**NATO SANS CLASSIFICATION**
Communicable à la Suède

12 janvier 2024

**DOCUMENT**
PO(2023)0470-AS1 (INV)



**RAPPORT**
**DU COLLÈGE INTERNATIONAL DES AUDITEURS EXTERNES DE L'OTAN (IBAN) SUR L'AUDIT DES ÉTATS FINANCIERS 2022 DE L'ORGANISATION OTAN D'INFORMATION ET DE COMMUNICATION (NCIO)**

**NOTE SUR LA SUITE DONNÉE**

Le 12 janvier 2024, au terme d'une procédure d'accord tacite, le Conseil a pris note du rapport du RPPB et du rapport de l'IBAN respectivement annexé et joint au PO(2023)0470 (INV), il a approuvé les conclusions et les recommandations contenues dans le rapport du RPPB, et il a donné son accord pour que le rapport du RPPB, le rapport de l'IBAN et les états financiers de la NCIO, également joints au PO(2023)0470 (INV), soient rendus publics.

(signé) Jens Stoltenberg
Secrétaire général

NB : La présente note fait partie du PO(2023)0470 (INV) et doit être placée en tête de ce document.

**NATO SANS CLASSIFICATION**
Communicable à la Suède

20 décembre 2023

**DOCUMENT**
PO(2023)0470 (INV)
**Procédure d'accord tacite :**
**12 jan 2024 15:30**

À : Représentants permanents (Conseil)

De : Secrétaire général

**RAPPORT**
**DU COLLÈGE INTERNATIONAL DES AUDITEURS EXTERNES DE L'OTAN (IBAN)**
**SUR L'AUDIT DES ÉTATS FINANCIERS 2022**
**DE L'ORGANISATION OTAN D'INFORMATION ET DE COMMUNICATION (NCIO)**

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

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

(signé) Jens Stoltenberg

1 annexe
2 pièces jointes

Original : anglais

ANNEXE 1
PO(2023)0470 (INV)

**RAPPORT DU COLLÈGE INTERNATIONAL DES AUDITEURS EXTERNES DE L'OTAN SUR L'AUDIT DES ÉTATS FINANCIERS 2022 DE L'ORGANISATION OTAN D'INFORMATION ET DE COMMUNICATION (NCIO)**

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



Références :

| | | |
|---|---|---|
| A. | IBA-AR(2023)0022 | Rapport de l'IBAN sur l'audit des états financiers 2022 de la NCIO |
| B. | C-M(2015)0025 | Règlement financier de l'OTAN |
| C. | C-M(2016)0023 | Cadre comptable OTAN |
| D. | C-M(2015)0032-AS1 | Renforcement de la fonction d'audit externe à l'OTAN |
| E. | PO(2015)0052 | Mandat issu du sommet du pays de Galles concernant la transparence et l'obligation de rendre compte |

## INTRODUCTION

3. Le présent rapport du Bureau de la planification et de la politique générale des ressources (RPPB) concerne le rapport du Collège international des auditeurs externes de l'OTAN (IBAN) sur l'audit des états financiers 2022 rectifiés de l'Organisation OTAN d'information et de communication (NCIO). L'IBAN a émis une opinion sans réserve sur ces états financiers ainsi que sur la conformité pour l'exercice (voir document de référence A).

4. Le RPPB note que les observations formulées dans le rapport de l'IBAN ont été examinées et prises en considération par les pays participants, représentés au sein du Comité de surveillance de l'Agence (ASB) de la NCIO, qui est l'organe directeur compétent. En vertu de l'article 15 du Règlement financier de l'OTAN (NFR) (référence B), il est toutefois tenu d'examiner ce rapport et, s'il y a lieu, de formuler des commentaires et des recommandations quant à son contenu à l'intention du Conseil.

## OBJET

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

### OBSERVATIONS DE L'IBAN ET AVIS DU RPPB

6. À l'issue de l'audit, l'IBAN a formulé quatre observations, assorties de recommandations, à l'intention de la NCIO. La première porte sur la nécessité de renforcer

les mécanismes de contrôle interne relatifs à l'établissement des états financiers ; la deuxième a trait à l'absence de mention, dans les notes jointes aux états financiers, d'un stock détenu par un tiers ; la troisième concerne la nécessité, pour la NCIO, de comptabiliser séparément, dans l'état de la situation financière, les actifs financiers et les passifs financiers correspondant aux contributions au programme OTAN d'investissement au service de la sécurité (NSIP), sauf lorsque la compensation de tels actifs et passifs est conforme au cadre comptable OTAN (NAF, référence C), plus précisément à l'IPSAS 28 ; la dernière porte sur la non-conformité avec l'IPSAS 18 (*Information sectorielle*). Ces observations et recommandations n'ont pas eu d'incidence sur l'opinion émise au sujet des états financiers et de la conformité.

6.1. <u>Observation n° 1</u> – Le RPPB souscrit à la recommandation par laquelle l'IBAN demande à la NCIO, d'une part, de renforcer les mécanismes de contrôle interne relatifs à l'établissement des états financiers – et notamment de procéder à des contrôles internes complémentaires lorsque c'est nécessaire – afin qu'une assurance raisonnable puisse être obtenue quant à la conformité des états financiers avec le NAF et le NFR (référence B) et, d'autre part, de respecter le NFR et la charte de l'IBAN (référence D) en renforçant la piste d'audit et en présentant à l'IBAN en temps voulu – c'est-à-dire avant qu'il ne commence ses vérifications sur le terrain – un dossier spécifique contenant tous les justificatifs des informations figurant dans les états financiers, y compris les notes. Il observe que la NCIO a dû rectifier ses états financiers à deux reprises pour corriger des inexactitudes significatives que l'IBAN y avait relevées et que, sans ces corrections, les états financiers auraient contenu des erreurs significatives qui auraient amené l'IBAN à émettre une opinion avec réserve à leur sujet.

6.2. <u>Observation n° 2</u> – Le RPPB souscrit à la recommandation par laquelle l'IBAN demande à la NCIO de mentionner dans les notes jointes à ses états financiers les stocks détenus par des tiers, conformément au NAF, ainsi que d'y confirmer que le nombre d'éléments de stock détenus par des tiers et l'évaluation de ces éléments font l'objet d'un contrôle annuel et de tenir à disposition les pièces justificatives correspondantes.

6.3. <u>Observation n° 3</u> – S'agissant de la non-conformité de la compensation des montants à recevoir au titre du NSIP et des passifs correspondants, le RPPB souscrit à la recommandation par laquelle l'IBAN demande à la NCIO de comptabiliser de manière séparée, dans l'état de la situation financière, les actifs financiers et les passifs financiers correspondant aux contributions au NSIP, sauf dans les cas où la compensation de tels actifs et passifs est conforme à l'IPSAS 28.

6.4. <u>Observation n° 4</u> – Pour ce qui est de l'information sectorielle, le RPPB souscrit à la recommandation par laquelle l'IBAN demande à la NCIO de définir des segments d'activité pertinents et de joindre à ses états financiers une note fournissant des informations sectorielles, conformément au cadre comptable OTAN, plus précisément à l'IPSAS 18.

6.5. Autre observation[1] sur la conformité – L'IBAN a fait figurer un paragraphe de type « autre observation » dans son rapport afin d'appeler l'attention sur les lacunes constatées dans les mécanismes de contrôle interne relatifs à l'établissement des états financiers de 2022. Il a notamment fait remarquer qu'il aurait fallu, en plus de mener à bien le processus de contrôle interne établi, procéder à des contrôles internes complémentaires, qui auraient renforcé la piste d'audit en permettant de produire des informations justificatives complètes à l'appui des états financiers et des notes (voir l'observation n° 1).

7. L'IBAN a fait le point sur les suites données aux observations et recommandations formulées lors d'audits précédents, et il a constaté que trois questions avaient été traitées et que trois autres étaient toujours en cours de traitement. Les questions suivantes ont ainsi été clôturées : nécessité d'améliorer les hypothèses qui sous-tendent l'établissement des tarifs clients et la fixation du taux de frais généraux ; comptabilisation d'une provision de 5,1 millions d'euros correspondant à des montants à recevoir au titre du NSIP. A également été clôturée la question du compte rendu des immobilisations corporelles et des immobilisations incorporelles, qui était significativement incomplet depuis plusieurs années, ce qui justifiait la formulation d'opinions avec réserve sur les états financiers et la conformité[2]. Les observations formulées sur les états financiers de 2022 sont présentées en détail dans le document de référence A.

8. Le RPPB se félicite des progrès accomplis par la NCIO pour ce qui est de donner suite aux observations et recommandations de l'IBAN. Il se félicite en particulier de la résolution du problème qui donnait lieu à la formulation d'opinions avec réserve. Il encourage la NCIO à continuer de mettre en œuvre des mesures correctives pour appliquer les recommandations de l'IBAN qui demeurent en suspens.



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[1] Une « autre observation » est un paragraphe que l'IBAN ajoute dans la section « Opinion » du rapport d'audit pour fournir des informations sur un élément autre que ceux présentés dans les états financiers qui, selon lui, est important pour la compréhension, par l'utilisateur, de l'audit, des responsabilités de l'auditeur ou du rapport d'audit.

[2] Le 3 août 2023, le Conseil a approuvé un amendement au NAF avec effet rétroactif au 1er janvier 2021 (voir PO(2023)0315-AS1 (INV)). De ce fait, la NCIO a pu considérer que les moyens SIC (systèmes d'information et de communication) entièrement construits ou développés avant le 1er janvier 2018 avaient été entièrement passés en charges, de même que les immobilisations corporelles qui étaient en cours de construction et les immobilisations incorporelles qui étaient en cours de développement à cette date. Compte tenu de cet amendement, la NCIO est réputée avoir constaté dans ses états financiers de 2022 toutes les immobilisations corporelles et toutes les immobilisations incorporelles, y compris les moyens en cours de construction ou de développement, et avoir fourni dans les notes toutes les informations voulues concernant ces immobilisations, conformément au NAF.

## CONCLUSIONS

9. L'IBAN a émis une opinion sans réserve sur les états financiers 2022 rectifiés de la NCIO ainsi que sur la conformité pour l'exercice. Il a formulé quatre observations, assorties de recommandations, à l'intention de la NCIO. À la date de l'établissement de son rapport, trois questions ayant fait l'objet d'observations lors d'audits précédents étaient en cours de traitement et trois autres avaient été traitées.

10. Le RPPB souscrit aux quatre recommandations de l'IBAN, qui portent sur les points suivants : nécessité de renforcer les mécanismes de contrôle interne relatifs à l'établissement des états financiers ; absence de mention, dans les notes jointes aux états financiers, d'un stock détenu par un tiers ; compensation des montants à recevoir au titre du NSIP et des passifs correspondants ; non-conformité avec l'IPSAS 18 (*Information sectorielle*).

11. Le RPPB note que la NCIO a accompli d'importants progrès pour ce qui est de donner suite aux observations et recommandations formulées par l'IBAN lors d'audits précédents. Il note en particulier que le problème ayant donné lieu à la formulation d'opinions avec réserve a été résolu. Il encourage la NCIO à continuer de mettre en œuvre des mesures correctives pour appliquer les recommandations de l'IBAN qui demeurent en suspens. Il relève qu'à la suite d'inexactitudes significatives, les états financiers 2022 de la NCIO ont dû être rectifiés et présentés à nouveau, et il estime que cela montre la nécessité de renforcer encore les mécanismes de contrôle interne relatifs au processus d'établissement du compte rendu financier.

## RECOMMANDATIONS

12. Le RPPB recommande au Conseil :

12.1. de prendre note du présent rapport ainsi que du rapport de l'IBAN cité en référence A ;

12.2. d'approuver les conclusions formulées aux paragraphes 7 à 9 du présent rapport ;

12.3. d'autoriser la communication au public des états financiers 2022 de la NCIO, du rapport de l'IBAN correspondant ainsi que du présent rapport, conformément à la politique agréée dans le document de référence E.

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

**NATO SANS CLASSIFICATION**

IBA-A(2023)0085
31 août 2023

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

Cc : Représentants permanents auprès de l'OTAN
Président du Comité de surveillance de l'Agence de l'Organisation OTAN d'information et de communication (NCIO)
Directeur général de l'Agence OTAN d'information et de communication (NCIA)
Contrôleur des finances de la NCIA
Président du Bureau de la planification et de la politique générale des ressources
Chef de la Branche Gestion des ressources du Bureau OTAN des ressources
Bureau d'ordre du Cabinet

Objet : ***Rapport du Collège international des auditeurs externes de l'OTAN (IBAN) sur l'audit des états financiers de l'Organisation OTAN d'information et de communication (NCIO) pour l'exercice clos le 31 décembre 2022 – IBA-AR(2023)0022***

Monsieur le Secrétaire général,

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

L'IBAN a émis une opinion sans réserve sur les états financiers 2022 de la NCIO ainsi que sur la conformité pour cet exercice.

Je vous prie d'agréer, Monsieur le Secrétaire général, l'assurance de ma haute considération.

Radek Visinger
Président

Pièces jointes : voir ci-dessus.

**NATO SANS CLASSIFICATION**



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# Note succincte du Collège international des auditeurs externes de l'OTAN à l'intention du Conseil sur l'audit des états financiers de l'Organisation OTAN d'information et de communication (NCIO) pour l'exercice clos le 31 décembre 2022

L'Organisation OTAN d'information et de communication (NCIO) se compose d'un organe exécutif, l'Agence OTAN d'information et de communication (NCIA), et d'un organe de gouvernance, le Comité de surveillance de l'Agence (ASB). La NCIA a pour mission de fournir des services SIC (systèmes d'information et de communication) sécurisés, cohérents, interopérables et d'un bon rapport coût-efficacité à l'appui des capacités C3 (consultation, commandement et contrôle) et des capacités ISR (renseignement, surveillance et reconnaissance) de l'OTAN. Cette mission englobe le soutien informatique du siège, des agences et de la structure de commandement de l'OTAN. En 2022, les recettes de la NCIO se sont élevées à 709,4 millions d'euros (MEUR), et ses dépenses à 721,9 MEUR, d'où un déficit de 12,5 MEUR.

Le 3 août 2023, le Conseil a approuvé un amendement au cadre comptable OTAN avec effet rétroactif au 1er janvier 2021 (voir PO(2023)0315-AS1 (INV)). De ce fait, la NCIO peut considérer que les moyens SIC entièrement construits ou développés avant le 1er janvier 2018 ont été entièrement passés en charges, de même que les immobilisations corporelles qui étaient en cours de construction et les immobilisations incorporelles qui étaient en cours de développement à cette date. Compte tenu de cet amendement, la NCIO est réputée avoir constaté dans ses états financiers de 2022 toutes les immobilisations corporelles et toutes les immobilisations incorporelles, y compris les moyens en cours de construction ou de développement, et avoir fourni dans les notes toutes les informations voulues concernant ces immobilisations, conformément au cadre comptable OTAN.

L'IBAN a émis une opinion sans réserve sur les états financiers 2022 rectifiés de la NCIO ainsi que sur la conformité pour l'exercice.

L'IBAN a fait figurer une « autre observation » dans la section « opinion sur la conformité » de son rapport d'audit, afin d'appeler l'attention sur les lacunes constatées dans les mécanismes de contrôle interne relatifs à l'établissement des états financiers de 2022. Il est impératif de mettre en place de tels mécanismes pour qu'une assurance raisonnable puisse être obtenue quant à la conformité des états financiers avec le cadre comptable OTAN et le Règlement financier de l'OTAN. L'IBAN a notamment constaté qu'il aurait fallu, en plus du processus de contrôle interne établi, procéder à des contrôles internes complémentaires qui auraient renforcé la piste d'audit en permettant de produire des informations justificatives complètes à l'appui des états financiers et des notes. Il n'a pas été amené à émettre une opinion avec réserve du fait de cette situation.

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

1. nécessité de renforcer les mécanismes de contrôle interne relatifs à l'établissement des états financiers ;
2. absence de mention, dans les notes jointes aux états financiers, d'un stock détenu par un tiers ;
3. compensation des montants à recevoir au titre du NSIP et des passifs correspondants non conforme à l'IPSAS 1 (*Présentation des états financiers*) ;
4. non-conformité avec l'IPSAS 18 (*Information sectorielle*).

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

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

IBA-AR(2023)0022

31 août 2023

**COLLÈGE INTERNATIONAL DES AUDITEURS EXTERNES DE L'OTAN**

# RAPPORT SUR L'AUDIT DES ÉTATS FINANCIERS
# DE L'ORGANISATION OTAN D'INFORMATION ET DE COMMUNICATION
# (NCIO)
# POUR L'EXERCICE CLOS LE 31 DÉCEMBRE 2022

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

***Audit des états financiers***

## Opinion sur les états financiers

Le Collège international des auditeurs externes de l'OTAN (IBAN) a audité les états financiers de l'Organisation OTAN d'information et de communication (NCIO) portant sur la période de 12 mois ayant pris fin le 31 décembre 2022. Diffusés sous la cote NCIA/FC/2023/03533 et soumis à l'IBAN le 3 juillet 2023, ces états financiers se composent de l'état de la situation financière au 31 décembre 2022, de l'état de la performance financière, de l'état des variations de l'actif net/situation nette et du tableau des flux de trésorerie pour la période de 12 mois ayant pris fin le 31 décembre 2022, ainsi que d'un résumé des méthodes comptables importantes et d'autres notes explicatives. Ils contiennent en outre un rapport sur l'exécution du budget portant sur la même période de 12 mois.

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

## Justification de l'opinion émise sur les états financiers

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

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

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

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

**Responsabilité de la direction concernant les états financiers**

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

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

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

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

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

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

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

- à acquérir une connaissance du contrôle interne qui soit pertinente pour l'audit, le but étant d'élaborer des procédures d'audit qui soient adaptées à la situation considérée et non pas d'exprimer une opinion sur l'efficacité du système de contrôle interne de l'entité ;

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

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

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

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

***Audit de conformité***

**Opinion sur la conformité**

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

**Justification de l'opinion émise sur la conformité**

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

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

**Autre observation sur la conformité**

L'IBAN appelle l'attention sur les lacunes constatées dans les mécanismes de contrôle interne relatifs à l'établissement des états financiers de 2022. Il est impératif de mettre en place de tels mécanismes pour qu'une assurance raisonnable puisse être obtenue quant à la conformité des états financiers avec le cadre comptable OTAN et le Règlement financier de l'OTAN. L'IBAN a notamment constaté qu'il aurait fallu, en plus du processus de contrôle interne établi, procéder à des contrôles internes complémentaires qui auraient renforcé la piste d'audit en permettant de produire des informations justificatives complètes à l'appui des états financiers et des notes. Il n'a pas été amené à émettre une opinion avec réserve du fait de cette situation.

**Responsabilité de la direction concernant la conformité**

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

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

**Responsabilité de l'IBAN concernant la conformité**

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

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

Bruxelles, le 31 août 2023

Radek Visinger
Président

## OBSERVATIONS ET RECOMMANDATIONS

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

1. nécessité de renforcer les mécanismes de contrôle interne relatifs à l'établissement des états financiers ;

2. absence de mention, dans les notes jointes aux états financiers, d'un stock détenu par un tiers ;

3. compensation des montants à recevoir au titre du NSIP et des passifs correspondants non conforme à l'IPSAS 1 (*Présentation des états financiers*) ;

4. non-conformité avec l'IPSAS 18 (*Information sectorielle*).

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

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

### Contexte

1.1 Aux termes de l'article 35.1 du Règlement financier de l'OTAN (NFR), « des 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 ».

1.2 D'après la norme comptable internationale du secteur public (IPSAS) 1, « les états financiers doivent présenter une image fidèle de la situation financière, de la performance financière et des flux de trésorerie de l'entité. La présentation d'une image fidèle nécessite une représentation sincère des effets des transactions, autres événements et conditions[, suivant] les définitions et les critères de comptabilisation des actifs, des passifs, des produits et des charges exposés dans les IPSAS ».

1.3 Selon l'article 6 du NFR, il incombe au contrôleur des finances d'exécuter les activités de l'entité OTAN qui concernent l'établissement du budget, la comptabilité et le compte rendu. Ainsi, le contrôleur des finances est notamment responsable du système de contrôle financier interne et de l'établissement des états financiers conformément au cadre comptable OTAN.

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

1.5 Aux termes de l’article 12.2 du NFR, « afin qu’il soit satisfait aux critères souhaités de contrôle interne, le contrôleur des finances veille à [...] établir et tenir des registres comptables complets répertoriant tous les actifs et passifs ». Aux termes de l’article 12.3, « les activités de contrôle interne portent notamment sur [...] la constitution de pistes d’audit adéquates ainsi que le maintien de la confidentialité, de l’intégrité et de la disponibilité des données dans les systèmes d’information ».

1.6 Aux termes de l’article 14.1 du NFR, « l’audit externe des organismes OTAN qui sont soumis au [NFR] [...] est effectué par un collège de commissaires aux comptes nommés par le Conseil ». Aux termes de l’article 14.2, « le collège, constitué en Collège international des commissaires aux comptes de l’OTAN (IBAN), mène ses activités conformément à la charte approuvée par le Conseil ».

1.7 En application de l’article 14.2 du NFR et de l’article 13 de la charte de l’IBAN (C-M(2015)0032-ANN1), il incombe à la NCIO de donner « à tout moment [...] [aux membres du Collège et aux auditeurs], aux fins de l’accomplissement du mandat qui leur a été confié, un accès direct, libre et sans entrave à la totalité des documents et informations de l’OTAN ».

1.8 L’un des principaux mécanismes de contrôle interne relatifs à l’établissement des états financiers est la piste d’audit. De fait, il incombe à la NCIO, en vertu de l’article 12.3 du NFR, de constituer des pistes d’audit adéquates. En application de cet article :

i. la balance doit faire l’objet d’un rapprochement avec les états financiers de base et les données justificatives ; tout écart doit être étayé par des documents ;

ii. les tableaux et autres informations figurant dans les notes jointes aux états financiers doivent concorder avec les états financiers de base et les données justificatives ; tout écart doit être étayé par des documents ;

iii. il convient de rassembler dans un dossier spécifique et de référencer les justificatifs des informations figurant dans les états financiers de base et les notes, et de mettre ce dossier à la disposition des auditeurs avant qu’ils ne commencent leurs vérifications sur le terrain.

**Observations**

1.9 L'IBAN a relevé plusieurs inexactitudes, parfois significatives, dans les états financiers que la NCIO lui avait soumis le 31 mars 2023 pour l'exercice 2022. Ces inexactitudes sont décrites ci-après. Certaines ont été corrigées dans la première version rectifiée des états financiers, soumise le 22 juin 2023 ; les autres l'ont été dans la seconde version rectifiée, soumise le 3 juillet 2023. Sans ces corrections, les états financiers auraient contenu des erreurs significatives qui auraient amené l'IBAN à émettre une opinion avec réserve à leur sujet.

a) Erreur significative de classement des passifs correspondant à des produits constatés d'avance

1.10 L'IBAN a relevé que des produits constatés d'avance d'un montant de 650 millions d'euros (MEUR) en 2022 et de 568 MEUR en 2021, qui se rapportaient à des immobilisations corporelles (systèmes d'information et de communication (SIC)) ou à des immobilisations incorporelles (systèmes d'information automatisés (AIS)), avaient été comptabilisés en tant que passifs à court terme et non pas en tant que passifs à long terme comme le requiert le cadre comptable OTAN (NAF), plus précisément l'IPSAS 1.

b) Inexactitudes significatives dans la comptabilisation et la présentation d'immobilisations corporelles

1.11 L'IBAN a constaté que, dans la première version des états financiers, la façon dont certaines immobilisations corporelles avaient été inscrites et présentées à l'actif était incorrecte, si bien que l'état de la situation financière était surévalué d'une valeur comptable nette de 25 MEUR.

c) Inexactitude significative dans le classement et la présentation des données comptables relatives au mémorandum d'entente (MoU) sur les communications par satellite (SATCOM)

1.12 L'IBAN a constaté que, dans les états financiers de 2022 de la NCIO, le droit d'utiliser une capacité militaire de SATCOM n'avait pas été classé et présenté conformément au paragraphe 44 de l'IPSAS 13. Le montant minimum des paiements futurs que la NCIO devait effectuer au titre des engagements découlant des contrats de location qu'elle avait souscrits en tant que preneuse s'élevait à un total d'environ 771 MEUR au 31 décembre 2022. Sur ce total, 63 MEUR étaient dus à moins d'un an, 244 MEUR l'étaient à plus d'un an mais moins de cinq ans, et 464 MEUR à plus de cinq ans.

1.13 De plus, dans la première version des états financiers de 2022, des charges se rapportant au MoU relatif aux SATCOM, d'environ 54 MEUR en 2022 et 50 MEUR en 2021, avaient été comptabilisées et présentées sous la rubrique « NSIP [programme OTAN d'investissement au service de la sécurité] – Contractants, services généraux et fournitures » de la note 16 (*Coût des acquisitions*), au lieu d'être comptabilisées et présentées dans les « charges relatives aux contrats de location ».

d) Présentation incorrecte d'une créance irrécouvrable et d'une provision

1.14 La NCIO avait présenté dans ses états financiers de 2021 – et elle a mentionné dans sa déclaration sur le contrôle interne de 2022 – une provision destinée à couvrir les pertes qu'occasionnerait le non-recouvrement d'une créance non rapprochée d'un montant de 5,1 MEUR, qui se rapporte à des opérations effectuées sur le NSIP entre 2006 et 2014.

1.15 Cette créance non rapprochée aurait dû être comptabilisée en tant que créance irrécouvrable et sa valeur aurait dû être ramenée à zéro par l'application d'une réduction de valeur sur créances douteuses. En l'occurrence, il n'y avait donc pas lieu de comptabiliser de provision. Les provisions et les créances sont donc surévaluées de 5,1 MEUR.

f) Faiblesses dans les contrôles internes portant sur la comptabilisation des immobilisations corporelles et des immobilisations incorporelles

1.16 L'IBAN a constaté que les Services financiers de la NCIO avaient comptabilisé des immobilisations corporelles et des immobilisations incorporelles sur la base d'un arbre de décision et d'indications reçues directement des gestionnaires de projet de la NCIA. Plusieurs problèmes ont été constatés. Premièrement, les Services financiers n'ont pas vérifié systématiquement les pièces justificatives relatives à ces actifs. Deuxièmement, celles-ci n'étaient pas tenues à disposition dans un système de classement centralisé qui aurait permis de constituer une piste d'audit adéquate et de démontrer l'efficacité des contrôles internes relatifs à l'établissement des états financiers.

1.17 Troisièmement, comme c'est la première fois que les moyens SIC construits/développés étaient inscrits à l'actif, les gestionnaires de projet n'avaient pas tous reçu la formation nécessaire pour satisfaire les exigences du NAF. Dès lors, l'IBAN considère que les Services financiers de la NCIO auraient dû procéder à des contrôles internes complémentaires et ne pas s'en remettre uniquement au processus de contrôle interne établi, qui repose directement sur les informations fournies par les gestionnaires de projet.

1.18 Lors de l'audit, l'IBAN a relevé plusieurs inexactitudes, décrites ci-dessus, qui trouvent leur origine dans cette absence de contrôles internes complémentaires des pièces justificatives et qui ont été corrigées dans les états financiers rectifiés.

**RECOMMANDATIONS**

1.19 L'IBAN recommande à la NCIO :

a) de renforcer les mécanismes de contrôle interne relatifs à l'établissement des états financiers – et notamment de procéder à des contrôles internes complémentaires lorsque c'est nécessaire – afin qu'une assurance raisonnable puisse être obtenue quant à la conformité des états financiers avec le NAF et le NFR ;

b) de respecter le NFR et la charte de l'IBAN en renforçant la piste d'audit et en présentant à l'IBAN en temps voulu – c'est-à-dire avant qu'il ne commence ses vérifications sur le terrain – un dossier spécifique contenant tous les justificatifs des informations figurant dans les états financiers, y compris les notes.

## 2. ABSENCE DE MENTION, DANS LES NOTES JOINTES AUX ÉTATS FINANCIERS, D'UN STOCK DÉTENU PAR UN TIERS

### Contexte

2.1 D'après le NAF, plus précisément d'après le paragraphe 27 de l'IPSAS 1, « les états financiers doivent présenter une image fidèle de la situation financière, de la performance financière et des flux de trésorerie de l'entité. La présentation d'une image fidèle nécessite une représentation sincère des effets des transactions, autres événements et conditions[, suivant] les définitions et les critères de comptabilisation des actifs, des passifs, des produits et des charges exposés dans les IPSAS. L'application des IPSAS, accompagnée de la présentation d'informations supplémentaires [si] nécessaire, est présumée conduire à des états financiers qui donnent une image fidèle. »

2.2 Aux termes du paragraphe 45 de l'IPSAS 1, « chaque catégorie significative d'éléments similaires doit [être spécifiquement présentée comme telle] dans les états financiers. Les éléments de nature ou de fonction dissemblables sont présentés séparément, sauf s'ils sont non significatifs. »

2.3 Aux termes du paragraphe 127 (c) de l'IPSAS 1, « les notes doivent : […] fournir des informations supplémentaires[,] qui ne sont pas présentées dans l'état de la situation financière, l'état de la performance financière, l'état des variations de l'actif net/situation nette ou le tableau des flux de trésorerie, mais qui sont nécessaires pour comprendre [un quelconque] d'entre eux ».

