The Agency's Financial Statements for 2015

IAEA

60 Years

Atoms for Peace and Development

GC(60)/3

Report by the Board of Governors

1. In accordance with Financial Regulation 11.03(b) [1], the Board of Governors hereby transmits to the Members of the Agency the report of the External Auditor on the Agency's financial statements for 2015.

2. The Board has examined the report by the External Auditor and the report by the Director General on the financial statements, and also the financial statements themselves, and submits the following draft resolution for the consideration of the General Conference.

The General Conference,

Having regard to Financial Regulation 11.03(b),

Takes note of the report of the External Auditor on the Agency's financial statements for the year 2015 and of the report of the Board of Governors thereon [*].

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[*] GC(60)/3

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[1] INFCIRC/8/Rev.3

Sixtieth regular session

The Agency's Financial Statements For 2015

Contents

REPORT OF THE DIRECTOR GENERAL ON THE AGENCY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

Introduction

1. In accordance with Financial Regulation 11.03, I have the honour to submit the financial statements of the International Atomic Energy Agency (hereafter IAEA or the Agency) for the year ended 31 December 2015.

2. For the fifth consecutive year the financial statements of the Agency have been prepared on the accrual basis in accordance with the International Public Sector Accounting Standards (IPSAS). The budget, as well as the budgetary basis information contained in the financial statements, continues to be prepared on a modified cash basis.

3. The Report of the External Auditor, with his unqualified opinion on the financial statements, is submitted in accordance with Financial Regulation 11.03.

4. The IAEA is a not-for-profit autonomous intergovernmental organization founded in 1957 in accordance with its Statute. It is part of the United Nations Common System and the relationship with the United Nations is regulated by the "Agreement Governing the Relationship between the United Nations and the International Atomic Energy Agency" which came into force on 14 November 1957.

5. The Agency's statutory objective is to seek to accelerate and enlarge the contribution of atomic energy to peace, health and prosperity throughout the world and to ensure, so far as it is able, that assistance provided by it or at its request or under its supervision or control is not used in such a way as to further any military purpose. To fulfil this statutory objective, the Medium Term Strategy for 2012-2017 sets out the following six strategic objectives:

- Facilitating access to nuclear power;
- Strengthening promotion of nuclear science, technology and applications;
- Improving nuclear safety and security;
- Providing effective technical cooperation;
- Strengthening the effectiveness and improving the efficiency of the Agency's safeguards and other verification activities; and
- Providing efficient, innovative management and strategic planning.

6. The Agency carries out its mandate within a results-based framework ensuring effectiveness, accountability and transparency. This framework is supported by high quality financial reporting and management information. The comprehensive financial statements prepared under IPSAS are a key enabler to allow the Agency to deliver its mandate in an efficient manner.

7. During 2015, the Agency continued to focus on the effective implementation of programmatic activities and to improve the efficiency related to the processes supporting such implementation. Within this context, the following are some of the more significant items reflected in the Agency's financial statements.

(i) Revenue from contributions increased by €52.4 million to €561.6 million, driven by an increase in both assessed contributions and voluntary contributions (increase of €7.7 million and €47.2 million, respectively) offset by a €2.5 million reduction in other contributions. The sustained growth in overall contributions shows the continued relevance and importance of the Agency to its Member States and other donors. Voluntary contributions as a percentage of total revenue increased to 38.2%, as compared to 32.8% of the previous year. The increases in voluntary contributions revenue were driven by, among others, an increase in revenue from contributions towards certain Agency activities including the Agency's monitoring and verification activities in the Islamic Republic of Iran (Iran) in relation to the nuclear-related measures set out in the Joint Plan of Action (JPA) and preparatory activities related to the verification and monitoring of Iran's nuclear-related commitments under the Joint Comprehensive Plan of Action (JCPOA), the Renewal of Nuclear Applications Laboratory (ReNuAL) and the Nuclear Security Fund (NSF).

(ii) Receivables from assessed contributions decreased to €36.3 million (€55.3 million in 2014), in parallel with an increase in the collection rate of current year Regular Budget assessment to 94.4% (87.1% in 2014). The Agency has made significant efforts to collect the outstanding assessed contributions.

(iii) 2015 saw an overall increase in IPSAS based expense of €47.0 million (a 9.9% increase over 2014). This trend was primarily due to:

- Increased implementation activity during the year under the Regular Budget Fund due to approved increases in the Regular Budget and the availability and utilization of the unobligated Regular Budget funds carried over from 2014 and the Extrabudgetary Programme Fund;

- An increase in depreciation expense, mainly driven by the initial recognition of the Vienna International Center (VIC) as at 1 January 2015. The Agency had made use of the transitional provisions available under IPSAS 17 and therefore had not reflected the VIC as a capital asset until this date. The VIC related depreciation expense began in 2015 and amounts to €7.9 million. In addition amortization expense related to internally developed software increased by €3.0 million to €5.7 million in 2015;

- Increase in staff costs (€23.4 million) driven in large part by a higher volume of regular budget and extrabudgetary activities, the impact of the depreciation of the euro vs. the US dollar on staff entitlements denominated in US dollars and increases in actuarial determined expenses related to employee benefit liabilities, and

- Partially offset by a decrease in consultants and experts expenses (€3.1 million) notwithstanding the higher implementation of programmatic activities, which shows the ongoing effort of the Agency to strengthen efficiency and contain operating costs.

(iv) The Agency's After Service Health Insurance (ASHI) and other post-employment liabilities decreased from €234.8 million at 31 December 2014 to €225.9 million at 31 December 2015, primarily due to a higher discount rate utilized in the actuarial calculation of such liabilities. As these liabilities remain completely unfunded as of 31 December 2015, the Regular Budget and Working Capital Fund (RB and WCF) group remains in a negative net asset position.

Summary of Financial Performance

8. The Agency's overall net surplus for the year increased to €72.3 million in 2015 from €66.4 million in 2014. A summary of the Financial Performance by Fund for 2015 is shown in **Table 1**.

Table 1: Summary Financial Performance by Fund for the period ended 31 December 2015

(expressed in millions of euro)

	Regular Budget		Technical Cooperation		Extrabudgetary		Other		
	RB & WCF	MCIF	TCF	TC-EB	EBF	LEU Bank	Trust Funds and Special Funds	*Inter-fund Elimination*	Total IAEA
Total Revenue from all sources a/	352.6	8.3	65.9	11.5	133.9	0.2	0.0	*(7.6)*	564.8
Total expenses	369.8	5.5	60.8	17.0	72.9	2.6	0.5	*(7.6)*	521.5
Net gains/(losses) b/	6.6	(0.3)	3.0	3.4	5.1	11.2	0.0	-	29.0
Net surplus/(deficit) for the year	**(10.6)**	**2.5**	**8.1**	**(2.1)**	**66.1**	**8.8**	**(0.5)**	**-**	**72.3**

a/ Total revenue includes assessed, voluntary and other contributions; revenue from exchange transactions, and interest revenue

b/ Includes realized and unrealized foreign exchange gains/(losses) and gains/(losses) on sale or disposal of property, plant and equipment

9. The Regular Budget and Working Capital Fund (RB and WCF) experienced an IPSAS basis deficit for 2015 of €10.6 million. This deficit was driven largely by increases in depreciation and amortization expense, the impact of the fluctuation in the euro vs. US dollar exchange rate and expenses associated with the unobligated Regular Budget funds carried over from 2014 for which revenue was recognized in 2014.

10. The Extrabudgetary Fund (EBF) recorded a surplus of €66.1 million for 2015. The surplus was primarily due to the significant increase in revenue recognized in the EBF as well as the timing of revenue recognition and the full financial implementation of the related activities.

11. The surpluses realized in the Technical Cooperation and LEU Bank Funds were driven largely by foreign exchange gains experienced in 2015.

Revenue Analysis

12. As shown in **Table 2**, the increase of €52.3 million in the Agency's total revenue is mainly due to the increases in assessed and voluntary contributions of €7.7 million and €47.9 million, respectively.

Table 2: Comparative Revenue Analysis

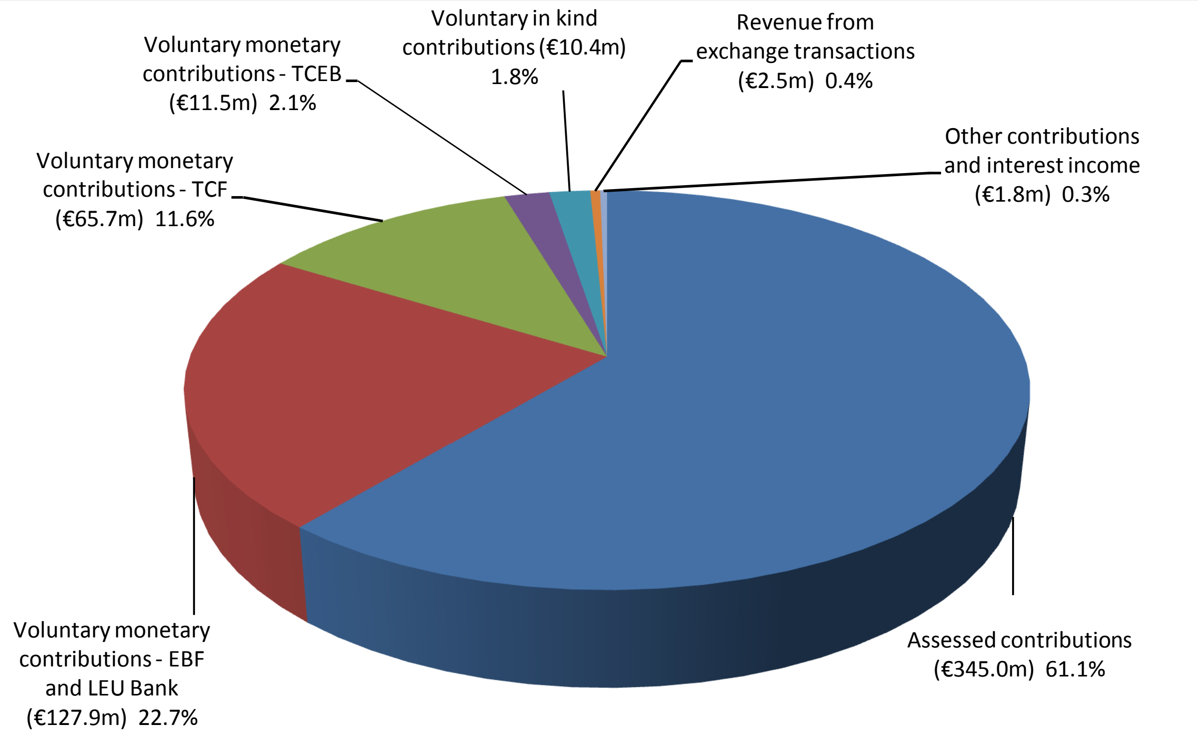
	(expressed in millions of euro)		
Revenue	**2015**	**2014 (restated)**	**Change**
Assessed contributions	345.0	337.3	7.7
Voluntary contributions	215.5	168.3	47.2
Other contributions	1.1	3.5	(2.4)
Revenue from exchange transactions	2.5	2.5	0.0
Interest revenue	0.7	0.9	(0.2)
Total revenue	**564.8**	**512.5**	**52.3**

13. In 2015 the majority of revenue was related to assessed contributions (€345.0 million) and voluntary contributions (€215.5 million). Voluntary contributions include €10.4 million of in-kind contributions, primarily pertaining to the free use of premises in Austria and Monaco. The 2015 voluntary contributions include €8.7 million for the in-kind contribution from the Government of Austria for the use of the VIC that is not included in the 2014 amounts.

14. The increase in extrabudgetary revenue is partially due to an increase in revenue from contributions towards certain Agency activities including the Agency's monitoring and verification activities in the Islamic Republic of Iran in relation to the nuclear-related measures set out in the Joint Plan of Action (JPA) and preparatory activities related to the verification and monitoring of Iran's nuclear-related commitments under the Joint Comprehensive Plan of Action (JCPOA), Renewal of Nuclear Applications Laboratory (ReNuAL) and the Nuclear Security Fund. In addition, increases in extrabudgetary revenue were also due to reclassification of deferred revenue upon fulfillment of conditions contained in certain agreements. Additionally, the significant change in exchange rates from 2014 to 2015, primarily in the exchange rate between the US dollar and the euro, resulted in increased revenue recognized during 2015 related to US dollar contributions.

15. Details of revenue by funding source are shown in **Figure 1**.

Figure 1: Revenue Sources for the period ended 31 December 2015



Expense Analysis

16. In 2015, total expenses were €521.5 million, an increase of €47.1 million (9.9%) compared to 2014.

17. **Table 3** shows that the increase in expenses compared to 2014 is mainly driven by increases in staff costs, depreciation and amortization and travel costs

Table 3: Comparative Expense Analysis

	(expressed in millions of euros)		
Expenses	**2015**	**2014 (restated)**	**Change**
Staff costs	280.1	256.6	23.5
Consultants, experts	15.9	19.1	(3.2)
Travel	58.7	50.4	8.3
Transfers to development counterparts	42.2	44.6	(2.4)
Vienna International Centre common services	20.7	20.9	(0.2)
Training	23.8	20.7	3.1
Depreciation and amortization	30.9	17.1	13.8
Other operating expenses	49.2	45.0	4.2
Total expenses	**521.5**	**474.4**	**47.1**

18. Staff costs include the accrued costs of post-employment and other long-term employee benefits which better accounts for the true cost of employing staff on an annual basis. Staff costs increased by €23.5 million driven by a higher volume of Regular Budget and extrabudgetary activities, the impact of the depreciation of the euro vs. the US dollar on staff entitlements denominated in US dollars and increases in actuarial determined expenses related to employee benefit liabilities. While these costs increased in absolute terms their percentage on the overall expenses slightly decreased compared to 2014 from 54.1% to 53.7%.

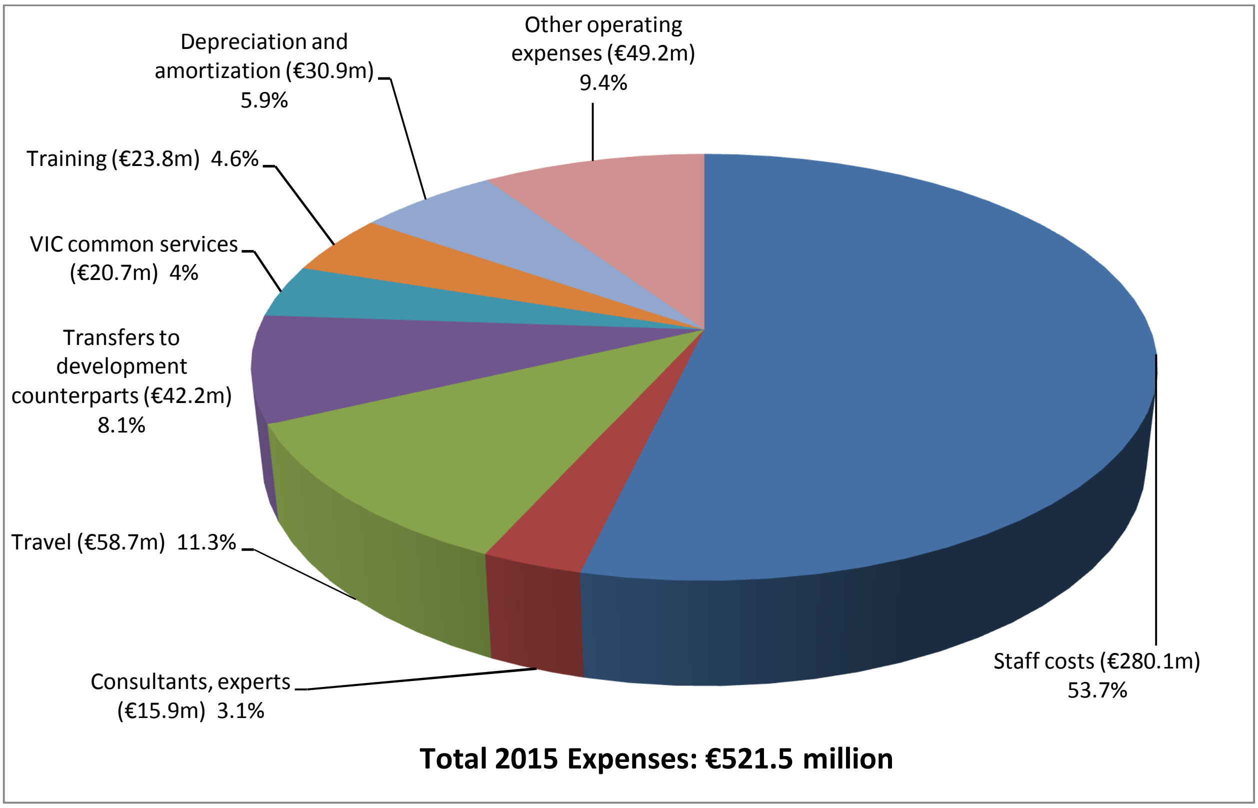
19. Depreciation and amortization expense increased by €13.8 million (80.7%) in 2015 due to depreciation associated with the Vienna International Centre and the overall increased amount of property, plant and equipment and intangible assets capitalized by the Agency.

20. Travel costs increased by €8.3 million (16.5%) due to higher programmatic activities during 2015 as compared to 2014. The increase was experienced primarily in connection with travel of non-staff mostly in relation to technical cooperation projects.

21. The breakdown of expenses by Fund shows that the expense increase was primarily experienced in the Regular Budget and Working Capital Fund (€33.3 million) and the Extrabudgetary Programme Fund (€9.0 million).

22. **Figure 2** shows the breakdown of 2015 expenses by nature.

Figure 2: Expense Analysis for the period ended 31 December 2015



Budgetary Performance

23. The Regular Budget of the Agency continues to be prepared on a modified cash basis, and is presented in the financial statements as Statement V, Statement of Comparison of Budget and Actual

Amounts. In order to facilitate a comparison between the budget and the financial statements that are prepared under IPSAS, reconciliation of the budget to the Cash Flow Statement is included in Note 37b to the financial statements.

24. The original operational portion of the Regular Budget appropriation for 2015 was approved for €348.2 million (€344.5 million in 2014) at an exchange rate of €1 = US$1. The final budget for the operational portion of the Regular Budget appropriation for 2015 was recalculated to €343.8 million at the UN average operational rate of exchange of €0.9016 to US$1. There were no changes between the original capital portion of the Regular Budget appropriation and the final budget for 2015. As shown in Note 37a to the financial statements, there were no movements of the Regular Budget appropriations between Major Programmes.

25. Total operational Regular Budget expenditures, measured on a modified cash basis, were €350.2 million. Of this amount, €343.4 million related to the 2015 operational Regular Budget, including reimbursable work for others and €6.8 million related to 2014 unobligated balances carried over to 2015. In 2014, these expenditures totaled €326.4 million for 2014.

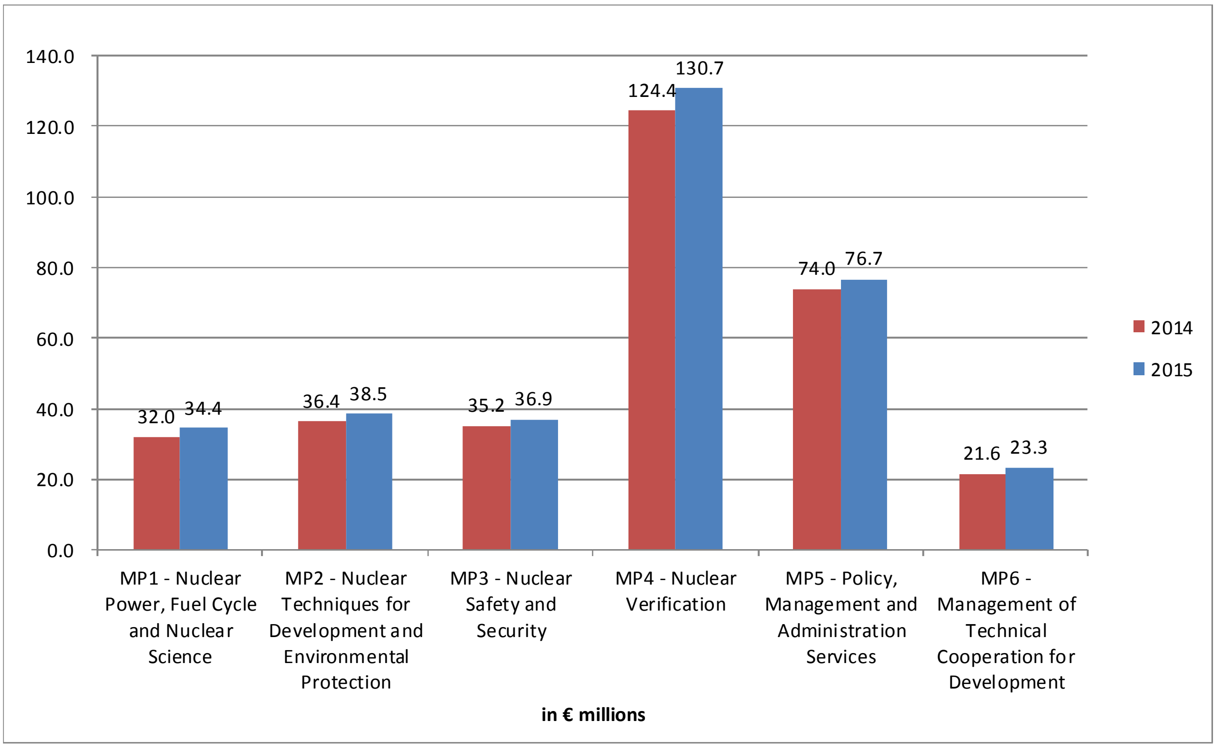
26. The overall utilization rate of the operational portion of the Regular Budget in 2015 was 99.9%, highlighting the high level of utilization of available resources. **Table 4** shows the budgetary utilization by Major Programmes (MP).

Table 4: Regular Budget operational portion - budgetary utilization rates for 2015

Major Programme	**Utilization Rate Operational Portion**
MP1 - Nuclear Power, Fuel Cycle and Nuclear Science	99.9%
MP2 - Nuclear Techniques for Development and Environmental Protection	100.0%
MP3 - Nuclear Safety and Security	100.0%
MP4 - Nuclear Verification	100.0%
MP5 - Policy, Management and Administration Services	99.6%
MP6 - Management of Technical Cooperation for Development	99.4%
Total Agency	**99.9%**

27. **Figure 3** shows a comparative analysis of 2014 and 2015 total expenditures by Major Programme on a budgetary basis; all Major Programmes experienced a slight increase in expenditure.

Figure 3 Comparative analysis of RB operational portion expenditures by Major Programme



28. For the capital portion of the Regular Budget, expenditures on the modified cash basis were €1.0 million out of a total €8.3 million in 2015.

Financial Position

29. A summary of the financial position of the Agency is presented in **Table 5**.

Table 5: Summary Financial Position as at 31 December 2015

	(expressed in millions of euro)		
	2015	**2014**	**Change**
Current assets	681.2	610.8	70.4
Non-current Assets	320.2	150.6	169.6
Total Assets	**1 001.4**	**761.4**	**240.0**
Current Liabilities	104.9	78.5	26.4
Non-current Liabilities	423.1	307.3	115.8
Total Liabilities	**528.0**	**385.8**	**142.2**
Net Assets/Equity	**473.4**	**375.6**	**97.8**

30. The overall financial position of the Agency continues to be quite healthy as of 31 December 2015. This financial health can be seen in the following key indicators:

(i) The overall net assets value, calculated as total assets less total liabilities, is €473.4 million;

(ii) The value of current assets is approximately six times the value of current liabilities. This signifies that the Agency has sufficient resources to cover its liabilities expected to come due in the upcoming 12 months.

31. As at 31 December 2015, the total cash, cash equivalents and investments balances represent 60.2% of the Agency's total assets. This signifies that the Agency's liquid assets are sufficient to meet the Agency's requirements.

32. The significant areas of change in the Agency's financial position in 2015 from 2014 are the following:

(i) Current assets increased by €70.4 million mainly due to the increase in the overall amount of cash, cash equivalents and investments, primarily in the Regular Budget, Working Capital Fund and Extrabudgetary fund groups;

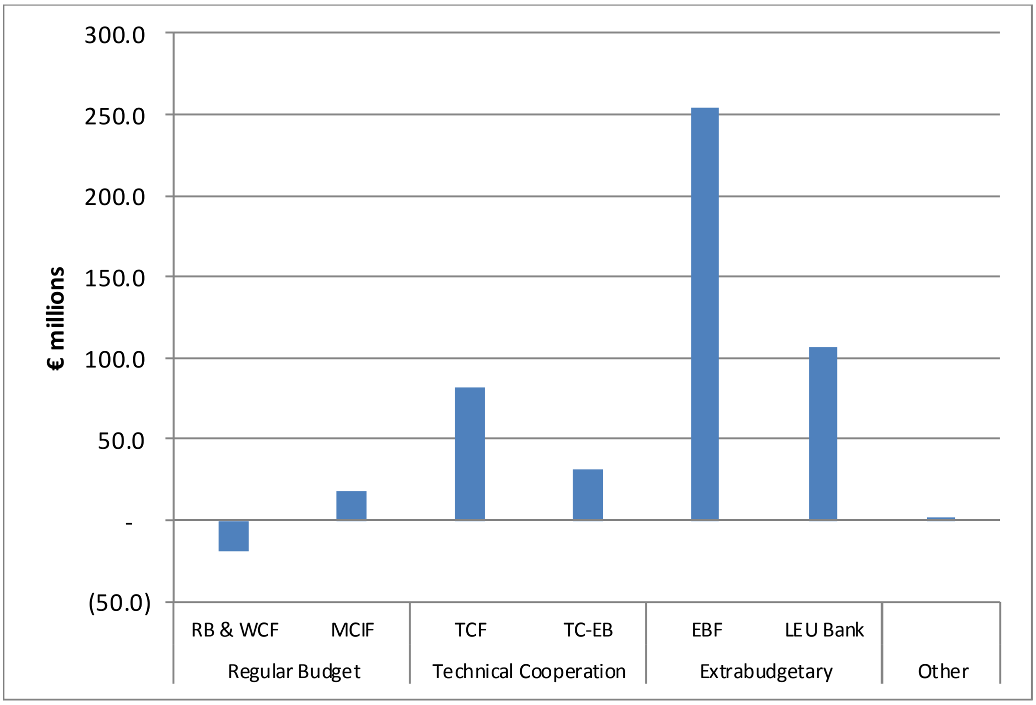
(ii) Non-current assets increased by €169.6 million including a €168.7 million increase in Property, Plant and Equipment (PP&E) and an €6.8 million increase in intangible assets. The increase in PP&E was primarily attributable to the initial recognition of the Agency's share of the VIC, while the increase in intangible assets primarily related to internal software development in the Department of Safeguards and the continued implementation of the Agency-wide Information System for Programme Support (AIPS); and

(iii) Total liabilities increased by €142.2 million mainly due to the initial recognition of the Agency's deferred revenue in respect of its use for a nominal value of the VIC (€153.3 million), offset by a reduction in employee benefit liabilities of €8.8 million due to changes in the actuarial valuation of long-term liabilities.

33. As highlighted in **Figure 4**, the Regular Budget Fund group has negative net assets. This means that the total liabilities of this Fund group exceed the total assets. The negative net asset position is driven primarily by the significant employee liabilities of €246.1 million, which remain totally unfunded at 31 December 2015. The main portion of these liabilities relates to ASHI and other post-employment benefits. The proper funding of these liabilities is a significant concern for the long term financial sustainability of the Agency that needs to be addressed.

34. The Technical Cooperation and Extrabudgetary Fund groups have positive net assets. This signifies the overall health of these fund groups as well as the fact that the activities of these fund groups will be implemented over a longer time horizon than the current financial year.

Figure 4: Net Assets/Equity by Fund as at 31 December 2015



35. A discussion of the significant components of the Agency's financial position is contained in the following sections.

