabilities arising from legal actions and claims that are likely to result in significant liability to the NATO DBPS.

NOTE 21: SEGMENT INFORMATION

Although there are only two main sources of funding (Civil Budget and Military Budgets), each of the NATO bodies has its own individual funding cost share which is taken into account when calculating the final contributions for each individual country. Segment information is developed in the following tables to show income and expenditure by NATO body (i.e. the NATO body which was the last employer of the retired staff member on the expense side, and the NATO body which is currently employing the contributing staff member on the revenue side).

The data provided below concerns 2017.

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	IS (28N)	ACO-ACT (16N)	ACO-ACT (17N)	ACO-ACT (28N)	ACO-ACT (Ex-27N)	BGOH (2N)	BGOH (8N)	BGOH (9N)	CEPMA (6N)	CEPMA (7N)	CEPMA (8N)	Ex NACISA (14N)	IMS (28N)	IMS (Ex-27N)
PAYMENTS														
Retirement Pensions	27,097,736.42	12,434,250.23	128,188.90	8,377,891.50	14,935,158.86	331,517.04	34,195.80	1,116,684.02	16,306.68	144,329.76	1,837,966.12	1,001,186.06	4,176,943.12	498,219.84
Survivor Pensions	5,500,424.71	1,737,927.83	9,504.15	1,575,948.68	4,542,741.87	33,209.07	15,090.19	682,122.70	0.00	0.00	697,543.36	406,097.99	645,030.53	242,863.79
Orphans Pensions	186,745.65	72,481.87	0.00	15,408.02	104,158.37	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	31,515.79
Invalidity Pensions	4,508,153.70	5,393,154.44	-14,671.49	571,753.65	1,393,809.87	82,501.22	6,006.12	233,001.34	72,214.14	55,942.98	87,035.28	34,668.89	498,905.32	74,784.78
Family Allowances	1,693,021.42	1,283,098.44	4,189.39	512,058.15	907,342.90	45,166.35	3,494.37	80,713.33	4,077.63	11,542.31	92,694.98	67,218.33	295,563.98	27,684.55
Leaving Allowances	148,401.18	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
Validation Costs Paid														
Miscellaneous	117,261.67	62,686.94	381.17	33,119.14	65,570.35	1,475.40	176.15	6,329.91	277.46	634.68	8,135.88	4,522.05	16,828.98	2,622.04
Total Payments	39,251,744.75	20,983,599.75	327,592.32	11,086,179.14	21,948,782.22	493,869.08	58,962.63	2,118,851.30	92,875.91	212,449.73	2,723,975.62	4,519,693.52	5,633,271.93	877,690.79
RECEIPTS														
Staff Contributions	4,058,952.02	0.00	1,803,080.40	1,966,999.45	274,673.88	0.00	0.00	0.00	0.00	0.00	116,965.15	0.00	626,632.58	0.00
Employer Contributions	379,826.82	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	155,119.75	0.00
Validation Costs Received														
Interests														
Miscellaneous	126.58	0.00	51.42	56.09	7.83	0.00	0.00	0.00	0.00	0.00	3.34	0.00	22.29	0.00
Total Receipts	4,438,905.42	0.00	1,803,131.82	1,967,055.54	274,681.71	0.00	0.00	0.00	0.00	0.00	116,968.49	0.00	781,774.62	0.00
Funding Requirement	34,812,839.33	20,983,599.75	-1,675,539.39	9,119,123.59	21,674,100.51	493,869.08	58,962.63	2,118,851.30	92,875.91	212,449.73	2,606,407.14	1,513,693.32	4,851,497.31	877,690.79