2.4 Aux termes de la norme IPSAS 12 adaptée (*Stocks*), « les entités OTAN présentant des états financiers [...] fournissent, dans les notes jointes aux états financiers, une brève description des stocks acquis avant le 1er janvier 2013 qui n'étaient pas comptabilisés en tant qu'actifs dans leurs systèmes ; cette description doit préciser au minimum la nature des stocks concernés, leur emplacement et le nombre approximatif d'éléments par catégorie d'actifs. »

2.5 Aux termes de l'article 3.1 du NFR, le directeur général de la NCIA 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] veill[e] 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. »

2.6 Les règles et procédures financières (FRP) III (Responsabilité et obligation de rendre compte) ajoutent que le directeur général de la NCIA, « en concertation et en accord avec [le] contrôleur des finances [...], veill[e] à ce que des personnes qualifiées soient affectées aux différents postes prévus par le NFR ou les FRP, tels que décrits ci-dessous :

[...] d. Responsable finances et comptabilité [ – Le titulaire de ce poste doit] (iv) procéder à des contrôles périodiques, et établir des rapports spéciaux, sur le registre comptable des biens/actifs, et produire d'autres rapports financiers suivant les exigences fixées par les pays. […]

h. Responsable comptabilité des biens [ – Le titulaire de ce poste est chargé] de recevoir tous biens internationaux, d'en assurer la garde matérielle, de les comptabiliser et de tenir à jour le registre des actifs de l'entité. »

2.7 Par ailleurs, la directive AD 06.00.12 de la NCIA, sur la gestion des actifs, dispose en son paragraphe 8.3 que le responsable comptabilité des biens « veille à la mise en place de processus et de procédures adéquats portant sur le suivi physique des actifs sur l'ensemble de leur cycle de vie (réception/émission, déplacement, radiation). Ces processus et procédures doivent également permettre de comptabiliser des matériels ainsi que d'enregistrer et de communiquer des données relatives aux actifs à des fins de contrôle interne ou d'information financière ».

2.8 Enfin, cette même directive dispose en son paragraphe 8.13 que :

« les services chargés de la gestion des moyens de cryptographie sont chargés :

- d'acheter, de distribuer, de comptabiliser et de contrôler les matériels de cryptographie utilisés par la NCIA et dans le cadre d'autres activités de l'OTAN [...] ; les articles contrôlés par un procédé cryptographique (CCI) sont gérés à l'aide du système CARDS (système de comptabilisation, de compte rendu et de distribution pour la sécurité des communications) ;
- de faire en sorte que les matériels de cryptographie bénéficient du niveau maximal de protection depuis leur réception par l'OTAN jusqu'à leur mise au rebut définitive ;
- de procéder à des inspections des matériels de cryptographie pour vérifier que les articles CCI sont protégés et font l'objet de contrôles conformément à la directive AD 08.03. »

### Observations

2.9 La NCIA a conclu un accord sur les niveaux de service (SLA) avec l'Agence OTAN de soutien et d'acquisition (NSPA). Elle bénéficie ainsi de services logistiques et d'un soutien pour certains équipements de cryptographie qu'elle a acquis pour le compte de l'OTAN grâce à un financement NSIP. La NSPA a signalé pour information que la valeur du stock qu'elle détenait à Capellen au nom de la NCIO s'élevait à 31,5 MEUR en décembre 2022.

2.10 Dans le SLA, il est indiqué qu'« en tant que propriétaire des biens de l'OTAN, la NCIA est responsable de la gestion des moyens SIC ainsi que de l'évaluation des stocks de tels moyens, à laquelle elle procède sur la base de données fournies par la NSPA ». Ces moyens auraient dû, en application du NAF, figurer dans les états financiers de la NCIO. Cependant, la NCIO a indiqué que ces éléments de stock avaient été achetés avant 2013 et que, par conséquent, la valeur à consigner dans l'état de la situation financière était nulle. Dans ces conditions, elle aurait dû fournir, dans les notes jointes à ses états financiers de 2022, des informations sur ces actifs détenus en son nom par un tiers, ce qu'elle n'a pas fait, au contraire de ce que prescrit le NAF.

### RECOMMANDATIONS

2.11 L'IBAN recommande à la NCIO :

a) de mentionner dans les notes jointes à ses états financiers les stocks détenus par des tiers, conformément au cadre comptable OTAN ;

b) de mentionner, dans les notes jointes à ses états financiers, que le nombre d'éléments de stock détenus par des tiers et l'évaluation de ces éléments font l'objet d'un contrôle annuel et de tenir à disposition les pièces justificatives correspondantes.

## 3. COMPENSATION DES MONTANTS À RECEVOIR AU TITRE DU NSIP ET DES PASSIFS CORRESPONDANTS NON CONFORME À L'IPSAS 1 (*PRÉSENTATION DES ÉTATS FINANCIERS*)

### Contexte

3.1 Aux termes du cadre comptable OTAN : « le [...] cadre comptable, établi à l'intention de toutes les entités OTAN présentant des états financiers, est une version adaptée des normes comptables internationales du secteur public (IPSAS) publiées par le Conseil des normes comptables internationales du secteur public (IPSASB), qui relève de la Fédération internationale des comptables (IFAC). [...] [Il] s'applique à partir de l'exercice commençant le 1er janvier 2013 ou à partir des dates explicitement mentionnées dans le texte. L'application anticipée des normes adaptées est interdite. »

3.2 Aux termes des paragraphes 48 et 49 de l'IPSAS 1, « les actifs, passifs, revenus et charges ne doivent pas être compensés sauf si cette compensation est imposée ou autorisée par une IPSAS. Il est important de fournir des informations séparées sur les actifs, passifs, revenus et charges. [En effet, l]a compensation dans l'état de la performance financière ou dans l'état de la situation financière, sauf lorsqu['elle] traduit la nature de la transaction ou autre événement, ne permet aux utilisateurs, ni de comprendre les transactions ou autres événements et conditions qui se sont produits, ni d'évaluer les flux de trésorerie futurs de l'entité. » L'IPSAS 28 (*Instruments financiers : présentation*) autorise à compenser un actif financier et un passif financier, et par conséquent de présenter le solde net dans l'état de la situation financière, « si et seulement si [l']entité :

(a) a [...] un droit juridiquement exécutoire de compenser les montants comptabilisés ; et
(b) a l'intention, soit de régler le montant net, soit de réaliser l'actif et de régler le passif simultanément ».

3.3 S'agissant de la compensation d'actifs et de passifs financiers, l'IPSAS 1 dispose que « les actifs, passifs, revenus et charges ne doivent pas être compensés sauf si cette compensation est imposée ou autorisée par une IPSAS ». L'IPSAS 28 (*Instruments financiers : présentation*) autorise de compenser un actif financier et un passif financier, et par conséquent de présenter le solde net dans l'état de la situation financière, « si et seulement si [l']entité :
(a) a [...] un droit juridiquement exécutoire de compenser les montants comptabilisés ; et
(b) a l'intention, soit de régler le montant net, soit de réaliser l'actif et de régler le passif simultanément ».

3.4 Sur la base des rapports que les pays hôtes de projets du NSIP chargent chaque trimestre dans le système intégré d'information sur les ressources financées en commun (CIRIS), le Secrétariat international (SI) établit des appels trimestriels de contributions au NSIP, qu'il soumet à l'approbation du Comité des investissements. Ces documents indiquent la somme due par chaque pays ainsi que les montants à recevoir ou à rembourser par chaque pays hôte, et ils donnent les instructions de paiement. Pour réduire le nombre de versements à effectuer au titre des contributions au NSIP, le SI compense tout montant à payer par un pays hôte par le montant total que ce pays hôte doit recevoir.

**Observations**

3.5 En mars 2010, dans son rapport sur l'audit des états financiers de l'Agence des C3 (consultation, commandement et contrôle) de l'OTAN (NC3A) pour l'exercice clos le 31 décembre 2008 (C-M(2010)0020), l'IBAN avait recommandé (observation 5.1) que les avances reçues par la NC3A au titre du NSIP soient déduites des montants à recevoir par cette agence au titre du programme. La NC3A est l'une des agences qui ont fusionné pour donner naissance à la NCIA.

3.6 La NC3A avait souscrit à la recommandation et, depuis lors, elle applique le traitement comptable recommandé par l'IBAN. Mais celui-ci avait formulé sa recommandation avant que les IPSAS et le NAF ne deviennent applicables aux entités OTAN présentant des états financiers.

3.7 Entré en vigueur en 2013, le NAF durcit les conditions qui doivent être respectées pour que des actifs et des passifs puissent être compensés. Dans ses états financiers de 2022, la NCIO a procédé à des compensations non conformes à ces nouvelles conditions. En pratique, dans le cadre du NSIP, le solde des avances inutilisées est déduit des avances à recevoir, qui se rapportent généralement à l'exercice suivant. La note 2 jointe aux états financiers donne des précisions sur l'incidence qu'ont eue les compensations opérées sur les montants à recevoir et les montants à payer.

3.8 Bien que, dans le cadre du NSIP, les avances à recevoir soient destinées au même usage général que les avances inutilisées, chaque appel de contributions se fonde sur une évaluation spécifique prenant en considération l'avancement des projets à une date donnée et les dépenses exposées ou à prévoir en conséquence.

3.9 Enfin, le Comité des investissements n'a pas donné son autorisation de procéder à des compensations. En l'occurrence, l'autorisation exprimerait l'intention formelle des pays de déduire les avances inutilisées des avances dues, avec pour conséquence une réduction des flux de trésorerie.

3.10 L'IBAN est d'avis que sa recommandation de 2010 est caduque depuis l'entrée en vigueur du NAF. La NCIO ne devrait donc plus, dans le cadre du NSIP, compenser les avances à recevoir et les avances inutilisées.

### Recommandations

3.11 L'IBAN recommande à la NCIO de comptabiliser de manière séparée, dans l'état de la situation financière, les actifs financiers et les passifs financiers correspondant aux contributions au NSIP, sauf dans les cas où la compensation de tels actifs et passifs est conforme à l'IPSAS 28.

## 4. NON-CONFORMITÉ AVEC L'IPSAS 18 (*INFORMATION SECTORIELLE*)

### Contexte

4.1 L'IPSAS 18, qui fait partie du NAF, impose aux entités de fournir des informations sur leurs secteurs d'activité, c'est-à-dire sur ceux de leurs éléments constitutifs dont l'activité (fourniture de biens ou de services) donne lieu à la constatation de produits et de charges comptables qui font l'objet d'examens réguliers par la structure de gouvernance de l'entité. L'information sectorielle est essentielle à la transparence financière, car elle fournit aux parties prenantes des données indispensables sur les secteurs d'activité de l'entité, leur performance financière ainsi que les risques et opportunités s'y rapportant. Comme l'indique l'IPSAS 18, l'information sectorielle permet à l'organe directeur et aux hauts responsables d'exercer leurs responsabilités de gestion. Elle leur permet également, d'une part, d'évaluer la performance passée de l'entité, c'est-à-dire de juger si elle a atteint ses objectifs, et, d'autre part, de prendre des décisions avisées quant à l'affectation des ressources de l'entité pour l'avenir.

4.2 Aux termes du paragraphe 9 de l'IPSAS 18, le « secteur est une activité distincte ou un groupe d'activités d'une entité pour laquelle il est approprié de publier des informations financières séparées dans le but d'évaluer sa performance passée en termes de réalisation d'objectifs et [de prendre des] décisions d'allocation future de ressources ».

4.3 En son paragraphe 14, l'IPSAS 18 indique ce qui suit : « les grandes catégories d'activités identifiées dans les documents budgétaires reflètent les secteurs pour lesquels des informations sont présentées à l'organe de direction et au dirigeant de grade le plus élevé dans la hiérarchie de l'entité. Dans la plupart des cas, les secteurs présentés à l'organe de direction et au dirigeant [correspondront aux] secteurs présentés dans les états financiers. En effet, l'organe de direction et le dirigeant auront besoin d'informations relatives aux secteurs pour [pouvoir] s'acquitter de leurs obligations de gestion, pour évaluer la performance passée de l'entité dans la réalisation de ses objectifs, et pour prendre des décisions relatives à l'allocation de ressources par l'entité à l'avenir. »

4.4 En son paragraphe 15, l'IPSAS 18 indique ce qui suit :

« La détermination des activités qui devraient être regroupées en secteurs distincts et présentées comme telles dans les états financiers à des fins de reddition de comptes et de prise de décision requiert d'exercer un jugement. Pour exercer ce jugement, les personnes qui préparent des états financiers tiendront compte d'éléments tels que :

(a) l'objectif de présentation d'informations financières par secteur, identifié au paragraphe 9 [de l'IPSAS 18] ;
(b) les attentes des citoyens et de leurs représentants élus ou désignés, quant aux activités principales de l'entité ;
(c) les caractéristiques qualitatives de l'information financière telles qu'elles sont identifiées dans l'annexe B de l'IPSAS 1. »

4.5 Enfin, l'IPSAS 18 indique ce qui suit en ses paragraphes 52 à 55 :

« Une entité doit indiquer ses produits sectoriels et ses charges sectorielles pour chaque secteur. Les produits sectoriels provenant d'autorisations budgétaires ou assimilés, les produits sectoriels d'autres sources externes, et ceux provenant d'opérations avec d'autres secteurs doivent être présentés séparément.
Une entité doit indiquer la valeur comptable totale des actifs sectoriels pour chaque secteur.

Une entité doit indiquer la valeur comptable totale des passifs sectoriels pour chaque secteur.
Une entité doit indiquer, pour chaque secteur, le total des coûts encourus au cours de l'exercice pour l'acquisition d'actifs sectoriels qu'elle compte utiliser durant plusieurs exercices. »

4.6 La charte de la NCIO, qui distingue trois domaines d'activité (développement de capacités C3 / prestation de services SIC / fourniture de biens ou de services non C3 et non SIC), donne des indications quant à la manière de segmenter l'activité de l'organisme de façon conforme paragraphe 9 de l'IPSAS 18, lequel dispose que la définition des secteurs doit permettre « d'évaluer [la] performance passée [de l'entité] en termes de réalisation d'objectifs ».

4.7 Aux termes du paragraphe 6 du PO(2015)0394-ANN2 (*Cadre réglementaire pour le financement de la NCIA par le client*), « par client, on entend tout organisme ou pays qui paie la NCIA pour qu'elle lui fournisse des biens ou des services. On distingue deux catégories de clients : d'une part, les clients internes, entités ou pays de l'OTAN utilisant des fonds communs OTAN pour acheter les services de la NCIA ; d'autre part, les clients externes, pays ou organismes publics ou privés achetant des services à la NCIA sans avoir recours aux fonds communs OTAN ».

4.8 La charte de la NCIO et le cadre réglementaire pour le financement par le client définissent donc une base de segmentation, à savoir les missions de la NCIA et/ou les documents budgétaires (cf. IPSAS 18, paragraphe 14), lesquels font indirectement la distinction entre clients internes (relevant des comités chargés des ressources) et clients externes.

**Observations**

4.9 L'IBAN a constaté que les états financiers 2022 de la NCIO n'étaient pas assortis d'une note sur l'information sectorielle, au contraire de ce que prescrit l'IPSAS 18. La NCIO avait fourni des informations sectorielles dans ses états financiers de 2013 : chaque secteur correspondait à l'une des trois entités d'origine. Depuis l'exercice 2014, bien que la NCIO fournisse des informations sectorielles à ses organes directeurs dans ses plans d'activité et ses plans financiers, elle ne le fait plus dans ses états financiers, si bien que la performance qu'elle a obtenue en termes de réalisation d'objectifs depuis l'entrée en vigueur de son nouveau modèle économique ne peut pas être évaluée.

4.10 Le fait de ne pas fournir d'informations sectorielles dans les états financiers nuit considérablement à la transparence et à l'exhaustivité de ces documents, et cela empêche les comités chargés des ressources et les organes directeurs de prendre des décisions et de procéder à des évaluations en connaissance de cause sur leur base. La NCIO doit veiller à ce que ses états financiers soient pleinement conformes à l'IPSAS 18 (*Information sectorielle*), afin d'accroître l'utilité et la fiabilité des informations qui y figurent. Ainsi, les utilisateurs des états financiers, notamment les organes de gouvernance, auront une vue plus complète sur l'activité et la performance de l’organisme, ils disposeraient d’informations financières fiables, sur la base desquelles ils pourraient prendre des décisions avisées, et ils pourraient établir des comparaisons intéressantes entre les états financiers et les plans d’activité/plans financiers, qui donnent eux des informations sectorielles.

**Recommandations**

4.11 L’IBAN recommande à la NCIO :

a) de définir des segments d’activité pertinents ;

b) de joindre à leurs états financiers une note fournissant des informations sectorielles, conformément au cadre comptable OTAN, plus précisément à l’IPSAS 18.

## SUITES DONNÉES AUX OBSERVATIONS ANTÉRIEURES

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

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

| OBSERVATION/RECOMMANDATION | MESURES PRISES PAR L’ENTITÉ | ÉTAT DE LA QUESTION |
|---|---|---|
| **(1) Exercice 2021 – IBA-AR(2022)0015 Observation n° 1**<br><br>**COMPTE RENDU DES IMMOBILISATIONS CORPORELLES ET DES IMMOBILISATIONS INCORPORELLES SIGNIFICATIVEMENT INCOMPLET**<br><br>**Recommandations de l’IBAN**<br>L’IBAN recommande à la NCIO : | Le 3 août 2023, le Conseil a approuvé un amendement au cadre comptable OTAN avec effet rétroactif au 1er janvier 2021 (voir PO(2023)0315-AS1 (INV)). De ce | Question **traitée** |

| OBSERVATION/RECOMMANDATION | MESURES PRISES PAR L'ENTITÉ | ÉTAT DE LA QUESTION |
|---|---|---|
| | fait, la NCIO peut considérer que les moyens SIC entièrement construits ou développés avant le 1er janvier 2018 ont été entièrement passés en charges, de même que les immobilisations corporelles qui étaient en cours de construction et les immobilisations incorporelles qui étaient en cours de développement à cette date. | |
| a) de constater dans ses états financiers toutes les immobilisations corporelles et toutes les immobilisations incorporelles, y compris les moyens en cours de construction, qui doivent y figurer en application du NAF, et de fournir dans les notes toutes les informations voulues à ce sujet ; | a) Compte tenu de cet amendement, la NCIO est réputée avoir constaté dans ses états financiers de 2022 toutes les immobilisations corporelles et toutes les immobilisations incorporelles, y compris les moyens en cours de construction ou de développement, et avoir fourni dans les notes toutes les informations voulues concernant ces immobilisations, conformément au cadre comptable OTAN. Sous-question **traitée**. | |
| b) d'établir et de tenir des registres comptables complets répertoriant toutes les immobilisations corporelles, toutes les immobilisations incorporelles et tous les moyens en cours en construction, comme le prescrit l'article 12 du NFR. | b) La NCIO a établi et tenu à jour des registres comptables complets, répertoriant toutes les immobilisations corporelles, toutes les immobilisations incorporelles et tous les moyens en cours en construction, comme le prescrit l'article 12 du NFR. Sous-question **traitée**. | |
| **(2) Exercice 2021 – IBA-AR(2022)0015 Observation n° 2**<br><br>**NÉCESSITÉ DE RENFORCER LES CONTRÔLES INTERNES PORTANT SUR LA GESTION DE TRÉSORERIE**<br><br>**Recommandations de l'IBAN**<br>L'IBAN recommande à la NCIO :<br><br>a) de se conformer au point 3 de l'annexe à l'AC/4-D/2663 en reportant les intérêts bancaires générés par les fonds NSIP (dépôts bancaires relevant du Comité des investissements) ainsi que les éventuels gains et | <br><br><br><br><br><br><br><br>a) Les soldes des comptes bancaires relevant du Comité des investissements ont été calculés fin 2022. Des rubriques dédiées aux valeurs disponibles « en transit » présentent les soldes nets qui devaient être | Question **en cours de traitement** |

| OBSERVATION/RECOMMANDATION | MESURES PRISES PAR L'ENTITÉ | ÉTAT DE LA QUESTION |
|---|---|---|
| pertes dans un compte « Divers » spécial, et de tenir compte systématiquement du résultat de cette opération dans les appels de contributions au NSIP, en concertation avec le Bureau OTAN des ressources ; | transférés entre comptes bancaires relevant du Comité des investissements d'une part et du Comité des budgets d'autre part. Les intérêts relatifs à l'exercice 2022 ont été entièrement calculés. Sous-question **traitée**. | |
| b) de faire en sorte que les procédures relatives à la trésorerie qui sont approuvées par le contrôleur des finances de la NCIA couvrent la gestion des comptes bancaires relevant du Comité des investissements et du Comité des budgets, les transferts entre ces comptes et la répartition des intérêts perçus ; | b) La politique relative à la trésorerie a été modifiée de façon à couvrir plusieurs questions, à savoir la gestion des comptes bancaires relevant du Comité des investissements et du Comité des budgets, les transferts entre ces comptes et la répartition des intérêts perçus. Sous-question **traitée**. | |
| c) d'installer le système de gestion de trésorerie (TMS) afin que la gestion de l'activité soit pleinement intégrée dans l'EBA. | c) Un projet interne « TMS » a été mis au point. Il est à l'étude du fait de restrictions de sécurité. Sous-question **en cours de traitement**. | |

| OBSERVATION/RECOMMANDATION | MESURES PRISES PAR L'ENTITÉ | ÉTAT DE LA QUESTION |
|---|---|---|
| **(3) Exercice 2021 – IBA-AR(2022)0015 Observation n° 3**<br><br>**COMPTABILISATION D'UNE PROVISION DE 5,1 MILLIONS D'EUROS CORRESPONDANT À DES MONTANTS • À RECEVOIR AU TITRE DU NSIP**<br><br>**Recommandations de l'IBAN**<br>L'IBAN recommande à la NCIO : | | Question **traitée** |
| a) d'achever l'examen du montant non rapproché à recevoir au titre du NSIP, d'arrêter avec le NOR les sommes à recevoir et de prendre les mesures correctrices nécessaires avant de publier les états financiers de 2022 ; | a) Le Bureau d'audit interne de la NCIO a procédé à un examen du montant non rapproché à recevoir au titre du NSIP. Sur la base de son rapport, la NCIO a demandé au Comité financier du Comité de surveillance de l'Agence (ASB) d'autoriser, dans le cadre de l'établissement des états financiers de 2022, la radiation de cette créance (AC/337(FC)D(2022)0025-REV1-COR1 (INV)). Le 27 janvier 2023, l'ASB a approuvé cette demande au terme d'une procédure d'accord tacite (AC/337(FC)D(2022)0025-REV1-COR1-AS1 (INV)).<br>Sous-question **traitée.** | |
| b) de veiller à ce qu'à l'avenir, les notes jointes aux états financiers appellent clairement l'attention sur toute créance/provision non rapprochée, sur tout autre solde douteux et sur tout solde/opération à l'examen ; de veiller également à ce que tous les montants concernés soient, dès qu'ils sont repérés par la NCIA, officiellement portés à l'attention de l'IBAN et de l'organe de gouvernance compétent. | b) Les informations voulues ont été fournies dans les notes jointes aux états financiers. Tous les montants concernés ont été officiellement portés à l'attention de l'IBAN et de l'organe directeur compétent.<br>Sous-question **traitée.** | |
| **(4) Exercice 2021 – IBA-AR(2022)0015 Observation n° 4**<br><br>**FAIBLESSES DANS LE SYSTÈME DE DROITS D'ACCÈS À L'EBA ET LA SÉPARATION DES TÂCHES**<br><br>**Recommandations de l'IBAN** | | Question **en cours de traitement** |

| OBSERVATION/RECOMMANDATION | MESURES PRISES PAR L'ENTITÉ | ÉTAT DE LA QUESTION |
|---|---|---|
| L'IBAN recommande à la NCIO : | | |
| a) d'élaborer et de tenir à jour, de façon systématique, un plan d'action détaillé pour l'application des recommandations formulées par le Bureau d'audit interne ; | a) La NCIO a noté qu'il lui incombait d'élaborer et de tenir à jour un plan d'action détaillé, et elle s'est engagée à le faire en 2023. Le gestionnaire du projet EBA coordonne l'élaboration de ce plan. Sous-question **en cours de traitement**. | |
| b) d'améliorer la séparation des tâches ; à cet effet : | b) La séparation des tâches est en voie d'amélioration : | |
| i. de faire en sorte que tous les rôles et responsabilités concernant l'EBA soient dûment étayés par des documents ; | i. la NCIO compte terminer, pour fin 2023, d'établir des documents définissant les rôles et responsabilités concernant l'EBA ; | |
| ii. d'établir un tableau sur la séparation des tâches qui fasse l'inventaire de tous les rôles et responsabilités incompatibles entre eux ; | ii. un tableau sur la séparation des tâches, qui fait l'inventaire de tous les rôles et responsabilités incompatibles entre eux, a été établi par l'administrateur responsable du contrôle interne ; le réexamen des accès utilisateurs effectué en 2022 tient compte de ces incompatibilités. Sous-question **en cours de traitement**. | |
| c) quand des agents quittent la NCIA, de révoquer leurs droits d'accès au moment de leur départ ; | c) En ce qui concerne la révocation des droits d'accès des agents qui quittent l'OTAN, un ticket de service informatique a été créé dans le but d'automatiser une partie de cette fonction ; une solution de court terme est à l'étude et la NCIO espère disposer d'une solution plus pérenne pour la fin 2023. Sous-question **en cours de traitement**. | |
| d) de réaliser, au sujet des agents qui changent de fonction ou de service au sein de la NCIA, une analyse qui permette de s'assurer que leurs nouvelles attributions ne contreviennent pas au principe de séparation des tâches. | d) Des processus et procédures sont en cours d'élaboration, qui permettront d'analyser ce que les changements de fonction impliquent sur le plan de la séparation des tâches et d'agir en conséquence. Une solution de court terme est à l'étude et la NCIO | |

| OBSERVATION/RECOMMANDATION | MESURES PRISES PAR L'ENTITÉ | ÉTAT DE LA QUESTION |
|---|---|---|
| | espère disposer d'une solution plus pérenne pour la fin 2023. Sous-question **en cours de traitement**. | |
| **(5) Exercice 2020 – IBA-AR(2021)0016 Observation n° 5**<br><br>**NÉCESSITÉ D'AMÉLIORER LE MODÈLE DES COÛTS D'ACHÈVEMENT APPLIQUÉ PAR LA NCIO POUR LA COMPTABILISATION DES PRODUITS**<br><br>**Recommandation de l'IBAN**<br>Bien que l'IBAN reconnaisse que le modèle des coûts d'achèvement (CTC) appliqué pour la comptabilisation des produits a été amélioré depuis 2018 grâce à l'implémentation de l'EBA et que, de manière générale, il n'ait pas constaté d'incohérences significatives, il recommande à la NCIO :<br><br>a) de remplacer le processus basé sur Excel par un processus EBA spécialement adapté à l'activité de la NCIO, qui garantisse la traçabilité, l'intégrité et la sécurité des données ;<br><br>b) de renforcer les contrôles internes de façon à pouvoir garantir l'exhaustivité et l'intégrité des coûts réels imputés sur chaque projet dans le calcul des CTC ;<br><br>c) d'intégrer à l'interface EPM-EBA un mécanisme de validation – par signature électronique des responsables – de l'estimation finale des coûts d'achèvement, validation à laquelle seraient joints les documents de gestion de projet étayant l'estimation. | a) La traçabilité, l'intégrité et la sécurité des données se sont améliorées, mais le processus reste basé sur Excel, se déroule hors de l'EBA et n'est pas du tout automatisé. Sous-question **en cours de traitement**.<br><br>b) Pour assurer la concordance avec l'EBA, la NCIO a mis en place des contrôles internes portant sur les coûts réels entrant en ligne de compte dans le calcul des CTC. Sous-question **traitée**.<br><br>c) La NCIO s'attache à mettre en place un mécanisme de validation intégré de l'estimation des coûts d'achèvement. Question **en cours de traitement**. | Question **en cours de traitement** |
| **(6) Exercice 2019 – IBA-AR(2020)0021 Observation n° 3**<br><br>**NÉCESSITÉ D'AMÉLIORER LES HYPOTHÈSES QUI SOUS-TENDENT L'ÉTABLISSEMENT DES TARIFS** | | Question **traitée** |

| OBSERVATION/RECOMMANDATION | MESURES PRISES PAR L'ENTITÉ | ÉTAT DE LA QUESTION |
|---|---|---|
| **CLIENTS ET LA FIXATION DU TAUX DE FRAIS GÉNÉRAUX**<br><br>**Recommandation de l'IBAN**<br>L'IBAN recommande à la NCIO d'accroître la précision et la transparence des hypothèses qui sous-tendent l'établissement des tarifs clients, frais généraux compris. Pour ce faire, la NCIO devrait : | | |
| a) clarifier les rôles, responsabilités et obligations de rendre compte des parties prenantes internes associées à l'élaboration des hypothèses relatives à l'activité sur lesquelles repose le calcul des tarifs clients et des frais généraux ; | a) L'IBAN note que le document relatif aux tarifs clients 2022 a clarifié les rôles, responsabilités et obligations de rendre compte des agents qui interviennent dans l'élaboration des hypothèses relatives à l'activité sur lesquelles repose le calcul des tarifs clients et des frais généraux. Il note également que, dans la dernière édition du document intitulé « Calcul des tarifs clients : principes et méthode » (AC/337(FC)WP(2023)0011 (INV), diffusé en mars 2023), la NCIO a fait figurer un tableau qui décrit les rôles, responsabilités et obligations de rendre compte des agents en question. Ce document a été approuvé par le Comité financier de la NCIO le 7 avril 2023.<br>Sous-question **traitée**. | |
| b) fournir des informations qualitatives détaillées quant au fondement de chaque hypothèse relative à l'activité qui est retenue par la direction ; | b) Dans le document relatif aux tarifs clients 2023 (AC/337(FC)D(2022)001) et le document intitulé « Étude de comptabilité analytique – Simulation des tarifs clients 2023 » (AC/337(FC)D(2022)0015), la NCIA a fourni des informations quant au fondement des hypothèses relatives à l'activité qui ont été retenues par la direction.<br>Sous-question **traitée**. | |
| c) suivre une approche juste et cohérente en ce qui concerne les frais de déplacement liés aux prestations de services, ces frais devant être facturés directement aux clients et non pas être inclus dans les frais | c) L'IBAN constate que les tarifs clients établis pour 2022 ne tiennent pas compte des frais de déplacement liés aux prestations de services. Il constate aussi, sur la base des états financiers 2022 | |

| OBSERVATION/RECOMMANDATION | MESURES PRISES PAR L'ENTITÉ | ÉTAT DE LA QUESTION |
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| généraux de l'Agence ; | de la NCIO, que ces frais ne sont effectivement pas entrés en ligne de compte dans le calcul des tarifs clients de cet exercice.<br>Sous-question **traitée**. | |
| d) utiliser le système de comptabilité horaire pour comparer les hypothèses afférentes à l'exercice précédent et les chiffres réels de cet exercice, et ainsi étayer les hypothèses relatives à l'activité (ratios d'activité de chaque catégorie de personnel, répartition des ressources entre activités facturables et activités non facturables, projections relatives aux ETP, etc.), les évaluer et en accroître la précision ; | d) L'IBAN note que les documents relatifs aux tarifs clients 2022 et 2023 contiennent une analyse des écarts – fondée sur le système de comptabilité horaire – entre les hypothèses afférentes à l'exercice précédent et les chiffres réels de cet exercice (ratios d'activité de chaque catégorie de personnel, répartition des ressources entre activités facturables et activités non facturables, projections relatives aux ETP, etc.). Question **traitée**. | |
| e) signaler au Comité financier de l'ASB les écarts significatifs entre les tarifs clients et taux de frais généraux approuvés et les chiffres réels. | e) Voir IBA-AR(2022)0015.<br>Sous-question **traitée**. | |