Cash, Cash Equivalents and Investments

36. In 2015, the cash, cash equivalents and investments balances increased by €91.1 million (or 17.8%) to €602.4 million at 31 December 2015. A considerable component of this increase, was driven by:

(i) an improved collection of assessed contributions;

(ii) combined with additional contributions from donors, in particular from extrabudgetary sources; and

(iii) the revaluation of US dollar holdings at a stronger exchange rate on 31 December 2015 as compared to the exchange rate at the end of 2014.

37. Of the total cash, cash equivalent and investments, 72.4% pertained to Extrabudgetary fund group and the Technical Cooperation Extrabudgetary Fund and are therefore earmarked for specific activities.

38. As at the end of 2015 the weighted average period to maturity of financial instruments holdings remained stable compared to 2014 at less than three months. Interest rates in euros and US dollars continued to overall decline in 2015 impacting the return achieved on those instruments.

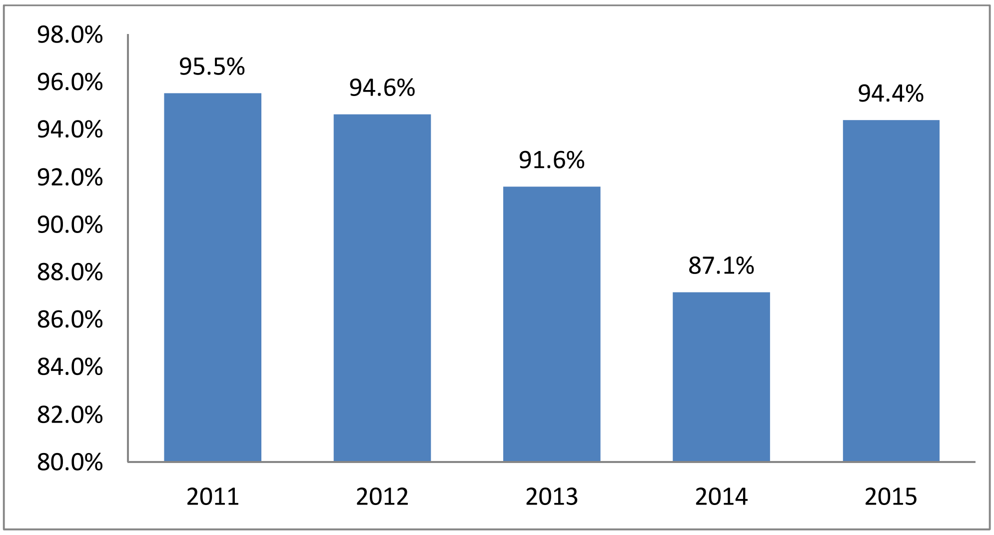
Accounts Receivables

39. Overall, the total net receivables from non-exchange transactions decreased by €21.9 million to €41.5 million at 31 December 2015. The main components of this balance are receivables from assessed contributions (€36.3 million) and from voluntary contributions (€4.9 million).

40. In 2015, after three consecutive years of increase in the absolute value of net contributions receivable, contributions receivable from non-exchange transactions decreased by 35%. This decrease concerned both receivables from assessed contributions (from €55.3 million at the end of 2014 to €36.3 million at the end of 2015), and voluntary contributions (from €7.0 million at the end of 2014 to €4.9 million at the end of 2015), and is linked to the significant improvements in terms of collection rate.

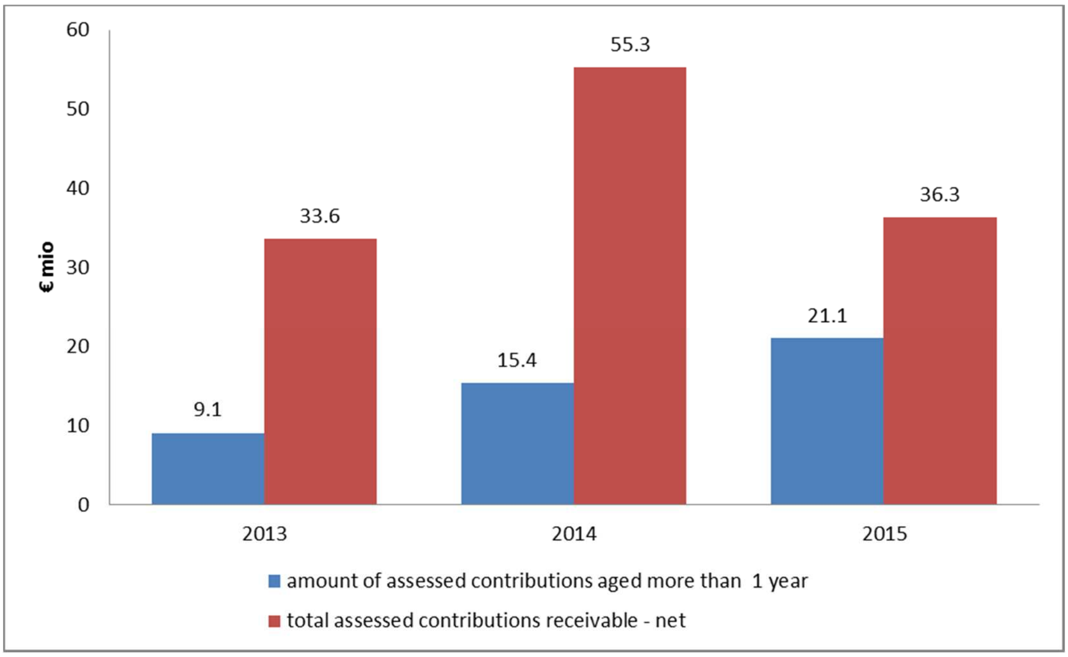
41. As shown in **Figure 5**, the rate of collection of the current year Regular Budget assessed contributions increased to 94.4% in 2015.

Figure 5: Annual Assessed Contributions Collection Rate at Year End



42. The ageing of contributions receivable has progressively increased. As shown in **Figure 6**, from 2013 to 2015 receivables aged more than one year have increased from €9.1 million to €21.1 million, representing an increase from 27.1% to 58.1% of total receivables. This indicates that contributions in arrears from the Agency's Member States continue to accumulate.

Figure 6: Comparative analysis of assessed contributions receivable ageing



Property, Plant and Equipment (PP&E)

43. As shown in **Table 6**, the net carrying amount of PPE at 31 December 2015 was €268.0 million.

Table 6: Comparative PP&E Analysis

	(expressed in millions of euros)		
Property, plant and equipment	**2015**	**2014**	**Change**
Buildings and Leasehold Improvements	218.8	56.6	162.2
Communications & IT Equipment	8.9	10.3	(1.4)
Inspection Equipment	14.3	10.9	3.4
Laboratory Equipment	17.3	11.2	6.1
Assets under Construction	6.6	7.9	(1.3)
Other equipment, furniture, fixture and vehicles	2.1	2.4	(0.3)
Total Property, plant and equipment	**268.0**	**99.3**	**168.7**

44. The principal driver for the increase in the PP&E value is the recognition in 2015 of the buildings at the Vienna International Centre. These premises are leased for a nominal rent from the Government of Austria and are shared by other UN organizations. In prior years, the Agency utilized transitional provisions available under IPSAS 17 for these buildings. The Agency recognized these facilities in the financial statements as at 1 January 2015.

Risk Management

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

Summary

46. The financial statements presented here show the Agency's strong overall health. The financial statements show strong Regular Budget utilization, continued growth in revenue from voluntary contributions and the Agency's commitment to financial responsibility. The financial statements also show that additional focus on the funding of the Agency's employee benefit liabilities is required. The Agency had an intense and challenging year 2015.

(signed) Yukiya Amano
Director General

STATEMENT OF THE DIRECTOR GENERAL'S RESPONSIBILITIES AND CONFIRMATION OF THE FINANCIAL STATEMENTS WITH THE FINANCIAL REGULATIONS OF THE INTERNATIONAL ATOMIC ENERGY AGENCY AS AT 31 DECEMBER 2015

The Director General's responsibilities

The Director General is required by the Financial Regulations to maintain such accounting records as are necessary in accordance with the accounting standards generally in use throughout the United Nations system and to prepare annual financial statements. He is also required to give such other financial information as the Board may require or as he may deem necessary or useful.

In line with the Financial Regulations, the Agency has adopted the International Public Sector Accounting Standards (IPSAS) effective January 2011.

To lay the foundations for the financial statements, the Director General is responsible for establishing detailed financial rules and procedures to ensure effective financial administration, the exercise of economy, and the effective custody of the Agency's assets. The Director General is also required to maintain an internal financial control which shall provide an effective examination of financial transactions to ensure: the regularity of the receipt, custody and disposal of all funds and other financial resources of the Agency; and the conformity of expenditures with the appropriations approved by the General Conference, the decisions of the Board on the use of funds for the Technical Cooperation Programme or other authority governing expenditures from extrabudgetary resources; and the economic use of the resources of the Agency.

Confirmation of the Financial Statements with the Financial Regulations

We hereby confirm that the following appended financial statements, comprising Statements I to VIIb, and supporting Notes, were properly prepared in accordance with Article XI of the Financial Regulations, with due regard to the International Public Sector Accounting Standards.

(signed) YUKIYA AMANO Director General	(signed) TRISTAN BAUSWEIN Director, Division of Budget and Finance

18 March 2016

PART I

Letter from the External Auditor to the Chairperson of the Board of Governors

The Chairperson of the Board of Governors
International Atomic Energy Agency
A-1400 VIENNA
Austria

23 March 2016

Sir,

I have the honour to transmit the financial statements of the International Atomic Energy Agency for the year ended 31 December 2015 which were submitted to me by the Director General in accordance with Financial Regulation 11.03(a). I have audited these statements and have expressed my opinion thereon.

Further, in accordance with Financial Regulation 12.08, I have the honour to present my report on the Financial Statements of the Agency for the year ended 31 December 2015.

Please accept the assurances of my highest consideration.

(signed) Shashi Kant Sharma
Comptroller and Auditor General of India,
External Auditor

AUDIT OPINION

CERTIFICATE OF THE EXTERNAL AUDITOR ON THE FINANCIAL STATEMENTS OF THE INTERNATIONAL ATOMIC ENERGY AGENCY FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2015

To the General Conference of the International Atomic Energy Agency

Report on the Financial Statements

We have audited the accompanying financial statements of the International Atomic Energy Agency (IAEA), which comprise the statement of financial position at 31 December 2015, and the statement of financial performance, statement of changes in equity, statement of cash flow, statement of comparison of budget and actual amounts, statements of segment reporting by major programme/fund for the year ended 31 December 2015 and notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the International Public Sector Accounting Standards (IPSAS). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the International Atomic Energy Agency as at 31 December 2015, and its financial performance and of its cash flows for the year ended 31 December 2015 in accordance with IPSAS.

Report on Other Legal and Regulatory Requirements

Further, in our opinion, the transactions of the International Atomic Energy Agency that have come to our notice or which we have tested as part of our audit have, in all significant respects, been in accordance with the IAEA Financial Regulations.

In accordance with the Article XII of the Financial Regulations, we have also issued a long-form Report on our audit of the International Atomic Energy Agency.

(signed) Shashi Kant Sharma
Comptroller and Auditor General of India
External Auditor

New Delhi, 23 March 2016

PART II

Financial Statements

Text of a Letter dated 18 March 2016 from the Director General to the External Auditor

Sir,

Pursuant to Financial Regulation 11.03(a), I have the honour to submit the financial statements of the International Atomic Energy Agency for the year ended 31 December 2015, which I hereby approve. The financial statements have been prepared and signed by the Director, Division of Budget and Finance, Department of Management.

Accept, Sir, the assurances of my highest consideration.

(signed) Yukiya Amano
Director General

STATEMENT I: STATEMENT OF FINANCIAL POSITION
As at 31 December 2015
(expressed in euro'000s)

	Note	31-12-2015	31-12-2014 (restated)
Assets			
Current assets			
Cash and cash equivalents	4	201 929	115 219
Investments	5	400 498	396 073
Accounts receivable from non-exchange transactions	6, 7	41 398	63 199
Accounts receivable from exchange transactions	8	7 982	6 778
Advances and prepayments	9	23 277	23 595
Inventory	10	6 111	5 909
Total current assets		**681 195**	**610 773**
Non-current assets			
Accounts receivable from non-exchange transactions	6, 7	113	254
Advances and prepayments	9	8 143	13 843
Investment in common services entities	11	809	809
Property, plant & equipment	12	268 041	99 323
Intangible assets	13	43 116	36 350
Total non-current assets		**320 222**	**150 579**
Total assets		**1 001 417**	**761 352**
Liabilities			
Current liabilities			
Accounts payable	14	17 417	12 282
Deferred revenue	15	75 205	54 133
Employee benefit liabilities	16, 17	11 834	11 664
Other financial liabilities	18	409	369
Provisions	19	65	44
Total current liabilities		**104 930**	**78 492**
Non-current liabilities			
Deferred revenue	15	183 552	58 785
Employee benefit liabilities	16, 17	237 699	246 655
Other financial liabilities	18	304	304
Provisions	19	1 520	1 520
Total non-current liabilities		**423 075**	**307 264**
Total liabilities		**528 005**	**385 756**
Net assets		**473 412**	**375 596**
Equity			
Fund balances	20, 21	426 660	344 403
Reserves	22	46 752	31 193
Total equity		**473 412**	**375 596**

The accompanying Notes are an integral part of these Statements.

(signed) TRISTAN BAUSWEIN
Director, Division of Budget and Finance

STATEMENT II: STATEMENT OF FINANCIAL PERFORMANCE
For the year ended 31 December 2015
(expressed in euro'000s)

	Note	2015	2014 (restated)
Revenue			
Assessed contributions	23	345 030	337 293
Voluntary contributions	24	215 473	168 285
Other contributions	25	1 058	3 541
Revenue from exchange transactions	26	2 500	2 518
Interest revenue	27	703	889
Total revenue		**564 764**	**512 526**
Expenses			
Staff costs	28	280 037	256 611
Consultants, experts		15 940	19 079
Travel	29	58 732	50 448
Transfers to development counterparts	30	42 179	44 572
Vienna International Centre common services	31	20 709	20 922
Training	32	23 771	20 683
Depreciation and amortization	12, 13	30 901	17 162
Other operating expenses	33	49 208	44 953
Total expenses		**521 477**	**474 430**
Net gains/ (losses)	34	29 022	28 350
Net surplus/(deficit)		**72 309**	**66 446**
Expense analysis by Major Programme			
Nuclear Power, Fuel Cycle and Nuclear Science	36	55 750	49 468
Nuclear Techniques for Development and Environmental Protection	36	87 816	87 400
Nuclear Safety and Security	36	98 683	88 804
Nuclear Verification	36	158 502	139 372
Policy, Management and Administration a/	36	128 233	114 231
Shared Services and expenses not directly charged to major programmes	36	96	1 471
Eliminations	36	(7 603)	(6 316)
Total expenses by Major Programme		**521 477**	**474 430**

a/ Includes project management and technical assistance for the Technical Cooperation Programme.

The accompanying Notes are an integral part of these Statements.

(signed) TRISTAN BAUSWEIN
Director, Division of Budget and Finance

STATEMENT III: STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2015
(expressed in euro'000s)

	31-12-2015	31-12-2014 (restated)
Equity at the beginning of the year	375 596	372 853
Opening balance adjustments	7 394	-
Adjusted equity at the beginning of the year	**382 990**	**372 853**
Actuarial gains/(losses) on employee benefit liabilities	19 297	(60 662)
Refunds of prior year voluntary contributions recognized directly in equity	(1 257)	(2 837)
Prior year adjustments	81	(192)
Net revenue recognized directly in equity	18 121	(63 691)
Net surplus/(deficit) for the year	72 309	66 446
Receipts of Working Capital Fund from new Member States	(5)	(1)
Credits to Member States	(3)	(11)
Equity at the end of the year	**473 412**	**375 596**

The accompanying Notes are an integral part of these Statements.

(signed) TRISTAN BAUSWEIN
Director, Division of Budget and Finance

STATEMENT IV: STATEMENT OF CASH FLOW
For the year ended 31 December 2015
(expressed in euro'000s)

	31-12-2015	**31-12-2014 (restated)**
Cash flows from operating activities		
Net surplus/(deficit)	72 309	66 446
Refund of prior year voluntary contributions recognized in equity	(1 257)	(2 837)
Prior year adjustments	81	(99)
Depreciation and amortization	30 901	17 162
Discount amortization	(108)	(86)
Less amortization of deferred revenue on VIC depreciation	(7 871)	-
Impairment	238	272
Actuarial gains/(losses) on employee benefit liabilities	19 297	(60 662)
Increase/(decrease) in doubtful debts allowance	433	724
(Gains)/losses on disposal of PPE and Intangibles	(55)	(27)
Donated PPE and Inventory	-	(14)
Unrealized foreign-exchange (gains)/losses on cash, cash equivalents and investments	(24 811)	(26 527)
(Increase)/decrease in receivables	20 487	(16 592)
(Increase)/decrease in inventories	(175)	1 159
(Increase)/decrease in prepayments	6 018	3 312
Increase/(decrease) in deferred revenue	(6 532)	3 980
Increase/(decrease) in accounts payable	4 800	1 499
Increase/(decrease) in employee benefit liabilities	(8 786)	70 456
Increase/(decrease) in other liabilities and provisions	61	(23)
Net cash flows from operating activities	**105 030**	**58 143**
Cash flows from investing activities		
Purchase or construction of PPE and intangibles	(44 197)	(39 581)
Sale of PPE and intangibles	12	37
Investments	15 459	352
Net cash flows from investing activities	**(28 726)**	**(39 192)**
Cash flows from financing activities		
Increase/(decrease) in Working Capital Fund from new Member States	(5)	(1)
Credits to Member States	(3)	(11)
Net cash flows from financing activities	**(8)**	**(12)**
Net increase/(decrease) in cash and cash equivalents	76 296	18 939
Cash and cash equivalents at beginning of the period	115 219	91 321
Adjustment to opening balance of cash (1st time recognition MRRF)	5 378	-
Unrealized foreign-exchange gains/(losses) on cash and cash equivalents	5 036	4 959
Cash and cash equivalents and bank overdrafts at the end of the period	**201 929**	**115 219**

The accompanying Notes are an integral part of these Statements.

(signed) TRISTAN BAUSWEIN
Director, Division of Budget and Finance

STATEMENT Va: STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
(REGULAR BUDGET FUND OPERATIONAL PORTION) a/

For the year ended 31 December 2015

(expressed in euro'000s)

	RB current year				RB Carryover		
	Approved Budget	**Final Budget**	**Actuals (Expenditure)**	**Variance**	**RB Carry Over**	**Actuals (expenditure)**	**Variance**
MP1-Nuclear Power, Fuel Cycle and Nuclear Science	34 862	34 423	34 397	26	1 427	1 427	-
MP2-Nuclear Techniques for Development and Environmental Protection	38 889	38 475	38 471	4	1 085	1 085	-
MP3-Nuclear Safety and Security	37 556	36 962	36 948	14	443	436	7
MP4-Nuclear Verification	132 540	130 673	130 661	12	2 003	2 004	(1)
MP5-Policy, Management and Administration Services	77 687	76 981	76 661	320	1 147	908	239
MP6-Management of Technical Cooperation for Development	23 797	23 446	23 311	135	1 050	924	126
Total Agency programmes	**345 331**	**340 960**	**340 449**	**511**	**7 155**	**6 784**	**371**
Reimbursable work for others	2 846	2 846	2 931	(85)			
Total Regular Budget fund operational portion	**348 177**	**343 806**	**343 380**	**426**	**7 155**	**6 784**	**371**

a/ The accounting basis and the budget basis are different. This statement of Comparison of Budget and Actual amounts is prepared on the modified cash basis (further information is provided in Note 37).

The accompanying Notes are an integral part of these Statements.

(signed) TRISTAN BAUSWEIN
Director, Division of Budget and Finance

STATEMENT Vb: STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS (REGULAR BUDGET FUND CAPITAL PORTION) a/

For the year ended 31 December 2015
(expressed in euro'000s)

	Approved Budget	Final Budget	Actuals (Expenditure)	Variance b/
MP2-Nuclear Techniques for Development and Environmental Protection	2 700	2 700	-	2 700
MP4-Nuclear Verification	2 284	2 284	5	2 279
MP5-Policy, Management and Administration	3 322	3 322	971	2 351
Total Regular Budget capital portion	**8 306**	**8 306**	**976**	**7 330**

a/ The accounting basis and the budget basis are different. This statement of Comparison of Budget and Actual amounts is prepared on the modified cash basis (Note 37).

b/ Refer to Note 37c for a discussion of the variance between final budget and actuals.

The accompanying Notes are an integral part of these Statements.

(signed) TRISTAN BAUSWEIN
Director, Division of Budget and Finance

STATEMENT VI: STATEMENT OF SEGMENT REPORTING BY MAJOR PROGRAMME

For the year ended 31 December 2015

(expressed in euro'000s)

	Nuclear Power, Fuel Cycle and Nuclear Science	Nuclear Techniques for Development and Environmental Protection	Nuclear Safety and Security	Nuclear Verification	Policy, Management and Administration Services a/	Expenses not Directly Charged to Major Programmes b/	Eliminations c/	Total
Expense								
Staff costs	26 741	26 586	42 949	106 933	76 531	297	-	280 037
Consultants, experts	3 439	3 244	5 998	982	2 261	16	-	15 940
Travel	11 468	13 281	21 348	8 941	3 686	8	-	58 732
Transfers to development counterparts	5 844	25 222	10 420	-	693	-	-	42 179
VIC Common services	5	18	325	409	20 916	(964)	-	20 709
Training	2 636	9 842	7 869	1 372	2 052	-	-	23 771
Depreciation and amortisation	1 163	1 708	2 041	17 772	8 217	-	-	30 901
Other operating expenses	4 454	7 915	7 733	22 093	13 877	739	(7 603)	49 208
Total expense	**55 750**	**87 816**	**98 683**	**158 502**	**128 233**	**96**	**(7 603)**	**521 477**
Assets								
Property, plant, equipment and intangibles	**14 812**	**18 502**	**23 380**	**164 483**	**89 980**	**-**	**-**	**311 157**
Asset additions								
Property, plant, equipment and intangibles	**1 270**	**3 759**	**1 341**	**31 891**	**6 012**	**-**		**44 273**

a/ Includes project management and technical assistance for the Technical Cooperation Programme.

b/ Expenses not directly charged to Major Programmes primarily include expenses tracked centrally mainly pertaining to un-allocated shared services, reimbursable work for others, doubtful debt expenses.

c/ Major Programme expenses are shown inclusive of allocated shared services costs and programme support costs. Eliminations column includes elimination of programme support costs and other transactions occurring between Major Programmes to reconcile to total expenses in the Statement of Financial Performance.

The accompanying Notes are an integral part of these Statements.

(signed) TRISTAN BAUSWEIN
Director, Division of Budget and Finance

COMPARATIVE STATEMENT VI: STATEMENT OF SEGMENT REPORTING BY MAJOR PROGRAMME

For the year ended 31 December 2014 (restated)

(expressed in euro'000s)

	Nuclear Power, Fuel Cycle and Nuclear Science	Nuclear Techniques for Development and Environmental Protection	Nuclear Safety and Security	Nuclear Verification	Policy, Management and Administration Services a/	Expenses not Directly Charged to Major Programmes b/	Eliminations c/	Total
Expense								
Staff costs	25 180	24 870	37 763	96 626	72 050	122	-	256 611
Consultants, experts	4 019	3 886	7 658	1 109	2 395	12	-	19 079
Travel	8 993	11 986	17 939	8 044	3 479	7	-	50 448
Transfers to development counterparts	5 593	28 848	9 586	-	545	-	-	44 572
VIC Common services	23	5	319	389	20 186	-	-	20 922
Training	1 764	8 544	7 130	1 652	1 593	-	-	20 683
Depreciation and amortisation	417	907	776	10 396	4 666	-	-	17 162
Other operating expenses	3 479	8 354	7 633	21 156	9 317	1 330	(6 316)	44 953
Total expense	**49 468**	**87 400**	**88 804**	**139 372**	**114 231**	**1 471**	**(6 316)**	**474 430**
Assets								
Property, plant, equipment and intangibles	**1 611**	**4 261**	**2 879**	**97 240**	**29 682**	**-**	**-**	**135 673**
Asset additions								
Property, plant, equipment and intangibles	**650**	**2 179**	**1 328**	**27 844**	**8 468**	**-**	**-**	**40 469**

a/ Includes project management and technical assistance for the Technical Cooperation Programme.

b/ Expenses not directly charged to Major Programmes primarily include expenses tracked centrally mainly pertaining to un-allocated shared services, reimbursable work for others, doubtful debt expenses.

c/ Major Programme expenses are shown inclusive of allocated shared services costs and programme support costs. Eliminations column includes elimination of programme support costs and other transactions occurring between Major Programmes to reconcile to total expenses in the Statement of Financial Performance.

The accompanying Notes are an integral part of these Statements.

(signed) TRISTAN BAUSWEIN

Director, Division of Budget and Finance

STATEMENT VIIa: STATEMENT OF SEGMENT REPORTING BY FUND - FINANCIAL POSITION

As at 31 December 2015

(expressed in euro'000s)

	Regular Budget		Technical Cooperation		Extrabudgetary		Other	
	Regular Budget Fund and Working Capital Fund	**Major Capital Investment Fund**	**Technical Cooperation Fund**	**Technical Cooperation Extrabudgetary Fund**	**Extrabudgetary Programme Fund**	**Low Enriched Uranium Bank**	**Trust Funds and Special Funds**	**Total**
Assets								
Cash and cash equivalents	61 701	17 441	36 528	27 680	48 964	8 153	1 462	201 929
Investments	-	-	49 194	9 140	223 453	118 711	-	400 498
Accounts receivable	43 376	533	579	1 549	3 329	127	-	49 493
Advances and prepayments	28 501	29	1 102	1 616	172	-	-	31 420
Inventory	410	-	4 543	494	655	-	9	6 111
Property, plant & equipment	250 048	-	4	-	17 778	13	198	268 041
Intangible assets	42 178	-	9	82	791	-	56	43 116
Investment in common service entities	809	-	-	-	-	-	-	809
Total assets	**427 023**	**18 003**	**91 959**	**40 561**	**295 142**	**127 004**	**1 725**	**1 001 417**
Liabilities								
Accounts payable	11 802	280	2 633	1 042	1 641	18	1	17 417
Deferred revenue	188 374	-	7 491	8 227	34 665	20 000	-	258 757
Employee benefit liabilities	246 066	333	-	2	3 127	5	-	249 533
Other financial liabilities	44	-	-	305	364	-	-	713
Provisions	65	-	-	-	1 520	-	-	1 585
Total liabilities	**446 351**	**613**	**10 124**	**9 576**	**41 317**	**20 023**	**1**	**528 005**
Net assets	**(19 328)**	**17 390**	**81 835**	**30 985**	**253 825**	**106 981**	**1 724**	**473 412**
Equity								
Fund balances	(14 028)	15 757	56 556	22 431	237 433	106 808	1 703	426 660
Reserves	(5 300)	1 633	25 279	8 554	16 392	173	21	46 752
Total equity	**(19 328)**	**17 390**	**81 835**	**30 985**	**253 825**	**106 981**	**1 724**	**473 412**

The accompanying Notes are an integral part of these Statements.