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	NAHEMA (5N)	NAMIMA (3N)	NAHSA (25N)	NAPMA (16N)	NC3A (28N)	NCIA	NEFMA (4N)	NETMA (4N)	NSPA	NAMA (12N)	NAMEADMSA (2N)	TOTAL
PAYMENTS												
Retirement Pensions	23,775.96	27,778.99	19,437,286.16	1,784,753.67	9,721,880.23	5,278,322.75	83,938.44	620,134.80	35,918.03	0.00	0.00	109,144,363.38
Survivor Pensions	0.00	81,621.84	3,723,125.34	350,452.17	816,977.07	475,755.94	76,044.12	185,957.16	0.00	0.00	0.00	21,748,438.51
Orphans Pensions	29,326.08	0.00	241,301.90	7,320.00	39,688.57	66,538.32	0.00	16,195.20	0.00	0.00	0.00	810,679.77
Invalidity Pensions	0.00	80,890.44	3,330,600.41	446,759.48	1,099,898.92	318,541.42	87,552.24	187,633.38	0.00	0.00	0.00	18,549,136.53
Family Allowances	2,437.44	2,433.77	1,316,717.56	173,079.69	665,889.26	473,508.81	8,291.64	54,369.72	0.00	0.00	0.00	7,724,594.02
Leaving Allowances	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	148,401.18
Validation Costs Paid	166.42	577.48	84,045.47	8,277.09	36,988.28	19,664.23	766.55	3,189.01	107.62	0.00	0.00	473,803.96
Miscellaneous												
Total Payments	55,705.90	193,302.52	28,133,076.84	2,770,642.10	12,381,322.33	6,502,331.47	256,592.99	1,067,479.27	36,025.65	0.00	0.00	158,599,417.35
RECEIPTS												
Staff Contributions	0.00	0.00	3,337,566.83	137,468.02	2,809,073.91	1,351,044.04	0.00	0.00	-268,515.66	5,661.70	12,354.35	16,231,956.37
Employer Contributions	0.00	0.00	481.25	0.00	0.00	14,627.61	0.00	0.00	0.00	0.00	0.00	550,055.43
Validation Costs Received												
Interests												
Miscellaneous	0.00	0.00	95.19	3.92	80.10	38.94	0.00	0.00	-7.66	0.16	0.35	478.56
Total Receipts	0.00	0.00	3,338,143.27	137,471.94	2,809,154.01	1,365,671.59	0.00	0.00	-268,523.32	5,661.86	12,354.70	16,782,450.96
Funding Requirement	55,705.90	193,302.52	24,794,933.58	2,633,170.16	9,572,168.32	5,216,620.87	256,592.99	1,067,479.27	304,548.97	-5,661.86	-12,354.70	141,816,926.99

NOTE 22: BUDGET EXECUTION

Presently the NATO DBPS budgets are not made available to the public. The following table compares approved budgets and actuals.