## COMMENTAIRES OFFICIELS DE L'ORGANISATION OTAN D'INFORMATION ET DE COMMUNICATION (NCIO) SUR LE RAPPORT D'AUDIT ET POSITION DU COLLÈGE INTERNATIONAL DES AUDITEURS EXTERNES DE L'OTAN (IBAN)

### PROJET D'OBSERVATION : COMPTE RENDU DES IMMOBILISATIONS CORPORELLES ET DES IMMOBILISATIONS INCORPORELLES SIGNIFICATIVEMENT INCOMPLET

Dans son projet de rapport d'audit, l'IBAN avait recommandé à la NCIO de comptabiliser tous les moyens SIC dans ses états financiers et de fournir toutes les informations voulues à leur sujet dans les notes, conformément au NAF. Les observations correspondantes avaient une incidence sur le projet d'opinion sur les états financiers. Les commentaires suivants de la NCIO se rapportent à cette recommandation, qui a été supprimée du rapport d'audit final.

***Commentaires officiels de la NCIO***

*La NCIO ne souscrit pas à la recommandation.*

*La NCIO sait gré à l'IBAN de reconnaître qu'elle a fourni, dans les notes jointes à ses états financiers de 2022, des informations de meilleure qualité au sujet de ses immobilisations corporelles, dont le traitement avait auparavant justifié la formulation d'opinions avec réserve.*

*La NCIO note que, selon l'IBAN, qui se base sur le cadre comptable OTAN (NAF), le compte rendu des immobilisations corporelles et des immobilisations incorporelles est significativement incomplet.*

*Cependant, comme le Conseil a récemment décidé de modifier le NAF pour remédier aux discordances constatées entre ce règlement, les normes comptables et les méthodes comptables OTAN, la NCIO est d'avis que l'IBAN doit revoir son observation et sa recommandation.*

*En effet, le 3 août 2023, le Conseil a approuvé un amendement au cadre comptable OTAN avec effet rétroactif au 1er janvier 2021 (voir PO(2023)0315-AS1 (INV)).*

**Position de l'IBAN**

**L'IBAN note que, le 3 août 2023, le Conseil a approuvé un amendement au cadre comptable OTAN avec effet rétroactif au 1er janvier 2021 (voir PO(2023)0315-AS1 (INV)). De ce fait, la NCIO peut considérer que les moyens SIC entièrement construits ou développés avant le 1er janvier 2018 ont été entièrement passés en charges, de même que les immobilisations corporelles qui étaient en cours de construction et les immobilisations incorporelles qui étaient en cours de développement à cette date. Compte tenu de cet amendement, la NCIO est réputée avoir constaté dans ses états financiers de 2022 toutes les immobilisations corporelles et toutes les immobilisations**

**incorporelles, y compris les moyens en cours de construction ou de développement, et avoir fourni dans les notes toutes les informations voulues concernant ces immobilisations, conformément au cadre comptable OTAN. Il a modifié en conséquence la justification de l'opinion émise sur les états financiers ainsi que les observations et recommandations figurant dans son rapport, y compris le point fait sur les suites données aux observations antérieures.**



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

***Commentaires officiels de la NCIO***

*La NCIO souscrit à la recommandation.*

*Consciente qu'il est important de corriger les inexactitudes significatives, qui peuvent nuire à la compréhension des états financiers, la NCIO a rectifié ses états financiers de 2022.*

*Le Bureau du contrôle financier a élaboré un ensemble complet de procédures de contrôle interne à suivre en fin d'exercice, mais il convient que ces contrôles doivent être resserrés, notamment en ce qui concerne les moyens en cours de construction. Il continuera de renforcer les mécanismes de contrôle interne relatifs à l'établissement des états financiers.*

## OBSERVATION N° 2 : ABSENCE DE MENTION, DANS LES NOTES JOINTES AUX ÉTATS FINANCIERS, D'UN STOCK DÉTENU PAR UN TIERS

***Commentaires officiels de la NCIO***

*La NCIO souscrit à la recommandation.*

*La NCIO donnera l'information voulue dans les notes jointes aux états financiers.*

*Consciente de l'importance des stocks détenus par des tiers, la NCIO contrôle annuellement les éléments détenus par la NSPA. Son système CARDS lui permet d'assurer le suivi des moyens de cryptographie tout au long de leur cycle de vie. L'inspection des installations de cryptographie, effectuée conformément à la directive AD 08.03, permet de comptabiliser l'ensemble de ces moyens chaque année. L'Agence s'attachera à améliorer encore la fiabilité des processus annuels.*

**OBSERVATION N° 3 :**
**COMPENSATION DES MONTANTS À RECEVOIR AU TITRE DU NSIP ET DES PASSIFS CORRESPONDANTS NON CONFORME À L'IPSAS 1 (*PRÉSENTATION DES ÉTATS FINANCIERS*)**

***Commentaires officiels de la NCIO***

*La NCIO souscrit à la recommandation.*

*Depuis 2010, la NCIO, appliquant la recommandation formulée par l'IBAN cette année-là et conformément à l'IPSAS 28, présente des positions nettes. Cependant, elle comprend la logique de la nouvelle recommandation de l'IBAN et envisagera de l'appliquer à partir de 2023.*

**OBSERVATION N° 4 :**
**NON-CONFORMITÉ AVEC L'IPSAS 18 (*INFORMATION SECTORIELLE*)**

***Commentaires officiels de la NCIO***

*La NCIO souscrit à la recommandation.*

*La présentation d'informations sectorielles serait intéressante, mais elle exigerait un gros travail, d'importantes ressources et une modification des systèmes. L'OFC est en train d'examiner si la recommandation pourra être appliquée dans les états financiers de 2023. Il est possible qu'elle ne puisse l'être que plus tard. Cela dépendra notamment des ressources disponibles.*

**SUITES DONNÉES AUX OBSERVATIONS ANTÉRIEURES**

**(1) Exercice 2021**
**IBA-AR(2022)0015, observation n° 1**
**COMPTE RENDU DES IMMOBILISATIONS CORPORELLES ET DES IMMOBILISATIONS INCORPORELLES SIGNIFICATIVEMENT INCOMPLET**

***Commentaires officiels de la NCIO***

*La NCIO souscrit à l'analyse de l'IBAN.*

*Pas de remarque.*

**(2) Exercice 2021**
**IBA-AR(2022)0015, observation n° 2**
**NÉCESSITÉ DE RENFORCER LES CONTRÔLES INTERNES PORTANT SUR LA GESTION DE TRÉSORERIE**

***Commentaires officiels de la NCIO***

*D'accord.*

*Pas de remarque.*

**(3) Exercice 2021**
**IBA-AR(2022)0015, observation n° 3**
**COMPTABILISATION D'UNE PROVISION DE 5,1 MILLIONS D'EUROS CORRESPONDANT À DES MONTANTS • À RECEVOIR AU TITRE DU NSIP**

***Commentaires officiels de la NCIO***

*D'accord.*

*Pas de remarque. La NCIO note que la question est entièrement traitée.*

**(4) Exercice 2021**
**IBA-AR(2022)0015, observation n° 4**
**FAIBLESSES DANS LE SYSTÈME DE DROITS D'ACCÈS À L'EBA ET LA SÉPARATION DES TÂCHES**

***Commentaires officiels de la NCIO***

*D'accord.*

*Pas de remarque.*

**(5) Exercice 2020**
**IBA-AR(2021)0016, observation n° 5**
**NÉCESSITÉ D'AMÉLIORER LE MODÈLE DES COÛTS D'ACHÈVEMENT APPLIQUÉ PAR LA NCIO POUR LA COMPTABILISATION DES PRODUITS**

***Commentaires officiels de la NCIO***

*D'accord.*

*Pas de remarque.*

**(6) Exercice 2019**
**IBA-AR(2020)0021, observation n° 3**
**NÉCESSITÉ D'AMÉLIORER LES HYPOTHÈSES QUI SOUS-TENDENT L'ÉTABLISSEMENT DES TARIFS CLIENTS ET LA FIXATION DU TAUX DE FRAIS GÉNÉRAUX**

***Commentaires officiels de la NCIO***

*D'accord.*

*Pas de remarque. La NCIO note que la question est entièrement traitée.*

## GLOSSAIRE

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

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

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

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

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

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

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

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

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

NATO Communications and Information Agency

Agence OTAN d'Information et de Communication

Enclosure to
NCIA/FC/2023/03533



# NATO Communications and Information Organisation

# Financial Statements
# for the year ended 31 December 2022

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## Foreword by General Manager NATO Communication and Information (NCI) Agency

I am pleased to present the Financial Statements for the NATO Communications and Information Organisation for the financial year 2022.

At the outset of our financial planning for 2022, the NCI Agency looked forward with a sense of optimism for continuous adaptation and strategic change. The landmark decisions anticipated for the Madrid Summit under the NATO 2030 agenda would indeed reinvigorate ambitions in maintaining our technological edge, bolstered by increased resources and appetite for innovation.

Yet at the same time, 2022 brought shock and sadness. The launch of Russia's brutal and unprovoked war of aggression against Ukraine placed the importance of our purpose in sober clarity: standing firm as a defensive alliance whose members are committed to safeguarding the freedom and security of each other, against all threats, from all directions. Beyond the direct operational implications, the effects of the war against Ukraine also reverberated throughout our financial context. 2022 was marked with high inflation (including an exceptional in-year salary adjustment), high energy costs, and exacerbated ongoing disruptions to global supply chains, all of which further complicated the environment in which the NCI Agency operates.

While the war has driven us to adapt our posture and support to the Alliance – such as through heightened vigilance and an accelerated exercise programme – it is, at the same time, a test of the readiness and robustness of the functions, projects, and services that we offer in support and enablement of NATO's core tasks. From this perspective, I believe that the NCI Agency's transformation agenda, structured through the new Strategic Direction and Guidance from our Agency Supervisory Board and my new Strategic Plan, has placed us on an accelerated trajectory to deliver excellence.

In my push towards organizational maturity, each NCI Agency Functional Area has articulated an Operational Plan, i.e. their approach for 'changing the business' in support of the Strategic Plan while continuing to 'run the business.' Among other things, our Operational Plans provide a structured way of planning and prioritizing internal effort in support of transformation, and capture the actions necessary to resolve observations from the International Board of Auditors of NATO or NCI Agency Internal Audit.

Under our Financial Controller's Operational Plan, we are investing effort in becoming data-driven and developing end-to-end coherence and alignment of our corporate plans and processes. This work is in continuation of Finance transformation started in 2020, for which initial aims were to:

1) secure resilience of transactions and accounting in the context of the newly implemented EBA system

2) set up through the reorganization of Finance the conditions to address structural deficiencies in addressing policy, procedures and process documentation;

3) securing Agency continuous improvements and a stronger internal control system of all financial aspects. This Operational Plan contributes to Excellence in Delivery of financial planning, transactions processing, reporting and monitoring processes.

Of course, the value of these plans should be judged by their results. On that basis, the enclosed Financial Statements are important evidence of our progress, and I believe they demonstrate steady evolution in alignment with accounting requirements and reporting standards.

In particular – and directly targeting prior observations issued by the International Board of Auditors of NATO – Financial Statements 2022 reinforce the material completeness of Property, Plant and Equipment and Intangible Assets. This reflects progress made under the Asset Management programme, and our reporting includes – for the first time – disclosure of Assets under Construction, encapsulating some 344 projects resulting in 770 MEUR net increase on the balance sheet total, in addition Agency has strengthened its recording and controls of inventory items.

Key for resourcing the Agency's transformation agenda through the Multi-Year Investment Plan is the Agency Internal Investment Reserve, its balance is reported under the Net Asset of the Financial Statements.

Nevertheless, there remains significant work to be done against our transformation agenda, and we are committed to continue strengthening and maturing our financial management and internal controls.

I strongly believe that improved prudence of our financial management and increased fidelity of our corporate planning processes have navigated us through an unusually volatile performance period, including, not least of all, the return of war to Europe.

Looking forward, the reinvigorated appetite for digital transformation will challenge our capacity to support the Alliance's needs. Improved effectiveness and efficiency will help make better use of our existing capacity. Nevertheless, our current year-by-year planning cycle against confirmed demand requires a careful examination to ensure we have the agility and proactivity to anticipate the emerging large-scale demands stemming from our leaders' commitments. With support of the ASB and as a follow up of the Workforce review led in 2022, I will look at reinforcing the Agency readiness.

The current crisis remains with us at the start of the New Year. How long these conditions will endure may be uncertain; what remains unambiguous is our unbreakable commitment to supporting and enabling the readiness of NATO in the face of any and all threats. I remain convinced in the importance of our transformation agenda to ensure our continued relevance alongside a changing Alliance.

Ludwig Decamps
General Manager
NATO Communications and Information Agency

# Overview of the NATO Communication and Information Organisation (NCIO) and Agency (NCI Agency)

The NATO Communications and Information Agency – or NCI Agency – acts as NATO's principal Consultation, Command and Control (C3) deliverer and Communications and Information Systems (CIS) provider. It also provides IT-support to NATO Headquarters, the NATO Command Structure and NATO Agencies.
The NCI Agency acquire, deploy and defend communications systems for NATO's political decision-makers and Commands.
The Agency is on the frontlines against cyber-attacks and work closely with governments and industry to prevent future debilitating attacks. The Agency is working to deliver a secure, modern digital infrastructure to NATO – wherever the Alliance is working.
In addition, the Agency conducts the central planning, system engineering, implementation and configuration management for the NATO Air Command and Control System (ACCS) Programme.

The NCI Agency, led by a General Manager, is headquartered at Boulevard Leopold III, 1140 Brussels, Belgium,. It has major locations in The Hague, the Netherlands, Braine-l'Alleud and Mons, Belgium.

The Agency is the executive arm of the NATO Communication and Information Organisation (NCIO), which aims to achieve maximum effectiveness in delivering C3 capabilities to stakeholders, while ensuring their coherence and interoperability, and ensuring the provision of secure CIS services at minimum cost to Allies – individually and collectively.

NCIO is managed by an Agency Supervisory Board (ASB) composed of representative from each NATO nation. The ASB oversees the work of the NCIO. After consulting with the NATO Secretary General, NCIO's ASB appoints the General Manager of the Agency. All NATO nations are members of the NCIO.

The ASB, which reports to the North Atlantic Council (NAC), issues directives and makes general policy decisions to enable NCIO to carry out its work. Its decisions on fundamental issues such as policy, finance, organization and establishment require unanimous agreement by all member countries.

At the Lisbon Summit in November 2010, NATO Heads of State and Government agreed to reform the 14 existing NATO Agencies, located in seven member states. In particular, Allies agreed to streamline the agencies into three major programmatic themes: procurement, support, and communications and information. The reform aims to enhance efficiency and effectiveness in the delivery of capabilities and services, to achieve greater synergy between similar functions and to increase transparency and accountability.

As part of the reform process, the NCI Agency was created on 1 July 2012 through the merger of the NATO C3 Organisation, NATO Communication and Information Systems Services Agency (NCSA), NATO Consultation, Command and Control Agency (NC3A), NATO Air Command and Control System Management Agency (NACMA), and NATO Headquarters Information and Communication Technology Service (ICTM).

For 65 years, the NATO Communications and Information Organisation and Agency and their predecessors have worked tirelessly in providing the means that enable the connectedness and togetherness that keep our Alliance strong. There is a long legacy of dedication to our mission and commitment to our customers. Our fundamental role as enshrined in the NCIO Charter is to act as NATO's principal C3 capability deliverer and CIS service provide for the full range of its entitled requirements holders and customers.

As established by the NCIO Charter in mid-2012, the NCI Agency is customer funded for delivering ICT to NATO and nations. The principles of Customer Funding are based on the NCIO Charter:

- Customers shall be charged the direct costs plus overhead to cover general administrative expenditures, recuperation of capital investments, and Agency operating and running costs;
- Charges to customers shall be subject to customer agreement prior to being incurred;
- Customer Rates and Service Rates are set in such a way to ensure balance between planned income (revenue) and expenditure (expenses) to achieve breakeven over the planning period; and are submitted, after review by the ASB Finance Committee (FINCOM), to the Agency Supervisory Board (ASB) for endorsement and finally to the Budget Committee (BC) for approval on behalf of all Customers.

The Customer Funding Regulatory Framework (CFRF) forms the basis of the Agency's financial operations. A key aspect of this framework covers the issues contained within the overarching principles for funding eligibility:

- Definition of customers, internal and external and their roles and responsibilities;
- Coordination with existing programming and planning mechanisms;
- Recapitalization of ICT assets and equipment;
- Roles of the Agency Supervisory Board (ASB), Resource Policy and Planning Board (RPPB), Budget Committee (BC), and Investment Committee (IC);
- Service demand and requirements validation;
- Pricing of Agency services;
- Provision of independent advice to the NATO resource community;
- Roles of other stakeholders in the governance of the NCI Agency;
- Requirement for ICT Services and Capabilities;
- Procedures governing the use of the Operating Fund.

Governed by the Nations, the Operating Fund, in this context, performs the function of a repository for Accumulated Surpluses or Deficits and is a risk management reserve. A process has been put in place to return Operating Fund surpluses over the target level back to customers through Customer Rates rebates.

The main aim of the Customer Funding financial model is to empower the customer who can define requirements and/or volume of services and thus secure the best value for money in obtaining the services it requires. The concept also aims to ensure that the beneficiaries of the goods and services are those who pay the full costs of the benefits they receive. The customer states their requirements; generally in the context of the draft Service Level Agreement (SLA), Service Support Packages (SSP), Service Support Training Packages (SST), Capability Package (CP) or by submitting a Task Order (TO) or a Customer Request Form (CRF). The Agency confirms its ability to fulfil the requirements, and following internal staffing and coordination, proposes a cost for each service or capability requested based on approved Customer Rates and/or the CCSC. Operating as an integral part of NATO, the Agency must remain attentive to NATO's funding constraints and in close coordination with its customers to tailor its service levels to the requirements and priorities set by its customers.

By being Customer Funded, the Agency must recover all of its costs from the work and services it provides its customers. In line with the BC's guidance, the Customer Rates or professional labour fees are used to determine Service Rates and Agency charges to its customers, respectively by Project Service Costs (PSCs) for capability development and Service Support Costs (SSCs) for ICT services, with the aim to achieve financial breakeven over time.

The Agency's Customer Rates are based on the actual costs as disclosed in the Annual Financial Statements Year-1, or from the latest and most accurate possible execution data from Year-1. Following the Nations approval, since 2017, the Customer Rates used are a single set of rates. This is offering more transparency and traceability of the Agency's cost structure, and allows for a more stable calculation methodology and comparison over the years.

Consistent with the CFRF, the Agency predominantly provides customers with CIS services based on Firm Fixed Price (FFP) agreements whereby the Agency delivers a specified set of goods or services for a fixed price. The use of FFP agreements reduce administration costs and provides customers with more stability and less risk as the Agency manages associated risks with delivering the goods or services within the agreed price unless otherwise agreed with the customer. The Agency's obligation is the delivery of goods and services in accordance with the agreed customer specifications, and the customers' obligation is the payment of the agreed amount. The Agency relies on the customer provided funding via advance payments and the timely payment of invoices to provide the cash flow for daily Agency business operations.

As part of the approved 2022 Business Plan and Financial Plan, the Agency has a Multi-Year Investment Plan covering Agency Internal Investments. In 2021, a sustainable funding via Customer Rates and reserve[1] mechanism was defined and approved by Nations. The 2022 funding portion of the plan was screened by the WGNTE and approved by the Finance Committee in February 2022. The monitoring of 2022 investment projects are strengthened and reported regularly to the governance.

Asset Management initiated in 2021 is the highest priority programme within those included within Agency Internal Investments. The programme objectives are to increase maturity of NCI Agency Asset Management processes, support the Agency's ability to account correctly for its assets in Financial Statements, support services and operations, inform the Asset, Configuration, Patch and Vulnerability management (ACPV) process as part of cyber defence, and inform our asset replacement initiatives. A key objective was to ensure compliance with NATO

[1] AC/337-D(2021)0054 dated 10 December 2021 and AC/337-D(2021)0054-AS1 dated 17 December 2021

accounting standards in the area of Assets under Constructions, hence assets under construction data/balances are reported for the first time in the NCIO 2022 financial statements.

The Enterprise Business Applications (EBA) system, which is an essential component to support Agency management and financial internal control system, continues its roadmap of functionality releases. The programme went live with a portion of Release 2 (R2) Asset management, HR, and Acquisition, and made preparations for the subsequent releases contract award and implementation: Release 3 (R3) to provide Advanced HR functionality, and EBA Release 4 (R4) Enterprise Project Management which replaces the MS-EPM toolset. Throughout 2022, EBA release 4 was implemented with go live 01 January 2023.

## Financial Statements Overview

**Basis of Preparation**

The NCIO Financial Statements are a formal record of the financial activities and position of the NCI Agency and the ASB Secretariat. These include an extensive set of notes to the financial statements describing each item on the statement of financial position, performance, cash flow and budget execution statement in further detail.

The NCIO Financial Statements are a standalone document and undergo a specific approval process as well as an audit by the International Board of Auditors for NATO (IBAN). For full visibility of the Agency's operating performance and strategic alignment to the NATO mission, readers should also consult the NCIO Annual Report.

In respect to the 2022 NCIO Financial Statements, these were prepared:

- for public disclosure
- on a going-concern principle
- on the basis of a single entity
- on an accrual basis and a historical cost convention, except as disclosed in the accounting policies and detailed notes

Amounts in the financial statements are stated in euro.

**Compliance with Financial Regulations**

The NCIO Financial Statements are submitted to the Agency Supervisory Board (ASB) and the International Board for Auditors of NATO (IBAN) in accordance with NAC approved standards, including the International Public Accounting Standards (IPSAS) as adopted through the NATO Accounting Framework and the NATO Financial Regulations (NFR). This is consistent with Article 53 of the Charter: "The General Manager shall submit to the ASB and the International Board of Auditors for NATO annual financial statements in accordance with NAC approved standards, including the International Public Sector Accounting Standards (IPSAS) as adopted by NATO, and the provisions of the NATO Financial Regulations".

The Financial Regulations that are applicable to NCIO are described in the Charter under Article 50: "The NCIO shall be governed by the provisions of the NATO Financial Regulations, subject to such derogations as may be approved by the NAC upon recommendation by the Resource Policy and Planning Board".

Article 35 of the NATO Financial Regulations: "An annual financial statement for each NATO body, consolidated where applicable and appropriate, shall be submitted for audit to the International Board of Auditors for NATO by the Financial Controller not later than 31st March following the end of the financial year. The IBAN audit report, together with the associated financial statements, shall be finally noted or approved by the Council not later than 31 December."

Article 27 of the NATO Financial Regulations specifically relates to the Agency as a Customer Funded entity: "Customer-Funded bodies make agreements with customers to provide goods and services in accordance with Customer requirements. Customers' agreement will describe the requirements for how funds are to be made available to the Customer-Funded bodies and how the funds will be committed and carried forward; these requirements may be different from common-funded NATO bodies".

The NATO Communications & Information Agency Customer Funding Regulatory Framework is a fundamental part of the governance of the Agency, along with the NCIO Charter provisions. It's designed to deliver effective and efficient C&I service provision by NCI Agency by establishing mechanisms for validating Agency costs and for validation of all requirements, including ICT services, while future C&I capability requirements will continue to be provided through the Capability Package process with greater emphasis on ICT asset renewal which will be on a biennial schedule to ensure that technology upgrades and replacement of obsolescent equipment keeps up with the military requirement.

**Financial Performance and Position Highlights**

Total revenues for 2022 amount to 709.4 MEUR, a decrease of 23.5 MEUR or 3% from 2021, and include:

- 168.6 MEUR of acquisition revenue earned as Host Nation and procurement principal for NSIP, NATO Entities and Nations, an increase of 6.4 MEUR or 4% from previous year;
- 341.5 MEUR of operating, services and project support revenue contracted, using BC approved Customer Rates, for the provision and acquisition of CIS capabilities and services, an increase of 15.9 MEUR or 5% from previous year which reflects the higher demand for services and projects;
- 191 MEUR of operating and external CIS revenue earned in direct support of the delivery of services, a decrease of 35.9 MEUR or 16% from previous year ;
- 4.9 MEUR of other operating revenue earned in the provision of other support services provided to hosted entities as well as contribution revenue from Nations for the execution of the NCIO Independent Secretariat budget

- 3.3 MEUR earned from favourable foreign exchange rate variances and, to a minor extent interest earned.

Total expenses for 2022 amount to 721.9 MEUR, an increase of 25 MEUR or 3.6% from 2021 and include:

- 98.3 MEUR of acquisition costs incurred in the procurement, on behalf of the Investment Committee (IC), other NATO entities and Nations, of CIS capabilities and services from industry, increase of 14.1 MEUR or 16.7% from previous year;
- 282.9 MEUR of costs related with the civilian personnel employed during the year (in compliance with NATO Civilian Personnel Regulations, NAC approved salary scales and allowances), and Interim Workforce Contractors, temporary staff and consultants, increase of 15.2 MEUR or 6% from previous year;
- 236.3 MEUR of costs for Contractual Supplies and Services, a decrease of 9.9 MEUR or 4% from previous year, which include operating and external CIS costs in direct support of the delivery of services, costs related to the execution of capabilities' projects as well as running costs of the Agency facilities and equipment, largely due to the end of the Resolute Support mission and some delays in deliveries due to the distortion of the global supply chain.
- 7.2 MEUR cost from an in-year provisions mainly on active projects and services the Agency is delivering.
- 94.3 MEUR of depreciation expense for Property Plant and Equipment and intangible assets, increase of 3.6 MEUR from previous year mainly triggered by the inclusion of in-services assets of completed AuC;
- 2.7 MEUR of expenses from unfavourable foreign exchange rate variances, including revaluation impact of foreign exchange positions and bank transaction fees related to conversion of currencies.