(signed) TRISTAN BAUSWEIN
Director, Division of Budget and Finance

COMPARATIVE STATEMENT VIIa: STATEMENT OF SEGMENT REPORTING BY FUND - FINANCIAL POSITION

As at 31 December 2014 (restated)

(expressed in euro'000s)

	Regular Budget		Technical Cooperation		Extrabudgetary		Other	
	Regular Budget Fund and Working Capital Fund	**Major Capital Investment Fund**	**Technical Cooperation Fund**	**Technical Cooperation Extrabudgetary Fund**	**Extrabudgetary Programme Fund**	**Low Enriched Uranium Bank**	**Trust Funds and Special Funds**	**Total (Restated)**
Assets								
Cash and cash equivalents	33 043	18 356	7 696	21 936	22 839	9 666	1 683	115 219
Investments	-	-	67 499	16 150	203 864	108 560	-	396 073
Accounts receivable	61 438	888	904	2 985	3 928	88	-	70 231
Advances and prepayments	33 677	25	1 342	2 124	268	2	-	37 438
Inventory	408	-	3 767	455	1 276	-	3	5 909
Property, plant & equipment	84 388	-	6	-	14 451	12	466	99 323
Intangible assets	35 335	-	14	-	903	-	98	36 350
Investment in common service entities	809	-	-	-	-	-	-	809
Total assets	**249 098**	**19 269**	**81 228**	**43 650**	**247 529**	**118 328**	**2 250**	**761 352**
Liabilities								
Accounts payable	7 237	276	2 364	420	1 976	1	8	12 282
Deferred revenue	33 788	-	5 115	9 845	44 170	20 000	-	112 918
Employee benefit liabilities	254 663	269	-	111	3 154	122	-	258 319
Other financial liabilities	309	-	-	-	364	-	-	673
Provisions	44	-	-	-	1 520	-	-	1 564
Total liabilities	**296 041**	**545**	**7 479**	**10 376**	**51 184**	**20 123**	**8**	**385 756**
Net assets	**(46 943)**	**18 724**	**73 749**	**33 274**	**196 345**	**98 205**	**2 242**	**375 596**
Equity								
Fund balances	(27 842)	13 745	50 429	24 329	183 477	98 118	2 147	344 403
Reserves	(19 101)	4 979	23 320	8 945	12 868	87	95	31 193
Total equity	**(46 943)**	**18 724**	**73 749**	**33 274**	**196 345**	**98 205**	**2 242**	**375 596**

The accompanying Notes are an integral part of these Statements.

(signed) TRISTAN BAUSWEIN
Director, Division of Budget and Finance

STATEMENT VIIb: STATEMENT OF SEGMENT REPORTING BY FUND - FINANCIAL PERFORMANCE

For the year ended 31 December 2015

(expressed in euro'000s)

	Regular Budget		Technical Cooperation		Extrabudgetary		Other		
	Regular Budget Fund and Working Capital Fund	**Major Capital Investment Fund**	**Technical Cooperation Fund**	**Technical Cooperation Extrabudgetary Fund**	**Extrabudgetary Programme Fund**	**Low Enriched Uranium Bank**	**Trust Funds and Special Funds**	**Elimination a/**	**Total**
Revenue									
Assessed contributions	336 724	8 306	-	-	-	-	-	-	345 030
Voluntary monetary contributions	-	-	65 672	11 485	127 945	-	-	-	205 102
Voluntary in-kind contributions	10 371	-	-	-	-	-	-	-	10 371
Other contributions	1 003	-	55	-	-	-	-	-	1 058
Revenue from exchange transactions	2 423	-	68	-	7	-	2	-	2 500
Interest revenue	177	-	81	35	194	216	-	-	703
Internal revenue including programme support costs	1 882	-	-	(1)	5 722	-	-	(7 603)	-
Total revenue	**352 580**	**8 306**	**65 876**	**11 519**	**133 868**	**216**	**2**	**(7 603)**	**564 764**
Expenses									
Staff costs	246 176	2 280	2	517	30 270	792	-	-	280 037
Consultants, experts	7 709	267	3 443	1 084	3 295	142	-	-	15 940
Travel	20 303	12	20 324	5 191	12 410	492	-	-	58 732
Transfers to development counterparts	6 556	-	23 075	4 925	7 434	-	189	-	42 179
VIC Common services	20 446	-	-	-	263	-	-	-	20 709
Training	2 731	33	12 586	3 282	5 137	2	-	-	23 771
Depreciation and amortisation	27 188	-	7	18	3 372	5	311	-	30 901
Other operating expenses	38 712	2 859	1 309	1 999	10 664	1 248	20	(7 603)	49 208
Total expenses	**369 821**	**5 451**	**60 746**	**17 016**	**72 845**	**2 681**	**520**	**(7 603)**	**521 477**
Net gains/(losses) b/	6 614	(341)	2 955	3 450	5 103	11 242	(1)	-	29 022
Net surplus/(deficit)	**(10 627)**	**2 514**	**8 085**	**(2 047)**	**66 126**	**8 777**	**(519)**	**-**	**72 309**

a/ Fund expenses are shown inclusive of programme support costs and transactions occurring between funds. This column includes elimination of programme support costs and other transactions occurring between funds to reconcile to total expenses in the Statement of Financial Performance.

b/ Includes realized and unrealized foreign exchange gains/(losses) and gains/(losses) on sale or disposal of property, plant and equipment

The accompanying Notes are an integral part of these Statements.

(signed) TRISTAN BAUSWEIN

Director, Division of Budget and Finance

COMPARATIVE STATEMENT VIIb: STATEMENT OF SEGMENT REPORTING BY FUND - FINANCIAL PERFORMANCE

For the year ended 31 December 2014 (restated)

(expressed in euro'000s)

	Regular Budget		Technical Cooperation		Extrabudgetary		Other		
	Regular Budget Fund and Working Capital Fund	**Major Capital Investment Fund**	**Technical Cooperation Fund**	**Technical Cooperation Extrabudgetary Fund**	**Extrabudgetary Programme Fund**	**Low Enriched Uranium Bank**	**Trust Funds and Special Funds**	**Elimination a/**	**Total (Restated)**
Revenue									
Assessed contributions	329 069	8 224	-	-	-	-	-	-	337 293
Voluntary monetary contributions	(928)	-	62 158	16 957	87 400	311	-	-	165 898
Voluntary in-kind contributions	2 387	-	-	-	-	-	-	-	2 387
Other contributions	1 024	-	2 517	-	-	-	-	-	3 541
Revenue from exchange transactions	2 518	-	-	-	-	-	-	-	2 518
Interest revenue	233	-	161	18	289	188	-	-	889
Internal revenue including programme support costs	1 209	-	-	(1)	4 979	-	129	(6 316)	-
Total revenue	**335 512**	**8 224**	**64 836**	**16 974**	**92 668**	**499**	**129**	**(6 316)**	**512 526**
Expenses									
Staff costs	227 566	492	5	420	27 189	939	-	-	256 611
Consultants, experts	8 211	189	5 516	1 356	3 645	154	8	-	19 079
Travel	17 550	16	16 817	4 054	11 681	330	-	-	50 448
Transfers to development counterparts	7 306	-	26 023	5 882	5 035	-	326	-	44 572
VIC Common services	20 793	5	1	-	119	-	4	-	20 922
Training	2 804	129	10 881	2 282	4 586	1	-	-	20 683
Depreciation and amortisation	14 532	-	7	-	2 290	2	331	-	17 162
Other operating expenses	37 711	1 063	1 375	1 535	9 301	253	31	(6 316)	44 953
Total expenses	**336 473**	**1 894**	**60 625**	**15 529**	**63 846**	**1 679**	**700**	**(6 316)**	**474 430**
Net gains/(losses) b/	3 269	(328)	4 097	2 498	7 394	11 421	(1)	-	28 350
Net surplus/(deficit)	**2 308**	**6 002**	**8 308**	**3 943**	**36 216**	**10 241**	**(572)**	**-**	**66 446**

a/ Fund expenses are shown inclusive of programme support costs and transactions occurring between funds. This column includes elimination of programme support costs and other transactions occurring between funds to reconcile to total expenses in the Statement of Financial Performance.

b/ Includes realized and unrealized foreign exchange gains/(losses) and gains/(losses) on sale or disposal of property, plant and equipment

The accompanying Notes are an integral part of these Statements.

(signed) TRISTAN BAUSWEIN

Director, Division of Budget and Finance

PART III

Notes to the Financial Statements

NOTE 1: Reporting entity

1. The International Atomic Energy Agency (IAEA or the Agency) is a not-for-profit autonomous intergovernmental organization founded in 1957 in accordance with its Statute. The Agency is a part of the United Nations Common System and the relationship with the United Nations is regulated by the 'Agreement Governing the Relationship between the United Nations and the International Atomic Energy Agency' which came into force on 14 November 1957.

2. The Agency's statutory objective is to seek to accelerate and enlarge the contribution of atomic energy to peace, health and prosperity throughout the world and to ensure, so far as it is able, that assistance provided by it or at its request or under its supervision or control is not used in such a way as to further any military purpose. To fulfil this statutory objective, the Medium Term Strategy for 2012-2017 sets out the following six strategic objectives:

- Facilitating access to nuclear power;
- Strengthening promotion of nuclear science, technology and applications;
- Improving nuclear safety and security;
- Providing effective technical cooperation;
- Strengthening the effectiveness and improving the efficiency of the Agency's safeguards and other verification activities; and
- Providing efficient, innovative management and strategic planning.

3. The statements and related notes on segment reporting by Major Programme and by fund provide further detail on how these core activities are managed and financed.

NOTE 2: Basis of preparation

4. These financial statements have been prepared on the accrual basis of accounting in accordance with the requirements of the International Public Sector Accounting Standards (IPSAS). Where IPSAS is silent concerning any specific matter, the appropriate International Financial Reporting Standard (IFRS) or International Accounting Standard (IAS) is applied.

Accounting convention

5. The financial statements have been prepared using the historical cost convention.

Changes in presentation due to recognition of the Vienna International Centre

6. The Vienna International Centre (VIC) consists of a parcel of land and a number of buildings donated by the Austrian Government to provide the Headquarters Seats of the Agency and other VIC based organizations (VBOs) which include United Nations Industrial Development Organization (UNIDO), United Nations Office in Vienna (UNOV) and The Preparatory Commission for the Comprehensive Nuclear-Test-Ban Treaty Organization (CTBTO). It is subject to a program of maintenance and enhancements financed by the VBOs and the Austrian Government through a Major Repairs and Replacements Fund (MRRF). On

initial adoption of IPSAS on 1 January 2011, the Agency availed itself of the transitional provisions in IPSAS 17 *Property, Plant and Equipment*, and did not recognize the VIC or the related impact of the MRRF in its financial statements for the years up to and including 2014. Accordingly, the Agency did not recognize during these periods the associated liability related to the commitment to the Austrian Government to either remain in Vienna or return the building to the Government. In accordance with the transitional provisions of IPSAS 17, the Agency has recognized the VIC and associated arrangements in these financial statements, including the proportional consolidation of the Agency's interest in the MRRF with effect from 1 January 2015. Further details may be found in Notes 3 and 12. The effect of these adjustments on the relevant line items in the Agency's Statement of Financial Position as at 1 January 2015 was as follows:

Opening Balance Adjustments
(expressed in euro'000s)

	Restated Balance at 31 December 2014	**Adjustments**	**Balance at 1 January 2015**
Assets			
Cash and cash equivalents	115 219	5 378	120 597
Accounts receivable from exchange transactions	6 778	182	6 960
Property, plant & equipment	99 323	162 409	261 732
Total assets impact		**167 969**	
Liabilities			
Accounts payable	12 282	335	12 617
Deferred revenue - current	54 133	7 882	62 015
Deferred revenue - non-current	58 785	152 358	211 143
Total liabilities impact		**160 575**	
Net assets impact		**7 394**	
Equity			
Fund balances	344 403	7 394	351 797
Reserves	31 193	-	31 193
Total equity		**7 394**	

Impact of the adoption of IPSAS 34 to 38

7. The Agency has adopted IPSAS 34 to 38, with effect from 1 January 2015. These Standards replace IPSAS 6 to 8 and deal with Separate and Consolidated Financial Statements (IPSAS 34 and 35 respectively), as well as accounting for Investments in Associates and Joint Ventures (IPSAS 36), Joint Arrangements (IPSAS 37) and Disclosure of Interests in Other Entities (IPSAS 38).

Changes in presentation as a result of adoption of IPSAS 34 to 38

8. The revenue and expenses related to the Joint FAO/IAEA Division of Nuclear Techniques in Food and Agriculture were reclassified, in accordance with the requirements of IPSAS 37, *Joint Arrangements*, resulting in reduction of both revenue and expenses for the year ended 31 December 2014 by €0.928 million. There was no impact on the Net Surplus for the year ended 31 December 2014.

Restatements as a result of adoption of IPSAS 34 to 38

9. The adoption of the above standards resulted in restatement of investment in common service entities, revenue, expenses and the related amount of net assets to reflect the change in accounting treatment of the Agency's interest in the Commissary and Catering Service which provide retail sales and food services, respectively, to staff members and other entitled individuals in the VIC. Further information with respect to the activities of the Commissary and Catering services can be found in Note 35.

Restatement of prior year comparative information due to corrections and other changes

10. During 2015, it was identified that there was a misalignment of the elements used as basis for calculation of the After Service Health Insurance liability with the underlying rules of the Austrian local insurance scheme. Therefore, restatement of the related post-employment benefit liabilities, expenses and related net asset for 2014 was required. Further details related to the post-employment benefit liabilities can be found in Notes 16 and 17.

11. The amounts recognized as provisions for decommissioning and decontamination of certain Agency facilities was re-examined. While the Agency believes it continues to have a constructive obligation for such decommissioning and decontamination, the estimate of the amounts that the Agency would ultimately incur in satisfaction of these obligations cannot be reliably measured at this time. As such, the Agency has reversed the recognition of these provisions with retrospective effect. The provision associated with one facility was initially recorded in 2013 and the estimate of costs required to decommission and demolish the facility were capitalized. The reversal of the provision therefore is also affecting prior year comparative information in terms of PP&E cost, additions and depreciation.

12. The value of the VIC land is formalized by way of a nominal operating lease. As IPSAS 23 *Revenue from non-exchange transactions* includes a three year transitional provision which expired at the end of 2014 and the operating lease is not subject to the five year transitional provision of IPSAS 17, comparative figures for 2014 referring to the accounting for the non-exchange revenue and the operating lease expense have been restated to include the fair value equivalent of one year of free rent.

Overview of overall impact of changes on prior year comparative information

13. The tables below summarize the adjustments made to the 2014 Statement of Financial Position and Statement of Financial Performance by providing an overview of the impact of the above mentioned restatements on the total assets, total liabilities, total equity, total revenue and total expenses of the impacted Fund Segments.

Restatements: Statement of Financial Position
(expressed in euro '000s)

Assets	**Balance as at 31 December 2014**	**Derecognition of Commissary**	**Derecognition of Catering**	**Employee Benefits**	**Provision reversals**	**Restated Balance as at 31 December 2014**
Investment in common services entities	3 639	(2,051)	(779)			809
Property, plant and Equipment	101 925				(2 602)	99 323
Total assets impact		**(2 051)**	**(779)**		**(2 602)**	
Liabilities						
Employee benefit liabilities- current	11 645			19		11 664
Employee benefit liabilities- non current	263 484			(16 829)		246 655
Provisions non-current	5 212				(3 692)	1 520
Total liabilities impact				**(16 810)**	**(3 692)**	
Net assets impact		**(2 051)**	**(779)**	**16 810**	**1 090**	
Equity						
Fund balances	341 307	(2 051)	(779)	4 836	1 090	344 403
Reserves	19 219			11 974		31 193
Total equity impact		**(2 051)**	**(779)**	**16 810**	**1 090**	

Restatements: Statement of Financial Performance
(expressed in euro '000s)

	2014	Reclassification FAO	Derecognition of Commissary	Derecognition of Catering	Employee Benefits	Provision reversal	VIC land lease	Restated 2014
Revenue								
Voluntary contributions	168 369	(928)					844	168 285
Total Revenue impact		**(928)**	**-**	**-**	**-**		**844**	
Expenses								
Staff costs	258 972	(928)			(1 433)			256 611
Depreciation and amortization	17 190					(28)		17 162
Other operating expenses	44 158					(49)	844	44 953
Total Expenses impact		**(928)**	**-**	**-**	**(1 433)**	**(77)**	**844**	
Share of surplus (deficit) in common services entities	(1 569)		1 736	(167)				-
Net surplus/(deficit) impact		**-**	**1 736**	**(167)**	**1 433**	-	**-**	
Expense Analysis by Major Programme								
Nuclear Power, Fuel Cycle & Nuclear Science	49 525				(127)		70	49 468
Nuclear Techniques for Development & Environmental Protection	88 410	(928)			(148)		66	87 400
Nuclear Safety & Security	88 869				(176)		111	88 804
Nuclear Verification	139 744				(561)	(76)	265	139 372
Policy, Management & Administration a/	114 195				(295)		331	114 231
Shared Services and expenses not directly charged to major programmes	1 597				(126)			1 471
Total Expenses by Major Programme impact		**(928)**	**-**	**-**	**(1 433)**	**(76)**	**843**	

a/ Includes project management and technical assistance for the Technical Cooperation Programme.

Functional currency and translation of foreign currencies

Functional and presentation currency

14. The functional currency of the Agency (including all fund groups) is the euro. The financial statements are presented in euros, and all values are rounded to the nearest thousand euros (euro ’000s) unless otherwise stated.

Transactions and balances

15. Foreign currency transactions are translated into euros using the United Nations Operational Rates of Exchange (UNORE). The UNORE are set once a month, and revised mid-month if there are significant exchange rate fluctuations relating to individual currencies.

16. Monetary assets and liabilities denominated in foreign currencies are translated into euros at the UNORE year-end closing rate.

17. Both realized and unrealized foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the Statement of Financial Performance.

Materiality and use of judgment and estimates

18. Materiality is central to the Agency’s financial statements. The Agency’s accounting materiality framework provides a systematic method to identify, analyze, evaluate, endorse and periodically review materiality decisions across a number of accounting areas.

19. The financial statements necessarily include amounts based on judgments, estimates and assumptions by management. Changes in estimates are reflected in the period in which they become known.

NOTE 3: Significant accounting policies

Assets

Financial assets

20. Financial assets are either cash or financial instruments. Financial assets maturing within one year of the reporting date are classified as current assets. Financial assets with a maturity date of more than one year after the reporting date are classified as non-current assets.

21. The Agency may classify financial instruments into the following categories: at fair value through surplus or deficit; loans and receivables; held to maturity; and available for sale. The classification, which depends on the purpose for which the financial instruments are acquired, is determined at initial recognition and re-evaluated at each reporting date.

Classification	Financial instrument
Loans and receivables	Investments – term deposits Cash equivalents, contributions receivable and other receivables
Held to maturity	Investments – treasury bills and other discounted notes
Available for sale	None at 31 December 2015 and 2014
Fair value through surplus or deficit	None at 31 December 2015 and 2014

22. Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market.

23. 'Held to maturity' assets are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Agency has the positive intention and ability to hold to maturity. They are initially recorded at fair value plus transaction costs and are subsequently recorded at amortized cost using the effective interest method. Treasury bills and other discounted notes are classified as 'held to maturity'.

Cash and cash equivalents

24. Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

Investments

25. Investments include term deposits, treasury bills and other discounted notes, all with original maturities greater than three months. As term deposits are purchased at face value, no discount amortization is required.

Contributions and other receivables

26. Receivables are recognized at their nominal value unless the effect of discounting them to their net present value is material.

27. Allowances for doubtful accounts are recognized when there is objective evidence that a receivable is impaired. Allowances are recognized based on historical collection experience and/or evidence indicating that the collection of a particular receivable is in doubt. Impairment losses are recognized in the Statement of Financial Performance in the year they arise.

Advances and prepayments

28. Advances and prepayments are recognized at their nominal value unless the effect of discounting is material.

Inventories

29. All goods (e.g. equipment, supplies and software) procured by the Agency or donated to it for transfer to recipient Member and non-Member States are recorded as project inventories. The transfer of these project inventories, also known as 'field procurement', takes place mostly under the Technical Cooperation Programme, but also directly within the technical departments in the framework of specific assistance programmes. Goods still under control of the Agency at the reporting date are included in project inventories in-transit to counterparts. In

accordance with the agreements in place with the Agency's counterparts, project inventories are de-recognized when they clear customs in the recipient country, which is considered the point at which the Agency transfers control over such inventories to the recipients. In order to reflect the the fact that inventories that have been in transit for some time, may not actually be delivered or may suffer damage or obsolescence, an item in-transit allowance is made of 50% of value for items in transit for over twelve months and 100% for over 24 months.

30. The Agency produces and holds publications and reference materials. These are not recognized as assets and the cost of producing each type of publication and reference material is expensed as incurred. This is due to the fact that the present value of the long term service potential of these assets, net of a required slow moving and obsolete inventory allowance, cannot be reliably determined in view of an indeterminable remaining holding period and the related risks of obsolescence.

31. Inventories are stated at fair value, measured as the lower of cost and either current replacement cost or net realizable value. Current replacement cost, which is used for inventories to be distributed to beneficiaries at no or nominal charge, is the cost the Agency would incur to acquire the asset on the reporting date. Net realizable value, which is used for inventories to be sold at broadly commercial terms or used by the Agency, is the estimated selling price in the ordinary course of business, less the cost of completion and selling expenses.

32. Cost is determined using a weighted average cost formula unless the inventory items are unique in nature, in which case the specific identification method is used.

33. These policies apply to the Agency's major inventory categories as follows:

Inventory item	**Valuation method**	**Cost formula**
Project inventories in transit to counterparts	Lower of cost or current replacement cost	Specific identification method
Safeguards spare parts and maintenance materials	Lower of cost or net realizable value	Weighted average cost
Printing supplies	Lower of cost or net realizable value	Weighted average cost

34. The Agency manages its Safeguards spare parts and maintenance materials inventory primarily in a centralized fashion. Inventories managed in central locations with a cost of €0.100 million or greater are capitalized. Currently, such inventories are comprised of batteries and cables. Other minor inventory items centrally managed or held in decentralized locations are not capitalized due to the immateriality of such balances.

35. A charge for impairment is recorded in the Statement of Financial Performance in the year in which the inventory is determined to be impaired due to obsolescence or excess quantities relative to demand.

Property, plant and equipment

Measurement of costs at recognition

36. Property, Plant and Equipment (PP&E) is considered non-cash generating assets and stated at historical cost less accumulated depreciation and any recognized impairment loss. For donated assets, the fair value as of the date of acquisition is utilized as a proxy for historical cost. Construction in progress assets are recorded at cost and will only begin to depreciate from the date they are available for use. Heritage assets are not capitalized. PP&E items are capitalized in the financial statements if they have a cost equal to or greater than €3 000, except specific PP&E items of computer equipment and furniture which are considered group items and capitalized irrespective of costs.

37. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits or service potential associated with the item will flow to the Agency and the cost of the item can be measured reliably. Repairs and maintenance costs are charged as an expense in the Statement of Financial Performance during the financial period in which they are incurred.

Depreciation method and useful life

38. Depreciation is charged so as to allocate the cost of assets over their estimated useful lives using the straight-line method. The estimated useful lives for the different PP&E classes are as follows and are subject to annual review.

Asset Class	Useful Life (Years)
Communications and IT Equipment	4
Vehicles	5
Furniture and Fixtures	12
Buildings	5 years (for prefabricated and containerized structures) and 15 to 100 years for others
Leasehold Buildings and Improvements	Shorter of lease term or useful life
Inspection Equipment	5
Laboratory Equipment	7
Other Equipment	5

Intangible assets

Measurement of costs at recognition

39. The Agency has applied IPSAS 31 *Intangible Assets* prospectively. As a result, intangible asset costs incurred before 1 January 2011 related to acquired or internally developed intangible assets have not been capitalized.

40. Intangible assets are carried at cost less accumulated amortization and any recognized impairment loss. For donated intangible assets, the fair value as of the date of acquisition is used as a proxy for cost. Capitalized intangible assets under development are recorded at cost and begin to be amortized once they are available for use. Intangible assets are capitalized in the financial statements if they have a cost equal to or greater than €3 000, except for internally developed software for which the capitalization threshold has been set at €25 000.

41. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits or service potential associated with the item will flow to the Agency and the cost of the item can be measured reliably. Maintenance costs are charged as an expense in Statement of Financial Performance during the financial period in which they are incurred.

Amortization method and useful life

42. Amortization is provided on a straight-line basis on all intangible assets of finite life, at rates that will allocate the cost or value of the assets to their estimated useful lives. The estimated useful lives of major classes of intangible assets are subject to an annual review, which led to the expansion of the range of useful lives for software internally developed from 5 years for all such assets to a range of between 5 and 12 years. The only internally developed software with a useful life of 12 years is the Agency-wide Information System for Programme Support (AIPS):

Asset Class	Useful Life (Years)
Software acquired separately	5
Software internally developed	5 to 12

Verification and impairment of assets

43. Asset verification is an internal control measure that ensures the existence, location and condition of the assets and supports the ongoing maintenance of assets within the Agency. The Agency has physical verification procedures to ensure that assets are accurately recorded in the asset register and reflected in the financial statements.

44. Assets that are subject to depreciation or amortization are reviewed annually for impairment to ensure that the carrying amount is still considered to be recoverable. Impairment occurs through complete loss, major damage or obsolescence. In case of complete loss, full impairment is recorded. In the case of major damage or obsolescence, impairment is recognized when the impairment exceeds €25 000. An impairment loss is recognized in the Statement of Financial Performance for the amount by which the asset's carrying amount exceeds its recoverable service amount. The recoverable service amount is the higher of an asset's fair value less costs to sell and value in use. This impairment loss can be reversed in the subsequent periods if the recoverable service amount increases, to the extent of such increase, subject to a maximum of the impairment loss recognized.

Assets subject to restrictions

45. All of the Agency's financial assets and inventories are subject to restrictions such that they can only be utilized in support of the approved activities of the funds to which they were provided. Additionally, the financial assets and inventories of the Technical Cooperation Extrabudgetary Fund, Extrabudgetary Programme Fund, Low Enriched Uranium (LEU) Bank and Trust Funds and Special Funds are further restricted to specific programmatic activities within these funds. Statement VIIa shows the balances of these assets by fund.

Leases

Finance leases

46. Leases of tangible assets, for which the Agency has substantially all the risks and rewards of ownership, are classified as finance leases.

Operating leases

47. Leases where the lessor retains a significant portion of the risks and rewards inherent in ownership are classified as operating leases. Payments due under operating leases are charged to the Statement of Financial Performance as an expense.

Liabilities

Financial liabilities

48. Financial liabilities include accounts payable, employee benefits liabilities, provisions and other financial liabilities.

Accounts payable

49. Accounts payable are financial liabilities in respect of goods or services that have been received by the Agency, but not paid for. They are initially recognized at fair value and, when applicable, subsequently measured at amortized cost using the effective interest method. As the Agency's accounts payable generally fall due within 12 months, the impact of discounting is immaterial, and nominal values are applied to initial recognition and subsequent measurement.

Other financial liabilities

50. Other financial liabilities primarily include unspent funds held for future refunds and other miscellaneous items such as unapplied cash receipts. They are designated similar to accounts payable, and are recorded at nominal value as the impact of discounting is immaterial.

Employee benefit liabilities

51. The Agency recognizes the following categories of employee benefits:

- Short-term employee benefits;
- Post-employment benefits;
- Other long-term employee benefits; and
- Termination benefits.

Short-term employee benefits

52. Short-term employee benefits comprise of first-time employee benefits (assignment grants), regular monthly benefits (wages, salaries, allowances) and other short-term benefits (education grant, reimbursement of income taxes). Short-term employee benefits are expected to be settled within 12 months of the reporting date and are measured at their nominal values based on accrued entitlements at current rates of pay. These are treated as current liabilities. Certain other short-term employee benefits such as paid sick leave and maternity leave are recognized as an expense as they occur.

Post-employment benefits

53. Post-employment benefits comprise of the Agency's contribution to the after service health insurance (ASHI) plan, repatriation grants and end-of-service allowances, along with separation based travel and shipping costs. The liability recognized for these plans is the present value of the defined benefit obligations at the reporting date. The defined benefit obligations are

calculated by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high quality euro corporate bonds with maturity dates approximating those of the individual plans. Some elements of normally long-term benefits may be expected to be settled within 12 months of the reporting date and are therefore treated as current liabilities.

54. Actuarial gains or losses relating to ASHI and post-employment repatriation and separation obligations are accounted for using the 'reserve approach', i.e. they are recognized through net assets/equity in the Statement of Financial Position and in the Statement of Changes in Equity in the year in which they occur.

Other long-term employee benefits

55. Other long-term employee benefits are benefits that are due to be settled beyond 12 months such as annual leave and home leave. Annual leave benefits are calculated on the same actuarial basis as other post-employment benefit plans, except that actuarial gains and losses are recognized immediately in the Statement of Financial Performance. Home leave benefits are calculated in-house, and are not discounted as the effect of discounting is not material. Long-term employee benefits are normally treated as non-current liabilities. Some elements of normally long-term benefits may be expected to be settled within 12 months of the reporting date and are therefore treated as current liabilities.