Budget Execution 2017				
(amounts in EUR)	Initial Budget	Revised Budget	Actuals	Difference
	(a)	(b)	(c)	(b-c)
CIVIL BUDGET				
PAYMENTS / PAIEMENTS				
Retirement Pension / Pension d'Ancienneté	27,867,000.00	27,867,000.00	27,097,736.42	769,263.58
Survivor Pension / Pension de Survie	5,473,100.00	5,473,100.00	5,500,424.71	-27,324.71
Orphans Pension / Pension d'Orphelins	168,000.00	168,000.00	186,745.65	-18,745.65
Invalidity Pension / Pension d'Invalidité	3,823,100.00	3,823,100.00	4,508,153.70	-685,053.70
Family Allowance / Allocations Familiales	1,806,400.00	1,806,400.00	1,693,021.42	113,378.58
Leaving Allowance / Allocations de Départ	0.00	150,000.00	148,401.18	1,598.82
Validation Costs Paid / Coûts de Validation payés	0.00	0.00	0.00	0.00
Miscellaneous / Divers	0.00	0.00	117,261.67	-117,261.67
Total Payments / Paiements	39,137,600.00	39,287,600.00	39,251,744.75	35,855.25
RECEIPTS / RECETTES				
Staff Contributions / Contributions des Agents	3,423,300.00	3,423,300.00	4,088,254.05	-664,954.05
Employer Contributions / Contributions de l'Employeur	207,000.00	207,000.00	350,524.79	-143,524.79
Validation Costs Received / Coûts de Validation reçus	0.00	0.00	0.00	0.00
Interests, Profit & Loss / Intérêts, Pertes & Profits	0.00	0.00	0.00	0.00
Miscellaneous / Divers	0.00	0.00	0.00	0.00
Contributions due by Staff Center	0.00	0.00	0.00	0.00
Total Receipts / Recettes	3,630,300.00	3,630,300.00	4,438,778.84	-808,478.84
Funding Requirement / Besoin de financement	35,507,300.00	35,657,300.00	34,812,965.91	844,334.09
MILITARY BUDGETS				
PAYMENTS / PAIEMENTS				
Retirement Pension / Pension d'Ancienneté	82,300,000.00	82,300,000.00	82,046,626.96	253,373.04
Survivor Pension / Pension de Survie	17,300,000.00	16,500,000.00	16,248,013.80	251,986.20
Orphans Pension / Pension d'Orphelins	700,000.00	700,000.00	623,934.12	76,065.88
Invalidity Pension / Pension d'Invalidité	15,600,000.00	14,500,000.00	14,040,982.83	459,017.17
Family Allowance / Allocations Familiales	6,800,000.00	6,300,000.00	6,031,572.60	268,427.40
Leaving Allowance / Allocations de Départ	0.00	0.00	0.00	0.00
Validation Costs Paid / Coûts de Validation payés	0.00	0.00	0.00	0.00
Miscellaneous / Divers	0.00	0.00	356,542.29	-356,542.29
Total Payments / Paiements	122,700,000.00	120,300,000.00	119,347,672.60	952,327.40
RECEIPTS / RECETTES				
Staff Contributions / Contributions des Agents	12,300,000.00	12,300,000.00	12,318,154.57	-18,154.57
Employer Contributions / Contributions de l'Employeur	100,000.00	100,000.00	25,078.39	74,921.61
Validation Costs Received / Coûts de Validation reçus	0.00	0.00	0.00	0.00
Interests, Profit & Loss / Intérêts, Pertes & Profits	0.00	0.00	0.00	0.00
Miscellaneous / Divers	0.00	0.00	478.56	-478.56
Total Receipts / Recettes	12,400,000.00	12,400,000.00	12,343,711.52	56,288.48
Funding Requirement / Besoin de financement	110,300,000.00	107,900,000.00	107,003,961.09	896,038.91
TOTAL CIVIL + MILITARY BUDGETS				
TOTAL Funding Requirement	145,807,300.00	143,557,300.00	141,816,926.99	1,740,373.01

The “actual amounts” referred to by IPSAS 24 (“amounts that result from execution of the budget”) are considered to be the commitment of credits. In the case of the NATO DBPS there are no differences between the budget and accounting bases. The notion of commitments used for the NATO DBPS budget execution corresponds to expenses incurred during the course of the year. In this respect the NATO DBPS budget should be considered as prepared and executed on an accrual basis. There are no timing or entity differences.

DBPS funding requirement credits for 2017 for the Civil Budget and the Military Budgets were initially approved at, respectively, EUR 35,507,300 and EUR 110,300,000. The Civil Budget component was revised in the course of the year to EUR 35,657,300. The Military Budget component was revised in the course of the year to EUR 107,900,000. As a consequence, these changes were taken into account with the call issued to Nations end 2017.

There has been exceptionally a payment of a leaving allowance in 2017. This concerns a specific case of a staff member who joined the IS from another Coordinated Organisation, where it was already a member of the Coordinated Pension Scheme, and left the IS in 2017 before completing ten years of service. There are no further cases such as this one foreseen for the future. The Civil Budget component had to be adjusted accordingly.

The difference between approved budgets and actuals for both the Civil Budget and the Military Budgets mainly concern the following items: invalidity pensions and underestimated staff contributions. Invalidity pensions do not follow regular evolution paths and prove to be more difficult to anticipate.