Net result for the year is a deficit of 12.4 MEUR compared to a surplus of 36 MEUR in prior year.

Total assets amount to 1.25 BEUR an increase of 114.2 MEUR or 10% from previous year. Total Liabilities amount to 1.12 BEUR, an increase of 126.7 MEUR or 12.8% from previous year.

**Total Net Equity and Operating Fund**

In line with the NFRs applicable to the Agency Customer Funding regime and the Customer Funding Regulatory Framework, the Agency maintains, as part of its Total Net Equity, an Operating Fund. This serves as a limited source of working capital and acts as buffer to absorb the surpluses or deficits from Agency's operating results. The use and level of the Agency Operating Fund is fully governed by Nations and distinguished separately governed components.

At 31 December 2022, the Agency Total Net Equity amounts to 133 MEUR broken-down as follows:

- 88.4 MEUR of Reserved Earnings, composed of (1) the remaining Transition Reserve of 2.1 MEUR; (2) Internal Investment reserve(A2I) of 6.5 MEUR; (3) the Depreciation Reserve, amounting to 17.1 MEUR, related to assets not yet fully depreciated, and (4) the Inventory Reserves amounting to 62.7 MEUR
- 44.6 MEUR of Retained Earnings, which equal the Operating Fund (as per the IBAN guidance and ASB Finance Committee decision, depreciation reserve is no longer considered as part of the Operating Fund).

**Internal Control Framework**

Internal control helps entities to achieve objectives and sustain and improve performance. NCIO has an Internal Control Framework (ICF) that has been designed considering the components and associated principles of the COSO's Internal Control - Integrated Framework'. It enables NCIO to effectively and efficiently reinforce the system of internal control that adapts to changing business and operating environment, mitigate risks to acceptable levels, and support sound decision making and governance of the organization. The NCIO ICF is subject to continuous improvements, under the supervision of NCI Agency Internal Control Panel and the Financial Controller. This panel meets regularly to: oversee the implementation of the ICF across the Agency, oversee development & deployment of related policies and procedures, recommend priorities and objectives to the GM and identify opportunities, risks, control weaknesses, and correcting measures to the GM.

**Risk Management**

The Agency operates an Enterprise Risk Management (ERM) system with Corporate, Programme and Project level risk registers.

The Agency's top risk landscape is dynamic and is made up of risks that can be Agency-wide and/or systemic in nature.

The Agency regularly reviews its top risks at the Executive level taking account of the context in which the Agency operates, its risk appetite, as well as the probability of the risk occurring and its impact.

Such Executive level review takes place a minimum of once per year with regular quarterly monitoring and reporting.

All Agency top risks are assigned to an accountable Risk Owner (usually an Executive) to manage. Other lower level (in terms of probability and impact) risks are managed and documented in the business and service areas risk registers.

Besides the thirteen risks the Agency is reporting as key Agency-level risks, some other risks have been identified as relevant to the financial perspective and could result in either a Provision, Contingent liability or Event after reporting date. More information on Provisions, Contingent Liabilities and Event after reporting date can be found within the Financial Statements detailed notes.

The Agency continues to mature its ERM, through a documented process, trainings, workshops, presentations and communications to staff as well as reinforcing the activities to review, mitigate and regularly report on risks. The Agency also separately tracks the issues it faces.

**External and Internal Audit**

As a chartered NATO Organisation, the Agency financial statements, performance and underlying transactions are audited by the IBAN upon mandate from the NAC. The Agency also has its own body of Internal Auditors, whom, under the direct authority of the Agency Supervisory Board, perform internal audits for assurance and consulting activities related to governance, risk management and internal control.

*External Audit*

In 2022, the International Board of Auditors for NATO (IBAN) led an external audit activity into the 2021 NCI Organisation Financial Statements. IBAN issued a qualified opinion on the financial statements and compliance.

The Agency, under the remit of its supervisory board, is undertaking the necessary actions to remediate all outstanding observations. For the first observation on the Material incompleteness of PPE and intangible assets that has led to the IBAN qualified opinion, the Agency has taken actions to address the observation. Within these financial statements Assets under Construction and the related in-service PPE and intangible assets haven been included for the first time.

IBAN has already initiated the interim audit of the 2022 Financial Statements at the time of the publication of these statements. As per the NFR the NCIO Financial Statements are submitted to IBAN and ASB by 31 March. In accordance with the NCIO Charter, the ASB will approve the Financial Statements once IBAN audit results are published, taking in consideration the advice of the ASB Audit Committee.

*Internal Audit*

The Agency's internal audit activities are a significant part of its overall control structure, and directly impacted its performance in 2022.

Over the year, Internal Audit completed 1 advisory and 7 compliance engagements; it also provided consultancy services to management in various areas. The completed engagements spanned several thematic areas and covered reviews of project management activities, operational processes, corporate and administrative processes and information technology areas.

The Agency continues to improve its methods and processes used to monitor the implementation of audit recommendations and realized significant improvement throughout the year.

Over 2022, management successfully closed 12 internal audit and 6 IBAN observations.

Internal Audit will continue performing follow up missions and will report on the status of the implementation of the recommended actions during 2023 to Agency management and the ASB Audit Committee.

Finally, IA continued to support the implementation of the NATO Financial Regulations and the NCIO Financial Rules and Procedures and also contributed to the review and implementation of the NCIO Internal Control Framework as well as to the development of the NCIO Risk Appetite Framework. The Agency's internal audit activities are a significant part of its overall control structure, and directly impacted its performance in 2022.

**NCIO Statement of Financial Position**

*For the year ended 31 December 2022*
*(all figures are in Euro)*

| | Note | NCIO 2022 | 2021 Restated | 2021 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| ***Current Assets*** | | | | |
| Cash and Cash Equivalents | 1 | 253,752,900 | 186,715,840 | 186,715,840 |
| Receivables | 2 | 172,590,401 | 219,308,517 | 224,437,665 |
| Prepayments and Miscellaneous Assets | 3 | 7,328,355 | 9,531,413 | 9,531,413 |
| Inventory | 4 | 64,250,453 | 76,028,938 | 39,683,824 |
| Work in Progress | 5 | 4,303,859 | 2,444,034 | 2,444,034 |
| Other Current Assets | | - | - | - |
| **Total Current Assets** | | **502,225,968** | **494,028,742** | **462,812,776** |
| ***Non-Current Assets*** | | | | |
| Financial Assets | | - | - | - |
| Non-current Receivables | 6 | 547,854 | 547,885 | 547,885 |
| Property, Plant and Equipment | 7 | 389,547,403 | 319,380,734 | 1,771,289 |
| Intangible Assets | 7 | 357,507,797 | 321,635,558 | - |
| Other Non-Current Assets | | - | - | - |
| **Total Non-Current Assets** | | **747,603,054** | **641,564,177** | **2,319,174** |
| **TOTAL ASSETS** | | **1,249,829,022** | **1,135,592,919** | **465,131,950** |
| **LIABILITIES** | | | | |
| ***Current Liabilities*** | | | | |
| Payables | 8 | 102,347,377 | 104,945,774 | 104,945,774 |
| Deferred Revenue and Advances | 9 | 331,578,390 | 295,793,094 | 233,052,242 |
| Other Current Liabilities | 10 | 23,098,895 | 13,709,518 | 13,526,827 |
| **Total Current Liabilities** | | **457,024,662** | **414,448,386** | **351,524,843** |
| ***Non-Current Liabilities*** | | | | |
| Non-Current Payables | | - | - | - |
| Non-Current Deferred Revenue and Advances | 9 | 650,484,401 | 567,770,247 | - |
| Non-Current Borrowings | | - | - | - |
| Provisions | 11 | 9,275,991 | 7,853,511 | 12,982,657 |
| **Total Non-Current Liabilities** | | 659,760,392 | 575,623,758 | 12,982,657 |
| **TOTAL LIABILITIES** | | **1,116,785,054** | **990,072,144** | **364,507,500** |
| **NET ASSETS/EQUITY** | | | | |
| Retained Earnings | 28 | **44,644,724** | 52,263,345 | 49,373,895 |
| Reserved Earnings | 27 | **88,399,244** | 93,257,430 | 51,250,555 |
| **TOTAL NET ASSETS/EQUITY** | | **133,043,968** | **145,520,775** | **100,624,450** |
| **TOTAL LIABILITIES AND NET ASSETS/EQUITY** | | **1,249,829,022** | **1,135,592,919** | **465,131,950** |

## NCIO Statement of Financial Performance

*For the year ended 31 December 2022*

*(all figures are in Euro)*

| | Note | NCIO 2022 | NCIO 2021 Restated | NCIO 2021 |
|---|---|---|---|---|
| **REVENUE** | | | | |
| Project and Support Services Revenue | 12 | 341,510,524 | 325,626,507 | 356,874,301 |
| External Services Revenue | 13 | 191,023,356 | 227,018,189 | 213,978,904 |
| Acquisition Revenue | 14 | 168,609,341 | 162,236,196 | 227,669,511 |
| Other Revenue | 15 | 4,923,171 | 14,421,931 | 14,421,931 |
| Financial Revenue | 24 | 3,334,994 | 3,595,331 | 3,605,970 |
| **TOTAL REVENUE** | | **709,401,386** | **732,898,154** | **816,550,617** |
| **EXPENSES** | | | | |
| Cost of Acquisition | 16 | (98,274,356) | (84,157,627) | (225,463,767) |
| Personnel Costs | 17 | (282,957,486) | (267,719,712) | (314,713,795) |
| Contractual Supplies and Services | 20 | (236,312,994) | (246,259,699) | (241,294,065) |
| Depreciation and Amortisation | 21 | (94,303,786) | (90,699,916) | (1,491,773) |
| Provisions Expenses | 22 | (7,277,874) | (7,147,704) | (7,147,704) |
| Financial Expenses | 24 | (2,751,697) | (912,270) | (916,672) |
| Other Expenses | | - | - | - |
| **TOTAL EXPENSES** | | **(721,878,193)** | **(696,896,928)** | **(791,027,776)** |
| **SURPLUS/(DEFICIT)** | | **(12,476,807)** | **36,001,226** | **25,522,841** |
| Distributed(net) to Retained Earnings | 28 | **(7,618,621)** | **22,818,511** | **21,200,056** |
| Distrubuted(net) to Reserved Earnings | 28 | **(4,858,186)** | **13,182,715** | **4,322,785** |

## NCIO Statement of Cash Flows

*For the year ended 31 December 2022*

*(all figures are in Euro)*

| | NCIO | | |
|---|---|---|---|
| | 2022 | 2021 Restated | 2021 |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Surplus/(Deficit) for the Period | (12,476,807) | 36,001,226 | 25,522,841 |
| Depreciation and Amortisation | 92,852,739 | 62,517,644 | 1,483,743 |
| Revaluation of Assets | - | - | - |
| Decr./(Incr.) Receivables | 46,718,117 | (9,675,372) | (14,804,517) |
| Decr./(Incr.) Prepayments and Miscellaneous Assets | 2,203,058 | (3,048,684) | (3,048,684) |
| Decr./(Incr.) Inventory | 11,778,484 | 9,105,655 | 3,077,925 |
| Decr./(Incr.) Work in Progress | (1,859,825) | 3,313,677 | 3,313,677 |
| Decr./(Incr.) Other Current Assets | - | - | - |
| Incr./(Decr.) Payables | (2,598,397) | (10,174,697) | (10,174,697) |
| Incr./(Decr.) Deferred Revenue and Advances | 35,785,296 | (477,585,002) | 15,894,714 |
| Incr./(Decr.) Non-Current Deferred Revenue and Advances | 82,714,154 | 577,143,050 | - |
| Incr./(Decr.) Borrowings | - | - | - |
| Incr./(Decr.) Other Current Liabilities | 9,389,376 | 1,200,528 | 1,194,291 |
| Incr./(Decr.) Provisions | 1,422,480 | (11,782,227) | (6,653,081) |
| **NET CASH FLOWS FROM OPERATING ACTIVITIES** | **265,928,676** | **177,015,800** | **15,806,212** |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Decr./(Incr.) Financial Assets | - | - | - |
| Decr./(Incr.) Non-current Receivables | 31 | 653,745 | 653,745 |
| Decr./(incr.) PP&E and Intangible Assets | (198,891,647) | (162,666,154) | (1,456,566) |
| Decr./(Incr.) Other Non-Current Assets | - | - | - |
| **NET CASH FLOWS FROM INVESTING ACTIVITIES** | **(198,891,616)** | **(162,012,409)** | **(802,821)** |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Incr./(Decr.) Non-Current Payables | - | - | - |
| Incr./(Decr.) Non-Current Borrowings | - | - | - |
| Incr./(Decr.) Other Non-Current Liabilities | - | - | - |
| **NET CASH FLOWS FROM FINANCING ACTIVITIES** | **-** | **-** | **-** |
| **NET INCR./(DECR.) CASH AND CASH EQUIVALENTS** | **67,037,060** | **15,003,391** | **15,003,391** |
| **CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD** | **186,715,840** | **171,712,449** | **171,712,449** |
| Incr./(Decr.) Cash and Cash Equivalents | 67,037,060 | 15,003,391 | 15,003,391 |
| **CASH AND CASH EQUIVALENTS AT END OF PERIOD** | **253,752,900** | **186,715,840** | **186,715,840** |

## NCIO Statement of Change in Net Assets/Equity

*For the year ended 31 December 2022*

*(all figures are in Euro)*

| | NCIO | | |
|---|---|---|---|
| | **2022** | **2021 Restated** | **2021** |
| **BALANCE AT BEGINNING OF PERIOD** | 145,520,775 | 109,519,549 | 75,101,609 |
| Net surplus/(deficit) for the period | (12,476,807) | 36,001,226 | 25,522,841 |
| **BALANCE AT END OF PERIOD** | **133,043,968** | **145,520,775** | **100,624,450** |
| **RESERVES AT BEGINNING OF PERIOD** | **93,257,430** | **46,927,772** | **46,927,772** |
| Net increase/(decrease) of bookvalue of property, plant and equipment | 6,369,748 | 8,944,197 | (1,324,818) |
| Net increase/(decrease) of Internal Investements reserves | 647,751 | 5,820,000 | 5,820,000 |
| Net increase/(decrease) of Transition reserves | (74,278) | (172,399) | (172,399) |
| Net increase/(decrease) of Inventory reserves | (11,801,407) | 31,737,860 | - |
| Net increase/(decrease) of currency translation differences | - | - | - |
| **RESERVES AT END OF PERIOD** | **88,399,244** | **93,257,430** | **51,250,555** |
| **RETAINED EARNINGS AT END OF PERIOD (OF)** | **44,644,724** | **52,263,345** | **49,373,895** |
| **NET ASSETS/EQUITY AT END OF PERIOD** | **133,043,968** | **145,520,775** | **100,624,450** |

NCIO Statement of Change in Net Asset/Equity detail can be found under note C.

## NCIO Budget Execution Statement

*For the year ended 31 December 2022*

*(all figures are in Euro)*

| | NCIO | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Initial Budget | Transfers | Budget Revision | Transfers | Final Budget | Net Commitment | Expenses | Total Spent | Carry Forward | Lapsed |
| **BUDGET** | | | | | | | | | | |
| Chapter 1 - Personnel | 1,124,006 | - | 57,633 | - | 1,181,639 | - | 1,172,662 | 1,172,662 | - | 8,977 |
| Chapter 2 - Contractual supplies and services | 234,841 | - | - | - | 234,841 | - | 166,233 | 166,233 | - | 68,608 |
| Chapter 3 - Investments | - | - | - | - | - | - | - | - | - | - |
| **Total Fiscal Year 2022** | **1,358,847** | **-** | **57,633** | **-** | **1,416,480** | **-** | **1,338,895** | **1,338,895** | **-** | **77,585** |
| Chapter 1 - Personnel | 167,787 | - | - | - | 167,787 | - | 167,787 | 167,787 | - | - |
| Chapter 2 - Contractual supplies and services | - | - | - | - | - | - | - | - | - | - |
| Chapter 3 - Investments | - | - | - | - | - | - | - | - | - | - |
| **Total Fiscal Year 2021** | **167,787** | **-** | **-** | **-** | **167,787** | **-** | **167,787** | **167,787** | **-** | **-** |
| Chapter 1 - Personnel | - | - | - | - | - | - | - | - | - | - |
| Chapter 2 - Contractual supplies and services | - | - | - | - | - | - | - | - | - | - |
| Chapter 3 - Investments | - | - | - | - | - | - | - | - | - | - |
| **Total Fiscal Year 2020** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| **TOTAL** | **1,526,634** | **-** | **57,633** | **-** | **1,584,267** | **-** | **1,506,682** | **1,506,682** | **-** | **77,585** |

NCIO Budget Execution Statement detail can be found under note D.

## Accounting Policies

**Basis of preparation**

These financial statements have been prepared in accordance with the NATO Accounting Framework (NAF) which is based upon International Public Sector Accounting Standards (IPSAS). IPSAS 6 – Consolidated financial statements and accounting for controlled entities, IPSAS 12 – Inventories, IPSAS 17 - Property, Plant and Equipment and IPSAS 31 - Intangible Assets were adapted by the Council in August 2013 and IPSAS 1 – Presentation of Financial Statements, was adapted by the Council in April 2016.

In addition, where certain financial reporting requirements are required by the NATO Financial Regulations (NFR), these are also met.

The Financial Statements are prepared on the going-concern basis which means that those charged with governance of NCIO consider that they believe NCIO will continue in existence for at least a year from the date the financial statements are issued.

The preparation of financial statements in compliance with the NAF requires the use of certain critical accounting estimates and requires that those responsible for preparing and presenting the financial statements of NCIO use judgement in applying these accounting policies. The areas where significant judgements and estimates have been made in preparing the financial statements and their effect are disclosed in the notes to the financial statements.

The policies have been consistently applied to all the years presented.

**Changes in Accounting Policies/Standards**

IPSAS 3 – Accounting Policies, changes in accounting estimates and errors requires that "A change in the accounting treatment, recognition, or measurement of a transaction, event, or condition within a basis of accounting is regarded as a change In accounting policy".

The Agency has changed at the start of FY2022:

- Revenue derived from CIS/AIS assets for which NCIO is acting as a service provider to NATO Commands, NATO IS and IMS as per the NATO Accounting Framework, the revenue recognition is consistent with the depreciation or amortization pattern/economic lifetime of the related assets that are controlled and capitalized by NCIO.
- The practice of depreciating or amortising of assets on a full year basis, i.e. regardless of whether an item was available for use at the beginning of the year or at the end into the new practice, the depreciation method of straight-line on a pro-rata basis.
- PPE items below capitalisation thresholds that are kept at the warehouse as stockable items are part of the inventory holding/balances

*Restatements/Reclassification*

The Agency has restated and or reclassified the comparative numbers of the Statement of Financial Positon, Financial Performance and Cash Flow Statement and updated detailed notes (where applicable) as a result of

- an accounting error by not disclosing the self-constructed assets (assets under construction/development) for Property, Plant, and Equipment and Intangibles assets
- an accounting error in the statement of positon Liabilites/Provison and Assets/Receivables (Impairment)
- and the aforementioned changes in the accounting policy/standards.
- An accounting error by not disclosing the operational leases.

From the start of Year 2022, the Agency corrected prior year errors by disclosing the Assets under construction/development and self-constructed assets for Property, Plant, and Equipment and Intangibles assets in compliance with the NATO Accounting Framework and additional policies on PPE and Intangible assets approved by the NAC.

The Agency followed the approach as stated in the Report by the Resource Policy and Planning Board on the NAF; "NCIO requires a transition period to allow the application of this significant and constructive improvement in accounting for CIS assets. It is therefore proposed that this change take effect for the reporting period starting as of 1 January 2018. This represents an adaptation that would apply to all new development programmes after this date but also to existing CIS construction and development programmes that continue after 1 January 2018. NCIO shall, from 1 January 2018, provide in the notes to the financial statements further disclosure on types and the locations of assets that were under construction and development prior to 1 January 2018".

Upcoming changes in accounting Standards;

- IPSAS 41 – Financial Instruments (effective 1 January 2023)

This standard will replace part of IPSAS 29 - Financial Instruments: Recognition and Measurement. NCIO's Financial Instruments are considered low risk. Its financial assets are considered to be at very low risk because the Agency can only make low risk investments and its Accounts Receivable are essentially backed by government guarantees. Its Financial Liabilities are also low risk and are made up of accounts payable and advances provided by customers. The Agency does not engage with complex financial instruments such as hedges or derivatives, neither does it purchase and hold equity instruments. The nature of the financial instruments held by NCIO means that IPSAS 41 is unlikely to impact upon its Financial Reporting.

- IPSAS 42 – Social Benefits (effective 1 January 2023)

This standard relates to the financial reporting of social benefits such as cash transfers to individuals in the form of state pensions, unemployment benefits and income support; as such, it will not impact upon the financial reporting of NCIO.

- IPSAS 43 – Leases (effective 1 January 2025)

This standard will replace IPSAS 13.

This standard, released in January 2022, will align IPSAS to International Financial Reporting Standard 16, which relates to Leases. The standard will remove the distinction between finance and operating lease and require the recognition of assets and liabilities created by all leases. NCIO is analyzing the implications of IPSAS 43 in its financial reporting.

**Revenues and Revenue Recognition**

NCIO operates under Customer Funding Regulatory Framework and the vast majority of NCIO's revenue is Customer Funded revenue which is subdivided into:

- Project and Support Services Revenue (e.g. Scientific Programme of Work (POW) and Infrastructure Committee project service costs, SLA External CIS and service support costs).
- External Services Revenue (e.g. Services Level Agreement External CIS)
- Acquisition revenue, for which NCIO considers it is the procurement principal on behalf of sponsors, NATO entities or Member Nations.
- Other revenue mainly represents reversal of 'unused' provisions and contributions income from the NCIO's Independent Secretariat budget which is common funded and the ASB approves the structure and its annual budget, which is based on the Budget committee cost share model.

*Revenue recognition; measurement and timing*

Provided the amount of revenue can be measured reliably and it is probable that NCIO will receive payment, revenue for goods and services delivered is recognised when NCIO has transferred the significant risks and rewards of ownership and it is probable that NCIO will receive payment for delivering goods and services. These criteria are considered to be met when the goods or services are delivered to the customers' satisfaction.

For all Customer Funded revenue, revenue is recognised by reference to the stage of completion or the cost burn rate, depending on the type of funding agreement; firm fixed price or cost reimbursable. For the budget revenue, income is recognised at the moment an expense is incurred as the revenue is guaranteed to be funded by member Nations.

With respect to revenue derived from CIS/AIS assets for which NCIO is acting as a service provider to NATO Commands, NATO IS and IMS as per the NATO Accounting Framework, the revenue recognition is consistent with the depreciation or amortization pattern of the related assets that are controlled and capitalized by NCIO. As it cannot be identified separately from other sources of revenue and reliably measured, the corresponding amount of revenue is estimated by reference to the costs capitalized in accordance with IPSAS 17 – Property, Plant and Equipment or IPSAS 31 – Intangible Assets (see above section "Assets under Construction").

Revenue from transactions in the scope of IPSAS 11 – Construction Contracts is also recognized by reference to the stage of completion when the outcome of the construction contract can be estimated reliably. When this is not the case, revenue is recognized only to the extent of contract costs incurred that it is probable will be recoverable.

**Expenses Recognition**

NCIO has the following main categories of costs:

- Acquisition: costs relating to goods and services procured as a principal on behalf of sponsors, NATO entities or Member Nations.
- Personnel: costs derived from the employment of civilian personnel, as per NATO regulations, including salaries, allowances, pension contributions, recruitment and moving costs, but also training, medical and Interim Workforce Contractors, temporary staff and consultants.
- Contractual supplies and services: costs pertaining to goods and services procured from industry either directly in support of the delivery of services and capabilities or required for the normal functioning of the Agency's facilities and equipment.
- Depreciation, amortisation and provisions: costs related to usage of capitalised Agency assets, spread on a straight-line over their economic life, and costs related to the variance of Agency reserves (e.g. reserve for future losses, reserve for untaken leave).
- Foreign currency exchange and financial gains/losses: payments by NATO Bodies and Host Nations may be made in a variety of currencies. Gains/losses on foreign currency exchanges occasionally occur between the time of assessment and the time of payment. These differences are assessed and either refunded, charged or absorbed by the NCI Agency, depending on the agreement with the Customers. Gains or losses are recognised in the accounts in the period in which they occur.

Expenses are recognised when an invoice is posted or accrued, which reflects the point at which a good or service is received to the NCIO's satisfaction.

**Financial Plan Execution**

*IPSAS 24 - Presentation of Budget Information in Financial Statements* applies to public sector entities which are required or elect to make their approved budgets publically available.

NCIO, under full Customer Funding, has no budget but an Annual Financial Plan which is approved by the ASB under the NCIO Charter, and which includes a statement of planned income (revenue) and expenditure (expenses).

Per above however, NCIO still has some budget elements for which specific individual budget execution statements have been prepared and disclosed.

**Cash Flow Statements**

IPSAS 2 – Cash Flow Statements allows the choice between presenting the cash flow based on the direct method or indirect method. NCIO has elected to use the indirect method of presentation in these financial statements.

**Foreign Currency**

Transactions entered into by NCIO in a currency other than the currency of the primary economic environment in which they operate (their "functional currency"; which is Euro for NCIO) are recorded at the exchange rates in effect when the transactions occur. The use of exchange rates does not materially impact the financial statements.

Foreign currency transactions are recorded by converting the foreign currency amount at the BC conversion rates valid at the date of the transaction. NSIP and Third Party acquisition transactions are converted using the quarterly exchange rates issued by the IC. This rate is imposed by the IC and allows the NCI Agency to get reimbursed for all exchange, bank and miscellaneous financial results.

NCIO applied the following principles for reporting foreign currency items at each reporting date: foreign currency monetary items have been translated using the closing rate. Items that are measured in terms of historical cost in a foreign currency have been translated using the exchange rate at the date of the transaction.

The Agency recognises all exchange differences as revenues or as expenses in the Statement of Financial Performance in the period in which they arise.

**Financial Assets**

The financial assets of NCIO are cash and cash equivalents, accounts receivable and prepayments. They are measured at fair value. Changes in fair value are recognised in the Statement of Financial Performance.

**Financial Liabilities**

The financial liabilities of NCIO are accounts payable, accruals, customer advances, unearned revenues, provisions for costs and contingencies and miscellaneous items. They are measured at fair value. Changes in fair value are recognised in the Statement of Financial Performance.

**Receivables**

Receivables are measured at Net Realisable Value after taking bad and doubtful debts into account. As a general rule, the Agency considers that as it works with customers which are funded through national governments, that debts are considered to be “good”; only on rare occasions provisions are made for bad or doubtful debts.

**Accounts Payable**

Accounts Payable represent amounts for which goods and services, supported by a vendor invoice, have been received at the year-end but which remain unpaid. Accounts payable includes, services and goods received supported by an unpaid invoice and estimates of accrued obligations for goods and services received but not yet invoiced by the vendors.

**Advances and/or Unearned Revenue**

In order to ensure that Customer and budget requirements can be met, NCIO can call for money in advance of need to provide adequate cash flow. The advance is shown as an asset but is matched by a liability because until the funds are used, they are owed back to the Customer who provided the funding.

**Prepayments**

When NCIO makes advance payments to vendors these are reflected as prepayments in the Statement of Financial Position.

**Retirement Benefits: Provident Fund and Defined Contribution Pension Scheme**

Contributions to Provident Fund and DCPS are charged to the Statement of Financial Performance in the year to which they relate. NCIO is not exposed directly to any liabilities that may arise on the scheme and have no control over the assets of the scheme which is accounted for centrally at NATO Headquarters.

**Retirement Benefits: Defined Benefit Pension Scheme** Contributions to the NATO Defined Benefit Pension Scheme are charged to the Statement of Financial Performance in the year to which they relate. NCIO is not exposed directly to any liabilities that may arise on the scheme and has no control over the assets of the scheme which is accounted for centrally at NATO Headquarters.

**Other Long-Term Service Benefits**

Employment of NATO civilian staff is governed by the NATO Civilian Personnel Regulations. Different rules apply depending on the circumstances of employment. Where there is a liability for potential long-term service benefits at the year-end, they are described and disclosed in the notes to the Financial Statements.

**Leased Assets**

Where substantially all of the risks and rewards incidental to ownership of a leased asset have been transferred to NCIO (a "finance lease"), the asset is treated as if it had been purchased outright. NCIO has no finance leases.