Termination benefits

56. Termination benefits are the benefits payable if the Agency terminates employment before the retirement date/contract expiry date. These are recognized when the IAEA gives notice to an employee that the contract will be terminated early, or if termination is across a number of staff, when a detailed plan for termination exists.

United Nations Joint Staff Pension Fund

57. The Agency is a member organization participating in the United Nations Joint Staff Pension Fund (UNJSPF), which was established by the United Nations General Assembly to provide retirement, death, disability and related benefits to employees. The Pension Fund is a funded, multi-employer defined benefit plan. As specified in Article 3(b) of the Regulations of the Fund, membership in the Fund shall be open to the specialized agencies and to any other international, intergovernmental organization which participates in the common system of salaries, allowances and other conditions of service of the United Nations and the specialized agencies.

58. The plan exposes participating organizations to actuarial risks associated with the current and former employees of other organizations participating in the Fund, with the result that there is no consistent and reliable basis for allocating the obligation, plan assets and costs to individual organizations participating in the plan. The Agency and the UNJSPF, in line with the other participating organizations in the Fund, are not in a position to identify the Agency's proportionate share of the defined benefit obligation, the plan assets and the costs associated with the plan with sufficient reliability for accounting purposes. Hence, the Agency has treated this plan as if it were a defined contribution plan in line with the requirements of IPSAS 25 *Employee Benefits*. The Agency's contributions to the plan during the financial period are recognized as expenses in the Statement of Financial Performance.

Provisions

59. Provisions are recognized when the Agency has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. The amount of the provision is the best estimate of the expenditures expected to be required to settle the present obligation at the reporting date. This estimate is discounted where the effect of the time value of money is material.

Contingent liabilities and contingent assets

Contingent liabilities

60. Any possible obligations that arise 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 Agency are disclosed.

Contingent assets

61. Any probable assets that arise 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 Agency are disclosed.

Equity

62. Components of Net Assets/Equity are disaggregated into Fund Balances, which represent accumulated surpluses and deficits, and Reserves. Reserves represent specific categories of net assets/equity with a potential future impact on Fund Balances. Examples of such reserves include a reserve for commitments, which represents purchase orders and service contracts that are not yet delivered as at end of the reporting period and reserves for actuarial gains/losses on employee benefit liabilities.

Revenue

Non-exchange revenue

Assessed contributions from Member States

63. Revenue from assessed contributions from Member States is recorded as of the first day of the year to which they relate. Assessed contributions received in advance of the year to which they relate are recorded as deferred revenue.

Voluntary contributions

64. Voluntary contribution agreements normally contain stipulations on the use of transferred resources by the Agency. Stipulations can be either restrictions or conditions. Restrictions limit or direct the purpose for which resources are used, while conditions require resources to be used as specified or returned to the transferor.

65. Voluntary contributions made to the Extrabudgetary Programme Fund, Low Enriched Uranium Extrabudgetary Programme Fund, Technical Cooperation Extrabudgetary Fund, and Trust Funds and Special Funds are generally restricted in their use.

66. Revenue from voluntary contributions is recognized upon the signing of a binding pledge agreement between the Agency and the third party providing the contribution as long as the agreement does not impose conditions on the Agency. Revenue from voluntary contributions relating to the Technical Cooperation Fund is recognized at the later of the first day of the target year to which it relates or the date a binding pledge is received.

67. Voluntary contributions that include conditions on their use are initially treated as deferred revenue and recognized as revenue when the conditions are satisfied. Generally, the conditions are deemed satisfied upon approval of progress or final reports. Interest on such awards is recognized as it is earned unless the terms of the contribution would also require the return of such interest to the donor if the conditions are not met.

68. Refunds of voluntary contributions for which revenue was recognized in prior years are recorded as direct adjustment to equity.

National Participation Costs

69. National Participation Costs (NPCs) represent contributions from Member States related to the approved technical cooperation national programme for each Member State. As NPCs comprise only 5% of the approved technical cooperation national programme (including national projects, fellows and scientific visitors funded under regional or interregional activities), such contributions are considered non-exchange revenue. Revenue from NPCs is recognized when the projects comprising the technical cooperation national programme have been approved by the Technical Assistance and Cooperation Committee of the Board of Governors (TACC) and the amounts become due to the Agency, which is generally on 1 January following the TACC meeting in the preceding year. Since a majority of the projects are approved as of the first year of a biennium, NPC revenue will generally be higher in that year compared to the second year of the biennium.

Goods and services in-kind contributions

Goods-in-kind

70. Goods that are donated to the Agency are recognized as revenue if the item value is worth €3 000 or more, with a corresponding increase in the appropriate asset, when such donations are received by the Agency. Revenue is recognized at fair value, measured as of the date the donated goods are recognized. Fair value is generally measured by reference to the price of the same or similar goods in an active market.

71. The Agency is provided with the use, under lease type arrangements with governments, of some of its land, buildings and facilities. The Agency's treatment of these arrangements is set out in the leases section previously described.

Services-in-kind

72. Services that are donated to the Agency are not recognized as revenue although disclosures related to the nature and types of these services are provided.

Exchange revenue

73. Revenue from the sale of goods is recognized when significant risk and rewards of ownership of the goods are transferred to the purchaser.

74. Revenue from services is recognized when the service is rendered according to the estimated stage of completion of that service, provided that the outcome can be reliably estimated.

Interest revenue

75. Interest revenue is recognized over the period that it is earned. Interest on treasury bills and other discounted notes is recognized using the effective interest method.

Expenses

Exchange expenses

76. Exchange expenses arising from the purchase of goods and services are recognized at the point that the supplier has performed its contractual obligations, which is when the goods and services are delivered and accepted by the Agency. For some service contracts, this process may occur in stages.

Non-exchange expenses

77. The Agency incurs non-exchange expenses primarily in the transfer of project inventories to development counterparts. An expense is recognized when the project inventories clear customs in the recipient country, which is considered the point at which the Agency transfers control over such inventories to the recipients.

78. Other non-exchange expenses are incurred primarily in provision of grants to fund research and fellowship agreements. An expense is recognized at the point that the Agency has authorized the funds for release, or has a binding obligation to pay, whichever is earlier. For yearly non-exchange funding agreements, an expense is recognized for the period to which the funding relates.

Interests in other entities

79. The Agency participates in a number of arrangements which are classified in line with the requirements of IPSAS 35 to 38 as described below. For specific details on these arrangements, their governance and legal background refer to Note 35. The VBOs have an agreement whereby the costs of certain VIC common services provided by each organization are to be shared according to the established cost-sharing ratios. The ratios are derived each year based on key factors such as number of employees, total space occupied, etc. The cost-sharing ratio for the Agency for 2015 is 54.729% (53.868% for 2014).

IPSAS standard and requirements	**Accounting treatment**	**Applicable to**
IPSAS 35: Consolidated Financial Statements Control is the key criteria for consolidation. It implies all of the following: • Power over the other entity • Exposure to rights to variable financial and non-financial benefits • Ability to use its power over the other entity to affect the nature or amount of the benefits from its involvement with the other entity	Full consolidation of revenue, expenses, assets and liabilities.	VIC common services provided by the Agency: -Medical services -Printing and reproduction
IPSAS 37: Joint Arrangements Two or more parties have joint control (as defined in IPSAS 35) with the following characteristics: • The parties are bound by a binding arrangement which gives them joint control • Activities require unanimous consent among the parties with joint control There are two types of joint arrangements: - Joint operations - Joint ventures	Joint Operation - Proportionate consolidation of Agency's share of revenue, expenses, assets and liabilities Joint Venture – Equity method accounting	The following Joint Operations: - Joint Division of Nuclear Techniques with the Food and Agriculture Organization (FAO) -VIC land and buildings including MRRF (based on a defined cost sharing ratio)
IPSAS 38: Disclosure of interests in other entities Prescribes disclosure requirements for interests in other entities that do not meet the requirements of the following categories: controlled entities, joint arrangements and associates, as well as structured entities that are not consolidated.	Disclose information that enables users of the financial statements to evaluate: the nature of, and risk associated with its interest in the other entities as well as the effects of those interests on its financial position, financial performance and cash flows.	- Abdus Salam International Centre for Theoretical Physics (ICTP) in Trieste: jointly funded with the United Nations Educational Scientific and Cultural Organization (UNESCO) and the Italian Government - the VIC Commissary

80. Services provided by other VBOs such as the Buildings Maintenance Services (BMS) provided by the UNIDO and the UN security services and some conference services provided by the UNOV are services provided to the Agency and thus are expensed when the related services have been received.

81. Other IPSAS standards, such as IPSAS 34 *Separate Financial Statements* and IPSAS 36 *Investments in Associates and Joint Ventures*, are not currently applicable to the Agency. IPSAS 34 is to be applied when an entity prepares and presents its financial statements under the accrual basis and elects or is required by its regulations to present investments in controlled entities separately. IPSAS 36 requires the equity method to be applied when a significant influence and a quantifiable ownership interest exist.

Segment reporting and fund accounting

82. Segment reporting information is presented on the basis of the Agency's activities on both a Major Programme basis and a source of funding (Fund groups) basis.

83. A Fund is a self-balancing accounting entity established to account for the transactions of a specified purpose or objective. Funds are segregated for the purpose of conducting specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The financial statements are prepared on a Fund accounting basis, showing at the end of the period the consolidated position of all funds. Fund balances represent the accumulated residual of revenue and expenses.

Apportionment of common costs

84. Common costs incurred centrally by the Agency are apportioned to each of the Agency's segments (i.e. each Major Programme) in a systematic and rational manner to ensure that: i) segment reporting is accurate (i.e. costs are shared by Major Programmes appropriately); ii) presentation of expenditures is made based on the nature of the expense; and iii) inter-segment transactions are eliminated from the consolidated financial statements.

Major Programmes

85. The Agency's six Major Programmes form the structure for Regular Budget appropriations. The six Major Programmes are:

(1) Nuclear Power, Fuel Cycle and Nuclear Science - Major Programme 1 provides scientific and technical support, services and advice for reliable and safe operation of existing power and research reactors and fuel cycle facilities; expanded use of nuclear power, particularly for countries currently without nuclear power or with only small programmes; development of advanced and innovative reactors and their fuel cycles, including through the International Project on Innovative Nuclear Reactors and Fuel Cycles (INPRO); capacity building for energy analysis and planning; objective consideration of the role of nuclear power for sustainable development; and development of nuclear science, nuclear knowledge management, and nuclear information and communication.

(2) Nuclear Techniques for Development and Environmental Protection - Major Programme 2 provides Member States with science based advice, education and training materials, standards and reference materials, and technical documents, building on a core foundation of adaptive and applied research and development. The overall objectives of this Major Programme continue to support the development and peaceful uses of nuclear science and applications.

(3) Nuclear Safety and Security - Major Programme 3 establishes and continuously improves Agency nuclear safety standards and security guidance. The Agency provides for application of these standards and guidance to its own operations, and assists, upon request, Member States in

implementing them in their own activities, including through the conduct of peer reviews and advisory services. It also participates in capacity building of various stakeholders in all safety and security related activities. The Agency promotes international instruments related to nuclear safety and security. This Major Programme also helps coordinate international preparedness for effectively responding to and mitigating the consequences of a nuclear and radiological emergency, and for supporting global efforts to improve nuclear security.

(4) Nuclear Verification - Major Programme 4 supports the Agency's statutory mandate to establish and administer safeguards designed to ensure that special fissionable and other materials, services, equipment, facilities and information made available by the Agency, at its request or under its supervision or control, are not used in such a way as to further any military purpose: and to apply safeguards at the request of the parties, to any bilateral or multilateral arrangement, or at a request of a State, to any of that State's activities in the field of atomic energy. Under this Major Programme, the Agency carries out verification activities, information analysis and evaluation activities, and provides safeguards instrumentation as well as analytical services required for implementing safeguards. These activities enable the Agency to establish findings upon which safeguards conclusions can be drawn. In addition, the Agency supports the efforts of the international community with other verification tasks.

(5) Policy, Management and Administration Services – Major Programme 5 provides leadership, direction and management support for all Agency activities and initiatives. It provides innovative solutions across a wide range of financial, human resources management, administrative, information technology, legal, oversight and general services to support all Agency programmes, emphasizing a service oriented culture of continuous improvement to meet the needs of all customers, including the Secretariat and Member States. It ensures effective coordination to support the one-house approach, particularly with respect to policies, strategic planning, risk management, development and implementation of programmes, and evaluation of performance. It facilitates the efficient exchange of information within the Secretariat, as well as communications with Member States, the media and the general public.

(6) Management of Technical Cooperation for Development – Major Programme 6 encompasses the development, implementation and management of the technical cooperation projects in the framework of biannual Technical Cooperation Programme. The Technical Cooperation Programme consists of national, regional and interregional projects funded from the Technical Cooperation Fund (TCF) and extrabudgetary contributions.

86. For purposes of segmental disclosure, Major Programme 5 and Major Programme 6 are shown as a single segment – Policy, Management and Administration.

Fund Groups

87. Agency activities across these six Major Programmes are financed through various funding sources, which are defined as Funds. The Funds are established on the basis of resolutions passed by the General Conference and are administered in accordance with the Financial Regulations adopted by the Board of Governors and Financial Rules issued by the Director General. Each Fund has differing parameters relating to how the revenue may be utilized. The grouping of Funds in the financial statements and their respective components are described below.

Regular Budget

(1) The Regular Budget Fund and Working Capital Fund are the principal means of financing Agency activities and enable the Agency to meet obligations arising from authorized appropriations. The Regular Budget Fund is based on an annual Regular Budget approved by the General Conference and is financed from assessed contributions and miscellaneous income. The Working Capital Fund, which serves to finance appropriations pending the receipt of assessed contributions, and for purposes which are determined from time to time by the Board of Governors with the approval of the General Conference, is financed from advances by Member States.

(2) The Major Capital Investment Fund (MCIF) is a Reserve Fund established as part of the Regular Budget to segregate such funds for future use. The MCIF is financed in part by the annual assessed contributions for the capital portion of the Regular Budget and in part through other sources, such as year-end savings from the operational portion of the Regular Budget appropriations.

Technical Cooperation

(3) The *Technical Cooperation Fund* is a component of the General Fund and is the main financing mechanism for the Agency's technical cooperation activities by Member States. The Technical Cooperation Fund is based on General Conference approved one year allocations which are financed primarily from voluntary contributions where Member States are asked to pledge contributions against their indicative share of the allocation, along with national participation costs and miscellaneous income.

(4) The *Technical Cooperation Extrabudgetary Fund* is a component of the General Fund and is a financing mechanism to enable donors to make voluntary contributions for activities in support of projects approved by the IAEA Board of Governors as nominated by the donor.

Extrabudgetary

(5) The Extrabudgetary Programme Fund is a component of the General Fund and is a financing mechanism to enable donors to make voluntary contributions for activities in support of programmes within the Regular Budget.

(6) The Low Enriched Uranium Extrabudgetary Programme Fund is a component of the General Fund and is a financing mechanism to enable donors to make voluntary contributions specific to the activities of the LEU Bank.

Other

(7) Trust Funds and Special Funds relate to funds for specific activities that have been approved by the IAEA Board of Governors.

Budget comparison

88. The Agency's budgetary and financial reporting bases differ. Budgets within the Agency are approved on a modified cash basis, while financial statements follow the full accrual basis and comply with the requirements of IPSAS.

89. While the Agency's financial statements cover all activities of the Agency, budgets are separately approved annually for the Regular Budget, both the operational and the capital portion of the Regular Budget (classified according to Major Programme) and for the Technical Cooperation Fund (based on target for voluntary contributions). There are no approved budgets relating to the Technical Cooperation Extrabudgetary Fund, the Extrabudgetary Fund Group or the Other Fund Group. All Funds are administered in accordance with the Financial Regulations adopted by the Board of Governors, and Financial Rules issued by the Director General.

90. Statement V (Statement of Comparison of Budget and Actual Amounts) compares the final budgets for the Regular Budget Fund to actual amounts calculated on the same basis as the corresponding budgetary amounts. As the bases used to prepare the budget and financial statements differ, Note 37b provides reconciliation between the actual amounts presented in that note to the actual amounts presented in the Statement of Cash Flow.

NOTE 4: Cash and cash equivalents

	(expressed in euro'000s)	
	31-12-2015	**31-12-2014**
Cash in current accounts at bank and on hand	164 724	35 469
Cash in call accounts	28 068	28 750
Term deposits with original maturities of 3 months or less	-	51 000
Treasury bills with original maturities of 3 months or less	9 137	-
Total cash and cash equivalents	**201 929**	**115 219**

91. The increase of €86.710 million (or 75.3%) in the total cash and cash equivalents was mainly driven by the increase in cash in current accounts at bank and on hand. The increase in total cash and cash equivalents was due to an improved collection of assessed contributions receivable as well as an increase in revenue from monetary voluntary contributions.

92. Some cash is held in currencies which are either legally restricted or not readily convertible to euro. At 31 December 2015, the euro equivalent of these currencies was €1.552 million (€1.229 million at 31 December 2014), based on the respective United Nations Operational Rates of Exchange.

NOTE 5: Investments

	(expressed in euro'000s)	
	31-12-2015	**31-12-2014**
Term deposits with original maturities between 3 and 12 months	309 143	319 809
Treasury bills with original maturities between 3 and 12 months	91 355	76 264
Total investments	**400 498**	**396 073**

93. The increase of €4.425 million (or 1.12%) in investments is the result of the increase in investments in treasury bills with original maturity between 3 and 12 months. As shown in Note 39, weighted average period to maturity of the Agency's cash equivalents and investments at the end of 2015 decreased for euro while it increased for US dollar holdings but remained under 3 months.

NOTE 6: Accounts receivable from non-exchange transactions

	(expressed in euro'000s)	
	31-12-2015	**31-12-2014**
Assessed contributions receivable		
Regular Budget	40 452	58 796
Working Capital Fund	12	206
Allowance for doubtful accounts	(4 134)	(3 665)
Net assessed contributions receivable	36 330	55 337
Voluntary contributions receivable		
Extrabudgetary	4 636	6 785
Technical Cooperation Fund	332	222
Allowance for doubtful accounts	(27)	(24)
Net voluntary contributions receivable	4 941	6 983
Other receivables		
Assessed Programme Costs	953	953
National Participation Costs	292	638
Safeguards agreements receivable	-	495
Allowance for doubtful accounts	(1 005)	(953)
Net other receivables	240	1 133
Total net accounts receivable from non-exchange transactions	**41 511**	**63 453**
Composition of accounts receivable from non-exchange transactions		
Current	41 398	63 199
Non-current	113	254
Total net accounts receivable from non-exchange transactions	**41 511**	**63 453**

94. The net assessed contributions receivable decreased during the year by €19.007 million to €36.330 million, due to improved collections of assessed contributions for both 2015 and prior year amounts in arrears. The decrease in net voluntary contributions receivable during the year by €2.042 million is mainly due to reduction in amounts due from donors for extrabudgetary contributions.

95. Non-current receivables comprise of the non-current portion (i.e. receivable after 31 December 2016) of assessed contribution receivables for which a payment plan has been agreed.

NOTE 7: Non-exchange receivables information

Allowance for doubtful debts

(expressed in euro'000s)

	2015						2014					
	Opening Allowance for Doubtful Debt	Doubtful Debt Expense During the Year	Unrealized Foreign Exchange (Gain)/Loss	Amounts Written Off as Uncollectible	Doubtful Debt Expense Reversed	Closing Allowance for Doubtful Debt	Opening Allowance for Doubtful Debt	Doubtful Debt Expense During the Year	Unrealized Foreign Exchange (Gain)/Loss	Amounts Written Off as Uncollectible	Doubtful Debt Expense Reversed	Closing Allowance for Doubtful Debt
Receivables from non-exchange transactions												
Assessed contributions receivable												
Regular Budget	3 665	469	-	-	-	4 134	2 985	680	-	-	-	3 665
Related to assessed contributions receivable	3 665	469	-	-	-	4 134	2 985	680	-	-	-	3 665
Voluntary contributions receivable												
Technical Cooperation Fund	24	-	3	-	-	27	22	-	2	-	-	24
Extrabudgetary	-	-	-	-	-	-	142	-	-	(142)	-	-
Related to voluntary contributions receivable	24	-	3	-	-	27	164	-	2	(142)	-	24
Other receivables												
Assessed Programme Costs	953	-	108	-	(108)	953	842	-	111	-	-	953
National Participation Costs	-	52	-	-	-	52	-	-	-	-	-	-
Related to other receivables	953	52	108	-	(108)	1 005	842	-	111	-	-	953
Total related to receivables from non-exchange transactions	**4 642**	**521**	**111**	**-**	**(108)**	**5 166**	**3 991**	**680**	**113**	**(142)**	**-**	**4 642**

Aging of receivables

	(expressed in euro'000s)									
	As at 31 December 2015					**As at 31 December 2014**				
		Outstanding for					**Outstanding for**			
	Carrying amount	**< 1 year**	**1-3 years**	**3-5 years**	**> 5 years**	**Carrying amount**	**< 1 year**	**1-3 years**	**3-5 years**	**> 5 years**
Receivables from non-exchange transactions										
Assessed contributions receivable										
Regular Budget	40 452	19 358	18 190	483	2 421	58 796	43 385	12 498	495	2 418
Working Capital Fund	12	2	5	3	2	206	201	1	4	-
Total assessed contributions receivable	40 464	19 360	18 195	486	2 423	59 002	43 586	12 499	499	2 418
Voluntary contributions receivable										
Extrabudgetary	4 636	3 738	728	170	-	6 785	5 218	231	1 336	-
Technical Cooperation Fund	332	201	88	15	28	222	126	55	16	25
Total voluntary contributions receivable	4 968	3 939	816	185	28	7 007	5 344	286	1 352	25
Other receivables										
Assessed Programme Costs	953	-	-	-	953	953	-	-	-	953
National Participation Costs	292	(7)	140	65	94	638	372	147	11	108
Safeguards agreements contributions	-	-	-	-	-	495	495	-	-	-
Total other receivables	1 245	(7)	140	65	1 047	2 086	867	147	11	1 061
Total receivables from non-exchange transactions	**46 677**	**23 292**	**19 151**	**736**	**3 498**	**68 095**	**49 797**	**12 932**	**1 862**	**3 504**

Management of credit risk relating to non-exchange receivables

96. Assessed contributions comprise the majority of the Agency receivables; they are due and payable within 30 days of receipt of the assessment letter or as of the first day of the financial year, whichever is later. As of 1 January the following year, the unpaid balance is considered one year in arrears. Under Article XIX.A of the Statute, a Member State loses its voting rights when its arrears equal or exceed the assessed amounts for the previous two years.

97. To facilitate the payment of arrears of assessed contributions, payment plans are available whereby arrears are consolidated and made payable in annual instalments over a period of up to 10 years. As long as the Member State with a payment plan pays the annual instalment of the arrears, the current year's assessed contribution and any outstanding advances due to the Working Capital Fund, voting rights may be reinstated by the General Conference. As at 31 December 2015, the carrying value of receivables for which payment plans have been negotiated and that otherwise would have been overdue is €0.233 million (€0.382 million as at 31 December 2014).

98. The status of outstanding contributions as at 31 December 2015 by Member State and other donors is provided in Annex A3.

NOTE 8: Accounts receivable from exchange transactions

	(expressed in euro'000s)	
	31-12-2015	**31-12-2014**
Accounts receivable - VAT refunds	1 814	2 300
Accounts receivable - income tax refunds	4 276	3 665
Accounts receivable – others	1 963	975
Allowance for doubtful accounts	(71)	(162)
Total net accounts receivable from exchange transactions	**7 982**	**6 778**

99. All accounts receivable from exchange transactions as at 31 December 2015 and 2014 are current.

100. The allowance for doubtful debts showed the following movements during 2015 and 2014:

	(expressed in euro'000s)	
	2015	**2014**
Opening balance as on 1 January	162	89
Doubtful debt expense during the year	-	73
Doubtful debt expense reversed	(91)	-
Closing balance as on 31 December	**71**	**162**

101. The aging of the accounts receivable from exchange transactions was as follows:

	(expressed in euro'000s)	
	31-12-2015	**31-12-2014**
Outstanding for:		
Less than 1 year	5 821	5 385
1 - 3 years	2 221	1 425
3 - 5 years	6	19
More than 5 years	5	111
Gross carrying value	**8 053**	**6 940**

NOTE 9: Advances and prepayments

	(expressed in euro'000s)	
	31-12-2015	**31-12-2014 (restated)**
Vienna International Centre common services	17 622	23 449
Other international organizations	1 619	2 479
Staff	7 509	6 560
Health insurance premium reserve account	1 483	1 932
Travel	174	121
Other	3 013	2 897
Total advances and prepayments	**31 420**	**37 438**
Advances and prepayments composition		
Current	23 277	23 595
Non-current	8 143	13 843
Total advances and prepayments	**31 420**	**37 438**

102. The advances for the VIC common services reflect the payments made by the Agency to the common services operated by other VBOs, in line with the cost sharing ratio for the Agency, which have not yet been utilized by them for providing the services.

103. Staff advances primarily consist of advances pending settlement towards education grant and income taxes.

104. Cigna provides health insurance coverage to staff members, and acts as custodian of the Health Insurance Premium Reserve Account. The purpose of the reserve account is to retain the excess of premiums paid over sums due to Cigna and absorb future increases in premiums. The reserve account is owned 50% by the Agency (presented as a reserve in Note 22) and 50% by staff (presented as a liability in Note 16).

NOTE 10: Inventory

	(expressed in euro'000s) 31-12-2015	31-12-2014
Project inventories in-transit to counterparts	5 704	5 502
Safeguards spare parts and maintenance materials	338	343
Printing supplies	69	64
Total inventory	**6 111**	**5 909**

105. The Technical Cooperation Programme accounts for €5.037 million (88%) of the inventories in transit as on 31 December 2015 (€4.223 million (77%) in 2014). There are no donated inventories included in the inventories in transit (€0.022 million in 2014). In order to reflect the fact that inventories that have been in transit for some time may not actually be delivered or may suffer damage or obsolescence, their value is recognized net of an allowance of €0.218 million.

106. Reference materials are not regarded as inventory and the costs of their production are expensed in the same year. The amount of labour and allocated overheads incurred by the Agency's laboratories with respect to reference materials during 2015 was approximately €0.137 million (€0.119 million in 2014).

107. Total inventory expense for 2015 and 2014 was as follows:

	(expressed in euro'000s) 2015	2014
Project inventories distributed to development counterparts	27 872	31 477
Safeguards spare parts and maintenance materials	38	138
Printing supplies	90	86
Total inventory expense	**28 000**	**31 701**

108. Expense related to project inventories in-transit to counterparts is included in Transfers to development counterparts in the Statement of Financial Performance (refer to Note 30) and expenses related to printing supplies and Safeguards spare parts and maintenance materials is included in other operating expenses in the Statement of Financial Performance (refer to Note 33).

NOTE 11: Investment in common services entities

	(expressed in euro'000s)	
	31-12-2015	**31-12-2014 (restated)**
Investment in Commissary	809	809
Total investment in common services entities	**809**	**809**

109. IAEA and UNIDO each made an initial investment of €0.809 million on 1 October 1979, which is to be returned in the event of dissolution of the VIC Commissary. Further details on the Commissary arrangement are provided in Note 35.