With regard to receipts, the main difference between approved budgets and actuals concerns staff contributions. Newly recruited staff are automatically members of the DCPS. As a consequence, the number of staff contributing to the NATO DBPS is declining. The impact of this trend has proven difficult to forecast. Approved budgets are based on a principle of prudence and therefore there is a tendency to underestimate revenue.

NOTE 23: RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT PERSONNEL

During 2017 there have been the following related party transactions:

Administrative Expenses

Administrative expenses in relation to the NATO DBPS are not recognised in these financial statements.

The administrative expenses related to the management of the scheme by NATO IS are estimated at about EUR 420K. This includes miscellaneous operating costs and the personnel costs of the full time equivalent of 4 staff from the Office of Financial Control and the Human Resources Pension Unit.

NATO's contribution towards the annual administrative costs of the International Service for Remunerations and Pensions (ISRP which took over, among others, the activities of the former Joint Pensions Administrative Section) paid to the OECD was EUR 128,919 in 2011. No similar breakdown for subsequent years has been provided but the amount is estimated to be of the same order of magnitude in 2017.

These administrative expenses are charged to the NATO Civil Budget, which includes the IS. In the framework of the Administrative Support Costs process applied by NATO IS to all of the other NATO bodies to which such kind of services are provided, NATO-IS charges these expenses to the other individual NATO bodies in proportion to the number of NATO established posts. The related income is returned to NATO member Nations as a deduction to the Civil Budget contributions called from them.

For the purposes of these financial statements, Key Management Personnel are considered to be the NATO-IS Assistant Secretary General for Executive Management and the Financial Controller. Their remuneration is totally covered by the NATO International Staff.

NOTE 24: STATISTICAL INFORMATION

The following table provides information concerning the number of beneficiaries in the NATO Coordinated Pension Scheme.

Year	Retirement Pensions	Survivor and Reversion Pensions	Orphan's and Dependant's Pensions	Invalidity Pensions	Total
1995	830	330	88	155	1,403
1996	878	340	91	168	1,477
1997	926	374	97	188	1,585
1998	967	395	98	202	1,662
1999	1,020	409	104	224	1,757
2000	1,096	424	96	229	1,845
2001	1,134	432	102	248	1,916
2002	1,187	448	98	275	2,008
2003	1,243	461	103	293	2,100
2004	1,344	479	96	313	2,232
2005	1,417	500	99	336	2,352
2006	1,469	515	96	379	2,459
2007	1,548	515	90	406	2,559
2008	1,629	523	77	419	2,648
2009	1,715	537	79	452	2,783
2010	1,838	543	71	472	2,924
2011	1,950	561	68	480	3,059
2012	2,023	592	72	480	3,167
2013	2,149	609	64	491	3,313
2014	2,272	624	59	470	3,425
2015	2,380	652	58	459	3,549
2016	2,589	665	65	439	3,758
2017	2,665	684	58	436	3,843

List of acronyms:

BICES:	Battlefield Information Collection and Exploitation Systems Agency
CPR:	Civilian Personnel Regulations
DCPS:	Defined Contribution Pension Scheme
DBPS:	Defined Benefit Pension Scheme
FORACS:	NATO Naval Forces Sensor and Weapons Accuracy Check Sites
IFRS:	International Financial Reporting Standards
IPSAS:	International Public Sector Accounting Standards
IS:	International Staff
ISRP:	International Service for Remunerations and Pensions
JPAS:	Joint Pensions Administrative Section
MSIAC:	Munitions Safety Information Analysis Centre
NAGSMA:	NATO Alliance Ground Surveillance Management Agency
NAC:	North Atlantic Council
NCIA:	NATO Communication and Information Agency
NSPA:	NATO Support Agency.
OECD:	Organisation for Economic Co-operation and Development
OFC:	Office of Financial Control
RMCF:	Retirees Medical Claims Fund
SC:	NATO Headquarters' Staff Centre