Where substantially all of the risks and rewards incidental to ownership are not transferred to NCIO (an "operating lease"), the total rentals payable under the lease are charged to the Statement of Financial Performance on a straight-line basis over the lease term. Examples of operating leases can include photocopiers and cars.

**Property, Plant and Equipment (PPE) and Intangible Assets**

PPE and intangible assets are recognised when it is an asset controlled by NCI Agency. Assets, of which PPE is a type, are defined by IPSAS as “Resources controlled by an entity as a result of past events and from which future economic benefits or service potential are expected to flow to the entity”. Control of an asset is defined by IPSAS as arising “when the entity can use or otherwise benefit from the asset in pursuit of its objectives, and can exclude or otherwise regulate the access of others to that benefit.” In addition, the NATO Accounting Framework has established criteria as to assist in assessing the level of control that any NATO Reporting Entity has for reporting assets in its financial statements

Per the NATO Accounting Framework (NAF) – adapted IPSAS 17, NCIO has adapted its accounting for 2012 and 2013 in considering all PPE acquired prior to 1 Jan 2013 as fully expensed, per the NAF, a brief description of such PPE is presented as an Annex to this document (NAF disclosures).

Furthermore the NAF clarifies that the NATO Communication and Information Organisation (NCIO) acts as a service provider for CIS and/or Automated Information Systems (AIS) assets (including the construction of these assets) for the NATO Military Commands (Allied Command Operations (ACO) and Allied Command Transformation (ACT)) as well as for the International Staff (IS) and the International Military Staff (IMS). NCIO has control over these assets because it uses them to provide goods and services to its customers and has to report them in its Financial Statements. As per the NAF NCIO shall capitalise all CIS Assets under Construction (AuC) starting as of 1 January 2018. This shall apply for all new CIS AuC after 1 January 2018, but also for existing AuC that continue after 1 January 2018.

NCIO may consider CIS AuC prior to 1 January 2018 as fully expensed.

NCIO shall from, 1 January 2018, provide in the notes to the financial statements further disclosure on types and the locations of CIS assets that were under construction prior to 1 January 2018.

The Agency consider Assets under Construction(AuC)/Constructed and Assets under Development(AuD)/Developed prior to 01 January 2018 as fully expensed, a brief description of such AuC and AuD is presented as an Annex to this document (NAF disclosures).

Also per the NCIO Charter, NCIO is to assume ownership of all IT assets and IT infrastructure from the NATO commands.

*Property, Plant and Equipment (PPE) and intangible assets.*

NCIO controlled PPE and intangible assets are recognised at cost. Cost includes the purchase price, (including import duties, non-refundable purchase taxes, and deducting trade discounts and rebates) and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating, such as costs of site preparation, initial delivery and handling costs and installation costs. For each category of PPE/intangible assets capitalisation threshold values per item are defined. Items with a value below the applicable threshold will be expensed.

Depreciation is provided on all items of PPE so as to reduce its carrying value over the expected useful economic lives. The NATO Accounting Framework (NAF) and their associated capitalisation thresholds per item are:

| SUB CATEGORIES | PP&E Thresholds | Economic Life Time | Annual Deprec. % |
|---|---|---|---|
| **CLASS 1: PLAND AND EQUIPMENT** | | | |
| CATEGORY 1.1: AUTOMATIC DATA PROCESSING EQUIPMENT<br>(NAF: AUTOMATED INFORMATION SYSTEMS) | 50,000 | 3 | 33.33% |
| CATEGORY 1.2: COMMUNICATION SYSTEMS<br>(NAF: COMMUNICATIONS) | 50,000 | 3 | 33.33% |
| CATEGORY 1.3: MACHINERY<br>(NAF: MACHINERY) | 30,000 | 10 | 10.00% |
| CATEGORY 1.4: INSTALLED EQUIPMENT<br>(NAF: INSTALLED EQUIPMENT) | 30,000 | 10 | 10.00% |
| CATEGORY 1.5: FURNITURE<br>(NAF: FURNITURE) | 30,000 | 10 | 10.00% |
| CATEGORY 1.6: TRANSPORT EQUIPMENT<br>(NAF: VEHICLES) | 10,000 | 5 | 20.00% |
| CATEGORY 1.7: MISSION EQUIPMENT<br>(NAF: MISSION EQUIPMENT) | 50,000 | 3 | 33.33% |
| **CLASS 2: LAND AND BUILDINGS** | | | |
| CATEGORY 2.1: LAND<br>(NAF: LAND) | 200,000 | N/A | N/A |
| CATEGORY 2.2: BUILDINGS<br>(NAF: BUILDINGS) | 200,000 | 40 | 2.50% |
| CATEGORY 2.3: INFRASTRUCTURE<br>(NAF: OTHER INFRASTRUCTURE) | 200,000 | 40 | 2.50% |

| CLASS 3: INTANGIBLE ASSETS | | | |
|---|---|---|---|
| CATEGORY 3.1: SOFTWARE (NAF: COMPUTER SOFTWARE(COMMERCIAL OF THE SHELF); COMPUTER DATABASE, INTEGRATED SYSTEM) | 50,000 | 4 | 25.00% |
| CATEGORY 3.2: RIGHTS OF WAY, INTELLECTUAL PROPERY RIGHTS (IPR'S), ADMINISTRATIVE CONCESSION RIGHTS (NAF: COPYRIGHTS, INTELLECTUAL PROPERTY RIGHTS) | 50,000 | N/A | N/A |
| CATEGORY 3.3: INVESTMENTS IN RESEARCH AND DEVELOPMENT (R&D) (NAF: SOFTWARE DEVELOPMENT) | 50,000 | N/A – Tested annually for impairment | N/A |
| CATEGORY 3.4: SOFTWARE (NAF: COMPUTER SOFTWARE (BESPOKE)) | 50,000 | 10 | 10.00% |

The Agency re-aligned Property Plant and Equipment (PPE) and Intangible Asset capitalization thresholds with the NATO Accounting Framework upper ceilings as from Financial Year 2019.

Assets under Construction/Development (AuC) is presented as an additional line to the existing PPE subcategories (PPE Table) as long the development phase is not finalised and/or the tangible or intangible asset produced is not put in service.

Following cost Elements are eligible for capitalization towards the AuC; Cost of Material, Site preparation costs, Installation and assembly costs, Project management costs, Project service costs, Internal engineering service costs, Professional fees (Architecture and Engineering fees), Direct Attributable labour cost and any other direct attributable cost.

*Land and Buildings*

The NCIO occupies buildings and facilities at various locations NATO wide (and in the locations of NATO operations) and all provided for free by the Host Nation or the hosting Organisation.

As of 2013, even though some buildings were previously valued and recognised as assets, under the NAF the NCIO elected to show these as expensed when acquired prior to 1 Jan 2013.

*Depreciation*

Depreciation is calculated on a straight-line pro-rata basis on all PP&E. Land and Assets under Construction are not subject to depreciation.

According to the NATO Accounting Framework, costs related to capabilities in support of Allied Operation Missions (AOM) must be capitalised and depreciated over 12 months.

**Inventories**

Inventories are assets in the form of materials or supplies to be consumed or distributed in the production process or in the rendering of services or held for sale or distribution in the ordinary course of operations or in the process of production for sale or distribution. Inventories are measured at the lower of cost or current replacement cost. The cost of standard items of inventories is measured by using the weighted average cost formula.

Under the full Customer Funding regime as of 2014, and per its Charter, NCIO is now considered as procurement principal for the inventories and as a result, now accounts for all inventories.

NCIO is applying the NATO Accounting Framework – adapted IPSAS 12 – except for the element of adjusting the inventory balances for all inventory acquired prior to 1 Jan 2013. NCIO CIS/AIS inventories are deemed strategic in nature and are required to assure the delivery of services by NCIO to our customers and is in line with Service Level Agreements, Service Support Projects and Operational Level Agreements. These items are often, due to their nature, slow moving. These items 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 NATO Accounting Framework clarifies that the acts as a service provider for inventory of CIS and/or Automated Information Systems (AIS) for the NATO Military Commands (Allied Command Operations (ACO) and Allied Command Transformation (ACT)) as well as for International Staff (IS) and International Military Staff (IMS). NCIO has control over these inventories because it uses them to provide goods and services to its customers and has to report them as inventories in its financial statements.

NCIO has not applied capitalisation thresholds towards the Inventory holdings..

**Provisions**

NCIO recognises provisions for liabilities of uncertain timing or amount including those for legal disputes. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date. The reversal of the unused provision is recognized under 'Other Revenue' in the Statement of Financial Performance.

**Contingent Liabilities**

NCIO discloses in the notes to the Financial Statements contingent liabilities where:

- the NCIO is exposed to possible financial liabilities that arose from events which occurred before the year-end, and where the confirmation of the existence of the liability will only be known through the occurrence or non-occurrence of one or more uncertain future events not wholly within the organisations control, or,
- The NCIO is exposed to a current financial liability which arose from events which occurred before the year-end where NCIO does not believe it will be required to pay for the financial liability, or the amount of the financial liability cannot be measured with sufficient reliability.

**Net Assets/Equity including Operating Fund**

Net Equity is, per the NAF/IPSAS, reflected in the Agency's Annual Financial Statements under the Statement of Financial Position, equalling the balance between total Assets and total Liabilities.

Net Assets/Equity are subdivided into:

- Retained Earnings, considered as accumulated surplus and deficit available for distribution
- Reserves, considered as accumulated surplus and deficit that are reserved for a specific purpose, and thus not available for distribution

NCI Agency operates under Customer Funding Regulatory Framework, approved by Council. The approved policies and procedures of this Customer Funding financial regime that authorise and regulate the use of the NCI Agency Operating Fund during this reporting period are;

- NFRs (C-M(2015)0025 dated 4 May 2015) and the
- FRPs (AC/337-D(2016)0014-REV1 dated 24 October 2018), and
- Customer Funding Regulatory Framework approved by the Council in 2015 (PO(2015)0394-AS1 dated 16 July 2015).

The Agency Supervisory Board (ASB) Finance Committee decided in 2017 AC/337(FC)DS(2017)0004 :

- The need for an Operating Fund as a risk management tool.
- The definition of Operating Fund as the accumulated surplus or deficit fund equalling the sum of retained earnings, but no longer comprising of depreciation reserve.

Per the above and as of the 2019 Financial Statements the Operating Fund, per Nations guidance, is considered equal to the cumulated Retained Earnings hence excluding reserves.

Oversight of the performance and use of the Operating Fund is the responsibility of the Nations.

# NOTES TO THE FINANCIAL STATEMENTS

**Critical Accounting Estimates and Judgements**

NCIO makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. Some balances such as accruals and unbilled sales need to be assessed at the year-end to estimate the value of work and services delivered at the year-end. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

**Legal proceedings both real and possible**

In accordance with IPSAS, NCIO recognises a provision where there is a present obligation from a past event, a transfer of economic benefits is probable and the amount of costs of the transfer can be estimated reliably. In instances where the criteria are not met, a contingent liability may be disclosed in the notes to the financial statements. Obligations arising in respect of contingent liabilities that have been disclosed, or those which are not currently recognised or disclosed in the financial statements could have a material effect on NCIO's financial position.

Application of these accounting principles to legal cases requires NCI Agency's management to make determinations about various factual and legal matters beyond its control. The Agency reviews outstanding legal cases following developments in the legal proceedings and at each reporting date, in order to assess the need for provisions and disclosures in its financial statements. Among the factors considered in making decisions on provisions are the nature of litigation, claim or assessment, the legal process and potential level of damages in the jurisdiction in which the litigation, claim or assessment has been brought, the progress of the case (including the progress after the date of the financial statements but before those statements are issued), the opinions or views of legal advisors, experience on similar cases.

# A. *Notes to the NCIO Statement of Financial Position*

## 1. Cash and Cash Equivalents

| | | 2022 | 2021 Restated | 2021 |
|---|---|---|---|---|
| **Cash and Cash Equivalents** | | | | |
| 100 | Cash in hand | 26,376 | 9,051 | 9,051 |
| 102 | Current bank accounts - Euro | 196,776,470 | 89,497,631 | 89,497,631 |
| 104 | Current bank accounts - Non-Euro | 19,708,050 | 58,010,149 | 58,010,149 |
| 106 | Current investments accounts - Euro | 10,025,212 | 10,001,458 | 10,001,458 |
| 108 | Current investments accounts - Non-Euro | 27,216,792 | 29,197,551 | 29,197,551 |
| | | | | |
| | | **253,752,900** | **186,715,840** | **186,715,840** |

Cash in hand is mainly related to cash that is held by the approved Agency business credit card users and the advance account in Izmir. It represents the cash withdrawn from the ATMs for the procurement of low value, urgent items but not yet spent.

Current bank accounts are considered to be cash that can be accessed at very short notice (e.g. 1 working day) while Current investments represents short-term deposits with a duration of typically one to three months. Non-Euro bank accounts are held in USD, GBP and NOK currencies to pay Agency liabilities in these currencies.

Cash and Cash equivalents Current bank accounts and investments are spread among a number of banks that have “A grade” credit ratings to optimise the bank charges and interest cost as well as to manage the counterparty risk. The only exception to a grade rated bank is an advance account in Türkiye with a total value of 20 KEUR to facilitate local operations.

Cash and cash equivalents includes amounts advanced by Customers for future usage. Given the limitations on the size and use of the Operating Fund, the NCI Agency relies on the Customer provided funding via advance payments and timely payment of invoices to provide the cash flow for daily operations.

## 2. Accounts Receivable

| | | 2022 | 2021 Restated | 2021 |
|---|---|---|---|---|
| **Receivables** | | | | |
| 11001 | Customer receivables (A/R) - Common funded - NATO and NATO entities | 20,296,762 | 77,813,315 | 165,018,381 |
| 11002 | Customer receivables (A/R) - Not common funded | 10,091,947 | 16,007,163 | 16,007,163 |
| 1107 | Customer receivables - Bad debts | 1,156,562 | 144,380 | 144,380 |
| 11000 | Customer receivables (A/R) - Common funded - NSIP | 0 | 0 | (87,205,065) |
| 113 | Customer receivables - Recoverable expenses | (155,502) | 17,540 | 17,540 |
| 114 | Customer receivables - Impairments | (1,157,302) | (5,321,255) | (192,108) |
| 115 | Current receivables - Tax or personnel related | 3,964,560 | 3,567,004 | 3,567,004 |
| 116 | Current receivables - Accrued, unbilled revenue | 138,393,374 | 127,080,182 | 127,080,182 |
| 119 | Current receivables - Other | 0 | 188 | 188 |
| | | | | |
| | | **172,590,401** | **219,308,517** | **224,437,665** |

At the end of FY 2022, the NCI Agency has classified 5.9 MEUR as doubtful debtors within Accounts receivables. Receivable transactions are classified as doubtful transactions once outstanding for more than 180 days in line with the NCIO AR Dunning instruction.

NCI Agency has adapted its accounting treatment in line with prior years IBAN observation, so that advances received from the NSIP Programme are netted against the amounts to be received from the same programme and therefore, the Accounts Receivables are impacted by the NSIP Quarterly Accounting Financial Report (QAFR) bookings, which is composed of

- 97.6 MEUR of unpaid call for contributions (2021: 65.1 MEUR);
- (172.7 MEUR) of advances on approved forecast (2021: (152.3 MEUR)).

By excluding the QAFR advances impact of (172.7 MEUR); the Accounts Receivables would sum up to 345.4 MEUR (2021 Restated: 371.6 MEUR), including 207 MEUR of outstanding billing (2021: 244.5 MEUR) and accrued billing of 138.4 MEUR (2021: 127.1 MEUR).

The amount of 75.1 MEUR (2021: 87.2 MEUR) related to Customer receivable (A/R) – Common funded – NSIP has been aggregated within the Customer receivables (A/R) – Common Funded – NATO and NATO entities in restated 2021 and 2022 column, excuding impairments.

The restated 2021 Impairments shows an increase of (5.1 MEUR) in comparision to the 2021 published Financial Statements, replacing the 2021 Provision liability with an impairment of a NSIP receivable in 2021.

The Agency considered the authorisation provided by the ASB to write off a NSIP receivable as an adjusting event after the reporting date which effect has been recognised in the 2022 financial statements.

### 3. Prepayments and Miscellaneous Assets

| | | 2022 | 2021 Restated | 2021 |
|---|---|---|---|---|
| **Prepayments and Miscellaneous Assets** | | | | |
| 13 | Prepayments | 7,328,355 | 9,531,413 | 9,531,413 |
| | | | | |
| | | **7,328,355** | **9,531,413** | **9,531,413** |

This amount represents advances and prepayments made to vendors (including prepaid expenses) required to maintain continuity in service provision toward the Agency customers.

### 4. Inventories

| | | 2022 | 2021 Restated | 2021 |
|---|---|---|---|---|
| **Inventory** | | | | |
| 14000 | Inventory - Consumables | 22,959,370 | 33,332,608 | 15,274,505 |
| 14001 | Inventory - Spare parts | 1,464,655 | 1,830,184 | 24,409,319 |
| 14005 | Inventory - Minor Equipment | 39,826,428 | 40,866,146 | 0 |
| | | | | |
| | | **64,250,453** | **76,028,938** | **39,683,824** |

The NATO Accounting Framework clarifies that the NCI Agency on behalf of the NCI Organisation acts as a service provider for inventory of CIS and/or Automated Information Systems (AIS) for the NATO Military Commands (Allied Command Operations (ACO) and Allied Command Transformation (ACT)) as well as for International Staff (IS) and International Military Staff (IMS). NCIO has control over these inventories in order to provide goods and services to its customers and, therefore, reports them as inventories in its financial statements.

Since the NCI Agency became fully Customer Funded as of 1 Jan 2014 inventories are fully disclosed, as the NCI Agency is no longer acting as an agent on behalf of a third party but rather as a principal in rendering services to its Customers.

The regular inventory variance of the year is reflected within the statement of performance.

CSSC conducts regularly a count of the inventories, and where necessary, CSSC updates the Items on stock that requires WAC price adjustments based at the best fair value.

The majority of the inventory balances consist of strategic stock as explained within the accounting policies on inventories. At the end of Fiscal Year 2022, the inventory ending balance amounts to 64.3 MEUR and its restated closing balance is at 76MEUR.

The 2021 restated balance of 76 MEUR increased by 36.3 MEUR in comparison with the 2021 audited Financial Statements (2021: 39.7 MEUR).
This restatement is composed of:

- accounting for items below PPE thresholds stored at the Agency warehouses for 37.3 MEUR and;
- adjustment of Inventory asset values (WAC) reducing for 1 MEUR the stock value.

The below table shows the movement of stock in value, between the opening and closing balance:

- the 2022 movement shows a reduction of stock of 11.8 MEUR and;
- the 2021 movement (restated) shows a reduction of stock of 9.1 MEUR.

| | Inventories Closing balance 2022 | Period Activity 2022 Increase (+)/Decrease (-) | Inventories Closing Balance restated 2021 | Period Activity 2021 restated Increase (+)/Decrease (-) | Inventories Opening Balance restated 2021 |
|---|---|---|---|---|---|
| 14000 Inventory - Consumables | 22,959,371 | (10,373,237) | 33,332,608 | (2,415,858) | 35,748,465 |
| 14001 Inventory - Spare parts | 1,464,655 | (365,529) | 1,830,184 | (395,177) | 2,225,361 |
| 14005 Inventory - Minor Equipment | 39,826,428 | (1,039,719) | 40,866,146 | (6,294,620) | 47,160,766 |
| Total | 64,250,453 | (11,778,484) | 76,028,938 | (9,101,345) | 85,130,283 |

Based on the NATO Asset Group class, a further breakdown between Consumables, Spare parts and Minor Equipment has been disclosed in the 2022 Financial Statements and its 2021 restated balances.

## 5. Work In Progress

| | | 2022 | 2021 Restated | 2021 |
|---|---|---|---|---|
| **Work in Progress** | | | | |
| 145 | Work in progress | 4,303,859 | 2,444,034 | 2,444,034 |
| | | | | |
| | | **4,303,859** | **2,444,034** | **2,444,034** |

The work in progress consists of capitalised expenses for pre-financed projects, for cost overruns on Advance Planning Funds (APF) and for recoverable exceptions.

Pre-financed projects totalling 0.4 MEUR are governed by existing binding arrangements (overarching framework agreements such as Memorandum of Understanding – MOU) between the Agency and its main sponsors. All existing pre-finance authorisations are granted as per the terms and conditions prescribed in the FRPs specifically developed for the Agency operating under its Customer Funding Regime. The decision to pre-finance projects is assessed by the Chief Operating Officer (COO), Production Directors and the Financial Controller prior to being approved on a case-by-case basis by the Financial Controller. Accordingly this not considered as a technical contingent asset.

For projects sponsored by NSIP, APFs may be authorised to cover the initial cost for writing the full project price proposal (TBCE). In some cases the APFs are insufficient to cover this initial effort in which case the NCI Agency capitalises the shortfall pending approval of the Project Service Cost (PSC). Funds expended during this stage are capitalised as work in progress for a total amount of 0.1 MEUR.

In the course of executing projects, sometimes the Customer requests changes in specifications, scope, or duration that results in the costs exceeding the contracted revenue. Similarly to APF over-runs, for these recoverable exceptions, costs are capitalised until the exceptions are contractually regularised. The total capitalised amount of recoverable exceptions is 3.8 MEUR.

## 6. Non-current Receivables

| | | 2022 | 2021 Restated | 2021 |
|---|---|---|---|---|
| **Non-current Receivables** | | | | |
| 160 | Non-current financial assets | 547,854 | 547,885 | 547,885 |
| | | | | |
| | | **547,854** | **547,885** | **547,885** |

These are outstanding prepayments on long term (> 1 year) to suppliers.

## 7. Property, Plant and Equipment (PP&E) and Intangible Assets

The NCI Agency has applied the NATO Accounting Framework (NAF), adapting IPSAS 17 on Property Plant and Equipment (PP&E) and IPSAS 31 on Intangible Fixed Assets, in that respect all Tangible and Intangible (PPE and Intangible Assets) acquired prior to 1 Jan 2013 are considered expensed.

According to the NATO Accounting Framework and in accordance with IPSAS 17 Property, Plant and Equipment and IPSAS 31 Intangible Assets, NCIO shall capitalise all CIS Assets including under Construction or Development for the NATO Command Structure as well as for IS and IMS as of 1 January 2018.

This shall apply for all new CIS assets with construction starting on or after 1 January 2018 but also, for existing assets partially under Construction or Development that continue after 1 January 2018. The costs as of 1 January 2018 have to be capitalised and the cost of assets under construction prior to 1 January 2018 shall be expensed as per the NATO Accounting Framework – Note by the Deputy Secretary General reference C-M(2016)0023.

The restatement is the result of first time disclosure of CIS Assets Under Construction or Under Development, and CIS In-Service Assets including Tangible and Intangible Assets where NCIO acts as a service provider toward the NATO Command Structure as well as for IS and IMS within the Financial Statements 2022 and its Restated Financial Statement 2021.

In comparison with 2021 published Financial statements, the Property Plant and Equipment and Intangible Assets increased for a total Net Book Value of 639,2 MEUR that can be further broken-down by an historical cost increase of 796 MEUR, an accumulated depreciation increase of (128,7 MEUR) and Write-Offs increase of (28,1 MEUR). Additional details and comparative analysis by Asset Category can be found in the below 2021, 2021Restated and 2021 published Note tables.

In accordance to NCIO Financial Rules and Procedures, the 2021 (restated) and 2022 Write Offs related to CIS PPEs and Asset Under Constructions is disclosed on Note 26.

In 2021, the Agency submitted the request of the write-off of NSIP funded assets to the Investment Committee for approval in accordance with the NFRs and the Procedure on Property Accountability and write-off Authority for NATO Infrastructure for which NATO MNCs or Agencies are Responsible (Annex II to Addendum to AC/4-D/1058 (Final)).

With the implementation and disclosure of the Asset Under Construction and Self-constructed Assets in 2022 Financial Statement, the Agency is able to provide additional disclosures of the financial impact for the withdrawing forces from the Resolute Support mission in Afghanistan that happened in early 2021. Therefore, the Agency was not in a position to provide such reliable values on assets/write off to be reported as an event after reporting date within the 2021 Financial Statements.
For the disposals and adjustments it includes assets in operations where the Agency does not have future economic benefit or service potential from an accounting perspective, write off requests are approved and or submitted/pending approval at the relevant Finance committee and some constitute events after reporting date.

## NCIO Statement of Property, Plant and Equipment and Intangible Assets

| *As of 31 December 2022* *(all figures are in Euro)* | ACQUISITION 31-Dec-21 Restated | Current Year | Transfers / Reversals | Disposals / Adjustm. | Revaluation | 31-Dec-22 | DEPRECIATION 31-Dec-21 Restated | Current Year | Disposals / Adjustm. | 31-Dec-22 | BOOK VALUE 31-Dec-22 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **PLANT, PROPERTY AND EQUIPMENT** | | | | | | | | | | | |
| Automated Data Processing (ADP) Equipment | 180,804,485 | 1,613,668 | 102,948,228 | 0 | 0 | 285,366,382 | (102,713,953) | (68,701,255) | 0 | (171,415,208) | 113,951,173 |
| Communications Equipment | 993,708 | 120,000 | 3,178,597 | 0 | 0 | 4,292,305 | (623,167) | (1,110,051) | 0 | (1,733,219) | 2,559,087 |
| Mission Equipment | 3,061,595 | 0 | 1,074,111 | 0 | 0 | 4,135,707 | (2,126,571) | (912,325) | 0 | (3,038,896) | 1,096,811 |
| Machinery | 139,944 | 179,302 | 64,874 | 0 | 0 | 384,120 | (31,932) | (28,678) | 0 | (60,610) | 323,510 |
| Installed Equipment | 3,292,901 | 0 | 812,160 | 0 | 0 | 4,105,061 | (806,792) | (337,269) | 0 | (1,144,061) | 2,961,000 |
| Office Furniture | 9,250,332 | 0 | 0 | 0 | 0 | 9,250,332 | (685,410) | (925,033) | 0 | (1,610,443) | 7,639,889 |
| Passenger Vehicles | 451,337 | 0 | 0 | 0 | 0 | 451,337 | (369,288) | (19,325) | 0 | (388,614) | 62,723 |
| Buildings | 1,556,761 | 0 | 2,947,117 | 0 | 0 | 4,503,878 | (55,819) | (69,302) | 0 | (125,121) | 4,378,757 |
| Other Infrastructure | 2,665,323 | 0 | 9,773,202 | 0 | 0 | 12,438,525 | (65,250) | (131,812) | 0 | (197,061) | 12,241,464 |
| Assets under construction - Tangible | 224,642,508 | 141,884,781 | (120,798,290) | (1,396,010) | 0 | 244,332,989 | 0 | 0 | 0 | 0 | 244,332,989 |
| **TOTAL PLANT, PROPERTY AND EQUIPMENT** | **426,858,895** | **143,797,752** | **0** | **(1,396,010)** | **0** | **569,260,636** | **(107,478,182)** | **(72,235,051)** | **0** | **(179,713,233)** | **389,547,403** |
| **INTANGIBLE ASSETS** | | | | | | | | | | | |
| Software Licences - COTS | 24,843,089 | 0 | 953,209 | 0 | 0 | 25,796,297 | (9,786,120) | (6,726,172) | 0 | (16,512,291) | 9,284,006 |
| Software Licences - Bespoke | 111,175,504 | 0 | 36,335,376 | 0 | 0 | 147,510,880 | (15,757,539) | (13,891,493) | 0 | (29,649,031) | 117,861,849 |
| Assets under construction - Intangible | 211,160,621 | 56,489,906 | (37,288,585) | 0 | 0 | 230,361,943 | 0 | 0 | 0 | 0 | 230,361,943 |
| **TOTAL INTANGIBLE ASSETS** | **347,179,214** | **56,489,906** | **0** | **0** | **0** | **403,669,120** | **(25,543,658)** | **(20,617,665)** | **0** | **(46,161,323)** | **357,507,797** |
| **TOTAL PLANT, PROPERTY AND EQUIPMENT & INTANGIBLE** | **774,038,109** | **200,287,657** | **0** | **(1,396,010)** | **0** | **972,929,756** | **(133,021,840)** | **(92,852,715)** | **0** | **(225,874,555)** | **747,055,201** |
| **DEPRECIATION RESERVE** | **13,673,795** | **8,243,030** | 0 | 0 | 0 | **21,916,824** | **(2,931,127)** | **(1,873,282)** | 0 | **(4,804,409)** | **17,112,416** |
| **INCREASE/(DECREASE) DEPRECIATION RESERVE** | 0 | 8,243,030 | 0 | 0 | 0 | **8,243,030** | 0 | (1,873,282) | 0 | **(1,873,282)** | **6,369,748** |
| **DEFERRED REVENUE** | **760,364,314** | **192,044,628** | 0 | **(1,396,010)** | 0 | **951,012,931** | **(130,090,713)** | **(90,979,433)** | 0 | **(221,070,146)** | **729,942,785** |
| **INCREASE/(DECREASE) DEFERRED REVENUE** | 0 | 192,044,628 | 0 | (1,396,010) | 0 | **190,648,617** | 0 | (90,979,433) | 0 | **(90,979,433)** | **99,669,184** |