NOTE 12: Property, Plant and Equipment

2015

	Buildings and Leasehold Improvements	Furniture & Fixtures	Communications & Information Technology Equipment	Inspection Equipment	Laboratory Equipment	Vehicles	Other Equipment	Assets under Construction	Total Property, Plant and Equipment
	(expressed in euro '000s)								
Cost at 31 December 2014	68 990	3 381	34 695	70 663	36 804	1 035	3 174	7 884	226 626
Initial recognition of VIC related assets a/	271 969							765	272 734
Additions	2 816	234	2 533	1 699	6 351	194	141	16 320	30 288
Disposals	-	(23)	(4 490)	(1 932)	(647)	(127)	(4)	-	(7 223)
Assets under Construction Capitalized	8 078	-	1 020	6 376	2 789	-	69	(18 332)	-
Cost at 31 December 2015	**351 853**	**3 592**	**33 758**	**76 806**	**45 297**	**1 102**	**3 380**	**6 637**	**522 425**
Accumulated depreciation at 31 December 2014	12 362	2 194	24 440	59 744	25 593	626	2 316	-	127 275
Initial recognition of VIC related assets a/	110 325								110 325
Previous years depreciation adjustments	-	-	-	-	-	-	-	-	-
Depreciation	10 334	172	4 868	4 689	2 971	145	502	-	23 681
Disposals	-	(23)	(4 483)	(1 930)	(626)	(99)	(4)	-	(7 165)
Accumulated depreciation at 31 December 2015	**133 021**	**2 343**	**24 825**	**62 503**	**27 938**	**672**	**2 814**	**-**	**254 116**
Accumulated impairment at 31 December 2014	5	-	2	1	20	-	-	-	28
Impairment	-	99	45	41	74	-	5	-	264
Disposals	-	-	(4)	(1)	(19)	-	-	-	(24)
Impairment reversed	-	-	-	-	-	-	-	-	-
Accumulated impairment at 31 December 2015	**5**	**99**	**43**	**41**	**75**	**-**	**5**	**-**	**268**
Net carrying amount at 31 December 2015	**218 827**	**1 150**	**8 890**	**14 262**	**17 284**	**430**	**561**	**6 637**	**268 041**

a/ Please refer to Note 2 on "Changes on presentation due to recognition of the VIC"

NOTE 12: Property, Plant and Equipment

2014

(expressed in euro '000s)

	Buildings and Leasehold Improvements	Furniture & Fixtures	Communications & Information Technology Equipment	Inspection Equipment	Laboratory Equipment	Vehicles	Other Equipment	Assets under Construction	Total Property, Plant and Equipment
Cost at 1 January 2014 a/	64 434	3 172	30 912	68 413	32 177	1 114	3 187	3 766	207 175
Additions a/	2 624	244	3 772	1 403	4 448	164	20	12 326	25 001
Disposals	(35)	(35)	(2 012)	(2 609)	(583)	(243)	(33)	-	(5 550)
Assets under Construction Capitalized	1 967	-	2 023	3 456	762	-	-	(8 208)	-
Cost at 31 December 2014	**68 990**	**3 381**	**34 695**	**70 663**	**36 804**	**1 035**	**3 174**	**7 884**	**226 626**
Accumulated depreciation at 1 January 2014 a/	10 359	1 983	21 838	58 498	24 088	686	1 828	-	119 280
Additions	21	-	-	-	73	-	-	-	94
Depreciation a/	1 996	249	4 608	3 855	2 012	137	521	-	13 378
Disposals	(14)	(38)	(2 006)	(2 609)	(580)	(197)	(33)	-	(5 477)
Accumulated depreciation at 31 December 2014	**12 362**	**2 194**	**24 440**	**59 744**	**25 593**	**626**	**2 316**	**-**	**127 275**
Accumulated impairment at 1 January 2014	26	-	1	-	-	-	-	-	27
Impairment	-	-	7	1	20	-	-	-	28
Disposals	(21)	-	(6)	-	-	-	-	-	(27)
Impairment reversed	-	-	-	-	-	-	-	-	-
Accumulated impairment at 31 December 2014	**5**	**-**	**2**	**1**	**20**	**-**	**-**	**-**	**28**
Net carrying amount at 31 December 2014	**56 623**	**1 187**	**10 253**	**10 918**	**11 191**	**409**	**858**	**7 884**	**99 323**

a/ Please refer to Note 2 on restatements of prior year comparative information. The restatement of cost, additions and depreciation pertains to the class "Buildings and Leasehold improvements" and refers to the derecognition of the capitalized amount related to a provision for the Nuclear Material Laboratories in Seibersdorf.

110. The PP&E projects with a value greater than €0.500 million, their values and their completion status (complete or construction in progress (CIP)) on 31 December 2015 are as follows:

Completed in 2015

- *Seibersdorf Main Gate (€4.955 million)*. A new main gate to the Agency's Laboratories at Seibersdorf became operational for staff and visitors on 29 June 2015 (€3.135 million CIP in 2014).
- *Nuclear Material Laboratory (NML) office extension (€2.896 million)*. Modernizing the Safeguards Analytical Service (SGAS) Laboratories involves an office extension (1085m²) housed in a two storey building. It hosts the SGAS scientific and the administrative staff transferred from the old NML, which closed in December 2015. This new extension is directly connected to the NML office building and training wing and to the laboratories (€0.048 million CIP in 2014).

Construction in progress

- *Data Centre (€3.310 million)*. A new data centre is under construction for the Department of Safeguards, sited under C Building at the Vienna International Centre. The Data Centre was not previously reported as it is part of the VIC and was therefore excluded under the transitional provisions of IPSAS 17 (not reported in 2014).
- *Renovation of the Nuclear Applications Laboratories (ReNuAL) (€1.276 million)* – ReNuAL is a €31 million project, to be funded one-third from the Agency's Regular Budget and two-thirds from extrabudgetary sources, to begin the modernization of the Agency's Nuclear Applications Laboratories at Seibersdorf. The project involves construction of a new Insect Pest Control Laboratory, a Flexible Modular Laboratory to house additional laboratories, associated infrastructure upgrades and the acquisition of some urgently needed new equipment. Initial planning took place in 2014 and detailed design commenced in 2015. Construction is currently scheduled to begin in the second quarter of 2016 (not reported in 2014).
- *JMOX (€0.869 million)*. This is a project to develop an integrated safeguards approach for a large mixed oxide fuel fabrication plant in Japan. The CIP asset consists of tubes filled with Helium-3 gas. No development activity took place on this project between 2013 and 2015 due to uncertainties surrounding the future of the Japanese nuclear energy programme and the need to redesign some elements of the facility. Following an announcement by Japan Nuclear Fuels Ltd that it intends to commission the facility in 2019, it is now expected that the Agency will commence installation of safeguards systems in 2017 (€0.869 million CIP in 2014).

111. On first adoption of IPSAS in 2011, the Agency availed itself of transitional provisions permitted by IPSAS 17 and did not recognize its share of the VIC buildings in the Statement of Financial Position. However, based on a professional valuation, a depreciated replacement cost (DRC) for the buildings as at 1 January 2011 of €312 million was disclosed in the Notes; the Agency's share of which was assessed as €167 million. The Agency recognized its share of the VIC premises with effect from 1 January 2015, based upon an updated professional external valuation undertaken during 2015. This valuation established a total DRC for the buildings of €288 million, of which the Agency's share is €158 million, assessed at the 2015 BMS ratio of 54.729%. The difference of €24 million

between the two valuations reflects the net effect of new additions to the building, yearly depreciation charges, and a reassessment of the deemed historic cost of the building.

112. In 2015, a full physical verification of assets in the VIC and Seibersdorf led to impairments of some Furniture and Fixtures, Laboratory Equipment, and Communications and IT Equipment. In addition, lesser impairments due to damage, obsolescence or loss were recognized. The total impairment charge for 2015 amounted to €0.264 million (€0.028 million in 2014).

113. Efforts to dispose of old inactive equipment resulted in the retirement of fully depreciated assets with an aggregate original cost of €6.832 million in 2015. As at 31 December 2015, the gross value of fully depreciated PP&E items, which were still in use, amounted to €89.684 million (€87.585 million as at 31 December 2014).

NOTE 13: Intangible assets

2015

	(expressed in euro '000s)			
	Computer Software Purchased	**Computer Software Internally Developed**	**Intangible Assets Under Development**	**Total Intangible Assets**
Cost at 1 January 2015	6 901	19 853	16 893	43 647
Additions	1 414	1 125	11 446	13 985
Assets under Construction Capitalized	216	17 460	(17 676)	-
Cost at 31 December 2015	**8 531**	**38 438**	**10 663**	**57 632**
Accumulated amortization at 1 January 2015	2 217	5 080	-	7 297
Amortization	1 538	5 681	-	7 219
Accumulated amortization at 31 December 2015	**3 755**	**10 761**	**-**	**14 516**
Net carrying amount at 31 December 2015	**4 776**	**27 677**	**10 663**	**43 116**

2014

	(expressed in euro '000s)			
	Computer Software Purchased	**Computer Software Internally Developed**	**Intangible Assets Under Development**	**Total Intangible Assets**
Cost at 1 January 2014	4 115	12 150	11 914	28 179
Additions	1 852	37	13 579	15 468
Assets under Construction Capitalized	934	7 666	(8 600)	-
Cost at 31 December 2014	**6 901**	**19 853**	**16 893**	**43 647**
Accumulated amortization at 1 January 2014	1 087	2 426	-	3 513
Amortization	1 130	2 654	-	3 784
Accumulated amortization at 31 December 2014	**2 217**	**5 080**	**-**	**7 297**
Net carrying amount at 31 December 2014	**4 684**	**14 773**	**16 893**	**36 350**

114. Projects with a value greater than €0.500 million, their values and their completion status, complete, partly complete or construction in progress (CIP) on 31 December 2015 are as follows:

Complete

- *AIPS Plateau 3 Enhancement (€0.723 million).* Following the go-live of AIPS Plateau 3 in December 2014, a number of enhancements were made during the course of 2015 to provide additional functionality, greater integration and enhanced reporting. These costs are in addition to those incurred on the main Plateau 3 implementation reported in 2014 (no costs reported in 2014).
- *Development of the Support Programmes Information and Communication System (SPRICS) 2.0 Phase 2 (€0.684 million).* SPRICS 2.0 was developed to replace SPRICS Version 1 and supports the process for managing the Safeguards research and development (R&D) projects funded by Member State Support Programmes (MSSPs) through a new web-enabled process. It was completed in March 2015 (€0.684 million CIP in 2014).

Partly Complete

- *State Supplied Data Handling (SSDH) (€7.555 million).* State Supplied Data Handling covers development of integrated IT systems for processing, maintenance, dissemination and analysis of information provided by Member States. The following current information systems were, in the course of this project, re-specified and enhanced with additional functionality, and finally integrated into a set of detailed functional requirements: Non-Proliferation of Nuclear Weapons Treaty (NPT) Accounting and Reporting including Inventory File 205, NPT Transit Matching, Non-NPT Accounting and Reporting, Voluntary Reporting Scheme System, Nuclear Material Inventory System (File 205) and Additional INFCIRC/153 Reporting Paragraphs System. Phase 1 was completed and went live in April 2015 at a cost of €6.388 million, while Phase 2 remains in progress and has a cost through 31 December 2015 of €1.167 million (Phase 1 only €5.347 million CIP in 2014).

- *Field Activity Reporting (FAR) (€5.625 million)*. FAR deals with the reporting on the verification activities conducted during inspections and complementary access. It is composed of Computerized Inspection Reporting System (CIRS), Containment Data Management System (CDMS), Data Exchange to and from Material Balance Evaluation System (MBES), and Data exchange to and from Destructive Analysis Sample Status Tracking Services (DASSTA). FAR Phase 1, comprising CIR and CDMS, was completed in April 2015 at a cost of €4.918 million. FAR Phase 2 aims to provide a comprehensive solution to assist inspectors during their verification activities in the field. The objectives are to enhance the capabilities of FAR-CIRS and implement new functionality according to business requirements. FAR Phase 2 remains in progress at a cost of €0.707 million (€4.244 million CIP in 2014).

- *Safeguard Master Data (SGMD) (€3.664 million)*. The purpose of SGMD is to manage core data for the Department of Safeguards which is essential to ensure the quality of the state supplied data and inspection data. It is necessary for proper management, planning and statistical purposes. It will be the central repository for Authority, Static and Location information which will be used by all safeguards applications. The SGMD product is consumed by other systems for further processing, and users in the Department of Safeguards who will retrieve and/or maintain the Master Data. Phase 1 was completed in January 2015 at a cost of €2.903 million and Phase 2 remains in development having cost through 31 December 2015 of €0.761 million (€2.827 million CIP in 2014).

- *Safeguards Effectiveness and Evaluation Information System (SEEIS) (€2.141 million)*. SEEIS provides the functionality to collect, share, exchange and report data to facilitate the processing for key Safeguards Effectiveness and Evaluation business processes: the preparation of the State Implementation Report (SIR), SEE Facility Evaluation, SEE State-Level Evaluation and on-going evaluation of verification activities. SEEIS Phase 1 was completed in March 2015 at a cost of €1.419 million and Phase 2 is in development with a cost through 31 December 2015 of €0.722 million (€1.134 million CIP in 2014).

- *Electronic State File (€0.916 million)*. The Electronic State File aligns with the overall goal of reaching a secure, integrated, and collaborative environment for the Department of Safeguards and aims to provide the department with an integrated view of all information related to a state. Additionally, it will allow views of information across states and enable the provision of safeguards information to Agency stakeholders outside the Department of Safeguards. An initial version was released in October 2014 and further enhancements have been developed in 2015 (€1.461 million Partially Complete and CIP in 2014, of which €1.334 million had been completed and capitalized and €0.127 million remained as CIP).

Construction in Progress

- *AIPS Plateau 4 Implementation – Travel and Meetings Management (1.173 million)*. AIPS Plateau 4 solution for Travel and Meetings Management will provide fully-integrated functionality and processes for the preparation and execution of the Agency's travel and meetings processes, wherever possible introducing automation, reducing paper-based actions and providing a sufficient level of reporting to ensure effective measurement and management of the processes and results (no costs reported in 2014).

- *Collaborative Analysis Platform (€0.819 million)*. The Collaborative Analysis Platform project (Phase 2) continues developing an analytical platform that will serve key areas in each of Safeguards core processes: Planning, Information Collection and Analysis, Verification and Evaluation. The platform is designed to integrate multiple data and information sources to enable "all-source" analysis. It will facilitate Safeguards staff to perform information tasks at at a speed and scale that was not possible in the past – increasing the effectiveness and efficiency of our current human resources. The ability to establish relationships between information from multiple sources, across time, and over ever increasing volumes of information, will ensure the SG analytical artefacts are produced with correctness and completeness. The primary goal is to introduce state-of-the-art tools to support structured analysis such as is practiced in law enforcement, intelligence analysis, financial fraud investigation, and investment strategy into Safeguards business processes (€0.525 million CIP in 2014).

115. The 2015 increase in total intangible assets amounts to €6.766 million and it is mostly attributable to internally developed software activities.

116. During 2015, the Agency undertook a review of the useful life of its significant intangible assets to validate the assigned useful lives. Based upon this analysis, it was concluded that five years remains a reasonable assumption for all intangible assets other than those related to the implementation of the various AIPS plateaus. Given the current estimate that AIPS will not require a full upgrade until approximately 2023, the useful lives of the AIPS plateaus were revised such that amortization would end in 2023. The impact of this change was to reduce amortization expense in 2015 by approximately €1.072 million compared with an assumption of five years.

117. Thirty one new projects were initiated in 2015 with aggregate costs amounting to €7.594 million (17 projects amounting to €1.088 million in 2014). Of these 31 projects, 6 with aggregate costs of €1.125 million were completed while the other 25 remain as construction in progress. Of the 25 internal development projects initiated prior to 2015, one was retired as the final costs fell short of the capitalization threshold, and 12 were completed, leaving 12 as CIP. There are therefore a total of 37 projects that will continue in 2016 and are recognized as intangible assets under development as at 31 December 2015.

NOTE 14: Accounts payable

	(expressed in euro'000s)	
	31-12-2015	**31-12-2014**
Accruals	12 476	9 351
Staff	1 615	1 172
Other payables	3 326	1 759
Total accounts payables	**17 417**	**12 282**

118. Accruals represent the amount of goods and services delivered for which the invoices were not received by the reporting date.

119. Other payables primarily represent the amount of invoices processed but not paid as on the reporting date and compensated absences accumulated by certain consultants at the reporting date which are carried forward to the following period.

NOTE 15: Deferred revenue

	(expressed in euro'000s)	
	31-12-2015	**31-12-2014**
Contributions received in advance	58 857	54 107
Donated use of premises subject to conditions	153 323	-
Extrabudgetary contributions transferred subject to conditions	46 231	58 785
Other	346	26
Total deferred revenue	**258 757**	**112 918**
Deferred revenue composition		
Current	75 205	54 133
Non-current	183 552	58 785
Total deferred revenue	**258 757**	**112 918**

120. Contributions received in advance primarily include Regular Budget assessed contributions received prior to the year to which they relate, as well as funds received for extrabudgetary contributions from Member States that have not been formally accepted by the Agency. Contributions received in advance increased in 2015 by €4.750 million.

121. At the end of 2015, contributions received subject to conditions decreased by €12.554 million. Out of the total balance of contributions received subject to conditions, 89% was received from one non-Member State donor. These will be recognized as revenue, as and when the conditions are satisfied. The portions of these voluntary contributions that are expected to be reclassified as revenue in the next twelve months, totaling €8.101 million have been classified as current. Out of this amount, final and interim reports for contributions totaling €6.070 million have already been submitted for approval by donors, while further reports totaling €2.031 million are expected to occur during 2016. Revenue recognition for these contributions will be based on the approval of such reports by the donor.

122. A detail of contributions received in advance and extrabudgetary contributions transferred subject to conditions as of 31 December 2015 is provided in Annex A4.

123. Deferred revenue pertaining to the use of the VIC buildings recognizes that the Austrian Government leased to IAEA the original buildings for a nominal rental and contributed 50% of the cost of leasehold improvements. In return, IAEA has an obligation to maintain its headquarters seat in Vienna and to occupy the VIC until 2078 or return it to the Government. This obligation is fulfilled by occupation of the VIC over the remaining term of the lease and the deferred revenue is recognized annually in the statement of financial performance. Further details may be found in Note 35.

NOTE 16: Employee benefit liabilities

	(expressed in euro'000s)	
	31-12-2015	31-12-2014 (restated)
After-service health insurance	175 551	185 988
Post-employment repatriation and separation entitlements	50 390	48 856
Annual leave	20 775	20 120
Health Insurance Premium reserve account - staff contributions	742	966
Other staff costs	2 075	2 389
Total staff related liabilities	**249 533**	**258 319**
Composition of employee benefit liabilities		
Current	11 834	11 664
Non-current	237 699	246 655
Total employee benefit liabilities	**249 533**	**258 319**

124. Liabilities for After-Service Health Insurance (ASHI), post-employment repatriation and separation entitlements, and annual leave have been recognized on the basis of actuarial valuation. These liabilities have decreased during the year, primarily due to changes in the actuarial assumptions (more details are provided in Note 17). According to the actuarial valuation the total service cost for annual leave in 2015 amounts to €2.882 million and the total interest cost to €0.180 million.

125. Liabilities for other staff costs as at 31 December 2015 consisted of primarily home leave accruals amounting to €1.224 million (€1.527 million as on 31 December 2014) and accruals for compensatory time-off amounting to €0.726 million (€0.734 million as on 31 December 2014).

126. As at 31 December 2015, the ASHI and post-employment repatriation benefit obligations, as well as the annual leave liability, were entirely unfunded. Nearly all of these liabilities, which total €246.716 million at 31 December 2015 relate to the Regular Budget and Working Capital Fund. As a result of the unfunded status of these liabilities, the total equity of this fund had a net deficit of €19.328 million as at 31 December 2015.

NOTE 17: Post-employment related plans

127. Post-employment related benefits include ASHI, post-employment repatriation and separation benefits. These employee benefits are recorded as a liability and determined by professional actuaries based on personnel data and past payment experience.

128. The IAEA operates the ASHI scheme, which is a defined employee benefit plan. Under the scheme and in accordance with the Staff Regulations and Rules, retirees of the Agency are eligible to obtain medical insurance through the Agency.

129. Other post-employment entitlements are those that staff members of the Agency are eligible to receive on separation from the service of the Agency. These include a repatriation grant and the related travel and removal costs on separation from the Agency, as well as an end of service allowance that certain general service staff members are entitled to, and which are based on length of service.

Actuarial valuations

130. Liabilities arising from ASHI, and repatriation and separation benefits are determined with assistance from professional actuaries. Prior years' employee benefits, expenses and liabilities comparative amounts have been restated assuring a better alignment with the underlying rules of the Austrian local insurance scheme.

131. The following assumptions and methods have been used to determine the value of post-employment and other separation-related employee benefit liabilities for the IAEA as at 31 December 2015:

Parameter	31 December 2015	31 December 2014
Discount rate	ASHI: 2.46% Other post-employment entitlements: repatriation entitlements 1.17%; End of Service allowance 1.67% Market yields on high quality euro corporate bonds at the reporting date (estimated duration: ASHI: 22 years; Other post-employment entitlements: 7 to 10 years depending on entitlement)	ASHI: 1.94% Other post-employment entitlements: repatriation entitlements 0.78%; End of Service allowance 1.20% Market yields on high quality euro corporate bonds at the reporting date (estimated duration: ASHI: 22 years; Other post-employment entitlements: 6 to 10 years depending on entitlement)
Expected rate of salary increase	2.84 % (Professionals and higher) 3.15% (General Staff)	2.84% (Professionals and higher) 3.17% (General Staff)
Expected rate of medical cost increase	3.00% – 3.73% (range for the various insurance plans)	3.00% – 3.90% (range for the various insurance plans)
Expected rate of travel costs increase	0%	0%
Expected rate of shipping cost increase	1.90%	1.80%

132. The following tables provide additional information and analysis on the employee benefit liabilities calculated by the actuary.

After service health insurance

	(expressed in euro'000s)	
	31-12-2015	**31-12-2014 (restated)**
Movement in defined benefit obligation comprises:		
Opening defined benefit obligation	185 988	123 630
Expense for the period:		
Current service cost	9 642	6 319
Interest cost	3 582	4 332
Benefits paid	(2 815)	(2 861)
Transfers in/(out)	(284)	285
Actuarial losses/(gains) recognized in net assets	(20 562)	54 282
Closing defined benefit obligation	**175 551**	**185 988**

Other post-employment benefits

	(expressed in euro'000s)	
	31-12-2015	**31-12-2014**
Movement in defined benefit obligation comprises:		
Opening defined benefit obligation	48 856	42 528
Expense for the period:		
Current service cost	5 881	5 014
Interest cost	457	925
Benefits paid	(6 012)	(6 118)
Transfers in/(out)	(57)	127
Actuarial losses/(gains) recognized in net assets	1 265	6 380
Closing defined benefit obligation	**50 390**	**48 856**
of which		
Repatriation entitlements	26 771	25 214
End of Service allowance	23 619	23 642
	50 390	**48 856**

133. Actuarial gains or losses arise when the actuarial assessment differs from the long term expectations on the obligations. They result from experience adjustments (differences between the previous actuarial assumptions and what has actually occurred) and the effects of change in actuarial assumptions.

134. The actuarial gain of €20.562 million for ASHI was primarily a result of higher discount rates in 2015 as compared to 2014, reflecting the increase in long-term interest rates. While the discount rates for the other post-employment benefits also increased, this increase was offset by experience adjustments, resulting in an overall actuarial loss of €1.265 million in 2015 for these benefits. Discount rates dramatically decreased in 2014, which resulted in significant actuarial losses for both ASHI and other post-employment benefits in 2014 (actuarial loss of €54.282 million and €6.380 million, respectively).

135. As at 31 December 2015, the ASHI and post-employment repatriation benefit obligations were entirely unfunded. Therefore, the present value of funded obligations and the fair value of plan assets are nil.

Sensitivity analysis

136. If the assumptions described above were to change, as per the actuarial report, the impact on the measurement of defined benefit obligations and current service and interest cost would be as per the table below:

		(expressed in euro'000s)	
Impact of change in assumptions	**Change**	**After Service Health Insurance**	**Other post-employment benefits**
Effect of discount rate change on defined benefit obligation	+1%	(30 750)	(3 754)
	-1%	41 245	4 340
Effect of change in expected rate of medical costs increase on:			
*current service cost component of liability	+1%	3 335	n/a
	-1%	(2 375)	n/a
*interest cost component of liability	+1%	832	n/a
	-1%	(634)	n/a
*total defined benefit obligation	+1%	40 309	n/a
	-1%	(30 732)	n/a
Effect of changes in salaries, shipping and travel costs on total defined benefit obligation	+1%	n/a	4 226
	-1%	n/a	(3 734)

137. The following tables provide the details of the defined benefit obligation and the experience adjustments for the current period and previous three periods.

After service health insurance

	(expressed in euro'000s)			
	2015	**2014 (restated)**	**2013 (restated)**	**2012 (restated)**
Defined benefit obligation	175 551	185 988	123 630	126 195
Plan assets at fair value	-	-	-	-
Surplus/(deficit)	(175 551)	(185 988)	(123 630)	(126 195)
Remeasurement losses/(gains) due to experience adjustments	6 015	(2 837)	(304)	(1 397)
Remeasurement due to experience adjustments as a percentage of defined benefit obligation	3.43%	(1.53%)	(0.25%)	(1.11%)

Other post-employment benefits

	(expressed in euro'000s)			
	2015	**2014**	**2013**	**2012**
Defined benefit obligation	50 390	48 856	42 528	46 936
Plan assets at fair value	-	-	-	-
Surplus/(deficit)	(50 390)	(48 856)	(42 528)	(46 936)
Remeasurement losses/(gains) due to experience adjustments	2 209	269	(2 651)	2 378
Remeasurement due to experience adjustments as a percentage of defined benefit obligation	4.38%	0.55%	(6.23%)	5.07%

138. The amounts presented above for 2014, 2013 and 2012 for ASHI have been restated as discussed in Note 2.

139. The Agency's best estimate of benefits payments expected to be made for the next 12 months for ASHI plans is €3.729 million, and for post-employment repatriation and separation entitlements is €3.403 million.

140. The post-employment benefit liabilities represent a material unfunded liability of the Agency. Consistent with many other UN Organizations, the Agency is in the process of examining the possible approaches for addressing these long-term unfunded liabilities; however no approach has yet been formalized.

United Nations Joint Staff Pension Fund

141. The Pension Fund's Regulations state that the Pension Board shall have an actuarial valuation made of the Fund at least once every three years by the Consulting Actuary. The practice of the Pension Board has been to carry out an actuarial valuation every two years using the Open Group Aggregate Method. The primary purpose of the actuarial valuation is to determine whether the current and estimated future assets of the Pension Fund will be sufficient to meet its liabilities.

142. The Agency's financial obligation to the UNJSPF consists of its mandated contribution, at the rate established by the United Nations General Assembly (currently at 7.9% for participants and 15.8% for member organizations) together with any share of any actuarial deficiency payments under Article 26 of the Regulations of the Pension Fund. Such deficiency payments are only payable if and when the United Nations General Assembly has invoked the provision of Article 26, following determination that there is a requirement for deficiency payments based on an assessment of the actuarial sufficiency of the Pension Fund as of the valuation date. Each member organization shall contribute to this deficiency an amount proportionate to the total contributions which each paid during the three years preceding the valuation date.

143. The actuarial valuation performed as of 31 December 2013 revealed an actuarial deficit of 0.72% (1.87% in the 2011 valuation) of pensionable remuneration, implying that the theoretical contribution rate required to achieve balance as of 31 December 2013 was 24.42% of pensionable remuneration, compared to the actual contribution rate of 23.7%. The next actuarial valuation will be conducted during 2016 as of 31 December 2015.

144. At 31 December 2013, the funded ratio of actuarial assets to actuarial liabilities, assuming no future pension adjustments, was 127.5% (130% in the 2011 valuation). The funded ratio was 91.2% (86.2% in the 2011 valuation) when the current system of pension adjustments was taken into account.

145. After assessing the actuarial sufficiency of the Fund, the Consulting Actuary concluded that there was no requirement, as of 31 December 2013, for deficiency payments under Article 26 of the Regulations of the Fund as the actuarial value of assets exceeded the actuarial value of all accrued liabilities under the Fund. In addition, the market value of assets also exceeded the actuarial value of all accrued liabilities as of the valuation date. At the time of this report, the General Assembly has not invoked the provision of Article 26.