**NCIO Restated Statement of Property, Plant and Equipment and Intangible Assets**

| | ACQUISITION | | | | | | DEPRECIATION | | | | | BOOK VALUE |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| ***As of 31 December 2021 Restated*** *(all figures are in Euro)* | **31-Dec-20 Restated** | **Current Year** | **Transfers / Reversals** | **Disposals / Adjustm.** | **Revaluation** | **31-Dec-21** | **31-Dec-20 Restated** | **Current Year** | **Disposals / Adjustm.** | **###** | **Restated** | **31-Dec-21 Restated** |
| **PLANT, PROPERTY AND EQUIPMENT** | | | | | | | | | | | | |
| Automated Data Processing (ADP) Equipment | 111,133,546 | 1,006,122 | 76,153,394 | (7,488,576) | 0 | 180,804,485 | (54,733,295) | (49,087,740) | 1,107,103 | | (102,713,932) | 78,090,553 |
| Communications Equipment | 752,795 | 0 | 404,645 | (163,732) | 0 | 993,708 | (535,689) | (251,210) | 163,732 | | (623,167) | 370,541 |
| Mission Equipment | 2,517,323 | 352,293 | 191,979 | 0 | 0 | 3,061,595 | (1,211,370) | (936,713) | 21,512 | | (2,126,571) | 935,025 |
| Machinery | 140,343 | 31,150 | 3,451 | (35,000) | 0 | 139,944 | (56,040) | (10,892) | 35,000 | | (31,932) | 108,012 |
| Installed Equipment | 1,540,938 | 0 | 1,751,963 | 0 | 0 | 3,292,901 | (584,019) | (222,773) | 0 | | (806,792) | 2,486,110 |
| Office Furniture | 2,179,879 | 0 | 7,070,453 | 0 | 0 | 9,250,332 | (290,661) | (394,749) | 0 | | (685,410) | 8,564,922 |
| Passenger Vehicles | 409,234 | 67,000 | 21,554 | (46,451) | 0 | 451,337 | (405,449) | (10,290) | 46,451 | | (369,288) | 82,049 |
| Buildings | 961,872 | 0 | 594,889 | 0 | 0 | 1,556,761 | (28,055) | (27,765) | 0 | | (55,819) | 1,500,941 |
| Other Infrastructure | 641,248 | 0 | 2,024,075 | 0 | 0 | 2,665,323 | (18,703) | (46,546) | 0 | | (65,250) | 2,600,073 |
| Assets under construction - Tangible | 217,216,239 | 117,435,440 | (88,216,403) | (21,792,768) | 0 | 224,642,508 | 0 | 0 | 0 | | 0 | 224,642,508 |
| **TOTAL PLANT, PROPERTY AND EQUIPMENT** | **337,493,416** | **118,892,005** | **0** | **(29,526,526)** | **0** | **426,858,895** | **(57,863,280)** | **(50,988,678)** | **1,373,798** | | **(107,478,161)** | **319,380,734** |
| **INTANGIBLE ASSETS** | | | | | | | | | | | | |
| Software Licences - COTS | 11,316,052 | 0 | 13,527,037 | 0 | 0 | 24,843,089 | (4,884,677) | (4,901,442) | 0 | | (9,786,119) | 15,056,970 |
| Software Licences - Bespoke | 53,650,008 | 0 | 57,525,496 | 0 | 0 | 111,175,504 | (9,130,007) | (6,627,531) | 0 | | (15,757,538) | 95,417,966 |
| Assets under construction - Intangible | 210,286,277 | 71,926,877 | (71,052,532) | 0 | 0 | 211,160,621 | 0 | 0 | 0 | | 0 | 211,160,621 |
| **TOTAL INTANGIBLE ASSETS** | **275,252,337** | **71,926,877** | **0** | **0** | **0** | **347,179,214** | **(14,014,684)** | **(11,528,972)** | **0** | | **(25,543,656)** | **321,635,558** |
| **TOTAL PLANT, PROPERTY AND EQUIPMENT & INTANGIBLE** | **612,745,753** | **190,818,882** | **0** | **(29,526,526)** | **0** | **774,038,109** | **(71,877,964)** | **(62,517,651)** | **1,373,798** | | **(133,021,817)** | **641,016,292** |
| **DEPRECIATION RESERVE** | **10,962,100** | **3,460,951** | 0 | (749,257) | 0 | 13,673,795 | **(3,009,376)** | **(671,008)** | 749,257 | | (2,931,127) | 10,742,668 |
| **INCREASE/(DECREASE) DEPRECIATION RESERVE** | 0 | 3,460,951 | 0 | (749,257) | 0 | 2,711,695 | 0 | (671,008) | 749,257 | | 78,249 | 2,789,943 |
| **DEFERRED REVENUE** | **601,783,653** | **187,357,931** | 0 | **(28,777,270)** | 0 | 760,364,314 | **(68,868,589)** | **(61,846,643)** | 624,541 | | (130,090,690) | 630,273,624 |
| **INCREASE/(DECREASE) DEFERRED REVENUE** | 0 | 187,357,931 | 0 | (28,777,270) | 0 | 158,580,661 | 0 | (61,846,643) | 624,541 | | (61,222,102) | 97,358,560 |

## NCIO Statement of Property, Plant and Equipment and Intangible Assets

| | ACQUISITION | | | | | | DEPRECIATION | | | | BOOK VALUE |
|---|---|---|---|---|---|---|---|---|---|---|---|
| ***As of 31 December 2021*** *(all figures are in Euro)* | **31-Dec-20** | **Current Year** | **Transfers / Reversals** | **Disposals / Adjustm.** | **Revaluation** | **31-Dec-21** | **31-Dec-20 Restated** | **Current Year** | **Disposals / Adjustm.** | **31-Dec-21** | **31-Dec-21** |
| **PLANT, PROPERTY AND EQUIPMENT** | | | | | | | | | | | |
| Automated Data Processing (ADP) Equipment | 3,552,634 | 1,006,122 | 0 | 0 | 0 | **4,558,756** | (2,267,504) | (1,006,913) | 0 | **(3,274,417)** | **1,284,339** |
| Communications Equipment | 599,940 | 0 | 0 | 0 | 0 | **599,940** | (492,591) | (62,488) | 0 | **(555,079)** | **44,861** |
| Mission Equipment | 870,119 | 352,293 | 0 | 0 | 0 | **1,222,412** | (568,039) | (379,270) | 0 | **(947,309)** | **275,103** |
| Machinery | 140,000 | 31,150 | 0 | 0 | 0 | **171,150** | (56,000) | (13,615) | 0 | **(69,615)** | **101,535** |
| Installed Equipment | 357,705 | 0 | 0 | 0 | 0 | **357,705** | (357,705) | 0 | 0 | **(357,705)** | **0** |
| Office Furniture | 0 | 0 | 0 | 0 | 0 | **0** | 0 | 0 | 0 | **0** | **0** |
| Passenger Vehicles | 409,234 | 67,000 | 0 | 0 | 0 | **476,234** | (389,326) | (21,457) | 0 | **(410,783)** | **65,451** |
| Buildings | 0 | 0 | 0 | 0 | 0 | **0** | 0 | 0 | 0 | **0** | **0** |
| Other Infrastructure | 0 | 0 | 0 | 0 | 0 | **0** | 0 | 0 | 0 | **0** | **0** |
| Assets under construction - Tangible | 0 | 0 | 0 | 0 | 0 | **0** | 0 | 0 | 0 | **0** | **0** |
| **TOTAL PLANT, PROPERTY AND EQUIPMENT** | **5,929,632** | **1,456,565** | **0** | **0** | **0** | **7,386,197** | **(4,131,165)** | **(1,483,743)** | **0** | **(5,614,908)** | **1,771,289** |
| **INTANGIBLE ASSETS** | | | | | | | | | | | |
| Software Licences - COTS | 0 | 0 | 0 | 0 | 0 | **0** | 0 | 0 | 0 | **0** | **0** |
| Software Licences - Bespoke | 0 | 0 | 0 | 0 | 0 | **0** | 0 | 0 | 0 | **0** | **0** |
| Assets under construction - Intangible | 0 | 0 | 0 | 0 | 0 | **0** | 0 | 0 | 0 | **0** | **0** |
| **TOTAL INTANGIBLE ASSETS** | **0** | **0** | **0** | **0** | **0** | **0** | 0 | 0 | **0** | **0** | **0** |
| **TOTAL PLANT, PROPERTY AND EQUIPMENT & INTANGIBLE** | **5,929,632** | **1,456,565** | **0** | **0** | **0** | **7,386,197** | **(4,131,165)** | **(1,483,743)** | **0** | **(5,614,908)** | **1,771,289** |
| **DEPRECIATION RESERVE** | **5,929,631** | **(2,874,383)** | **0** | **0** | **0** | **3,055,248** | **(4,131,164)** | **1,549,567** | **0** | **(2,581,597)** | **473,651** |
| **INCREASE/(DECREASE) DEPRECIATION RESERVE** | 0 | (2,874,383) | 0 | 0 | 0 | **(2,874,383)** | 0 | 1,549,567 | 0 | **1,549,567** | **(1,324,816)** |
| **DEFERRED REVENUE** | **3,260,292** | **1,070,657** | **0** | **0** | **0** | **4,330,949** | **(1,865,388)** | **(1,167,923)** | **0** | **(3,033,311)** | **1,297,638** |
| **INCREASE/(DECREASE) DEFERRED REVENUE** | 0 | 1,070,657 | 0 | 0 | 0 | **1,070,657** | 0 | (1,167,923) | 0 | **(1,167,923)** | **(97,266)** |

## 8. Payables

| | | 2022 | 2021 Restated | 2021 |
|---|---|---|---|---|
| **Payables** | | | | |
| 2000 | Supplier payables - Accounts payable | 31,337,009 | 25,661,777 | 25,661,777 |
| 2004 | Supplier payables - Accrued supplier invoices | 69,931,472 | 77,840,646 | 77,840,646 |
| 2006 | Supplier payables - Warranties received | 1,078,896 | 1,443,351 | 1,443,351 |
| | | | | |
| | | **102,347,377** | **104,945,774** | **104,945,774** |

Trade payables are short-term (< 1 year) liabilities to Vendors; directly related to the activities and operations of the Agency.

## 9. Deferred Revenue and Advances

| | | 2022 | 2021 Restated | 2021 |
|---|---|---|---|---|
| **Deferred Revenue and Advances** | | | | |
| **Current Liabilities** | | **331,578,390** | **295,793,094** | **174,385,082** |
| 211 | Deferred Revenue | 286,714,298 | 253,784,850 | 132,376,839 |
| 215 | Advances | 44,864,092 | 42,008,244 | 42,008,244 |
| | | | | |
| **Non-Current Liabilities** | | **650,484,401** | **567,770,247** | **0** |
| 271 | Deferred Revenue (NC*) | 650,484,401 | 567,770,247 | 0 |
| | | | | |
| | | **982,062,791** | **863,563,341** | **174,385,082** |

*Non-Current

The Current and Non Current Deferred/Unearned Revenue and Advances are composed of:

- Revenue billed for ongoing projects and services, however revenue earned is determined through the stage of completion resulting in 962.7 MEUR of revenue billed but not yet recognised as earned.
- Advances and prepayments of 44.9 MEUR refer to deposits from customers and nations for projects and services that will be delivered by the agency.

For comparative reasons, the 2021 note was restated disclosing the Current and Non-Current revenue deferral related to Tangible and Intangible Assets, resulting of an increase of 647.5 MEUR in the restated 2021 in comparison with the 2021 published note.

## 10. Other Current Liabilities

| | | 2022 | 2021 Restated | 2021 |
|---|---|---|---|---|
| **Other Current Liabilities** | | | | |
| 250 | Current tax and personnel related liabilities | 12,988,062 | 13,462,533 | 13,462,532 |
| 254 | Current other liabilities | 10,110,833 | 246,985 | 64,295 |
| | | | | |
| | | **23,098,895** | **13,709,518** | **13,526,827** |

The Other Current Liabilities is composed of:

- The current Tax and personnel related liabilities of 13MEUR which includes:
    - The NCI Agency estimated liability for the untaken leave days outstanding at year end, in accordance with IPSAS 25 Employee benefits, constitutes a liability towards the future for 12.8 MEUR (2020: 11.3 MEUR). This liability is calculated on a rolling basis, i.e. the prior year liability is reversed at the beginning of the year and a new estimate calculated, thus charging the change for the year to the personnel costs in the Statement of Financial Performance. The costs of these untaken leaves days has been absorbed during the year through the monthly salaries whereas the loss of production of capacity when the leave to be taken is pushed forward to the next year. This constitutes an Agency liability towards the future which is recognized.
    - The liability made of 0.1 MEUR (2020: 0.1 MEUR for JFC Naples for "Trattamento di Fine Rapporto (TFR)" in application of the Italian Law and of IPSAS 19. TFR is a vested benefit payable to the employee for a part of his / her salary deferred in time to the moment when termination of the contract takes place. The calculation of the value of this liability takes place annually and includes interests for the loan forcedly made by the employee to the employer given the fact that payment is deferred to a later time. In view of the foregoing, TFR has to be considered as one extra monthly instalment of the annual pay.
- The current other liabilities of 10.1 MEUR mainly represent NSIP annual gains and losses

The restatement results from a recalculated refundable position toward the NOR, in respect with Interest Earning for the IC cash holdings. The interest related to IC bank balances for 2022 and prior years (total 0.4 MEUR) will be settled with the NOR during 2023 Fiscal Year.

## 11. Provisions

| | | 2022 | 2021 Restated | 2021 |
|---|---|---|---|---|
| **Provisions** | | | | |
| 2901 | Provisions - Major risks and costs | 9,275,991 | 7,853,511 | 12,982,657 |
| | | | | |
| | | **9,275,991** | **7,853,511** | **12,982,657** |

Provisions are liabilities and obligations, which are known to exist but for which the amount is not certain yet and the probability of occurrence is not fully known at the time of the disclosure.

| Provisions - Major risks and costs 2022 | Beginning Balance | Additions | Used | Reversal | Ending Balance |
|---|---|---|---|---|---|
| Provisions for future/expected loss on active Project/Service contracts | 2,281,755 | 581,735 | (1,926,336) | 0 | 937,154 |
| Provisions for litigations | 5,571,756 | 5,538,838 | (493,756) | (2,278,000) | 8,338,838 |
| **Total 2022** | **7,853,511** | **6,120,573** | **(2,420,092)** | **(2,278,000)** | **9,275,992** |

| Provisions - Major risks and costs 2021 Restated | Beginning Balance | Additions | Used | Reversal | Ending Balance |
|---|---|---|---|---|---|
| Provisions for future/expected loss on active Project/Service contracts | 2,342,982 | 454,052 | (515,279) | 0 | 2,281,755 |
| Provisions for litigations | 16,292,756 | 2,278,00 | (540,771) | (12,458,229) | 5,571,756 |
| **Total 2021** | **18,635,738** | **2,732,052** | **(1,056,050)** | **(12,458,229)** | **7,853,511** |

Major risks and Costs:

- Projects are constantly monitored and deviations from the original cost estimates and authorised budgets are reported and analysed. At year-end closing a thorough cost-to-complete exercise is carried out to determine what the current status is in terms of costs and revenue to date, and to estimate what the cost-to-complete will be for multiple year projects. If, as a result of this process, the project management together with the NCI Agency Capability Development's financial management come to the conclusion that the project is likely to generate a loss at completion, then a provision will be made to cover that potential future loss. Analysis conducted at a later stage may result in a change of estimates which translates in an increase or decrease of the provision built up in prior years. The total provision for the Customer Funded projects amounts to 0.9 MEUR that results in a reduction of 1.3 MEUR.
- Provision related to litigations (contractual) and other major risks for an amount of 8.3 MEUR that results in an increase of 2.7 MEUR.

The restated 2021 Provision shows a decrease of 5.1 MEUR in comparision to the 2021 published Financial Statements, replacing the 2021 Provision liability with an impairment of a NSIP receivable in 2021.

## B. *Notes to the NCIO Statement of Financial Performance*

### 12. Projects and Support Service Revenue

| | | 2022 | 2021 Restated | 2021 |
|---|---|---|---|---|
| **Project and Support Services Revenue** | | | | |
| 5000 | Project services revenue - Billed | 129,359,341 | 124,910,463 | 124,910,463 |
| 5005-5009 | Project services revenue - Accrued/(Deferred) | (32,927,954) | (35,353,570) | (4,105,776) |
| 5010 | Support services revenue - Billed | 245,758,552 | 237,720,967 | 237,720,967 |
| 5015-5019 | Support services revenue - Accrued/(Deferred) | (679,415) | (1,651,353) | (1,651,353) |
| | | | | |
| | | **341,510,524** | **325,626,507** | **356,874,301** |

With the introduction of full Customer Funding as of 1 Jan 2014, the 2022 operations revenue can be categorised as either Project Services Revenue for 96.4 MEUR and Support Services Revenue for 245.1 MEUR, coming from signed Service Level Agreements (Service Support Costs) and other Service Agreements, all agreed and calculated at approved Customer Rates.

For all Customer Funded revenue, revenue is recognised, in accordance with IPSAS 9 and 11, by reference to the stage of completion or the cost burn rate, depending on the type of funding agreement; firm fixed price or cost reimbursable. In applying this revenue recognition a “cost to complete” is calculated based on either inputs from the project manager as to the resources required to complete the project/deliverables or either based on information from the financial system as to the legal liabilities incurred per the end of 2022, but not yet accrued or expended, and which nevertheless form part of the 2021 services signed with the Customers through the Service Level Agreements.

For comparative reasons, the 2021 numbers were restated disclosing the Projects and Support Service Revenue related to Tangible and Intangible Assets, resulting a decrease of 31.3 MEUR due to additional deferred/accrued revenues.

## 13. External Service Revenue

| | | 2022 | 2021 Restated | 2021 |
|---|---|---|---|---|
| **External Services Revenue** | | | | |
| 5100 | External CIS revenue – Billed | 184,029,630 | 220,630,485 | 220,630,485 |
| 5105-5109 | External CIS revenue – Accrued/(Deferred) | 6,993,726 | 6,387,704 | (6,651,581) |
| | | | | |
| | | **191,023,356** | **227,018,189** | **213,978,904** |

The total revenue per service as specified in the Service Level agreements have two revenue components. There is the Service Support Revenue element that is based on effort charged at approved customer rates and the External CIS Revenue of 191 MEUR in 2022 that represents the revenue charged to customers to cover the contractual supplies and services delivered by industry required by the NCI Agency to provide its CIS services.

For comparative reasons, the 2021 numbers were restated disclosing the External Service Revenue related to Tangible and Intangible Assets, resulting an increase of 13 MEUR due to additional deferred/accrued revenues.

## 14. Acquisition Revenue

| | | 2022 | 2021 Restated | 2021 |
|---|---|---|---|---|
| **Acquisition Revenue** | | | | |
| 5110 | Acquisition revenue - Billed | 246,443,048 | 262,426,642 | 262,426,643 |
| 5115-5119 | Acquisition revenue – Accrued/(Deferred) | (77,833,707) | (100,190,446) | (34,757,132) |
| | | | | |
| | | **168,609,341** | **162,236,196** | **227,669,511** |

Acquisition Revenue is earned as Host Nation for the NSIP, and for other NATO entities and Nations.

Revenue is recognised by reference to the stage of completion or the cost burn rate, depending on the type of funding agreement; firm fixed price or cost reimbursable. All of NSIP and, most other agreements as well, are through cost reimbursable funding agreements, and thus at cost burn rate.

For comparative reasons, the 2021 numbers were restated disclosing the Acquisition Revenue related to Tangible and Intangible Assets, resulting a decreased of 65.5 MEUR due to additional deferred/accrued revenues.

## 15. Other Revenue

| | | 2022 | 2021 Restated | 2021 |
|---|---|---|---|---|
| **Other Revenue** | | | | |
| 52 | Other operations revenue | 2,531,602 | 1,963,702 | 1,963,702 |
| 546 | Reversal of unused Provisions | 2,391,569 | 12,458,229 | 12,458,229 |
| | | | | |
| | | **4,923,171** | **14,421,931** | **14,421,931** |

Other Revenue consists of elements such as:

- Revenue from the support to and hosting of Agencies such as NAGSMOIL;
- Revenue from 2022 budget for the ASB Independent Secretariat for a total of 1.5 MEUR. Details and their Budget Execution Statement can be found under section D of the Notes to the Financial Statements.
- Positive outcome of contractual risks from the prior years, for a total of value of 2.4 MEUR for 2022 Fiscal Year.

## 16. Cost of Acquisitions

| | | 2022 | 2021 Restated | 2021 |
|---|---|---|---|---|
| **Cost of Acquisition** | | | | |
| 727560 | Contractors, general services and supplies for NSIP | 114,704,623 | 136,718,156 | 186,942,990 |
| 727560 | Contractors, general services and supplies for Third Parties | 79,417,340 | 39,064,724 | 38,881,673 |
| 727561 | Lease Expenses for NSIP | 54,223,161 | 50,041,783 | 0 |
| 7291 | Capitalized costs - Acquisition costs | (150,070,768) | (141,667,036) | (360,896) |
| | | | | |
| | | **98,274,356** | **84,157,627** | **225,463,767** |

The NCI Agency procures significant amounts of goods and services using funds provided by all its customers but principally the IC.

As for the revenue, the cost of acquisitions does not include the Project Service Costs (PSCs) of the NCI Agency to enact the procurements on behalf of customers. These professional fees are accounted for through the Project and Service Support Revenue as they relate to the NCI Agency work across the C4ISR lifecycle. It must be noted that there is not a direct relationship for any financial year between the PSCs with the specific acquisition payments and costs associated with major acquisitions. This is due to the fact that PSCs are recognisable when the service is provided and not when the actual acquisition transactions occur, particularly as the subsequent receipt of goods and payment to Vendors can occur over many years when downstream activity is minimal.

The increase of capitalized Acquisition costs of (141.7 MEUR) in the 2021 restated column in comparison with the 2021 column is the result of first time disclosure of capitalized costs related to the construction of CIS Assets for which NCIO acts as a service provider toward the NATO Command Structure as well as for IS and IMS, including Asset Under Construction or Under Development, and In-Service Tangible or Intangible Assets.

**Operating Lease Commitments:**

At 31 December 2022 the Agency was party in an operating lease agreement related to its activities that expires within the contractual terms agreed. The minimum future non-cancellable operating lease payments under the agreement are as follows:

| | 2022 | 2021 Restated | 2021 |
|---|---|---|---|
| **Operating Lease - Future Commitments** | | | |
| Less than 1 year | 62,571,910 | 54,223,152 | 0 |
| More than 1 year and less than 5 years | 243,982,430 | 245,308,260 | 0 |
| More than 5 years | 464,427,130 | 525,673,210 | 0 |
| | | | |
| | **770,981,470** | **825,204,622** | **0** |

The rent expense under such lease for the period ended 31 December 2022 amounted to 54.2 M EUR (2021: 50 M EUR) and is included in the surplus/deficit of the year. In some particular cases, NCIA recognizes operating lease expenses on accrual basis when the services are obtained, that represents more correctly the time when the benefits are received.

## 17. Personnel Costs

| | | 2022 | 2021 Restated | 2021 |
|---|---|---|---|---|
| **Personnel Costs** | | | | |
| 710 | Salaries, allowances and other remunerations | 220,177,300 | 193,843,627 | 193,843,627 |
| 711 | Interim Workforce Capacity (IWC) | 66,570,784 | 75,809,715 | 75,809,715 |
| 712 | Recruitment costs and installation and separation allowances | 2,112,005 | 4,648,557 | 4,648,557 |
| 713 | Clothing costs and allowances | 93,350 | 96,018 | 96,018 |
| 715 | Medical examinations and general personnel related insurances | 21,046,302 | 19,065,816 | 19,065,816 |
| 716 | Education and training | 5,047,332 | 4,193,816 | 4,193,816 |
| 717 | Employer contributions to pensions; loss of job and other personnel contracts related indemnities | 250,771 | 295,697 | 295,697 |
| 718 | NATO Pensions (Pension funds) | 16,534,596 | 13,814,667 | 13,814,667 |
| 719 | Capitalized personnel Costs | (46,454,860) | (43,532,922) | 3,461,161 |
| 7191 | Usage of Provision | (2,420,094) | (515,279) | (515,279) |
| | | | | |
| | | **282,957,486** | **267,719,712** | **314,713,795** |

Personnel costs in this category are for staff members hired under the NATO Civilian Personnel Regulations (CPRs) and contractors. The figures represent the costs of personnel working on activities required to operate the NCI Agency and deliver services to Customers.
LOJI paid in 2022 was for 0.529 MEUR from which 0.465 MEUR was covered by a 2021 provision.

The significant increase of capitalized costs of (40 MEUR) in the 2021 Restated column in comparison with the 2021 column is the result of first time disclosure of capitalized labour costs related to the construction of CIS Assets for which NCIO acts as a service provider toward the NATO Command Structure as well as for IS and IMS, including Asset Under Construction or Under Development, and In-Service Tangible or Intangible Assets.

## 18. Employee Disclosures

**Staff Numbers**

At 31 December 2022 - 690 (2021: 753) military posts and 2038 (2021: 1917) NATO civilian posts were filled.

**Retirement benefits**

NCI Agency NICs and temporary personnel (not contractors), past and present, are enrolled in various NATO pension schemes. The NCI Agency contributes to the schemes for existing employees at amounts laid out in the CPR.

The NCI Agency does not control or manage any of the schemes or scheme assets and is not exposed to the risks and rewards of the schemes and hence does not record any assets or liabilities of the schemes on its Statement of Financial Position. In 2022 the NCI Agency contributed 16.5 MEUR (2021: 13.8 MEUR) to the various NATO pension schemes, this is displayed within disclosure note 'Personnel Costs' – 718 NATO Pensions (Pension funds).

## 19. Related Party Transactions

NCIO has no related party relationships where significant influence or control of the related party exists from a financial reporting perspective. The NCIO is providing CIS support and C3 capabilities and which exists for its Member Nations and partners. Many Member nations and partner countries have financial and operating control, or, significant influence over suppliers based in their territories; as such the NCIO can trade with suppliers which may be controlled or influenced by its Member Nations. However, NCIO trades with such suppliers at "arms-length" and under transparent procurement regulations; while it aims to get the best value for money for its Customers it does not do this through exerting control or significant influence over its suppliers.

The NCIO is an integral part of NATO and it transacts in its normal business activities with other NATO bodies and these transactions occur at cost or under a firm fixed price.

**Related Party Transactions of Members of Boards and Committees**

The NCIO reports to a number of Boards and Committees which form part of its governance. With the exception of the ASB, those charged with governance may also have potential related party transactions with NCIO this has not been validated.

**Representative Allowance of the General Manager**

The General Manager (GM), in addition to other allowances to which all staff are entitled, receives a representation allowance due to the requirements to represent the NCI Agency.

Since 2013, management of the GM representation allowance moved, per the BC guidance, from a situation where recipients receive the representation allowance as an advance and return the unspent amount to the NATO body, to a situation where all recipients are reimbursed permitted expenses within the limits of their individual representation allowance allocation.