146. In July 2014, the Pension Board noted in its Report of the fifty-ninth session to the General Assembly that an increase in the normal age of retirement for new participants of the Fund to 65 is expected to significantly reduce the deficit and would potentially cover half of the current deficit of 1.87%. In December 2012 and April 2014, the General Assembly authorized an increase to age 65 in the normal retirement age and in the mandatory age of separation respectively for new participants of the Fund, with effect not later than from 1 January 2015. The increase in the normal retirement age is reflected in the actuarial valuation of the Fund as of 31 December 2013, which revealed a decrease in the contribution deficit from 1.87% in 2011 to 0.72% in 2014.

147. During 2015, contributions paid to UNJSPF amounted to €60.930 million (2014 €51.843 million). Expected contributions due in 2016 are approximately €61.136 million.

148. The United Nations Board of Auditors carries out an annual audit of the UNJSPF and reports to the UNJSPF Pension Board on the audit every year. The UNJSPF publishes quarterly reports on its investments and these can be viewed by visiting the UNJSPF at www.unjspf.org.

NOTE 18: Other financial liabilities

	(expressed in euro'000s)	
	31-12-2015	**31-12-2014**
Deposits received	304	304
Others	409	369
Total other financial liabilities	**713**	**673**
Composition of other financial liabilities		
Current	409	369
Non-current	304	304
Total other financial liabilities	**713**	**673**

149. As at 31 December 2015, "Others" consisted primarily of balances held for refund to donors of €0.378 million (€0.073 million at 31 December 2014).

NOTE 19: Provisions

	(expressed in euro'000s)	
	31-12-2015	**31-12-2014 (restated)**
Provision for ILOAT cases	65	44
Provision for asset disposal and site restoration	1 520	1 520
Total provisions	**1 585**	**1 564**
Composition of provisions		
Current	65	44
Non-current	1 520	1 520
Total provisions	**1 585**	**1 564**

150. Provisions for asset disposal of €1.520 million relate to the estimated costs for disposal of laboratory glove boxes at the Seibersdorf Analytical Laboratory (SAL) and NML in Seibesrdorf at the end of the useful life of the glove boxes.

151. As at 31 December 2015, there was one case against the IAEA with the ILO Administrative Tribunal (ILOAT) relating to a claim from a former staff member in which it is probable that the case will be decided in favour of the former staff member. Should the case be decided in favour of the former staff member, it is estimated that the Agency would be liable for approximately €0.065 million, which has been recorded as a provision in these financial statements.

Note 20: Movements in fund balances

(expressed in euro'000s)

	Regular Budget Fund and Working Capital Fund		Major Capital Investment Fund		Technical Cooperation Fund		Technical Cooperation Extrabudgetary Programme Fund		Extrabudgetary Programme Fund		Low Enriched Uranium Bank		Trust Funds and Special Funds		Total	
	2015	**2014 (restated)**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014 (restated)**	**2015**	**2014**	**2015**	**2014 (restated)**	**2015**	**2014 (restated)**
Opening balance	(27 842)	(40 390)	13 745	18 172	50 429	38 563	24 329	23 774	183 477	152 741	98 118	87 897	2 147	2 698	344 403	283 455
Adjustment to the opening balances a/	7 394														7 394	
Adjusted Opening Balance	(20 448)	(40 390)	13 745	18 172	50 429	38 563	24 329	23 774	183 477	152 741	98 118	87 897	2 147	2 698	351 797	283 455
Transfers to / (from) fund balances	17 047	10 240	(502)	(10 429)	(1 958)	3 558	149	(3 388)	(12 170)	(5 480)	(87)	(20)	75	21	2 554	(5 498)
Net surplus/ (deficit)	(10 627)	2 308	2 514	6 002	8 085	8 308	(2 047)	3 943	66 126	36 216	8 777	10 241	(519)	(572)	72 309	66 446
Closing balance	(14 028)	(27 842)	15 757	13 745	56 556	50 429	22 431	24 329	237 433	183 477	106 808	98 118	1 703	2 147	426 660	344 403
Included in fund balances are individual funds with specific purposes:																
Working Capital Fund	15 212	15 217	-	-	-	-	-	-	-	-	-	-	-	-	15 212	15 217
Nuclear Security Fund	-	-	-	-	-	-	-	-	61 187	46 650	-	-	-	-	61 187	46 650
Programme Support Cost Sub-fund	-	-	-	-	-	-	-	-	7 144	5 319	-	-	-	-	7 144	5 319
Research Institute Trust Fund	-	-	-	-	-	-	-	-	-	-	-	-	726	753	726	753
Equipment Replacement Fund	-	-	-	-	-	-	-	-	-	-	-	-	979	1 395	979	1 395

a/ Please refer to Note 2

152. The Working Capital Fund was established in accordance with the Financial Regulations to be used for advances to the Regular Budget Fund to temporarily finance appropriations and for other purposes authorized by the General Conference. The Working Capital Fund level is approved by the General Conference and funded by Member State advances made in accordance with their respective base rates of assessment as determined by the General Conference. Each advance is carried to the credit of the respective Member State.

153. The Nuclear Security Fund (NSF) was established in accordance with the Financial Regulations to fund a range of activities with the objective of supporting the capacity of Member States to protect nuclear facilities, and nuclear material in use, storage or transport, against nuclear terrorism (GOV/2002/10).

154. The Programme Support Cost Sub-fund was established in 2009 under the Extrabudgetary Programme Fund to record all income and expenditures related to programme support costs in accordance with Financial Regulation 8.03.

155. The Research Institute Trust Fund was established in accordance with the Financial Regulations to enable multi-year funding availability for the purchase of equipment and supplies necessary for the Agency's research contract programme (GOV/2403).

156. The Equipment Replacement Fund was established as approved by the Board of Governors (GOV/2005/22).

Note 21: Movement in fund balances of individual funds with specific purposes

(expressed in euro'000s)

	2015						2014					
	Opening Balance	Revenue a/	Transfers to/(from)	Expense	Net gains/ (losses)	Closing Balance	Opening Balance	Revenue	Transfers to/(from)	Expense	Net gains/ (losses)	Closing Balance
Working Capital Fund	15 217	-	(5)	-	-	15 212	15 218	-	(1)	-	-	15 217
Nuclear Security Fund	46 650	34 502	(1 473)	(21 304)	2 812	61 187	36 629	24 523	(421)	(17 100)	3 019	46 650
Programme Support Cost Sub-Fund	5 319	5 730	(115)	(3 647)	(143)	7 144	4 322	4 982	303	(4 160)	(128)	5 319
Research Institute Trust Fund	753	3	69	(201)	102	726	923	129	(67)	(336)	104	753
Equipment Replacement Fund	1 395	-	5	(319)	(102)	979	1 774	-	80	(356)	(103)	1 395

a/ Revenue includes contributions, interest, etc.

Note 22: Movements in reserves by Fund group (restated)

	(expressed in euro'000s)															
	Regular Budget Fund and Working Capital Fund		Major Capital Investment Fund		Technical Cooperation Fund		Technical Cooperation Extrabudgetary Fund		Extrabudgetary Programme Fund		Low Enriched Uranium Bank		Trust Funds and Special Funds		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Opening balance	(19 101)	36 676	4 979	3 002	23 320	26 878	8 945	7 028	12 868	15 699	87	76	95	117	31 193	89 476
Transfers to/(from)	13 801	(55 777)	(3 346)	1 977	1 959	(3 558)	(391)	1 917	3 524	(2 831)	86	11	(74)	(22)	15 559	(58 283)
Closing balance	(5 300)	(19 101)	1 633	4 979	25 279	23 320	8 554	8 945	16 392	12 868	173	87	21	95	46 752	31 193
Movements in reserves comprise:																
Reserve for MCIF opening balance	-	3 081	-	-	-	-	-	-	-	-	-	-	-	-	-	3 081
Transfers to/(from)	-	(3 081)	-	-	-	-	-	-	-	-	-	-	-	-	-	(3 081)
Reserve for MCIF closing balance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health insurance premium reserve opening balance	966	1 144	-	-	-	-	-	-	-	-	-	-	-	-	966	1 144
Transfers to/(from)	(224)	(178)	-	-	-	-	-	-	-	-	-	-	-	-	(224)	(178)
Health Insurance premium reserve closing balance	742	966	-	-	-	-	-	-	-	-	-	-	-	-	742	966
	-		-		-		-		-		-		-		-	
Commitments opening balance	28 520	28 963	5 017	3 013	23 320	26 878	8 955	7 028	13 178	15 708	91	70	95	117	79 176	81 777
Transfers to/(from)	1 780	(443)	(3 335)	2 004	1 959	(3 558)	(391)	1 927	3 619	(2 530)	86	21	(74)	(22)	3 644	(2 601)
Commitments closing balance	30 300	28 520	1 682	5 017	25 279	23 320	8 564	8 955	16 797	13 178	177	91	21	95	82 820	79 176
Cash surplus reserve opening balance	72	(1 012)	-	-	-	-	-	-	-	-	-	-	-	-	72	(1 012)
Transfers to/(from)	-	1 095	-	-	-	-	-	-	-	-	-	-	-	-	-	1 095
Credit to Member States	(3)	(11)	-	-	-	-	-	-	-	-	-	-	-	-	(3)	(11)
Cash surplus reserve closing balance	69	72	-	-	-	-	-	-	-	-	-	-	-	-	69	72
Post employment related plans revaluation reserve	(55 814)	4 500	(38)	(11)	-	-	(10)	-	(310)	(9)	(4)	6	-	-	(56 176)	4 486
Actuarial gains/losses recognized through equity	19 403	(60 314)	(11)	(27)	-	-	-	(10)	(95)	(301)	-	(10)	-	-	19 297	(60 662)
Reserve for actuarial gains/losses on employee benefit	(36 411)	(55 814)	(49)	(38)	-	-	(10)	(10)	(405)	(310)	(4)	(4)	-	-	(36 879)	(56 176)
Reserve for carry-over of unobligated appropriations	7 155	-	-	-	-	-	-	-	-	-	-	-	-	-	7 155	-
Transfers to/(from)	(7 155)	7 155	-	-	-	-	-	-	-	-	-	-	-	-	(7 155)	7 155
Reserve for carry-over of unobligated appropriations	-	7 155	-	-	-	-	-	-	-	-	-	-	-	-	-	7 155

157. The reserves increased by €15.559 million in 2015 primarily, due to recognition of actuarial gains on the post-employment employee benefit liabilities directly in equity and an increase in the committed funds for open contracts for goods and services, partially offset by the transfer in the reserve for carry-over of unobligated appropriation to fund balances.

158. The health insurance premium reserve represents the Agency's share of the funds held by the Agency's contractual private health care provider, Cigna, related to health insurance premiums. The reserve decreased by €0.224 million during 2015 (€0.178 million decrease in 2014), primarily due to withdrawals from the reserve to partially offset the increase in premiums due to the insurance company.

159. Commitments represent committed funds for open contracts for goods and services which have not been received by the Agency. During 2015, such future commitments increased by €3.644 million (€2.601 million decrease in 2014). This increase is shown as a transfer from Fund balances to the reserves.

160. The cash surplus reserve opening balances represent the accumulated cash surplus for prior years amounting to €0.072 million. During 2015 €0.003 million was surrendered to Member States for their share of the cash surplus withheld from prior years.

161. The liabilities arising from post-employment benefits and other long-term employee benefits are determined by independent actuaries. The reserve for actuarial gains/ (losses) on employee benefit liabilities represents the balance of actuarial gains or losses relating to the ASHI and post-employment repatriation and separation benefit obligations. During 2015, a total of €19.297 million actuarial gain (€60.662 million actuarial loss in 2014) was recorded (refer to Note 17). This actuarial gain is mainly due to a change in the actuary assumptions relating to the applicable discount rate.

NOTE 23: Assessed contributions

	(expressed in euro'000s)	
	2015	**2014**
Operational Assessment	336 724	329 069
Capital Assessment	8 306	8 224
Total assessed contributions	**345 030**	**337 293**

162. In accordance with Article XIV.D of the IAEA's Statute and Financial Regulation 5.01, the scale of assessment of Member States' contributions towards the Regular Budget is calculated in line with the principles and arrangements established by the General Conference (GC). The operational portion of the assessment represents funding towards the activities in the Agency's approved Regular Budget programme for the specified year. The capital portion of the assessment represents funding towards the Agency's major capital investments. The split between the Operational and Capital portion is based on the Agency's budget as approved by the relevant GC resolutions.

163. A detail of assessed contributions by Member State and other donors is provided in Annex A2.

NOTE 24: Voluntary contributions

	(expressed in euro'000s)	
	2015	**2014 (restated)**
Voluntary monetary contributions		
Technical Cooperation Fund	65 672	62 158
Technical Cooperation Fund Extrabudgetary Fund	11 486	16 957
Extrabudgetary Programme Fund	127 944	86 472
Extrabudgetary contributions for LEU Bank	-	311
Total voluntary monetary contributions	**205 102**	**165 898**
Voluntary in-kind contributions		
Lease of premises - building VIC	7 870	-
Lease of premises - building other	1 304	1 176
Lease of premises - land VIC	844	844
Lease of premises - land other	353	353
Other	-	14
Total voluntary in-kind contributions	**10 371**	**2 387**
Total voluntary contributions	**215 473**	**168 285**

164. Voluntary contributions consist of monetary and in-kind contributions. A detail of voluntary monetary contributions by Member State and other donors is provided in Annex A2.

165. The above amounts do not reflect the impact of the refund of unused portions of extrabudgetary contributions to donors for voluntary contributions for which revenue was recognized in prior years. During 2015 and 2014, such refunds amounted to €1.257 million and €2.837 million, respectively. In accordance with the Agency's accounting policy for such refunds, these amounts were recognized as direct adjustments to equity.

166. In-kind contributions primarily comprise the use of the Vienna International Centre (VIC) as a donated asset (€8.714 million) as well as the donated right-to-use of the land, buildings and related utilities in Agency's other locations including Seibersdorf and Monaco (€1.657 million). The contribution related to the VIC consists of the Agency's portion of depreciation charges on structures in existence as at 1 January 2015 and still in use and the Agency's portion of the notional rental charge for the land on which the VIC sits has been recognized as an in-kind contribution.

167. Other in-kind contributions received by the Agency include goods that qualify as PP&E, intangibles and project inventories for counterparts. Revenue is recognized for these contributions if the costs of the donated goods can be reliably measured and the goods have been transferred to the control of the Agency.

168. The above does not include the value of services-in-kind received by the Agency. In accordance with the Agency's accounting policies and in compliance with IPSAS, services-in-kind are not recorded as revenue. The Agency receives a significant amount of services in-kind from certain donors relating to training activities, technical support, consultancy services, analytical services and the coordination of technical meetings. Due to the uncertainty related to the control and valuation of these services, the Agency does not recognize these

services in its financial statements. In addition, the Agency receives services-in-kind relate to Cost Free Experts (CFEs), invited speakers, trainers and expert consultants and their related travel costs that have been donated to the Agency. These resources provide expertise at technical meetings and expert consultations for the Agency in specific areas that help support the Agency's initiatives.

NOTE 25: Other contributions

	(expressed in euro'000s)	
	2015	**2014**
National Participation Costs	55	2 517
Safeguards agreements	990	1024
Other contributions	13	-
Total other contributions	**1 058**	**3 541**

169. Revenue from NPCs is recognized when the projects comprising the Technical Cooperation national programme have been approved by the TACC and the amounts become due to the Agency, which is generally on 1 January following the TACC meeting. Since a majority of the projects are approved as of the first year of the biennium, NPC revenue is generally higher in that year compared to the second year of the biennium. As such, 2015, being the second year of the biennium, had lower NPC revenue compared to 2014. Other contributions represent the drawdown of deferred revenue from the Austrian Government in respect of depreciation on leasehold improvements at the VIC funded through the Common Fund for Major Repairs and Replacements (MRRF).

NOTE 26: Revenue from exchange transactions

	(expressed in euro'000s)	
	2015	2014
Revenue from sale of goods		
Publications	408	297
Laboratory reference materials	277	301
	685	**598**
Revenue from jointly financed services		
Printing	425	453
Medical	775	734
	1 200	**1 187**
Other miscellaneous revenue	**615**	**733**
Total revenue from exchange transactions	**2 500**	**2 518**

170. Revenue from jointly financed services includes receipts for services rendered to other UN system organizations on a cost reimbursement basis for various services.

171. Other miscellaneous revenue includes refund of maternity leave from social security, and other sundry credits.

NOTE 27: Interest revenue

	(expressed in euro'000s)	
	2015	2014
Term deposits	413	633
Discounted notes	108	87
Call accounts and others	182	169
Total interest revenue	**703**	**889**

172. The decrease of € 0.186 million (or 21%) in the total interest revenue is mainly the result of lower market interest rates on overall holdings of cash, cash equivalents and investments at 31 December 2015 in comparison with the previous period.

173. Statement VIIb provides details of the total interest revenue recognized in 2015 per fund. These amounts are expected to be utilized in support of the activities of the respective funds.

NOTE 28: Staff costs

	(expressed in euro'000s)	
	2015	**2014 (restated)**
Professional staff		
Salaries	133 507	123 440
Common staff costs: contributions to UNJSPF and other pension schemes	29 808	24 084
Common staff costs: other	35 375	30 644
Total professional staff	198 690	178 168
General services staff		
Salaries	53 441	52 028
Common staff costs: contributions to UNJSPF and other pension schemes	10 802	10 559
Common staff costs: other	17 104	15 856
Total general services staff	81 347	78 443
Total staff costs	**280 037**	**256 611**

174. The increase in staff costs was driven in large part by a higher volume of Regular Budget and extrabudgetary activities, the impact of the depreciation of the euro vs. the US dollar on staff entitlements denominated in US dollars, along with an increase in actuarial determined expenses related to employee benefit liabilities, in particular service cost for ASHI.

175. Salaries include net base salary and applicable post-adjustment. Common staff costs: other includes insurance, staff entitlements such as home leave, family visit, education grant, etc. as well as other separation benefits.

NOTE 29: Travel

	(expressed in euro'000s)	
	2015	**2014**
Duty travel staff		
Safeguards inspection and equipment maintenance	6 427	5 803
Duty travel staff	11 865	11 023
Total staff travel	18 292	16 826
Non-staff travel		
Consultants	14 379	12 651
For technical cooperation projects	21 908	17 491
Other non-staff	4 153	3 480
Total non-staff travel	40 440	33 622
Total travel expenses	**58 732**	**50 448**

176. The increase in travel expenses is due to higher programmatic activities in 2015 compared to 2014 and is reflected mostly in terms of non-staff travel in connection with technical cooperation projects.

177. Staff travel expenses are comprised mostly of the regular duty travel of staff on various missions, such as technical meetings, research coordination meetings, liaison meetings, emergency assistance, conferences/symposia and project travel.

178. Non-staff travel costs are the associated travel costs of the consultants or experts the Agency utilizes to support technical cooperation projects or attend technical meetings or conferences.

NOTE 30: Transfers to development counterparts

	(expressed in euro'000s)	
	2015	**2014**
Project inventories distributed to development counterparts	27 872	31 477
Services to development counterparts	7 022	4 736
Research and technical contracts	4 694	5 788
International Centre for Theoretical Physics funding	2 352	2 354
Other grants	239	217
Total transfers to development counterparts	**42 179**	**44 572**

179. The lower value of expenses for distribution of project inventories to counterparts in 2015 compared to 2014 (€3.605 million) is due to the timing of the Agency's programmatic activities.

180. Research and technical contracts are awarded to institutes in Member States to perform research work or technical services consistent with the activities and mandate of the Agency.

NOTE 31: Vienna International Centre Common Services

	(expressed in euro'000s)	
	2015	**2014**
Buildings management services	11 863	12 093
Security services	7 424	7 547
Conference services	1 422	1 282
Total Vienna International Centre common services	**20 709**	**20 922**

181. Building Management Services (BMS), UN Security Services and Conference Services represent the IAEA's share of expenditure of these common services controlled and being operated by other VBOs. Further details of these services may be found in Note 35.

NOTE 32: Training

	(expressed in euro'000s) 2015	2014
Training of development counterparts	22 012	18 801
Training - staff	1 759	1 882
Total training	**23 771**	**20 683**

182. Training of development counterparts includes stipends, tuition, travel, training fees and other training related costs.

NOTE 33: Other operating expenses

	(expressed in euro'000s) 2015	2014 (restated)
Supplies and materials	6 643	6 118
Information technology contractual services	10 103	5 671
Scientific and technical contractual services	2 430	1 473
Other institutional contractual services	2 636	2 786
Building services and security non-VIC	2 656	3 340
Equipment and software maintenance	6 879	6 148
Purchase of minor equipment and software	4 456	5 563
Communication and transport	2 610	3 051
Leased equipment	1 118	1 296
Lease of premises	2 997	2 781
Representation and hospitality	755	581
Printing supplies, Safeguards spare parts and maintenance materials inventory consumption	128	224
Increase/(decrease) in provisions and allowances	510	1 411
Other operating expenses	3 372	3 080
Other miscellaneous expenses	1 915	1 430
Total other operating expenses	**49 208**	**44 953**

183. Supplies and materials mainly comprise of scientific and technical supplies, and also include office and communication materials and supplies.

184. Information technology contractual services comprise of expenses for support of AIPS, and other support services.

185. Scientific and technical contractual services consist of activities supporting scientific research work at the Agency, such as research reports and studies.

186. Other institutional contractual services are expense related to translation, interpretation, medical and other services.

187. Building services and security non-VIC represents the Agency's expenditure on the maintenance of its offices other than the IAEA Headquarters, primarily Seibersdorf, Toronto, Tokyo, New York and Geneva.

188. Purchase of minor equipment and software relates to the expenses incurred on purchase of items of equipment and software that do not meet the capitalization criteria.

189. Communication and transport relate to costs for telephone, mail and transport of goods.

190. All current commercial leases of equipment and premises were classified as operational leases.

191. Other operating expenses primarily relate to general laboratory utility costs. Other miscellaneous expenses mainly include the Agency's contributions to UN system jointly funded activities, insurance and bank charges.

NOTE 34: Net gains/ (losses)

	(expressed in euro'000s)	
	2015	**2014**
Unrealized foreign exchange gains/(losses)	23 721	28 776
Realized foreign exchange gains/(losses)	5 246	(453)
Gains/(losses) on sale or disposal of property, plant & equipment	55	27
Total Gains	**29 022**	**28 350**

192. Net unrealized foreign exchange gains in 2015 were primarily due to the revaluation of the Agency's cash, cash equivalent and investment holdings in US dollars, and the related depreciation in the euro, functional currency of the Agency, vis-à-vis the US dollar during this period. This trend is consistent with that which occurred in 2014.

NOTE 35: Interests in other entities

Jointly funded activities

Joint FAO/IAEA Division

193. The Joint Division of Nuclear Techniques in Food and Agriculture was established to operate in areas of common interest between the Agency and the FAO, to avoid duplication of activities and promote synergy. As such, the Joint Division implements a Programme drawn up biennially in consultation between the two organizations. The operations and governance of the Joint Division are established by the Revised Arrangements between the Directors General of FAO and IAEA for the Joint FAO/IAEA Division of Nuclear Techniques in Food and Agriculture (the 'Arrangements'). The Arrangements establish a binding arrangement whereby the two organizations are committed to undertake an activity that is subject to joint control. The Joint Division is not considered to be structured as a separate vehicle for the purposes of IPSAS 37 and is consequently accounted for as a Joint Operation.

Abdus Salam International Centre for Theoretical Physics at Trieste (ICTP)

194. The Abdus Salam International Centre for Theoretical Physics at Trieste (ICTP) was established in 1964. The ICTP operates under a tripartite agreement between the Agency, UNESCO and the Italian Government. The ICTP is controlled by UNESCO as a specialized science department supporting its program (a Category 1 institute). The Agency, through its relationship with the ICTP, obtains increased access to scientists and technologies from the Agency's Member States in the fields of pure nuclear science and fundamental research. This increased access comes through activities such as training, fellowships and other joint events. The Agency has significant influence in relation to the ICTP through its representation on the Steering Committee which governs the ICTP, along with the material funding it provides, which is recognized as an expense in the Statement of Financial Performance. However, the ICTP has no formal ownership structure, dissolution provisions or other means of enabling any interest the Agency may have in the ICTP to be reliably measured. Accordingly, contributions by Agency are outside the scope of IPSAS 36 and no accounting interest in ICTP can be recognized.

195. Summary financial information of the ICTP is provided below, in line with the requirements of IPSAS 38:

	(expressed in euro'000s)	
ICTP Summary Financial Information	**31-12- 2015 (provisional)**	**31-12-2014 (final)**
Revenue	28 255	29 294
Expense	30 799	29 736
Net surplus/(deficit)	(2 544)	(442)
Assets current	9 112	10 130
Assets non-current	953	1 060
Liabilities current	3 538	3 077
Liabilities non-current	21 878	20 793
Equity	(15 351)	(12 680)

The Vienna International Centre

Vienna International Centre land and buildings

196. The Agency entered into a 'Headquarters Agreement' with the Austrian Government in 1979 for a 99-year lease for its share of the VIC premises for a nominal rent of 1 Austrian schilling per year. As part of the agreement, the Agency must operate its headquarters seat from Austria; otherwise it must return its share of the VIC premises to the Austrian Government. Since the Headquarters Agreement is essentially in the nature of a finance lease, the Agency was required to capitalize its share of the VIC buildings on the basis of the Buildings Management Services (BMS) cost-sharing ratio. IAEA shares the VIC building with three other UN entities: UNOV, UNIDO and the CTBTO, all four collectively known as the VIC Based Organizations (VBOs). Each of these entities has two agreements with the Austrian Government, one relating to its headquarters seat and the other to those parts of the VIC designated as common to all four. These agreements are binding arrangements which together effectively establish a vehicle separate from both the VBOs and the Austrian Government which no single party can control without the cooperation of the others. The VBOS have all rights to the assets and obligations for the liabilities, whereas the net assets of the arrangement belong to the Austrian Government as the land and buildings revert to it after 99 years or on removal of the headquarters from Vienna, whichever is sooner. The VBOs have mutually agreed that the assets and liabilities will be shared according to the BMS ratio, which is reviewed annually. Taking into consideration these factors, the VIC is treated as a Joint Operation.

197. IAEA recognizes its share of the buildings as capital assets held on a finance lease, and a corresponding obligation to remain in the VIC in the form of deferred income. It also recognizes depreciation charges related to its share of the buildings and leasehold improvements and operating lease payments for its share of the land, together with off-setting non-exchange revenue from the Austrian Government to reflect the fact that no cash changes hands.

Major Repairs and Replacements Fund

198. This Fund is a joint arrangement between the Austrian Government, which owns half of the Fund, and the VBOs, which jointly own the remainder. It operates under the terms of the *Agreement between the International Atomic Energy Agency, the United Nations and the Republic of Austria regarding the establishment and administration of a common fund for financing major repairs and replacements at their headquarters seats at the Vienna International* Centre, signed on 19 January 1981 and amended through an Exchange of Letters on 24 January and 14 February 2002. Its purpose is to finance agreed programmes of work to maintain and enhance the facilities at the VIC. It is established under the terms of an agreement between the five parties which establishes that "authority over the common Fund shall be vested jointly in the parties". Most of the output of the Fund takes the form of leasehold improvements to the VIC, which is capitalized as parts of the building, and the remainder constitutes minor works that are expensed jointly by the VBOs. Since the Fund gains the entirety of its income from the five participants and the four VBOs consume the totality of its output in agreed proportions, it is appropriate to account for it as a Joint Operation. Accordingly, the Agency recognizes its share of the assets and liabilities, revenues and expenses, consolidated in proportion to the BMS ratio (54.729% for 2015).

199. Summary financial information for the MRRF is provided below, in line with the requirements of IPSAS 38:

	(expressed in euro'000s)	
MRRF Summary Financial Information	**31-12- 2015 (provisional)**	**31-12-2014 (final)**
Revenue	3 547	3 543
Expense	3 554	1 728
Net surplus/(deficit)	(7)	1 815
Assets current	10 090	10 159
Assets non-current	-	-
Liabilities current	550	612
Liabilities non-current	-	-
Equity	9 540	9 547

200. The Agency provided funding to MRRF of €1 million in 2015 and €1 million in 2014. These funds represent the Agency's share towards its annual budgetary needs and unexpected major repairs and replacements which were not included in the agreed investment plan. The Agency's share of the works capitalized as part of the VIC is recognized in the statement of financial position, and its share of other expenditures is consolidated into the statement of financial performance.