The total entitlement to representation allowance for the NCI Agency GM was 10,000 EUR. The actual expenses during 2022: 279.80 EUR (2021: 551 EUR) were as follows:

- Rental supplement: € 0.00
- Functions: € 279.80

- Total representation allowance: € 279.80

**Key Management Personnel**

Key Management Personnel hold positions of responsibility within NCI Agency. They are responsible for implementing the strategic direction and carrying out the operational management of NCI Agency; they are entrusted with significant authority. Procedures are in place to ensure Key Management Personnel carry out their responsibilities impartially and in compliance with the Code of Conduct (applicable to all staff) and the Agency discloses:

- the remuneration of Key Management Personnel,
- related parties,
- loans made, and
- payments provided for services provided to the entity other than as an employee.

| Euro (G24/A7 - G23/A6) | 2022 | 2021 |
|---|---|---|
| Basic salaries | 1,004,019 | 922,629 |
| Allowances | 191,251 | 235,816 |
| Post-employment benefits | 0 | 0 |
| Employer’s contribution to Insurance | 110,961 | 106,565 |
| Employer’s contribution to Pension | 82,641 | 68,396 |
| **Total** | **1,388,872** | **1,333,406** |

| FTE | 2022 | 2021 |
|---|---|---|
| General Manager | 1 | 1 |
| Directors (A6/OF6/OF7) | 7.23 | 6.35 |

| *Name* | *Nationality* | *Role* | *Loans received from NCI Agency* | *Family members receiving income from NCI Agency* | *Other revenue from NCI Agency or NATO* |
|---|---|---|---|---|---|
| *Ludwig Julien DECAMPS* | *BEL* | *General Manager* | *Nil* | *Nil* | *Nil* |
| *Johannes Martinus FOLMER (app 21 Feb 2022)* | *NLD* | *Chief of Staff* | *Nil* | *Nil* | *Nil* |
| *Goksel SEVINDIK* | *TUR* | *Chief of Staff* | *Nil* | *Nil* | *Nil* |

| | | | | | |
|---|---|---|---|---|---|
| *(left 03 Mar 2022)* | | | | | |
| *Michael STOLTZ* | *DEU* | *Director Air and Missile Defence Command & Control* | *Nil* | *Nil* | *Nil* |
| *Garry HARGREAVES* | *GBR* | *Director of the Academy* | *Nil* | *Nil* | *Nil* |
| *Antonio Jose CALDERON PEREZ (app 24 Oct 2022)* | *ESP* | *Chief Technology Officer* | *Nil* | *Nil* | *Nil* |
| *Su Jin CHAN* | *CAN* | *Legal Adviser* | *Nil* | *Nil* | *Nil* |
| *Antoine Pierre Jean PAILHES* | *FRA* | *Financial Controller* | *Nil* | *Nil* | *Nil* |
| *Jennifer Colleen UPTON* | *USA* | *Chief of Acquisition* | *Nil* | *Nil* | *Nil* |
| *Ralf HOFFMANN* | *DEU* | *Director of Service Operations* | *Nil* | *Nil* | *Nil* |

All Key Management Personnel of the NCI Agency must sign a declaration statement that supports the disclosure requirements of IPSAS 20.

## 20. Contractual Supplies and Services

| | | 2022 | 2021 Restated | 2021 |
|---|---|---|---|---|
| **Contractual Supplies and Services** | | | | |
| 720 | Rent and operational leasing costs | 27,099,267 | 36,606,595 | 70,158,718 |
| 721 | Maintenance and repair (Services) | 115,416,836 | 135,617,888 | 102,047,408 |
| 722 | Consumables and spare parts (Supplies) | 4,662,290 | 4,842,954 | 4,589,135 |
| 723 | Minor equipment (Investments below threshold) | 29,483,866 | 16,941,859 | 11,223,397 |
| 724 | Utilities, postal and courier services, travel and transportation | 15,900,499 | 8,936,530 | 8,936,530 |
| 725 | Facilities management, environment, safety and security | 10,579,209 | 10,153,644 | 10,153,644 |
| 726 | Public relations, representation, hospitality and moral and welfare | 185,807 | 59,509 | 59,509 |
| 727 | Contractors, general services and supplies | 27,524,132 | 24,473,608 | 24,436,516 |
| 730-738 | Investment costs | 11,082,942 | 10,932,361 | 9,475,796 |
| 7290/7390 | Capitalized Costs | (5,621,854) | (2,305,249) | 213,412 |
| | | | | |
| | | **236,312,994** | **246,259,699** | **241,294,065** |

Rent and leasing costs only concern either rental costs or operating leases per IPSAS 13; the NCI Agency does not have finance leases.

The 2021 restated balance was increased by a total of 4.9 MEUR, which is explained by:

- The increase of capitalized costs of (1.1 MEUR) in the 2021 Restated column in comparison with the 2021 column is the result of first time disclosure of capitalized Contractual Supplies and Services costs related to the construction of CIS Assets where NCIO acts as a service provider toward the NATO Command Structure as well as for IS and IMS, including Asset Under Construction or Under Development, and In-Service Tangible or Intangible Assets.
- The increase of the Contractual Supplies Services costs for a total of 6 MEUR mainly due to additional stock consumption.

## 21. Depreciation and Amortisation

| | | 2022 | 2021 Restated | 2021 |
|---|---|---|---|---|
| **Depreciation and Amortisation** | | | | |
| 740 | Amortisation and depreciation | 92,852,739 | 62,517,645 | 1,483,743 |
| 741 | Write-offs | 1,451,047 | 28,182,271 | 8,030 |
| | | | | |
| | | **94,303,786** | **90,699,916** | **1,491,773** |

For Fixed Assets, the NCI Agency takes into account the current year depreciation as a cost which amounts to 92.9 MEUR (2021 restated: 62.5 MEUR) and write-offs for 1.4 MEUR in 2021 and, for 28.2 MEUR in 2021 Restated, mainly due to the Resolute Support Mission termination.

Full detail on the 2022, 2021 restated and 2021 annual depreciation and retirement by asset category can be found within note: Property, Plant and Equipment (PP&E) and Intangible Assets. The 2021 Restated column is the result of first time disclosure of capitalized costs related to the construction of CIS Assets for which NCIO acts as a service provider toward the NATO Command Structure as well as for IS and IMS, including Asset Under Construction or Under Development, and In-Service Tangible or Intangible Assets.

## 22. Provisions Expenses

| | | 2022 | 2021 Restated | 2021 |
|---|---|---|---|---|
| **Provisions Expenses** | | | | |
| 7461 | Provisions Expenses - Major risks and costs | 7,277,874 | 7,147,704 | 7,147,704 |
| | | | | |
| | | **7,277,874** | **7,147,704** | **7,147,704** |

NCIO has made the following provisions:

- Major risks and costs, provisions were made for future losses for active projects/services. The expected loss was recognised as an expense immediately (IPSAS 9 and 11);
- Provision for bad debt related to outstanding receivables.

For reasons of commercial confidentiality, details of which programmes/projects/customers are not disclosed. The net effect is an increase of 7.3 MEUR (2021: 7.1 MEUR). Further details can also be found under note 11, Provisions. IPSAS defines a provision as “a liability of uncertain timing or amount”.

## 23. Contingent Liabilities

IPSAS defines a contingent liability as “A possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, or, a present obligation that arises from past events, but is not recognised because: 1) It is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or 2) The amount of the obligation cannot be measured with sufficient reliability”. The Agency has a process to capture information on provisions and contingent liabilities at year-end from all the organisational elements, and is implementing a process to capture that information throughout the year.

No contingent liabilities to be reported.

## 24. Financial Revenue and Expenses

| | | 2022 | 2021 Restated | 2021 |
|---|---|---|---|---|
| **Financial Revenue and Expenses** | | | | |
| 550 | Foreign exchange surpluses | 2,641,444 | 3,509,971 | 3,509,970 |
| 555 | Other financial surpluses | 693,550 | 85,360 | 96,000 |
| 750 | Foreign exchange deficits | (2,583,553) | (745,697) | (745,697) |
| 7550 | Financial costs - Current liabilities | (168,112) | (171,308) | (175,710) |
| 7555 | Financial costs - Other | (32) | 4,735 | 4,735 |
| | | | | |
| | | **583,297** | **2,683,061** | **2,689,298** |

The total result from financial revenue and expenses is a gain of 0.6 MEUR. This amount is primarily composed of a net realised foreign exchange gain of 2.64 MEUR and foreign exchange deficits 2.58 MEUR. For IC acquisition activity the financial result is borne by NSIP and is thus not included here.

The 2021 Restated column results from a recalculated refundable position toward the NOR, in respect with Interest Earning for the IC cash holdings. The interest related to IC bank balances for prior years will be settled with the NOR during with the 2023 reimbursement.

## 25. Financial Instruments

NCIO's financial obligations are financed by payments and advances from its Customers, who are either NATO Nations or Partners. NCIO does not borrow money and only invests on short term bank deposits. No other financial instruments are held other than financial assets and liabilities which are generated by day-to-day operational activities.

**Liquidity risk**

NCIO's financial requirements and capital expenditure are met by its Customers and are typically funded in advance. NCIO is therefore not exposed to material liquidity risks. Nevertheless, to ensure business continuity, Treasury holds around 3 months payroll costs equivalent of cash as a security buffer. Based on agreed procedures, Treasury may request additional advance payments to NATO bodies if the cash levels approach to the security buffer or cash forecasts indicate any potential liquidity problems.

**Credit risk**

NCIO's Customers are member and partner Nations of NATO and hence NCIO is therefore not exposed to material credit risks.

**Foreign currency risk**

Agency aims to have natural hedge in its transactions to avoid foreign currency risk exposure. Agency operates mainly in EUR, USD, GBP and NOK currencies. Treasury may request calls for contributions in these currencies, in line with expected outflows, based on either cash projections or previous business experiences.

Treasury holds currency bank accounts in those currencies to pay and receive funds.

In addition to the main currencies, there are fewer transactions in other currencies; PLN, TRY, RON and CAD. Agency holds a TRY bank account in Türkiye as an advance account to facilitate direct debit payments in Türkiye. Aligned with NFR, Treasury does not take any speculative positions nor makes any speculative transactions. All foreign currency transactions are related to current or future business needs.

## 26. Write-offs

Per the applicable NCIO Financial Rules and Procedures (document AC/337-D(2017)0014-AS1);
FRP XVII 8) On write-offs, information will be provided to the NATO budget Committee and the Finance Committee on an aggregated level in the Financial Statements as audited by IBAN.

For the period between 01 January 2022 and 31 December 2022 the NCI Agency has written off:

- CIS assets with total net book value of 1.4 M EUR (Restated 2021: 18 MEUR)
- Accounts receivable with a total value of 391,707.83 EUR, only 55,036.38 EUR generated an impact on the Statement of Performance.
- Pre-Fin write off with total value of 62,161.03 EUR.

Write-off requests submitted/pending approval at Infrastructure Committee;

- CIS assets with total net book value of of 10.2 MEUR

## C. *Notes to the NCIO Statement of Changes in Net Assets/Equity*

Under its Charter and its Customer Funding model, the NCIO is allowed to have an Operating Fund (OF) which represents its retained earnings accumulated over the years. The use of the OF is regulated by the Customer Funding Regulatory Framework approved by Council in 2015 (PO(2015)0394-AS1) and are part of the NCIO Financial Rules and Procedures (FRPs) that were approved by the Agency Supervisory Board (ASB) in 2018 (AC/337-D(2016)0014-REV1).

The OF is not the NCI Agency's only source of working capital, because the NCI Agency benefits from significant advance payments from its main customers for purposes of the execution of its programmes and services. In addition all the work performed by the Agency in its role as Host Nation under the NSIP and acquisition projects for Third Parties is funded in advance respectively by the Investment Committee and by NATO Nations & Organisations.

When implementing IPSAS 17, a portion of these earnings were partially encumbered for the value of fixed assets not yet fully depreciated, reported separately as a depreciation reserve. The categories of assets and the breakdown of the remaining book value per category is reported in the Statement of Property Plant and Equipment (PPE).

### 27. Reserved Earnings

| | | 2022 | 2021 Restated | 2021 |
|---|---|---|---|---|
| **Reserved Earnings** | | | | |
| 3100, 3101 | Reserves - Tangible and Intangible Assets | 17,112,414 | 10,742,666 | 473,651 |
| 311 | Reserves - Internal Investements | 6,467,751 | 5,820,000 | 5,820,000 |
| 311 | Reserves - Special programmes | 2,126,683 | 2,200,961 | 2,200,961 |
| 3102 | Reserves - Inventory Assets | 62,692,396 | 74,493,803 | 42,755,943 |
| | | | | |
| | | **88,399,244** | **93,257,430** | **51,250,555** |

The reserved earning is composed of:

- 17.1 MEUR of earnings remain reserved for the assets not yet fully depreciated, thus increasing the depreciation reserve in 2021 restated with 10.3 MEUR and in 2022 with 6.4 MEUR due to the first time disclosure of CIS/AIS assets;
- In 2022, the Internal Investment Reserve was increased by 5.7 MEUR to fund Agency Internal Investments. 5.5 MEUR of expenses were spent during this Fiscal Year against the Reserve and, therefore resulting of a net increase of 0.6 MEUR in comparison with 2021 restated note.
- 6.4MEUR of accumulated transition expenses are booked against the Transition Reserve thus decreasing from a total 8.6 MEUR at 31 December 2013 to 2.1 MEUR at 31 December 2022;
- 62.7 MEUR of Inventory Assets Reserve at end of 2022.'
  The 2021 restated Inventory Assets reserve balance (74.5 MEUR) increased by 31.7 MEUR in comparison with the 2021 audited Financial Statements (2021: 42.8 MEUR). This reserve increase is composed of earnings on:
  - accounting for low value PPEs (below thresholds) stored at the CSSC and CSU warehouses as global or dedicated stocks and;
  - adjustment of Inventory asset values (WAC).

| | | 2022 | 2021 Restated | 2021 |
|---|---|---|---|---|
| **Special Programmes Reserves** | | | | |
| 311000 | Special programmes reserves - Transition projects - Approved and authorised | 801,407 | 875,685 | 875,685 |
| 311001 | Special programmes reserves - Transition projects - Approved, not authorised | 1,325,276 | 1,325,276 | 1,325,276 |
| | | | | |
| | | **2,126,683** | **2,200,961** | **2,200,961** |

**Transition Expenses**

| | Authorised | Spent < 2022 | Spent 2022 | Total Spent | Remaining |
|---|---|---|---|---|---|
| **Transition OF funded** | 7,244,724 | 6,369,038 | 74,279 | 6,443,317 | 801,407 |

In order to fund its transition activities between 2014 and 2018, the Agency requested 8.6 MEUR of the Operating Fund (OF) and 18.9 MEUR of common funding. The subsequent IC/BC decision sheet (AC/4 (PP) D/27275 – ADD1 and BC-D(2013)0214) authorised 17 MEUR of common funding and 7.2 MEUR from the Agency OF. The latter has been reserved to pay for backfill consultancy cost and travel of the NCI Agency personnel involved in activities related to the Transition Programme as per the decision sheet. The difference between the RPPB approved amount (8.6 MEUR) and the detailed amount approved by the IC/BC (7.2 MEUR), has also been reserved for future possible use.

**NCI Agency Internal Investment Reserve (A2I)**

| | | 2022 | 2021 Restated | 2021 |
|---|---|---|---|---|
| **Internal Investements Reserves** | | | | |
| 311131 | Special programmes reserves - A2I - EBA R4 | 2,554,175 | 3,723,000 | 3,723,000 |
| 311132 | Special programmes reserves - A2I - Interim Facility (IF)/Braine L'Alleud (BLL) | 830,000 | 2,097,000 | 2,097,000 |
| 311133 | Special programmes reserves - A2I - Multi Year Investment Plan (MYIP) | 3,083,577 | 0 | 0 |
| | | | | |
| | | **6,467,752** | **5,820,000** | **5,820,000** |

As per the AC/337(FC)D(2021)0054 - NCI Agency Internal Investment Reserve - Mechanism and Governance Framework paragraph 20; In the Financial Statements, the A2I reserve will be accounted for separately within Reserved Earnings, considered as the accumulated surplus and deficit that is reserved for a specific purpose. Furthermore, the A2I is under the control of the ASB with authority over the fund delegated to the ASB Finance Committee.

**EBA R4**

The RPPB approved 4 MEUR from the Operating Fund (AC/335-D(2021)0036 dated 21 May 2021) to fund for the EBA release 4 program. The Operating Fund evolution is elaborated in detail at section 2.6 of Financial Plan 2022-2024 (AC/337-D(2021)0050 dated 10 December 2021). The remaining funds at the year-end of FY2022 are 2.5 MEUR.

**Interim Facility (IF)/Braine L'Alleud (BLL)**

The 0.8 MEUR of unspent investment funding have been carried over into 2023 as part of internal investment reserve in line with Nations decision. Other any unspent investment at end of year 2022 will be used in 2023 to cover for the remaining investments.

**Multi Year Investment Plan (MYIP)**

In 2022, a new reserve was created for 5.7 MEUR funding new Agency Investments, on which a total of 2.6 MEUR of expenses were used against this reserve, resulting in an ending balance of 3.1 MEUR on 31 December 2022.

## 28. Retained Earnings

| | | 2022 | 2021 Restated | 2021 |
|---|---|---|---|---|
| **Retained Earnings** | | | | |
| 5 | Revenue | 709,401,386 | 740,777,425 | 816,550,617 |
| 7 | Expenses | (721,878,193) | (704,776,199) | (791,027,776) |
| | Surplus (Deficits) Current Year | (12,476,807) | 36,001,226 | 25,522,841 |
| | Distributed(net) to Retained Earnings | (7,618,621) | 22,818,512 | 21,200,056 |
| | Distributed(net) to Reserved Earnings | (4,858,186) | 13,182,715 | 4,322,785 |
| 30, 301 | Surplus (Deficits) carried forward - Prior Years | 52,263,345 | 29,444,833 | 28,173,839 |
| | **Retained Earnings (OF)** | **44,644,724** | **52,263,345** | **49,373,895** |

The 2021 Restated column is the result of:

- first time disclosure of CIS Assets Under Construction or Under Development, and CIS In-Service Assets including Tangible and Intangible Assets where NCIO acts as a service provider toward the NATO Command Structure as well as for IS and IMS;
- accounting for low value PPEs (below thresholds) stored at the CSSC and CSU warehouses as global or dedicated stocks;
- adjusting Inventory asset values (WAC);
- a recalculated refundable position toward the NOR, in respect with Interest Earning for the IC cash holdings.

## NCIO Reconciliation of Net Assets/Equity

*For the year ended 31 December 2022*
*(all figures are in Euro) (OF=Operating Fund)*

| | Property, Plant and Equipment (PP&E) & Intangible Assets | | Reserves - Special Purpose | Reserves - Special Progr. | Reserves - Internal Invest. | Reserves - Inventory | RESERVED EARNINGS | RETAINED EARNINGS OF | NET ASSETS/EQUITY | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Acq. Value | Depreciation | Book Value | | | | | | Surpl./(Def.) Yr | Yr-end Balance |
| 2018 as Published | 16,174,964 | (12,974,730) | 3,200,234 | 2,873,854 | | | 6,074,088 | 18,482,932 | (476,473) | **(476,473)** |
| **31-Dec-18** | **16,174,964** | **(12,974,730)** | **3,200,234** | **2,873,854** | | | **6,074,088** | **18,482,932** | | **24,557,020** |
| 2018 as Published Restated | 16,174,964 | (12,974,730) | 3,200,234 | 2,873,854 | | 42,755,943 | 48,830,031 | 18,482,932 | (476,473) | **(476,473)** |
| **31-Dec-18** | **16,174,964** | **(12,974,730)** | **3,200,234** | **2,873,854** | | **42,755,943** | **48,830,031** | **18,482,932** | | **67,312,963** |
| 2019 as Published | 21,056,598 | (16,777,873) | 4,278,724 | 2,501,144 | | 42,755,943 | 49,535,811 | 21,057,428 | 3,280,277 | **3,280,277** |
| **31-Dec-19** | **21,056,598** | **(16,777,873)** | **4,278,724** | **2,501,144** | | **42,755,943** | **49,535,811** | **21,057,428** | | **70,593,240** |
| 2019 Restated | 3,769,013 | (2,970,388) | 798,625 | 2,501,144 | | 42,755,943 | 46,055,712 | 25,813,856 | 4,556,607 | **4,556,607** |
| **31-Dec-19** | **3,769,013** | **(2,970,388)** | **798,625** | **2,501,144** | | **42,755,943** | **46,055,712** | **25,813,856** | | **71,869,571** |
| 2020 as Published | 5,929,631 | (4,131,164) | 1,798,467 | `2,373,359 | | 42,755,943 | 46,055,712 | 28,173,839 | 3,232,038 | **3,232,038** |
| **31-Dec-20** | **5,929,631** | **(4,131,164)** | **1,798,467** | **2,373,359** | | **42,755,943** | **46,927,772** | **28,173,839** | | **75,101,611** |
| 2020 as Published Restated | 5,929,631 | (4,131,164) | 1,798,467 | 2,373,359 | | 42,755,943 | 46,927,772 | 28,173,839 | 3,232,038 | **3,232,038** |
| **31-Dec-20** | **5,929,631** | **(4,131,164)** | **1,798,467** | **2,373,359** | | **42,755,943** | **46,927,772** | **28,173,839** | | **75,101,611** |
| 2021 Published | 2,874,383 | (1,549,567) | 473,651 | 2,200,961 | 5,820,000 | 42,755,943 | 51,250,555 | 49,373,897 | 25,522,840 | **25,522,840** |
| **31-Dec-21** | **3,055,248** | **(2,581,597)** | **473,651** | **2,200,961** | **5,820,000** | **42,755,943** | **51,250,555** | **49,250,555** | | **100,624,450** |
| 2021 Published Restated (Unaudited) | 13,673,795 | (2,931,127) | 10,742,668 | 10,742,668 | 5,820,000 | 74,493,803 | 93,257,430 | 52,263,345 | 36,001,226 | **36,001,226** |
| **31-Dec-21** | **13,673,795** | **(2,931,127)** | **10,742,668** | **10,742,668** | **5,820,000** | **74,493,803** | **93,257,430** | **52,263,345** | | **145,520,775** |
| 2022 (Unaudited) | 21,916,825 | (4,804,411) | 17,112,414 | 2,126,683 | 6,467,751 | 62,692,396 | 88,399,244 | 44,644,724 | (12,476,807) | **(12,476,807)** |
| **31-Dec-22** | **21,916,825** | **(4,804,411)** | **17,112,414** | **2,126,683** | **6,467,751** | **62,692,396** | **88,399,244** | **44,644,724** | **(12,476,807)** | **133,043,968** |

| YEAR-END BALANCES | Year-end Balance | Destination: Property, Plant and Equipment (PP&E) & Intangible Assets | | Reserves - Special Purpose | Reserves - Special Progr. | Reserves - Internal Invest. | Reserves - Inventory | RESERVED EARNINGS | RETAINED EARNINGS OF | NET ASSETS/EQUITY |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Acq. Value | Acc. Deprec. | Book Value | | | | | | Yr-end Balance |
| 31-Dec-05 | **5,064,289** | 6,352,418 | (1,746,915) | **4,605,503** | | | | **4,605,503** | **458,786** | 5,064,289 |
| 31-Dec-06 | **6,780,419** | 11,440,622 | (3,721,092) | **7,719,530** | | | | **7,719,530** | **(939,111)** | 6,780,419 |
| 31-Dec-07 | **15,448,855** | 13,272,399 | (6,289,891) | **6,982,508** | | | | **6,982,508** | **8,466,347** | 15,448,855 |
| 31-Dec-08 | **16,813,862** | 16,337,520 | (9,760,847) | **6,576,673** | | | | **6,576,673** | **10,237,189** | 16,813,862 |
| 31-Dec-09 | **11,869,058** | 20,011,958 | (13,481,609) | **6,530,349** | | | | **6,530,349** | **5,338,709** | 11,869,058 |
| 31-Dec-10 | **4,183,086** | 23,524,061 | (18,064,656) | **5,459,406** | | | | **5,459,406** | **(1,276,320)** | 4,183,086 |
| 31-Dec-11 | **9,913,025** | 24,356,808 | (20,925,008) | **3,431,799** | | | | **3,431,799** | **6,481,225** | 9,913,025 |
| 31-Dec-12 | **15,770,863** | 43,368 | 0 | **43,368** | | | | **43,368** | **15,727,495** | 15,770,863 |
| 31-Dec-13 | **18,350,285** | 1,043,893 | (227,169) | **816,725** | **8,570,000** | | | **9,386,725** | **8,963,561** | 18,350,285 |
| 31-Dec-14 | **20,280,170** | 8,276,385 | (3,906,195) | **4,370,190** | **7,817,315** | | | **12,187,505** | **8,092,665** | 20,280,170 |
| 31-Dec-15 | **26,122,091** | 11,373,573 | (7,445,917) | **3,927,656** | **6,217,986** | | | **10,145,642** | **15,976,449** | 26,122,091 |
| 31-Dec-16 | **23,945,958** | 9,493,472 | (5,229,501) | **4,263,972** | **5,532,909** | | | **9,796,881** | **14,149,077** | 23,945,958 |
| 31-Dec-17 | **25,033,493** | 12,869,784 | (9,340,075) | **3,529,709** | **4,187,407** | | | **7,717,116** | **17,316,377** | 25,033,493 |
| 31-Dec-18 | **24,557,020** | 16,174,964 | (12,974,730) | **3,200,234** | **2,873,854** | | | **6,074,088** | **18,482,932** | 24,557,020 |
| 31-Dec-18 Restated | **67,312,963** | 16,174,964 | (12,974,730) | **3,200,234** | **2,873,854** | | **42,755,943** | **48,830,031** | **18,482,932** | 67,312,963 |
| 31-Dec-19 | **70,593,240** | 21,056,598 | (16,777,873) | **4,278,724** | **2,501,144** | | **42,755,943** | **49,535,811** | **21,057,428** | 70,593,239 |
| 31-Dec-19 Restated | **71,869,571** | 3,769,013 | (2,970,388) | **798,625** | **2,501,144** | | **42,755,943** | **46,055.712** | **25,813,856** | 71,869,568 |
| 31-Dec-20 | **75,101,609** | 5,929,631 | (4,131,164) | **1,798,467** | **2,373,359** | | **42,755,943** | **46,927,772** | **28,173,839** | 75,101,611 |
| 31-Dec-20 Restated | **75,101,607** | 5,929,631 | (4,131,164) | **1,798,467** | **2,373,359** | | **42,755,943** | **46,927,772** | **28,173,839** | 75,101,611 |
| 31-Dec-21 | **100,624,451** | 3,055,248 | (2,581,597) | **473,651** | **2,200,961** | **5,820,000** | **42,755,943** | **51,250,555** | **49,373,895** | 100,624,450 |
| 31-Dec-21 Restated | **145,520,775** | 13,673,795 | (2,931,127) | **10,742,668** | **2,200,961** | **5,820,000** | **74,493,803** | **93,257,430** | **52,263,345** | 145,520,775 |
| 31-Dec-22 | **133,043,968** | 21,916,825 | (4,804,411) | **17,112,414** | **2,126,683** | **6,467,751** | **62,692,396** | **88,399,244** | **44,644,724** | 133,043,969 |

| INCR./(DECR.) FOR THE YEAR | | | | Destination | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **Surplus/(Def.) for the Year** | **Property, Plant and Equipment (PP&E) & Intangible Assets** | | **Reserves - Special Purpose** | **Reserves - Special Progr.** | **Reserves - Internal Invest.** | **Reserves - Inventory** | **RESERVED EARNINGS** | **RETAINED EARNINGS OF** | **NET ASSETS/EQUITY** |
| | | **Acq. Value Yr** | **Deprec. Yr** | **Δ Book Value** | | | | | | **Surpl./(Def.) Yr** |
| 31-Dec-05 | **5,064,289** | 6,352,418 | (1,746,915) | **4,605,503** | | | | **4,605,503** | **458,786** | 5,064,289 |
| 31-Dec-06 | **1,716,130** | 5,088,204 | (1,974,177) | **3,114,027** | | | | **3,114,027** | **(1,397,897)** | 1,716,130 |
| 31-Dec-07 | **8,668,436** | 1,831,777 | (2,568,799) | **(737,022)** | | | | **(737,022)** | **9,405,457** | 8,668,436 |
| 31-Dec-08 | **1,365,007** | 3,065,121 | (3,470,956) | **(405,835)** | | | | **(405,835)** | **1,770,842** | 1,365,007 |
| 31-Dec-09 | **(4,944,804)** | 3,674,438 | (3,720,762) | **(46,324)** | | | | **(46,324)** | **(4,898,480)** | (4,944,804) |
| 31-Dec-10 | **(7,685,972)** | 3,512,104 | (4,583,047) | **(1,070,943)** | | | | **(1,070,943)** | **(6,615,029)** | (7,685,972) |
| 31-Dec-11 | **5,729,939** | 832,746 | (2,860,353) | **(2,027,606)** | | | | **(2,027,606)** | **7,757,545** | 5,729,939 |
| 31-Dec-12 | **5,857,838** | (24,313,440) | 20,925,008 | **(3,388,431)** | | | | **(3,388,431)** | **9,246,270** | 5,857,838 |
| 31-Dec-13 | **2,579,422** | 1,000,525 | (227,169) | **773,357** | **8,570,000** | | | **9,343,357** | **(6,763,934)** | 2,579,422 |
| 31-Dec-14 | **1,929,885** | 7,232,492 | (3,679,027) | **3,553,465** | **(752,685)** | | | **2,800,780** | **(870,895** | 1,929,885 |
| 31-Dec-15 | **5,841,921** | 3,097,188 | (3,539,722) | **(442,534)** | **(1,599,329)** | | | **(2,041,863)** | **7,883,783** | 5,841,921 |
| 31-Dec-16 | **(2,176,133)** | (1,880,101) | 2,216,417 | **336,316** | **(685,077)** | | | **(348,762)** | **(1,827,371)** | (2,176,133) |
| 31-Dec-17 | **1,087,535** | 3,376,312 | (4,110,574) | **(734,262)** | **(1,345,502)** | | | **(2,079,764)** | **3,167,299** | 1,087,535 |
| 31-Dec-18 | **(476,473)** | 3,305,179 | (3,635,230) | **(329,475)** | **(1,313,553)** | | | **(1,643,028)** | **1,166,555** | (476,473) |
| 31-Dec-18 Restated | **42,279,470** | 3,305,179 | (3,635,230) | **(329,475)** | **(1,313,553)** | | **42,279,470** | **41,112,915** | **1,166,555** | 42,279,470 |
| 31-Dec-19 | **3,280,277** | 4,881,634 | (3,803,143) | **1,078,490** | **(372,710)** | | | **705,780** | **2,574,497** | 3,280,277 |
| 31-Dec-19 Restated | **4,556,608** | (12,405,951) | 10,004,342 | **(2,401,609)** | **(372,710)** | | | **(2,774,319)** | **7,330,924** | 4,556,605 |
| 31-Dec-20 | **3,232,038** | 2,160,618 | (1,160,776) | **999,842** | **(127,785)** | | | **872,057** | **2,359,981** | 3,232,038 |
| 31-Dec-20 Restated | **3,232,038** | 2,160,618 | (1,160,776) | **999,842** | **(127,785)** | | | **872,057** | **2,359,981** | 3,232,038 |
| 31-Dec-21 | **25,522,842** | (2,874,383) | 1,549,567 | **(1,324,816)** | **(172,398)** | **5,820,000** | | **4,322,783** | **21,200,058** | 25,522,841 |
| 31-Dec-21 Restated | **36,001,226** | 7,744,164 | 1,200,037 | **8,944,201** | **(172,398)** | **5,820,000** | **31,737,860** | **46,329,658** | **(10,328,432)** | 36,001,226 |
| 31-Dec-22 | **(12,476,807)** | 8,243,031 | (1,873,284) | **6,369,746** | **(74,278)** | **647,751** | **(11,801,407)** | **(4,858,186)** | **(7,618,621)** | (12,476,807) |

## 29. Events after the financial reporting date of 31 December 2022

NCIO is required to disclose events, both favourable and unfavourable, that occurred between the reporting date of 31 December 2022 and the date when these Financial Statements were authorised for issue by the General Manager. IPSAS requires two types of events which should be identified:

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

1. At the end of the Fiscal Year 2022, NCIO requested the Agency Supervisory Board's Finance Committee to authorise, as part of the preparation of 2022 NCIO Financial Statements, the write-off of an receivable balance related to NSIP (AC/337(FC)D(2022)0025-REV1-COR1 (INV)). This request was approved under silence procedure by the ASB on 27 January 2023 (AC/337(FC)D(2022)0025-REV1-COR1-AS1 (INV)).
2. In 2022, the NCIO requested the authorisation to remove an asset from its NATO Inventory (NCIA/COO/2022/01645/TT-0640), this request was authorized by the Investement Committee on the 24th of January 2023 (AC/4-DS(2023)0002 (INV)).