Vienna International Centre Common Services

Controlled entities

201. The VIC Medical Service is provided by the Agency, either by its own staff or by organizations contracted by it. The repayments by the other VBOs are apportioned on the basis of headcount employed by the various organizations, and it is also available to other individuals in the event of a medical emergency in the VIC. The service was organized in-house primarily to meet the particular medical needs of the Agency to provide regular medical examinations of the field inspectors exposed to specific health risks and radiation workers. The Medical Service is an integral part of the Agency and is operated in accordance with its rules and regulations. No mechanism of advisory and coordinating committees was established for the Medical Services.

202. The Agency also provides a printing service to other entities on a repayment basis. Users are invoiced monthly on the basis of their actual usage, according to a scale of charges. The printing service is operated as an integral part of the Agency, which employs its staff and owns its assets and liabilities.

203. The Agency recognizes all the costs, assets and liabilities of the services it provides, together with the revenues received from the provision of services to the other VBOs for both entities.

Other entities

204. UN Security Services are provided by UNOV to the VIC, and to other external entities on a repayment basis. Although the Security and Safety Service operates under the authority of the Director General of UNOV, it is also answerable to the UN Department of Safety and Security, which has overall worldwide responsibility and sets security standards. The operation is consolidated into the UN financial statements. Consequently, the Agency does not have control over the service. The Agency recognizes its contribution for the services provided by the UNOV as an expense.

205. UNOV provides the full range of conference services to UNIDO and to CTBTO; however, with the exception of its use of the common interpretation service, the Agency remains outside these arrangements, running its own conference services in parallel. The IAEA, therefore, does not have control over these conference services. Consequently, the conference services provided by UNOV are expensed in the Agency's financial statements as incurred.

206. UNIDO provides a range of maintenance and support services to the VIC through its Buildings Management Services Special Fund. The Agency advances monies to this fund, which operates on a no gain/no loss basis, primarily to pay for its share of a variety of pass-through costs for utilities, cleaning, running repairs and routine maintenance. The Fund has no legal personality of its own, and all assets are owned by UNIDO, all contracts are issued in its name and BMS staff members are its employees. Reimbursement is calculated on the basis of floor space occupied and staff numbers employed by each of the VBOs, expressed as a percentage of total costs. Direction of the activities funded by the Special Fund is provided by the Committee on Common Services, which consists of the Heads of Administration/Management of the four VBOs, while final responsibility for the services provided lies with the Director General of UNIDO, under whose authority they are operated. Although the Special Fund has some of the characteristics of a joint arrangement, the nature of the services provided and the fact that the Agency payments are designed to reimburse costs incurred by UNIDO means that the substance of the transaction is best reflected by treating it as a service provided on a repayment basis.

Interests in structured entities that are not consolidated

Commissary

207. The Commissary was established under the terms of an Exchange of Notes between IAEA and the Austrian Government dated 1 March 1972 as a common service to enable staff, their dependent families and other entitled individuals to access the privileges conferred to them by the Austrian Government allowing purchases of certain articles on a tax free basis, and the VBOs as entities receive no direct benefits. The Commissary is operated under the authority of the IAEA within the ambit of the Commissary rules and other agreements. The Commissary is financially independent of the Agency and covers its costs from revenue generated by retail sales, which it retains for itself. In the absence of any demonstrable benefits directly to the Agency or any other VBO, no VBO controls the Commissary as defined by the IPSAS standards, as all benefits are enjoyed by entitled individuals rather than the VBOs as entities. According to the dissolution provisions, any residual net assets are payable to VBOs' staff welfare funds, except for the amount of initial investments of €0.809 million each made by the IAEA and UNIDO on 1 October 1979, which would revert to these Organizations. The initial investment of €0.809 million is recognized as an investment in common services entities.

208. As the Commissary is operated under the authority of the Agency, all staff of the Commissary hold the Agency employment contracts. As such, the Agency would be liable for post-employment

and other long-term employment benefits of these staff members should the Commissary be unable to meet the financial obligations for such post-employment and other long-term employment benefits. As at 31 December 2015, the total amount of such post-employment and other long-term employment benefits for the staff of the Commissary was €7.539 million.

209. Summary financial information for the Commissary is provided below:

	(expressed in euro'000s)	
Commissary Summary Financial Information	**31-12- 2015 (provisional)**	**31-12-2014 (final)***
Revenue	29 906	30 125
Expense	29 837	29 389
Net surplus/(deficit)	69	736
Assets current	16 926	16 241
Assets non-current	752	841
Liabilities current	1 342	1 458
Liabilities non-current	8 960	9 239
Equity	7 376	6 385

*These amounts are different from the amounts disclosed in the Agency's Financial Statements for 2014, as the Commissary's accounts were finalized after the Agency's Financial Statements for 2014 were issued.

Catering service

210. The Catering Service at the VIC has been established as a self-sustaining, non-profit-making operation to provide catering services to staff and other entitled individuals at the VIC. The responsibility for managing and operating the Catering Service is assigned to UNIDO by an agreement between the UN, IAEA and UNIDO dated 31 March 1977. The Catering Service is an integral part of the UNIDO Secretariat and has no legal personality of its own. As in the case of the Commissary, the benefits from operating the Catering Service flow to the staff of the VBOs, rather than to the VBOs themselves. In case of dissolution, any residual net assets are attributable to VBOs' staff welfare funds. Although they jointly sponsor the catering service, in the absence of direct benefits and rights to residual net assets, no VBO can demonstrate either control or significant influence over the Catering Service. The Agency therefore has no ownership interest in the Catering Service.

Note 36: Segment reporting by major programme - composition by fund

2015

For the period ending 31 December 2015

(expressed in euro'000s)

	Nuclear Power, Fuel Cycle and Nuclear Science	Nuclear Techniques for Development and Environmental Protection	Nuclear Safety and Security	Nuclear Verification	Policy, Management and Administration a/	Shared Services and Expenses not Directly Charged to Major Programmes	Eliminations	Total
Regular Budget and Working Capital Fund								
Expense	36 802	40 927	41 028	137 635	113 518	(89)	-	**369 821**
Property, Plant, Equipment and Intangibles	14 393	17 434	22 642	148 277	89 480	-	-	**292 226**
Additions to Property, Plant, Equipment and Intangibles	1 176	2 980	975	26 461	5 972	-		**37 564**
Major Capital Investment Fund								
Expense	1	277	1	525	4 647	-	-	**5 451**
Property, Plant, Equipment and intangibles	-	-	-	-	-	-	-	**-**
Additions to Property, Plant, Equipment and Intangibles	-	-	-	-	-	-	-	**-**
Technical Cooperation Fund								
Expense	7 287	34 635	13 928	-	4 947	(51)	-	**60 746**
Property, Plant, Equipment and Intangibles	-	10	-	-	3	-	-	**13**
Additions to Property, Plant, Equipment and Intangibles	-	-	-	-	-	-	-	**-**
Technical Cooperation Extrabudgetary Fund								
Expense	3 496	7 501	5 289	-	525	205	-	**17 016**
Property, Plant, Equipment and Intangibles	-	-	82	-	-	-	-	82
Additions to Property, Plant, Equipment and Intangibles	-	-	100	-	-	-	-	**100**
Extrabudgetary Programme Fund								
Expense	5 485	4 268	38 437	20 342	4 282	31	-	**72 845**
Property, Plant, Equipment and Intangibles	406	1 058	656	16 206	243	-	-	**18 569**
Additions to Property, Plant, Equipment and Intangibles	89	779	266	5 430	40	-	-	**6 604**
Low Enriched Uranium Bank								
Expense	2 686	-	-	-	(5)	-	-	**2 681**
Property, Plant, Equipment and Intangibles	13	-	-	-	-	-	-	**13**
Additions to Property, Plant, Equipment and Intangibles	5	-	-	-	-	-	-	**5**
Trust Funds and Special Funds								
Expense	(7)	208	-	-	319	-	-	**520**
Property, Plant, Equipment and Intangibles	-	-	-	-	254	-	-	**254**
Additions to Property, Plant, Equipment and Intangibles	-	-	-	-	-	-	-	**-**
Inter-fund elimination of un-allocated shared services expenses	-	-	-	-	-	-	(7 603)	**(7 603)**
Total Expense	**55 750**	**87 816**	**98 683**	**158 502**	**128 233**	**96**	**(7 603)**	**521 477**
Total PP&E and Intangibles	**14 812**	**18 502**	**23 380**	**164 483**	**89 980**	**-**	**-**	**311 157**
Total Additions to PP&E and Intangibles	**1 270**	**3 759**	**1 341**	**31 891**	**6 012**	**-**	**-**	**44 273**

a/ Includes Management of Technical Cooperation for Development.

Note 36: Segment reporting by major programme - composition by fund

2014

For the period ending 31 December 2014 (restated)

(expressed in euro'000s)

	Nuclear Power, Fuel Cycle and Nuclear Science	**Nuclear Techniques for Development and Environmental Protection**	**Nuclear Safety and Security**	**Nuclear Verification**	**Policy, Management and Administration a/**	**Shared Services and Expenses not Directly Charged to Major Programmes**	**Eliminations**	**Total**
Regular Budget and Working Capital Fund								
Expense	33 379	37 765	37 023	122 859	104 224	1 223	-	**336 473**
Property, Plant, Equipment and Intangibles	1 180	3 892	2 204	83 636	28 811	-	-	**119 723**
Additions to Property, Plant, Equipment and Intangibles	424	2 077	901	23 070	8 356	-	-	**34 828**
Major Capital Investment Fund								
Expense	75	341	10	884	584	-	-	**1 894**
Property, Plant, Equipment and Intangibles	-	-	-	-	-	-	-	**-**
Additions to Property, Plant, Equipment and Intangibles	-	-	-	-	-	-	-	**-**
Technical Cooperation Fund								
Expense	5 996	36 925	13 396	1	4 291	16	-	**60 625**
Property, Plant, Equipment and Intangibles	-	15	-	-	5	-	-	**20**
Additions to Property, Plant, Equipment and Intangibles	-	10	-	-	-	-	-	**10**
Technical Cooperation Extrabudgetary Fund								
Expense	2 428	7 216	5 212	1	469	203	-	**15 529**
Property, Plant, Equipment and Intangibles	-	-	-	-	-	-	-	**-**
Additions to Property, Plant, Equipment and Intangibles	-	-	-	-	-	-	-	**-**
Extrabudgetary Programme Fund								
Expense	5 903	4 820	33 162	15 624	4 308	29	-	**63 846**
Property, Plant, Equipment and Intangibles	419	353	675	13 604	303	-	-	**15 354**
Additions to Property, Plant, Equipment and Intangibles	218	92	427	4 774	55	-	-	**5 566**
Low Enriched Uranium Bank								
Expense	1 675	1	1	3	(1)	-	-	**1 679**
Property, Plant, Equipment and Intangibles	12	-	-	-	-	-	-	**12**
Additions to Property, Plant, Equipment and Intangibles	8	-	-	-	-	-	-	**8**
Trust Funds and Special Funds								
Expense	12	332	-	-	356	-	-	**700**
Property, Plant, Equipment and Intangibles	-	1	-	-	563	-	-	**564**
Additions to Property, Plant, Equipment and Intangibles	-	-	-	-	57	-	-	**57**
Inter-fund elimination of un-allocated shared services expenses	-	-	-	-	-	-	(6 316)	**(6 316)**
Total Expense	**49 468**	**87 400**	**88 804**	**139 372**	**114 231**	**1 471**	**(6 316)**	**474 430**
Total PP&E and Intangibles	**1 611**	**4 261**	**2 879**	**97 240**	**29 682**	**-**	**-**	**135 673**
Total Additions to PP&E and Intangibles	**650**	**2 179**	**1 328**	**27 844**	**8 468**	**-**	**-**	**40 469**

a/ Includes Management of Technical Cooperation for Development.

NOTE 37: Budget

211. The Regular Budget consists of an operational and a capital portion, the latter to fund major infrastructure investments. Regular Budget estimates, in accordance with the structure of the Agency's programme of work, are presented in the six Major Programmes. MPs 1-4 are scientific and technical in nature:

MP 1 – Nuclear Power, Fuel Cycle and Nuclear Science

MP 2 – Nuclear Techniques for Development and Environmental Protection

MP 3 – Nuclear Safety and Security

MP 4 – Nuclear Verification

Other MPs provide managerial and administrative services that facilitate the work of the scientific and technical MPs:

MP 5 – Policy, Management and Administration Services

MP 6 – Management of Technical Cooperation for Development

212. The capital portion of the Regular Budget is a part of the MCIF. This is a Reserve Fund, established in accordance with Financial Regulation 4.06, to support major infrastructure investments that comply with the Agency's MCIP.

NOTE 37a: Movements between original and final budgets (Regular Budget)

213. Each year, the General Conference approves a budget for the Agency which is allocated in appropriation sections. The Director General may incur expenditure within the limits stated in the appropriation sections and for the purposes for which they are voted. The Director General cannot make transfers between any of the appropriation sections without the prior approval of the Board of Governors. No transfers between the appropriation sections were made during 2015. The amount in each appropriation section comprises of a euro component and a US dollar component expressed in euro equivalent on the basis of the average US dollar-to-euro UNORE experienced during the budget year. Therefore, the authority granted by the General Conference, expressed in euros, can only be determined at the end of the budget year.

214. The table below illustrates the revaluation of the 2015 Regular Budget appropriations for 2015. The variances between the original approved budget and the final budget were due to revaluation only. There were no changes between the original and final budget for the capital portion of the 2015 Regular Budget appropriations.

(expressed in euro'000s)

Operational portion	**Approved Budget**	**Revalued Budget Final** [a/]	**Variance**
MP1-Nuclear Power Fuel Cycle and Nuclear Science	34 862	34 423	(439)
MP2-Nuclear Techniques for Development and Environmental Protection	38 889	38 475	(413)
MP3-Nuclear Safety and Security	37 556	36 962	(594)
MP4-Nuclear Verification	132 540	130 673	(1 867)
MP5-Policy Management and Administration	77 687	76 981	(707)
MP6-Management of Technical Cooperation and Development	23 797	23 446	(351)
Total Agency programmes	**345 331**	**340 960**	**(4 371)**
Reimbursable work for others	2 846	2 846	-
Total Regular Budget operational portion	**348 177**	**343 806**	**(4 371)**

a/ General Conference Resolution GC(58)/RES/6 of September 2014 revalued at the United Nations operational average rate of exchange of €0.9016 to US$1. There were no transfers between major programmes. The difference between the approved budget and the final budget is due to revaluation only.

NOTE 37b: Reconciliation between actual amounts on a budget comparable basis and the cash flow statement

215. As required under IPSAS 24 *Presentation of Budget Information in Financial Statements*, the actual amounts presented on a comparable basis to the budget shall, where the financial statements and the budget are not prepared on a comparable basis, be reconciled to net cash flows from operating, investing and financing activities, identifying separately any basis, timing and entity differences. There may also be differences in formats and classification schemes adopted for presentation of financial statements and the budget.

216. The reconciliation between the actual amounts on a comparable basis in the Comparison of Budget and Actual Amounts and the actual amounts in the Cash Flow Statement for the period ended 31 December 2015 is presented below:

(expressed in euro'000s)

	Operational	**Investing**	**Financing**
Actual Net Surplus as per the Statement of Comparison of Budget and Actual Amounts a/	426	-	-
Basis Difference	19 743	-	-
Presentation Difference	31 296	(36 630)	5 335
Entity Difference	53 566	7 904	(5 343)
Actual Amount in the Statement of Cash Flows	**105 030**	**(28 726)**	**(8)**

a/ IPSAS 24 requires a reconciliation to be presented between the actual amounts (Actuals/Expenditure Statement Va) and the net cash flows. The reconciliation in this Note compares the variance between budget and actuals (Statement Va) and the net cash flows (Statement IV). If the literal requirement of IPSAS 24 is followed, the Agency's revenues (substantial part of the cash flows) would appear as reconciling differences. This would distort the clarity and the ability of the readers of financial statements to draw conclusions from such presentation. The logical requirement of the Standard is to demonstrate the differences between the accounting basis used in the preparation of the budget and the accounting basis used in the financial statements. We believe that the given reconciliation achieves a fair presentation.

217. **Basis differences** capture the differences resulting from preparing the budget on a modified cash basis. In order to reconcile the budgetary results to the cash flow statement, the non-cash elements such as year-end unliquidated obligations, payments against prior-year obligations, outstanding assessed contributions as well as foreign exchange gain/loss are included as basis differences.

218. **Timing differences** occur when the budget period differs from the reporting period reflected in the financial statements. For the purposes of comparison of budget and actual amounts, there are no timing differences for the Agency.

219. **Presentation differences** are differences in the format and classification schemes in the Statement of Cash Flow and the Statement of Comparison of Budget and Actual Amounts.

220. **Entity differences** represent cash flows of Fund groups other than the Regular Budget Fund that are reported in the Financial Statements. The financial statements include results for all Fund groups.

NOTE 37c: Budget to actuals variance analysis

221. Excluding reimbursable work for others, the Agency expended €348.209 million from the 2015 Regular Budget including carry over portion. The operational Regular Budget expenditure amounted to €340.449 million out of an adjusted budget of €340.960 milion representing an implementation rate of 99.9% and thus leaving an unencumbered balance of €0.511 million. In 2014, unobligated balances of €7.155 million were carried over into 2015 to meet programmatic needs, out of which, €6.784 million was expended for a utilization rate of 94.8% leaving an unencumbered balance of €0.371 million.

222. Under the capital portion of the Regular Budget, €0.976 million was incurred out of the allotted budget amount of €8.306 million, leaving an unencumbered balance of €7.330 million in the Major Capital Investment Fund (MCIF) to be carried over for the same projects as approved. This includes:

- In Major Programme 2, €2.700 million was foreseen for the renovation of the Nuclear Applications Laboratories (ReNuAL) – former project Enhancing Capabilities of NA Laboratories at Seibersdorf. This amount will be entirely committed in 2016 for the “Phased Design and Build” of the new buildings and infrastructure in the frame of the ReNuAL project.
- In Major Programme 4, €2.284 million was foreseen for the replacement of current infrastructure with the new Next Generation Surveillance Infrastructure Replacement (NGSS) project. A balance of €2.279 million will be directed towards approved requirements in 2016.
- In major Programme 5, €3.322 million was foreseen for the Agency-wide Information System for Programme Support (AIPS) and Provision for IT Infrastructure Investment. An amount of €0.971 million was expended in 2015 leaving a balance of €2.351 million which is expected to be entirely utilized in 2016 for Plateau 4 and IT infrastructure.

NOTE 37d: Major Capital Investment Fund (MCIF)

223. The MCIF is a Reserve Fund established in accordance with Financial Regulation 4.06 which allows the retention ('carryover') of funds beyond the end of the biennium. The Director General will incur expenditures from the MCIF to implement the MCIP in compliance with the Financial Regulations and Rules [1].

224. The MCIP is a long term plan which outlines the Agency's major capital projects. It is a mechanism which facilitates long term planning, allows for the accumulation and retention of funds beyond the end of a budget biennium to make them available when needed. Furthermore, it helps to ensure that appropriations are planned for and managed in a manner that the amounts requested each year are more stable and predictable.

225. The MCIF is reviewed by the Board in the framework of the established programme and budget approval process to determine, inter alia, the adequacy of the fund balance and the level of appropriations required for the capital Regular Budget after considering such factors as extrabudgetary contributions received or pledged for items in the MCIP, rate of implementation and adjustments to the MCIP due to changes in circumstances or prioritization.

226. The MCIF is funded by multiple sources as originally described in GC(53)/5, including appropriations of the capital portion of the Regular Budget, any savings from annual Regular Budget appropriations and any other source as the Board may determine.

227. The following table presents the financial status of the MCIF at the end of the 2015 financial year.

Comparison of budget and actual amounts a/

(expressed in euro'000s)	
Resources:	
Opening balance 1 January 2015 b/	14 267
2015 Regular Budget Capital Portion c/	8 306
Transfers to MCIF d/	410
Total resources	**22 983**
Expenditure:	
MP2-Nuclear Techniques for Development and Environmental Protection	393
MP4-Nuclear Verification	1 307
MP5-Policy, Management and Administration	4 423
Total expenditure during 2015	**6 123**
Available Resources at 31 December 2015	**16 860**
Allocation of Available Resources at 31 December 2015	
Allocated to Major Programmes	14 200
Unallocated e/	2 660

a/ The accounting basis and the budget basis are different. This note is prepared on the modified cash basis.

b/: Agency Financial Statements GC(59)/3 dated July 2015

c/: Agency Budget Update for 2015 GC(58)/2 dated July 2014

d/: Final cash surplus from 2014 appropriations (Annex 5)

e/: This consists of the amount proposed for allocation to specific projects in the Agency's 2017 Draft Budget Update plus the additional 2015 transfer to the MCIF as shown in the table.

NOTE 38: Related parties

Key management personnel

228. Key management personnel are the Director General and the six Deputy Directors General, as they have authority for planning, directing and controlling the activities of the Agency (or significant parts thereof).

229. The aggregate remuneration paid to key management personnel includes: net salaries, post adjustment, entitlements such as allowances, grants and subsidies, and employer pension and health insurance contributions. Key management personnel remuneration incorporates housing allowances and representation allowances.

(expressed in euro'000s)

	Number of Individuals	Compensation and Post Adjustment	Entitlements	Pension and Health Plans	Total Remuneration	Outstanding Advances Against Entitlements	Outstanding Loans
2015	10*	1 257	489	306	2 052	23	-
2014	8*	1 197	297	255	1 749	25	-

* Three members of the key management personnel separated during 2015 and were replaced. In 2014 one member of key management personnel separated and was replaced. At any point of time during 2015 and 2014 there were not more than 7 key management personnel. In 2015 two members of the key management personnel were employed by the Agency at the level of Director for part of the year; their compensation as Director is **not** included in the above table.

230. No close family member of the key management personnel was employed by the Agency during the year.

231. Advances are those made against entitlements in accordance with staff rules and regulations. Advances against entitlements are widely available to all IAEA staff.

NOTE 39: Financial instrument disclosures

232. All financial assets and liabilities are carried at their amortized cost. Given the short term nature of the Agency's financial assets and liabilities, their carrying value represents a reasonable estimate of their fair value.

233. The Agency's activities expose it to credit risk, liquidity risk, currency risk, and interest rate risk. Detailed information on the Agency's management of each of these risks and the related exposures is provided in the following sections. From an overall perspective the Agency's investment management objective prioritizes capital preservation as its primary objective, ensuring sufficient liquidity to meet cash operating requirements, and then earning a competitive rate of return on its portfolio within these constraints. Capital preservation and liquidity are emphasized over the rate of return. Currently, no investment can be longer than one year.

a) Credit risk management

234. Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in a financial loss to the IAEA. The carrying value of financial assets equates to the maximum exposure to credit risk as at balance date.

235. To manage credit risk relating to its portfolio, the Agency has an investment policy that restricts investments to particular types of financial instruments along with investment ceilings per issuer depending on the credit quality of the issuer. In addition, the Agency has set a maximum ceiling of 70 percent for exposure with commercial banks in cash equivalents and investments as well as maximum country ceilings for exposures with commercial banks; taking

into account that the minimum allowed country rating is AA-. In this regard, as at 31 December 2015, the total exposure of the Agency with commercial banks was 50.21% and the highest exposure with commercial banks in any single country was 12.91% in an AAA country. Credit risk relating to management of accounts receivable is discussed further in Note 7.

The Agency's credit quality on cash equivalents and investments	**Carrying value and percentage of cash equivalents and investments (expressed in euro'000s)**			
Credit quality a/	**31-12-2015**		**31-12-2014**	
	Carrying value	**Percentage**	**Carrying value**	**Percentage**
AAA	217 942	49.8%	148 824	31.3%
AA+	-	-	-	-
AA	-	-	16 000	3.4%
AA-	125 761	28.7%	166 749	35.0%
A+	33 000	7.6%	144 250	30.3%
A	61 000	13.9%		
	437 703 b/	**100%**	**475 823 b/**	**100%**

a/ Credit quality is expressed as the issuer default/long term rating, with the exception of the Bank for International Settlements (BIS). The BIS has not been rated by a rating agency; however, its debt trades at AAA levels due to the special status of this institution, which is the bank of central banks around the world.

b/ 39.4% of the balance as at 31 December 2015 was denominated in euros and 60.6% was denominated in US dollars (54.4% and 45.6%, respectively, as at 31 December 2014).

236. The total cash equivalents and investments as at 31 December 2015 decreased by €38.1 million (or 8.01 %) from 31 December 2014.

237. The following table gives the details of exposures to any single issuer of over 10% of the total portfolio:

Issuer	**Industry**	**Carrying value (expressed in euro'000s)**			
		31-12-2015		**31-12-2014**	
		Carrying value	**Percentage**	**Carrying value**	**Percentage**
Bank for International Settlements	Financial Institution (central banks)	117 449	26.8%	88 560	18.6%
United States	Government	91 355	20.9%	60 264	12.7%
	Total	**208 804**	**47.7%**	**148 824**	**31.3%**

b) Currency risk management

238. The Agency undertakes transactions denominated in foreign currencies and must therefore manage its exposure to exchange rate fluctuations. The Agency's general strategy for managing exchange rate risk is to ensure that revenues are received or converted in the market in the same currencies as anticipated expenses. The principal mechanisms being the split assessment system for the Regular Budget Fund and the cash holdings of other Funds are generally being held in the expected currency of the disbursements.

239. Foreign currency revenue inflows are translated at differing exchange rates to the related foreign currency expense outflows which occur at a later date. The foreign exchange gains and losses associated with foreign currency holdings during the window between these inflows and outflows therefore do not represent a true economic risk to the Agency due to the currency management strategy outlined above.

240. The carrying amounts of the Agency's foreign currency denominated financial assets and financial liabilities translated to euro at end of the period are set out below. Some financial assets are denominated in difficult-to-use currencies (‘illiquid currencies’) that cannot be readily converted into euro.

Total cash, deposits and other investment currency denominations

(expressed in euro'000s)

	Euros	US dollars	Illiquid currencies	Others	Total
As at 31-12-2015	332 443	268 027	1 552	405	602 427
As at 31-12-2014	291 156	218 569	1 229	338	511 292

241. The increase of €91.135 million (or 17.8%) in total cash, cash equivalents and investments at 31 December 2015 as compared to the balance at 31 December 2014 was driven by the higher balances of total cash, cash equivalents and investments due to improved collections of assessed contributions and the increase in voluntary monetary contributions combined with the revaluation of the US dollar holdings at a stronger exchange rate on 31 December 2015 as compared to the exchange rate at the end of 2014.

c) Liquidity risk management

242. Liquidity risk refers to the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

243. Liquidity risk is generally managed on an individual Fund basis. For all Funds except the Regular Budget, commitments can generally only be made once Funds are available and therefore liquidity risk is minimal. For the Regular Budget, the appropriation based framework for expense authorization ensures that expenses do not exceed revenue streams for any given year, while the Working Capital Fund is a mechanism for providing liquidity, should issues arise around the timing of cash outflows and cash inflows (relating primarily to Member State assessed contributions). The Working Capital Fund provides a liquidity buffer for the Agency's Regular Budget of around two weeks cash flow. It was not utilized in either 2015 or 2014.

Maturity analysis of the Agency's financial liabilities and financial assets

244. The Agency's financial liabilities were approximately 41.3% of financial assets as at 31 December 2015, against 47.6% as at 31 December 2014; this lower percentage is mainly due to a significant increase in cash, cash equivalents and investments combined with a reduction in employee benefits liabilities. Most of the financial liabilities are long-term in nature. The Agency's short-term financial liabilities (due within 12 months) were only 4.6% of its short-term financial assets as at 31 December 2015 (4.2% as at 31 December 2014).