These authorisations constitute adjusting events after the reporting date and therefore, this receivable and asset was written-off on the face of the 2022 Financial Statements accordingly.

## 30. MWA disclosure

NCIO also has some Morale and Welfare Activities (MWA) which are not consolidated into the Financial Statements as per the NAF adapted IPSAS 6, even if they are considered to be under the control, from a financial reporting perspective of the NCI Agency.

Revenue generated throughout the year for MWA activities amounted at 42,232 EUR (2021: 0 EUR), originated primarily from contributions from external parties (29,822 EUR) and tickets sale for two major Christmas events with additional contribution funds (12,410 EUR).
Total expenses for the MWA activities related to 2022 amounted 48,298 EUR (2021: 761 EUR).

Main assets of the MWA consists of cash and cash equivalents balance of 44,717 EUR and receivables of 52,362 EUR. Provision was accounted for these receivables in Fiscal Year 2020 because there would be a risk that settlement of these receivables would not happen. While liabilities of 51,189 EUR relate mainly to the provision for doubtful debts raised in Fiscal Year 2020.

## D. *Notes to the NCIO Budget Execution Statement*

Although NCIO is fully Customer Funded as of 2014, the NCIO Independent Secretariat Budget, as per the Charter of the NCIO, approved by Council on 19 June 2012 under C-M(2012)0049, the NCIO is composed of an ASB and an executive body composed of a General Manager and his/her staff (the NCI Agency). Per Article 26 (e) of the Charter, the chairperson of the ASB is supported by an Independent Secretariat that is only responsible to the chairperson. Per Article 50 (c) and per AC/337-D(2014)0007-AS1 dated 9 May 2014, the ASB approved core funding (distinct and separate from NATO common funding) for the NCIO Independent Secretariat. The ASB approved the structure and an annual budget based on the Military Budget cost share model.

Expenses amount include accrued expenses as reported in the Statement of Financial Performance; budget execution/financial statement are thus presented on a comparable basis and in compliance with IPSAS24. Lapsed amounts represent budget funds that were not used (unspent) during the course of the financial year. Carry forward amounts are the net Commitments at the end of the financial year that have not been converted into expenses at the end of the financial year. Chapter 1 represents – Personnel cost, Chapter 2 represents Contractual Supplies and Services and Chapter 3 represents Investments.

# NATO Accounting Framework (NAF) additional disclosures
# NAF Impact prior 1 January 2013 Expensed PPE/Inventory and prior 1 January 2018 Assets under Construction

NATO assets are composed of Property Plant and Equipment and Intangible Elements. The classification of the different assets is done in accordance with the requirements set forth by the NAF. If multiple categories were applicable the assignment was done on the intended use of the asset involved. The NCI Agency was established July 1st 2012, following the merger of three legacy NATO Agencies (NACMA, NC3A and NCSA).

## 1. Property Plant and Equipment and Intangible Assets

In accordance with the NATO Accounting Framework (C-M(2016)0023) the NCIO shall, for PPE and intangible assets held prior to 1 January 2013, and not previously recognized as an asset, provide a brief description of the assets in the notes to the financial statements.
The projects were funded by the Infrastructure Committee, and are summarised as follows.

**Infrastructure Assets put in Service prior to 01 January 2013**

| Location of Project [1] | Type of Project | Number [2] |
|---|---|---|
| ACO and former ACE area | Networking and Command and Control Capabilities for Military Commands. | 48 |
| ACT and former Aclant area | Networking and Command and Control Capabilities for Military Commands. | 33 |
| Former Yugoslavia | Communication networks and installations in theatre. | 98 |
| Peace Support Operations | CIS support for Peace Support Operations located in Former Yugoslavia. | 32 |
| SATCOM | Military Satellite Communications projects. | 23 |
| Various Networking Projects | NATO-wide networking infrastructure. | 186 |
| **TOTAL** | | **420** |

(1) Project defined as Infrastructure Committee slice serials.
(2) Table does not include infrastructure completed by the legacy agencies prior to the year 2000.

It should be noted that almost all of these projects were delivered to legacy military commands, prior to NATO military reorganisation in 2012. Many of the projects were installed 'in theatre' (former Yugoslavia). All the items are largely or completely obsolescent, and due to their age, should be considered as fully depreciated.

## 2. Inventory

For the reporting year 2022 Inventory balances have been fully disclosed in the Statement of Position and within the notes hence special disclosure as stipulated in the NATO Accounting Framework for inventory is not applicable.

### 3. Assets under Construction/Development

In accordance with the NATO Accounting Framework,the NATO ACCOUNTING POLICY FOR PROPERTY, PLANT AND EQUIPMENT (C-M(2017)0022 APPENDIX 1 ANNEX 1) and the NATO ACCOUNTING POLICY FOR INTANGIBLE ASSETS (C-M(2017)0044 APPENDIX 1 ANNEX 1); the NCIO shall for the NCIO controlled CIS Assets under construction/development before 1 January 2018 provide a brief description on the types and locations of CIS assets that were under construction prior to 1 January 2018 for the NATO Command Structure as well as for IS and IMS. At the time of the publication of the unaudited 2022 NCIO Financial Statements, the below assets were still under construction/development.

The assets are grouped by geographical region, if multiple locations are involved no specific region was assigned but kept general. (e.g. ACCS, NATO wide location was assigned as this asset is located in the different NATO member countries)

| Asset Location[(2)] | NATO Asset Category | Asset Type | Number of Assets[(1)] |
|---|---|---|---|
| Eastern Europe | Automated Information Systems | Various Networking Projects | 3 |
| NATO-WIDE | Automated Information Systems | Networking and Command and Control Capabilities for Military Commands | 8 |
| | Automated Information Systems | Various Networking Projects | 75 |
| | Communications | SATCOM | 9 |
| | Vehicles | Peace Support Operations | 2 |
| | Mission Equipment | Peace Support Operations | 5 |
| North America | Automated Information Systems | Networking and Command and Control Capabilities for Military Commands | 1 |
| Northern Europe | Automated Information Systems | VARIOUS Networking Projects | 1 |
| Southern Europe | Automated Information Systems | Networking and Command and Control Capabilities for Military Commands | 4 |
| | Automated Information Systems | Various Networking Projects | 2 |
| Theatre | Automated Information Systems | Various Networking Projects | 3 |
| Western Europe | Automated Information Systems | Various Networking Projects | 3 |
| | Automated Information Systems | Networking and Command and Control Capabilities for Military Commands | 2 |
| | Communications | SATCOM | 1 |
| **TOTAL** | | | **119** |

(1) Asset defined as Infrastructure Committee slice serials.
(2) Countries by Geographic Locations:
Eastern Europe: Czech Republic, Lithuania, Montenegro, Poland, North Macedonia, Slovakia, Hungary, Romania
NATO-Wide: Albania, Belgium, Bulgaria, Canada, Croatia, Czech Republic, Denmark, Estonia, France, Germany, Greece, Hungary, Iceland, Italy, Latvia, Lithuania, Luxembourg, Montenegro, Netherlands, North Macedonia, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Türkiye, United Kingdom, United States
North America: United States
Southern Europe: Italy, Portugal, Türkiye
Theatre: Balkans
Western Europe: Belgium, France, Germany, Netherlands

### 4. Assets under Construction/Development completed during the period of 2013-2017

In accordance the NAF and related accounting policies for CIS Assets constructed and developed for the NCS, IMS and IS which were completed during the period Jan 2013 and Dec 2017 the NCIO discloses the number assets that were completed by Asset location, Asset Category and Asset Type.

The assets are grouped similar to the disclosure under paragraph 3.

| Asset Location[(2)] | NATO Asset Category | Assset Type | Number of Assets[(1)] |
|---|---|---|---|
| Eastern Europe | Automated Information Systems | Networking and Command and Control Capabilities for Military Commands | 2 |
| | Automated Information Systems | VARIOUS Networking Projects | 2 |
| NATO-WIDE | Automated Information Systems | Networking and Command and Control Capabilities for Military Commands | 11 |
| | Automated Information Systems | VARIOUS Networking Projects | 4 |
| | Software Bespoke | Command and Control Capabilities for Military Commands | 2 |
| | Software COTS | Command and Control Capabilities for Military Commands | 1 |
| | Communications | Networking and Command and Control Capabilities for Military Commands | 1 |
| North America | Automated Information Systems | Command and Control Capabilities for Military Commands | 1 |
| Southern Europe | Automated Information Systems | Networking and Command and Control Capabilities for Military Commands | 1 |
| | Automated Information Systems | VARIOUS Networking Projects | 4 |
| | Communications | Networking and Command and Control Capabilities for Military Commands | 1 |
| Theatre | Automated Information Systems | Networking and Command and Control Capabilities for Military Commands | 1 |
| | Automated Information Systems | VARIOUS Networking Projects | 1 |
| Western Europe | Automated Information Systems | Networking and Command and Control Capabilities for Military Commands | 1 |
| | Automated Information Systems | VARIOUS Networking Projects | 2 |
| | Software COTS | Command and Control Capabilities for Military Commands | 1 |
| | Communications | SATCOM | 1 |
| **TOTAL** | | | **37** |

(1) Asset defined as Infrastructure Committee slice serials.
(2) Countries by Geographic Locations:
Eastern Europe: Czech Republic, Lithuania, Montenegro, Poland, North Macedonia, Slovakia, Hungary, Romania
NATO-Wide: Albania, Belgium, Bulgaria, Canada, Croatia, Czech Republic, Denmark, Estonia, France, Germany, Greece, Hungary, Iceland, Italy, Latvia, Lithuania, Luxembourg, Montenegro, Netherlands, North Macedonia, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Türkiye, United Kingdom, United States
North America: United States
Southern Europe: Italy, Portugal, Türkiye
Theatre: Balkans
Western Europe: Belgium, France, Germany, Netherlands

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Subject : **Statement of Internal Control**
**NATO Communications and Information Organisation (NCIO) Financial Statements for the period 01 January 2022 to 31 December 2022**

1. This Statement of Internal Control applies to the NCIO Financial Statements for the year ended 31 December 2022. Internal control is driven by the requirement of the NATO Financial Regulations, the NCIO Financial Rules and Procedures, the NATO Accounting Framework, the NCIO Internal Control Framework and good business practices. Internal control is to ensure that NATO assets are utilized for the purposes intended and that the transactions relating to their usage reflect the highest standards of integrity to justify continued confidence of the NATO Member Nations.

2. The NCIO system of internal control is based on an ongoing process effected by the Board, management, and other personnel, designed to provide reasonable assurance regarding the achievement of objectives relating to operations, reporting and compliance. As part of the process, identified risks to the achievement of NCI Organisation goals and objectives, are managed efficiently, effectively and economically. In detail:

   a. The ASB has the responsibility to: (1) ensure that effective risk management measures are in place and monitor performance execution on that basis; (2) exercise management control by comparison of the NCI Agency activities with applicable ASB directives; (3) oversee the delivery of results against targets; (4) evaluate the performance against objectives of the NCI Agency; (5) benchmark the NCI Agency against comparable organisations;

   b. The ASB has established an Audit Committee (AC) comprising 30 members of NATO nations. The AC assists the Board in fulfilling its oversight responsibilities in the areas of internal controls, risk management, internal and external audits, financial reporting, and regulatory compliance. In 2022, the AC carried out four meetings in plenary session.

   c. The Chairman of the ASB is responsible to maintain a sound system of internal control that supports the ASB Secretariat and ensures it delivers on its mandate;

   d. The General Manager (GM) is responsible to maintain a sound system of internal control that supports the NCI Agency and ensures it delivers on its Chartered mandate;

   e. The Chief Operating Officer (COO) is responsible to maintain a sound system of internal control for business planning together with the related business intake and capacity management, as well as monitoring programme/project exceptions;

   f. The Chief of Acquisition is responsible to maintain a sound system of internal control that ensures the integrity of the procurement process;

   g. The Chief People Officer is responsible to maintain a sound system of internal control relating to the recruitment and departure of staff and associated payment of salaries and allowances;

   h. The Financial Controller is responsible for maintaining a sound system of internal financial controls, for the correct use and accounting of funds made available to the NCI Agency and the ASB Independent Secretariat.

The control environment continues to be strengthened in the Agency with the ongoing stabilisation and roll out of Agency's ERP (EBA). Reporting tools and their standardisation across the Agency is improving. Agency continues improving business planning and resource allocation with change of practices and the roll out of modern resources planning tools (EBA R4 went live January 2023). The Asset Management Program (AM) phase 1 has valuable progress to reinforce asset inventories and controls. This program will continue in 2023 to secure those progresses and further mature the core AM processes.

Considering the statements above, senior management and the Financial Controller can provide confirmation that, except for the aspects related to assets management, the system of internal control of the Agency is effective.

3. The main aspects of the NCIO's system of internal control for 2022 are as follows:

   a. All funds received are recorded, accounted and managed through a set of information systems, which include: enterprise-wide project management; a time accounting system and the Oracle R 12 based tool Enterprise Business Applications (EBA)[1] ·. Controls are in place at transactional level to control use and disbursement of funds.

   b. The Independent Secretariat has its budget approved and funded by ASB Member Nations.

   c. The NCI Agency annually updates its Customer Rates based on the ASB approved Customer Rates Principles and Methodology[2] . These are endorsed by the ASB, and approved by the NATO Budget Committee on behalf of all Customers.

   d. The NCI Agency also annually updates its Services Rates (based on Customer Rates for the Agency's professional services element) and these are validated by the ASB and NATO Budget Committee.

   e. The NCI Agency has an integrated planning process comprising the Strategic Plan; Business Plan; the Multi-Year Investment Plan; and Financial Plan. It prepares annually a Financial Plan (three years planning horizon) covering revenue and expenses related to Customer Funding, which is signed-off by the Executive Management Board, chaired by the GM. The Financial Plan is approved by the ASB.

   f. Agreements with Customers are in writing and are usually concluded on a Firm Fixed Price and/or Cost Reimbursable basis.

   g. Procurement activities are under the responsibility of the Chief of Acquisition with the specific involvement of the GM. For some deviations from normal competition the Agency has a designated Competition Advocate – Chief Independent Verification and Validation who advises the GM.

   h. Through its Service Lifecycle Management Board (SLMB) chaired by the COO, the Agency oversees the operational environment with a focus on early identification and quantification of risks which affect services and projects to allow for timely management oversight and/or assistance to mitigate.

   i. The Agency has an Enterprise-wide Risk Management Policy and Framework which sets out the risk management processes in place and details the roles and responsibilities of staff in relation to risk. This policy has been issued to all staff who are expected to work within the Agency's risk management policies, to alert management on emerging risks and control weaknesses and assume responsibility for risks and controls within their own area of work. There are regular reviews by senior management of key risks and related controls.

      The Agency has adopted the Three Lines Model for its internal governance. This model, published on 20 June 2020 by the Institute of Internal Auditors as an update of the Three Lines of Defense Model, is based on an assurance system combined around three lines, providing a comprehensive view of how the different parts of the Agency interact in an effective and coordinated manner, increasing the efficiency of the processes for management and internal control of the entity's significant risks. Its purpose is to improve the operational efficiency of the Agency.

   j. The Agency has an Internal Audit Function, compliant with internationally accepted Internal Auditing standards and with an approved risk-based three years audit plan, which reviews, amongst other areas, internal control and risk mitigation. The Head

[1] Go-Live' was in Q1 2019 for EBA Release 1

[2] AC/337(FC)D(2018)0003-REV1

of Internal Audit reports functionally to the ASB and administratively to the GM.

k. The Agency has Fraud Prevention and Detection function. It reports to the Investigative Authority delegated by the GM and provides regular updates on lessons learned at the Internal Control Panel. The Agency has established procedures for managing risks of fraud, including fraud prevention, detection and response in line with the NATO wide Strategy on the prevention, detection and response to Fraud and Corruption. In 2022, the Agency was not exposed to material fraudulent activities.

l. In order to support the NCI Agency Management and the ASB in undertaking internal control responsibilities, an Internal Control Questionnaire and Assessment (ICQA) is used to serve as a management self-assessment and evaluation tool. This questionnaire is in line with the provisions of the NCIO Internal Control Framework which was developed based on the guidance issued by the Committee of Sponsoring Organizations of the Tread way Commission (COSO) approved by ASB in November 2016. On 10 June 2022, the ASB approved the updated version of the NCIO Internal Control Framework (ICF), to address organizational and operational changes introduced over time. Management has continued work on developing the internal control framework within the Finance Directorate by employing a risk based methodology to design process controls in line with the COSO guidance.

m. With this Internal Control Statement, GM and FC certify that no work was done that was not specifically requested and paid for by a customer, beyond what could be absorbed as part of a reasonable overhead envelope as approved by the ASB. This certification is based on internal reassurance mechanism whereby each manager entrusted with business responsibility has to provide in writing reinsurance to the GM and FC. As part of this reassurance process, Agency is willing to make transparent that the PMO of Polaris ITM remained funded from Agency overheads in 2022, significant engagement with governance has taken place to make the PMO a customer funded activity .

n. Currently new joiners to the Agency receive information about Agency procedures and behaviour standards. Moreover, the Agency has a Code of Conduct for all staff, as well as an Anti-Fraud Directive, and staff must undergo training in ethical behaviour and appropriate use of resources.

4. During its last Financial Statements audit, the International Board of Auditors for NATO (IBAN) made five observations and recommendations related to the 2021 NCIO Financial Statements. These findings are listed in the Letter of Observations and Recommendations. One observation and recommendation impacts the audit opinion on both the Financial Statements and on compliance: (1) Material incompleteness of Property, Plant and Equipment (PP&E) and Intangible Assets. The other three observations and recommendations do not impact the audit opinion on the Financial Statements and compliance: (2) Strengthening Internal Controls related to Cash Management, (3) Disclosure of a provision of EUR 5.1 million related to NSIP receivables and (4) Weakness regarding EBA User Access Rights and Segregation of Duties. IBAN followed up on the status of observations and recommendations from the previous years' audits and found that four were closed and one is open.

Ludwig Decamps
2023.07.01
10:55:22 +02'00'

Antoine Pailhes
Digitally signed by Antoine Pailhes
Date: 2023.06.30 15:15:23 +02'00'

| | |
|---|---|
| Ludwig Decamps | Antoine Pailhès |
| General Manager | Financial Controller |

Distribution:

External

Chairman Board of Auditors for NATO

Chairman NCIO Agency Supervisory Board

Internal

Members Executive Management Board

NATO OTAN
NATO Communications and Information Agency NCI

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Subject: **Financial Controller's Certification -**

**NATO Communications and Information Organisation (NCIO) Financial Statements for the year ended 31 December 2022**

1. The 2022 Financial Statements for the NCIO are submitted to the International Board of Auditors for NATO (IBAN) and the Agency Supervisory Board (ASB) as required by the NATO Financial Regulations and the NCIO Charter.

2. The Financial Statements were prepared in accordance with the following Reference documents:

   a. C-M(2012)0049, Charter of the NATO Communications and Information Organisation, approved by Council, dated 14 June 2012.

   b. C-M(2015)0025), NATO Financial Regulations, approved by Council, dated 4 May 2015;

   c. PO(2015)0394, NATO Communications & Information Agency Customer Funding Regulatory Framework, approved by Council, dated 16 July 2015;

   d. C-M(2016)0023, revised NATO Accounting Framework (IPSAS adaptation), approved by Council, dated 29 April 2016;

   e. C-M(2017)0022(INV), NATO Accounting policy for Property Plant and Equipment , approved by Council, dated 31 May 2017;

   f. C-M(2017)0044, NATO Accounting Policy for Intangible Assets, approved by Council, dated 08 September 2017

   g. C-M(2017)0043, NATO Accounting Policy for Inventory, approved by Council, dated 08 September 2017;

   h. AC/337-D(2016)0014-REV1, NCIO Financial Rules and Procedures, approved by the ASB, dated 20 November 2018;

I certify that the NCIO 2022 Financial Statements present fairly the NCIO's financial position, financial performance, cash flows and changes in net assets/equity during the period.

At the Wales Summit of 2014, the nations tasked NATO bodies to increase their financial transparency. While I am content for all the information in the financial statements to be publically disclosed, the decision on what to make publically available rests with the North Atlantic Council.

Antoine Pailhes Digitally signed by Antoine Pailhes Date: 2023.06.30 15:14:28 +02'00'

Antoine Pailhès
Financial Controller

**ACRONYMS**

| | |
|---|---|
| AAS | ADVISORY AND ASSISTANCE SERVICES |
| ACCS | NATO AIR COMMAND AND CONTROL SYSTEM |
| ACO | ALLIED COMMAND OPERATIONS |
| ACPV | ASSET, CONFIGURATION, PATCH AND VULNERABILITY |
| ACT | ALLIED COMMAND TRANSFORMATION |
| AIR C2 | AIR COMMAND AND CONTROL |
| AIS | AUTOMATED INFORMATION SYSTEM |
| APF | ADVANCE PLANNING FUNDS |
| ASB | AGENCY SUPERVISORY BOARD |
| AuC | ASSET UNDER CONSTRUCTION/DEVELOPMENT |
| FinCom | AGENCY SUPERVISORY BOARD FINANCE COMMITTEE |
| BC | NATO BUDGET COMMITTEE |
| BEUR | BILLION EUR |
| BMD | BALLISTIC MISSILE DEFENCE |
| C4ISR | CONSULTATION, COMMAND, CONTROL, COMMUNICATIONS, INTELLIGENCE, SURVEILLANCE AND RECONNAISSANCE |
| C3 | CONSULTATION, COMMAND AND CONTROL |
| CCSC | AGENCY'S COSTED CUSTOMER SERVICE CATALOGUE |
| CFRF | CUSTOMER FUNDING REGULATORY FRAMEWORK |
| CIS | COMMUNICATION INFORMATION SYSTEMS |
| CMBC | THE CRISIS MANAGEMENT AND BUSINESS CONTINUITY OFFICE |
| COO | CHIEF OPERATING OFFICER |
| CP | CAPABILITY PACKAGE |
| CPR | NATO CIVILIAN PERSONNEL REGULATIONS |
| CRF | CUSTOMER REQUEST FORM |
| CSSC | CIS SUSTAINMENT SUPPORT CENTRE |
| EBA | ENTERPRISE BUSINESS APPLICATIONS |
| EPM | ENTERPRISE PROJECT MANAGEMENT |
| ERM | ENTERPRISE RISK MANAGEMENT |
| ESPE | END STATE PEACETIME ESTABLISHMENT |
| FFP | FIRM FIXED PRICE |
| FRP | FINANCIAL RULES AND PROCEDURES |
| FS | FINANCIAL STATEMENTS |
| GM | GENERAL MANAGER |
| HN | HOST NATION |

| | |
|---|---|
| HO/TO | HANDOVER/TAKEOVER |
| IA | INTERNAL AUDIT |
| IBAN | INTERNATIONAL BOARD OF AUDIT FOR NATO |
| IC | NATO INVESTMENT COMMITTEE |
| ICF | INTERNAL CONTROL FRAMEWORK |
| ICTM | INFORMATION COMMUNICATIONS TECHNOLOGY MANAGEMENT |
| IMS | INTERNATIONAL MILITARY STAFF |
| IS | INTERNATIONAL STAFF |
| ISAF | INTERNATIONAL SECURITY ASSISTANCE FORCE |
| ISMERLO | THE INTERNATIONAL SUBMARINE ESCAPE AND RESCUE LIAISON OFFICE |
| ISPAS | INTERNATIONAL PUBLIC SECTOR ACCOUNTING STANDARDS |
| ITM | IT MODERNIZATION (PROGRAM) |
| KEUR | THOUSAND EURO |
| KFOR | KOSOVO FORCES |
| LC2IS | LAND COMMAND AND INFORMATION SYSTEM |
| MC | MILITARY COMMITTEE |
| MEUR | MILLION EURO |
| MYIP | MULTI YEAR INVESTMENT PLAN |
| MWA | MORALE AND WELFARE ACTIVITIES |
| IWC | INTERIM WORKFORCE CAPACITY |
| NAC | NORTH ATLANTIC COUNCIL |
| NAF | NATO ACCOUNTING FRAMEWORK |
| NAGSMOIL | NATO ALLIANCE GROUND SURVEILLANCE MANAGEMENT ORGANISATION IN LIQUIDATION |
| NATO | NORTH ATLANTIC TREATY ORGANISATION |
| NCI Agency | NATO COMMUNICATIONS AND INFORMATION AGENCY |
| NCIO | NATO COMMUNICATIONS AND INFORMATION ORGANISATION |
| NCS | NATO COMMAND STRUCTURE |
| NDEC | NCI Agency DIGITAL ENTERPRISE CENTRE |
| NFR | NATO FINANCIAL REGULATIONS |
| NIC | NATO INTERNATIONAL CIVILIAN |
| NITEC | NATO INDUSTRY CONFERENCE AND TECHNET INTERNATIONAL |
| NSIP | NATO SECURITY INVESTMENT PROGRAMME |

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|---|---|
| OF | OPERATING FUND |
| PE | PEACETIME ESTABLISHMENT/PERSONNEL ESTABLISHMENT |
| PP&E | PROPERTY PLANT and EQUIPMENT |
| PSC | PROJECT SERVICE COSTS |
| QAFR | QUARTERLY ACCOUNTING FINANCIAL REPORT |
| RPPB | NATO RESOURCE POLICY AND PLANNING BOARD |
| RS | RESOLUTE SUPPORT |
| SATCOM | SATELLITE COMMUNICATION |
| SATCOM MOU | SATELLITE COMMUNICATION MEMORANDUM OF UNDERSTANDING |
| SLA | SERVICE LEVEL AGREEMENT |
| SLMB | SERVICE LIFECYCLE MANAGEMENT BOARD |
| SSC | SERVICE SUPPORT COST |
| SSP | SERVICE SUPPORT PACKAGES |
| SST | SERVICE SUPPORT TRAINING PACKAGES |
| TFR | ‘TRATTAMENTI DI FINE RAPPORTO’ |
| TO | TASK ORDER |
| TOPFAS | TOOLS FOR OPERATIONS PLANNING FUNCTIONAL AREA SERVICE |
| WAC | WEIGHTED AVERAGE COST |
| WGNTE | WORKING GROUP OF NATIONAL TECHNICAL EXPERTS |