245. As at 31 December 2015, the weighted average period to maturity of the Agency's cash & cash equivalents and investments holdings for euro and US dollar was 51 days and 63 days respectively (77 days and 37 days respectively at 31 December 2014).

d) Interest rate risk management

246. The Agency seeks to earn a risk adjusted competitive market rate of return on its investment portfolio; however, as stated above, capital preservation and liquidity are to be emphasized over the rate of return. Moreover, the Agency's return on the investment portfolio as a short-term fixed income investor is subject to the general level of short-term interest rates in euros and US dollars.

247. The investing horizon is based upon anticipated liquidity demands plus market conditions, and is limited to financial assets with a maturity period of one year or less. Within these settings, during 2015, the Agency earned an average rate of 0.06% per annum on its euro cash and investments (0.18% per annum in 2014) and an average rate of 0.19% per annum on its US dollar cash and investments (0.16% per annum in 2014). The Agency (as with any short-term fixed income investor) is exposed to changes in interest rates on floating rate financial assets and as fixed rate financial assets mature and require reinvestment.

NOTE 40: Commitments

248. Commitments include purchase orders and service contracts that are not delivered as at end of the reporting period. As on 31 December 2015, the Agency had commitments of €82.819 million (€79.176 million as on 31 December 2014). The details of commitments by funding source are provided below:

	(expressed in euro'000s)	
Fund Group	**31-12-2015**	**31-12-2014**
Regular Budget Fund and Working Capital Fund	30 300	28 520
Major Capital Investment Fund	1 682	5 017
Technical Cooperation Fund	25 279	23 320
Technical Cooperation Extrabudgetary Fund	8 564	8 955
Extrabudgetary Programme Fund	16 797	13 178
Low Enriched Uranium Bank	177	91
Trust Funds and Special Funds	21	95
Total commitments	**82 820**	**79 176**

Capital commitments

249. Out of the above, capital commitments were as follows:

	(expressed in euro'000s)	
	31-12-2015	**31-12-2014**
Scientific and Technical Equipment	10 129	10 718
Construction Contracts	2 408	4 853
Communications & IT Equipment	798	730
Software	1 819	474
Security & Safety Equipment	175	69
Furniture and Fixtures	18	82
Vehicles	198	132
Total capital commitments	**15 545**	**17 058**

Operating lease commitments

250. The following table gives the details of the Agency's operating leases:

	(expressed in euro'000s)	
	31-12-2015	**31-12-2014**
Office facility operating leases	3 839	3 654
Other leases	622	1 432
Total operating lease commitments	**4 461**	**5 086**
Operating lease commitments by term		
Less than one year	1 013	1 306
One to five years	1 850	2 347
Over five years	1 598	1 433
Total operating lease commitments	**4 461**	**5 086**

251. Office facility operating lease commitments pertain to the Agency's offices, primarily in New York, Toronto, Geneva and Tokyo. The value of future lease commitments is higher in 2015 as compared to 2014 mainly due to the effect of exchange rate movements, as the contracts are all denominated in currencies other than the euro.

252. Other leases primarily represent the rental of office equipment such as photocopiers and printing equipment. The reduction in the value of these commitments is a function of the relatively short-term nature of these contracts.

NOTE 41: Contingent liabilities and contingent assets

Contingent liabilities

253. As at 31 December 2015, there were 12 appeal cases against the IAEA with the ILOAT relating to claims from staff members or former staff members in which it is has been determined that it is not probable that the cases will be decided in favour of the staff members or former staff member. If the claimants for these unresolved cases are ultimately successful, it is estimated that the cost to the Agency could be approximately €0.550 million.

254. The IAEA has contingent liabilities amounting to €7.539 million related to post-employment and other long-term employment benefits for staff employed in the Commissary, all of whom hold IAEA employment contracts; however, the Commissary is responsible for paying these post-employment benefits as they become due. As the Commissary continues to be a going concern with sufficient funds and ability to pay these post-employment and other long-term employment benefits, no accrual for these liabilities has been made. Please refer to Note 35 for further details.

255. The Agency has a potential liability related to the decommissioning and decontamination of two facilities; the SAL and NML facilities in Seibersdorf. While the Agency believes it continues to have a constructive obligation for such decommissioning and decontamination, the estimate of the

amounts that the Agency would ultimately incur in satisfaction of these obligations cannot be reliably measured or estimated at this time.

Contingent assets

256. The Agency's contingent assets consist primarily of pledges received that are subject to further parliamentary approvals from the donors (€0.824 million), where the amount of the pledge is based on an estimate for which funds have not been received (€2.647 million), pledges and payments received that have not yet been formally accepted by the Agency (€3.015 million), and cases where a signed contribution agreement exists but the Agency is not in a position to invoice the donor yet or receipt against the contributions is not virtually certain (€9.755 million).

NOTE 42: Events after the reporting date

257. The Agency's reporting date is 31 December 2015. The financial statements were authorized for issuance by the Director General on 18 March 2016.

258. There were no significant events impacting the financial statements, favourable or unfavourable, between the reporting date and the financial statements issuance date.

NOTE 43: Ex-gratia payments

259. No ex-gratia payments have been made during the reporting period.

PART IV

Annexes to the Financial Statements

ANNEX A1:

LIST OF ACRONYMS

AIPS	Agency-wide Information System for Programme Support
ASHI	After Service Health Insurance
BMS	Buildings Management Services
CDMS	Containment Data Management System
CIP	Construction in Progress
CIRS	Computerized Inspection Reporting System
CTBTO	Preparatory Commission for the Comprehensive Nuclear-Test-Ban Treaty Organization
DASSTA	Destructive Analysis Sample Status Tracking Services
DRC	Depreciated Replacement Cost
EB	Extra Budgetary
EBF	Extra Budgetary Fund
FAO	Food and Agriculture Organization of the United Nations
FAR	Field Activity Reporting
GC	General Conference
HR	Human Resource
IAEA	International Atomic Energy Agency
IAS	International Accounting Standard
ICTP	International Centre for Theoretical Physics
IFAC	International Federation of Accountants
IFRS	International Financial Reporting Standard
ILO	International Labour Organization
ILOAT	International Labour Organization Administrative Tribunal
INPRO	Innovative Nuclear Reactors and Fuel Cycles
IPSAS	International Public Sector Accounting Standards
IT	Information Technology
LEU	Low Enriched Uranium
MCIF	Major Capital Investment Fund
MCIP	Major Capital Investment Plan
MBES	Material Balance Evaluation System
MP	Major Programme
MRRF	Major Repairs and Replacements Fund
MS	Member States
MSSP	Member States Support Programme
NML	Nuclear Material Laboratory, Seibersdorf
NPC	National Participation Costs
NPT	Treaty on the Non-Proliferation of Nuclear Weapons
NSF	Nuclear Security Fund
PP&E	Property, Plant and Equipment
ReNuAL	Renovation of the Nuclear Applications Laboratories
R&D	Research and Development
RB	Regular Budget

Annex A1 (continued)

LIST OF ACRONYMS

SAL	Seibersdorf Analytical Laboratory
SEEIS	Safeguards Effectiveness and Evaluation Information System
SG	Department of Safeguards
SGMD	Safeguard Master Data
SGAS	Safeguard Analytical Services
SIR	Safeguards Implementation Report
SSDH	State Supplied Data Handling
TACC	Technical Assistance and Cooperation Committee
TC	Department of Technical Cooperation
TCF	Technical Cooperation Fund
UN	United Nations
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNIDO	United Nations Industrial Development Organization
UNJSPF	United Nations Joint Staff Pension Fund
UNORE	United Nations Operational Rates of Exchange
UNOV	United Nations Office in Vienna
VAT	Value Added Tax
VBOs	VIC Based Organizations
VIC	Vienna International Centre
WCF	Working Capital Fund

ANNEX A2

REVENUE FROM CONTRIBUTIONS
FOR THE PERIOD ENDING 31 DECEMBER 2015
(expressed in euro)

Donors	Regular Budget (RB)	Technical Cooperation Fund (TCF)	National Participation Costs (NPCs)	Extrabudgetary (EB)		Total
				EB RB a/	EB TC	
I. Member States						
Afghanistan	15 015	-	-	-	-	15 015
Albania	31 020	6 980	271	-	-	38 271
Algeria	409 464	92 132	-	-	-	501 596
Angola	30 031	8 200	-	-	-	38 231
Argentina	1 344 029	290 356	4 136	-	-	1 638 521
Armenia	21 715	4 886	133	-	-	26 734
Australia	7 040 881	1 393 147	-	620 000	131 469	9 185 497
Austria	2 709 113	536 041	-	50 000	-	3 295 154
Azerbaijan	117 877	26 523	(5 225)	-	-	139 175
Bahamas	55 197	-	-	-	-	55 197
Bahrain	127 645	52 129	-	-	-	179 774
Bangladesh	30 031	6 980	-	-	-	37 011
Belarus	167 508	37 690	-	-	-	205 198
Belgium	3 389 924	670 749	-	740 000	-	4 800 673
Belize	3 103	-	-	-	-	3 103
Benin	9 009	-	-	-	-	9 009
Bolivia, Plurinational State of	27 919	-	471	-	-	28 390
Bosnia and Herzegovina	49 632	11 168	13 882	2 000	-	76 682
Botswana	49 632	11 168	1 716	-	10 693	73 209
Brazil	9 123 887	-	2 750	-	-	9 126 637
Brunei Darussalam	86 248	-	-	-	-	86 248
Bulgaria	139 590	31 409	(1 782)	-	-	169 217
Burkina Faso	9 010	2 094	-	-	2 561	13 665
Burundi	3 004	-	-	-	-	3 004
Cambodia	12 012	-	-	-	-	12 012
Cameroon	37 225	8 376	789	-	13 206	59 596
Canada	10 130 977	4 189 577	-	10 061 512	-	24 382 067
Central African Republic	3 004	-	-	-	-	3 004
Chad	6 006	2 000	-	-	-	8 006
Chile	1 037 099	231 010	1 466	9 180	9 040	1 287 795
China	15 370 437	3 458 440	224	780 346	-	19 609 447
Colombia	772 401	82 000	(3 039)	21 146	-	872 508
Congo	17 249	6 951	-	-	-	24 200
Costa Rica	114 775	25 825	(5 324)	-	100 000	235 276
Côte d'Ivoire	34 123	5 154	1 701	-	-	40 978
Croatia	375 343	84 454	3 127	-	136 000	598 924
Cuba	204 732	49 249	549	-	-	254 531
Cyprus	158 740	31 409	-	-	-	190 149
Czech Republic	1 201 872	259 645	-	35 613	55 238	1 552 368
Democratic Republic of the Congo	9 009	2 094	-	-	-	11 103
Denmark	2 292 870	453 681	-	636 729	-	3 383 280
Dominica	3 450	-	-	-	-	3 450
Dominican Republic	133 388	30 013	1 293	-	-	164 694
Ecuador	130 285	29 315	1 436	-	-	161 036
Egypt	400 159	90 038	-	-	-	490 197
El Salvador	46 530	20 947	199	-	-	67 676
Eritrea	3 004	698	-	-	-	3 702
Estonia	117 877	26 523	105	29 100	200	173 805
Ethiopia	30 031	6 980	-	-	-	37 011
Fiji	10 349	4 171	-	-	-	14 520

Annex A2 (continued)						
Donors	**Regular Budget (RB)**	**Technical Cooperation Fund (TCF)**	**National Participation Costs (NPCs)**	**Extrabudgetary (EB)**		**Total**
				EB RB a/	**EB TC**	
Finland	1 763 754	348 985	-	383 545	-	2 496 284
France	18 992 049	3 757 869	-	2 055 000	27 500	24 832 418
Gabon	61 386	-	1 146	-	-	62 532
Georgia	21 715	4 886	(8 021)	-	-	18 580
Germany	24 248 031	4 797 845	-	2 287 000	-	31 332 876
Ghana	40 326	9 074	9 580	-	-	58 980
Greece	2 118 211	-	153	10 000	-	2 128 364
Guatemala	80 652	44 932	190	-	-	125 774
Haiti	9 010	-	-	-	-	9 010
Holy See	3 528	1 820	-	-	-	5 348
Honduras	24 816	26 336	(4 255)	-	-	46 897
Hungary	827 095	178 680	440	50 000	-	1 056 215
Iceland	91 717	18 147	-	-	-	109 864
India	1 988 384	447 399	-	249 026	-	2 684 809
Indonesia	1 032 968	147 600	210	157 568	46 551	1 384 898
Iran, Islamic Republic of	1 063 989	-	11 741	-	140 000	1 215 730
Iraq	201 630	45 368	2 699	-	-	249 697
Ireland	1 418 051	143 100	-	154 803	-	1 715 954
Israel	1 343 973	135 623	-	10 000	-	1 489 596
Italy	15 104 748	2 622 692	-	174 000	-	17 901 440
Jamaica	34 123	7 678	259	-	-	42 060
Japan	36 784 755	7 278 430	-	9 051 162	2 777 636	55 891 983
Jordan	65 143	14 657	4 643	-	38 161	122 604
Kazakhstan	359 832	80 965	9 454	245 025	-	695 276
Kenya	37 225	-	3 614	-	22 138	62 977
Korea, Republic of	6 620 273	1 339 403	-	2 892 932	860 664	11 713 272
Kuwait	927 731	183 566	-	1 368 000	-	2 479 297
Kyrgyzstan	6 204	-	-	-	-	6 204
Lao People's Democratic Republic	6 006	1 396	-	-	-	7 402
Latvia	139 590	31 409	266	13 680	-	184 945
Lebanon	124 080	27 919	-	-	-	151 999
Lesotho	3 004	700	-	-	-	3 704
Liberia	3 004	-	-	-	-	3 004
Libya	442 625	-	585	-	-	443 210
Liechtenstein	31 753	6 282	-	-	-	38 035
Lithuania	217 140	48 858	(6 452)	-	-	259 546
Luxembourg	275 143	54 442	-	-	-	329 585
Madagascar	9 009	2 094	-	-	-	11 103
Malawi	6 006	-	-	-	-	6 006
Malaysia	872 327	188 452	362	-	17 820	1 078 961
Mali	12 012	2 792	-	-	4 643	19 447
Malta	48 463	10 470	-	-	-	58 933
Marshall Islands	3 103	-	-	-	-	3 103
Mauritania	6 006	-	-	-	-	6 006
Mauritius	37 225	8 376	413	-	10 295	56 309
Mexico	5 728 275	1 237 500	(1 220)	-	-	6 964 555
Monaco	42 325	8 376	-	262 863	80 000	393 564
Mongolia	9 306	3 000	526	5 000	-	17 832
Montenegro	15 510	3 490	-	-	-	19 000
Morocco	186 120	41 878	538	-	32 947	261 483
Mozambique	9 010	2 094	-	-	-	11 104
Myanmar	30 031	6 980	-	-	-	37 011

Annex A2 (continued)

Donors	Regular Budget (RB)	Technical Cooperation Fund (TCF)	National Participation Costs (NPCs)	Extrabudgetary (EB)		Total
				EB RB a/	EB TC	
Namibia	31 020	6 980	947	-	8 808	47 755
Nepal	18 020	-	-	-	-	18 020
Netherlands	5 615 774	1 111 167	-	1 150 812	-	7 877 753
New Zealand	857 181	-	-	183 589	50 000	1 090 770
Nicaragua	9 010	2 094	-	-	-	11 104
Niger	6 006	1 396	-	-	1 413	8 815
Nigeria	269 874	60 723	3 131	-	-	333 728
Norway	2 889 020	571 637	-	1 821 436	-	5 282 093
Oman	338 086	68 401	861	-	-	407 348
Pakistan	254 365	57 234	2 222	20 000	273 310	607 131
Palau	3 231	1 390	-	-	-	4 621
Panama	77 551	17 904	513	-	-	95 967
Papua New Guinea	13 799	-	-	-	-	13 799
Paraguay	31 020	-	(7 073)	-	-	23 947
Peru	350 527	23 327	1 199	-	-	375 053
Philippines	459 097	103 300	203	9 120	-	571 720
Poland	2 748 376	618 401	2 355	60 000	-	3 429 132
Portugal	1 573 134	318 274	166	-	-	1 891 574
Qatar	709 026	-	367	-	-	709 393
Republic of Moldova	9 306	2 094	322	-	-	11 722
Romania	673 136	151 459	260	-	-	824 855
Russian Federation	8 279 034	1 638 135	-	990 430	388 080	11 295 679
Rwanda	6 006	1 396	-	-	-	7 402
San Marino	10 349	-	-	-	-	10 349
Saudi Arabia	2 688 056	580 711	177	-	-	3 268 944
Senegal	18 020	3 988	-	-	-	22 008
Serbia	117 877	26 523	27 343	-	-	171 743
Seychelles	3 231	698	209	-	2 527	6 665
Sierra Leone	3 004	-	-	-	3 425	6 429
Singapore	1 305 175	258 249	-	-	-	1 563 424
Slovakia	511 832	115 165	-	-	-	626 997
Slovenia	338 636	33 505	286	-	-	372 427
South Africa	1 110 518	249 873	1 903	221 187	180 053	1 763 534
Spain	10 095 698	100 000	-	244 791	110 000	10 550 489
Sri Lanka	74 448	16 751	(12 530)	-	101 500	180 169
Sudan	30 031	13 902	-	89 670	265 000	398 603
Swaziland	10 349	-	-	-	-	10 349
Sweden	3 259 408	644 924	-	296 110	-	4 200 442
Switzerland	3 555 721	703 554	-	358 298	-	4 617 573
Syrian Arab Republic	108 570	11 069	(7 597)	-	-	112 042
Tajikistan	9 306	-	(10 113)	-	-	(807)
Thailand	713 461	160 533	(3 942)	-	-	870 052
The former Yugoslav Republic of Macedonia	24 816	5 584	108	-	-	30 508
Togo	3 004	-	-	-	-	3 004
Trinidad and Tobago	144 894	-	-	-	-	144 894
Tunisia	108 570	24 429	560	-	-	133 559
Turkey	3 964 363	892 006	396	100 000	112 000	5 068 765
Uganda	18 020	4 500	-	-	-	22 520
Ukraine	294 692	132 068	1 106	-	-	427 866
United Arab Emirates	2 021 256	399 937	-	61 910	44 022	2 527 126
United Kingdom of Great Britain	17 584 573	3 479 379	-	11 495 924	-	32 559 876
United Republic of Tanzania	27 028	6 282	-	-	118 918	152 228
United States of America	88 187 456	17 373 085	-	61 753 214	2 474 933	169 788 688
Uruguay	161 542	34 899	196	-	-	196 637
Uzbekistan	43 428	9 772	2 832	-	-	56 032

Annex A2 (continued)						
Donors	**Regular Budget (RB)**	**Technical Cooperation Fund (TCF)**	**National Participation Costs (NPCs)**	**Extrabudgetary (EB)**		**Total**
				EB RB a/	**EB TC**	
Venezuela, Bolivarian Republic of	1 870 509	-	1 724	-	-	1 872 233
Viet Nam	120 122	27 919	218	-	-	148 259
Yemen	30 032	-	-	-	-	30 032
Zambia	18 020	4 188	-	-	67 951	90 159
Zimbabwe	6 204	1 396	929	36 920	-	45 449
Sub-total	**344 985 634**	**65 671 966**	**55 027**	**111 248 642**	**8 718 703**	**530 679 972**
II. New Member States						
Antigua and Barbuda	6 963	-	-	-	-	6 963
Barbados	27 926	-	-	-	-	27 926
Djibouti	3 031	-	-	-	-	3 031
Guyana	3 463	-	-	-	-	3 463
Vanuatu	3 031	-	-	-	-	3 031
Sub-total	**44 414**	-	-	-	-	**44 414**
III. Other Donors						
European Commission	-	-	-	16 743 083	2 731 544	19 474 627
International Organizations	-	-	-	209 809	35 590	245 399
Other Sources	-	-	-	634 416	-	634 416
Sub-total	-	-	-	**17 587 308**	**2 767 134**	**20 354 442**
GRAND TOTAL	**345 030 048**	**65 671 966**	**55 027**	**128 835 950**	**11 485 837**	**551 078 828**

a/ Excludes current year refunds of € 891 000

ANNEX A3

STATUS OF OUTSTANDING CONTRIBUTIONS
FOR THE PERIOD ENDING 31 DECEMBER 2015
(expressed in euros)

Donors	Working Capital Fund (WCF)	Regular Budget (RB)	Technical Cooperation Fund (TCF)	National Participation Costs (NPCs)	Assessed Programme Costs (APCs)	Extrabudgetary (EB)		Total
						EB RB	EB TC	
Afghanistan	-	-	-	-	-	-	-	-
Albania	-	-	-	271	-	-	-	271
Algeria	-	-	-	-	-	-	-	-
Angola	-	-	-	-	-	-	-	-
Argentina	-	2 388 922	-	-	-	-	-	2 388 922
Armenia	-	-	-	-	-	-	-	-
Australia	-	-	-	-	-	-	-	-
Austria	-	-	-	-	-	-	-	-
Azerbaijan	-	-	-	(5 225)	-	-	-	(5 225)
Bahamas	2 434	114 586	-	-	-	-	-	117 020
Bahrain	-	-	-	10 630	-	-	-	10 630
Bangladesh	-	-	-	-	-	-	-	-
Belarus	-	-	-	-	-	-	-	-
Belgium	-	-	-	-	-	300 000	-	300 000
Belize	-	3 140	-	-	-	-	-	3 140
Benin	-	22 109	-	-	-	-	-	22 109
Bolivia, Plurinational State of	-	76 169	-	4 666	254 163	-	-	334 998
Bosnia and Herzegovina	-	153 223	-	-	-	-	-	153 223
Botswana	-	-	-	-	-	-	-	-
Brazil	-	18 171 842	-	-	-	-	-	18 171 842
Brunei Darussalam	-	-	-	-	-	-	-	-
Bulgaria	-	-	-	(1 782)	-	-	-	(1 782)
Burkina Faso	-	186	-	-	-	-	-	186
Burundi	-	809	-	-	-	-	-	809
Cambodia	-	65 972	-	-	-	-	-	65 972
Cameroon	-	94 571	8 376	789	-	-	-	103 736
Canada	-	-	-	-	-	-	-	-
Central African Republic	152	33 996	777	-	-	-	-	34 925
Chad	-	17 680	2 000	-	-	-	-	19 680

Annex A3 (continued)

Donors	Working Capital Fund (WCF)	Regular Budget (RB)	Technical Cooperation Fund (TCF)	National Participation Costs (NPCs)	Assessed Programme Costs (APCs)	Extrabudgetary (EB)		Total
						EB RB	EB TC	
Chile	-	-	-	-	-	-	-	-
China	-	-	-	-	-	83 681	-	83 681
Colombia	-	1 147 058	91 400	7 819	-	8 885	-	1 255 162
Congo	-	-	-	-	-	-	-	-
Costa Rica	-	-	-	(5 324)	-	-	-	(5 324)
Côte d'Ivoire	-	-	-	-	-	-	-	-
Croatia	-	1 105 390	-	-	-	-	-	1 105 390
Cuba	-	406 672	-	-	-	-	-	406 672
Cyprus	-	-	-	-	-	-	-	-
Czech Republic	-	-	-	-	-	37 004	-	37 004
Democratic Republic of the Congo	-	18 017	4 171	-	-	-	-	22 188
Denmark	-	-	-	-	-	-	-	-
Dominica	152	13 462	-	-	-	-	-	13 614
Dominican Republic	3 042	1 549 500	-	9 262	187 015	-	-	1 748 819
Ecuador	-	131 841	27 627	2 956	-	-	-	162 424
Egypt	-	-	-	-	-	-	-	-
El Salvador	1 437	739 755	-	17 902	11 373	-	-	770 467
Eritrea	-	-	-	-	-	-	-	-
Estonia	-	-	-	-	-	26 772	-	26 772
Ethiopia	-	-	-	-	-	-	-	-
Fiji	-	-	-	-	-	-	-	-
Finland	-	-	-	-	-	-	-	-
France	-	-	-	-	-	28 753	-	28 753
Gabon	-	226 398	-	14 689	-	-	-	241 087
Georgia	-	63 681	-	(8 021)	-	-	-	55 660
Germany	-	-	-	-	-	-	-	-

Annex A3 (continued)

Donors	Working Capital Fund (WCF)	Regular Budget (RB)	Technical Cooperation Fund (TCF)	National Participation Costs (NPCs)	Assessed Programme Costs (APCs)	Extrabudgetary (EB)		Total
						EB RB	EB TC	
Ghana	-	-	-	5 373	-	-	-	5 373
Greece	-	2 767 968	-	634	-	-	-	2 768 602
Guatemala	-	678 688	-	-	133 917	-	-	812 605
Haiti	-	-	-	-	-	-	-	-
Holy See	-	-	-	-	-	-	-	-
Honduras	-	41 944	-	897	-	-	-	42 841
Hungary	-	-	-	-	-	-	-	-
Iceland	-	-	-	-	-	-	-	-
India	-	-	-	-	-	-	-	-
Indonesia	-	-	-	-	-	-	-	-
Iran, Islamic Republic of	-	2 128 616	-	-	-	-	-	2 128 616
Iraq	-	-	-	-	-	-	-	-
Ireland	-	-	-	-	-	-	-	-
Israel	-	-	-	-	-	-	-	-
Italy	-	-	-	-	-	84 000	-	84 000
Jamaica	-	105 996	-	-	-	-	-	105 996
Japan	-	-	-	-	-	-	-	-
Jordan	-	-	-	-	-	-	-	-
Kazakhstan	-	-	-	-	-	-	-	-
Kenya	-	30 157	-	3 614	-	-	-	33 771
Korea, Republic of	-	-	-	(7 602)	-	3 000	191 940	187 338
Kuwait	-	-	-	-	-	-	-	-
Kyrgyzstan	-	26 013	-	51 911	8 245	-	-	86 169
Lao People's Democratic Republic	152	14 868	1 396	-	-	-	-	16 416
Latvia	-	-	-	(27 093)	-	-	-	(27 093)
Lebanon	-	-	-	-	-	-	-	-
Lesotho	-	8 848	3 700	-	-	-	-	12 548

Annex A3 (continued)

Donors	Working Capital Fund (WCF)	Regular Budget (RB)	Technical Cooperation Fund (TCF)	National Participation Costs (NPCs)	Assessed Programme Costs (APCs)	Extrabudgetary (EB)		Total
						EB RB	EB TC	
Liberia	-	187 228	-	-	-	-	-	187 228
Libya	-	883 572	-	585	-	-	-	884 157
Liechtenstein	-	-	-	-	-	-	-	-
Lithuania	-	-	-	(6 452)	-	-	-	(6 452)
Luxembourg	-	-	-	-	-	-	-	-
Madagascar	-	25 746	6 460	-	-	-	-	32 205
Malawi	-	132	-	-	-	-	-	132
Malaysia	-	-	-	-	-	-	-	-
Mali	-	21 460	-	-	-	-	-	21 460
Malta	-	-	-	-	-	-	-	-
Marshall Islands	-	9 108	-	-	-	-	-	9 108
Mauritania	-	-	630	-	-	-	-	630
Mauritius	-	-	-	-	-	-	-	-
Mexico	-	-	-	(1 798)	-	-	-	(1 798)
Monaco	-	-	-	-	-	-	-	-
Mongolia	-	-	-	-	-	-	-	-
Montenegro	-	-	-	29 855	-	-	-	29 855
Morocco	-	-	-	(5 204)	-	-	-	(5 204)
Mozambique	-	-	-	-	-	-	-	-
Myanmar	-	-	-	-	-	-	-	-
Namibia	-	-	-	-	-	-	-	-
Nepal	-	53 097	4 153	-	-	-	-	57 250
Netherlands	-	-	-	-	-	300 000	-	300 000
New Zealand	-	-	-	-	-	-	-	-
Nicaragua	-	-	-	-	-	-	-	-
Niger	-	-	-	-	-	-	-	-
Nigeria	1 825	756 804	128 107	22 269	-	-	-	909 005

Annex A3 (continued)

Donors	Working Capital Fund (WCF)	Regular Budget (RB)	Technical Cooperation Fund (TCF)	National Participation Costs (NPCs)	Assessed Programme Costs (APCs)	Extrabudgetary (EB)		Total
						EB RB	EB TC	
Norway	-	-	-	-	-	-	-	-
Oman	-	-	-	-	-	-	-	-
Pakistan	-	-	-	-	-	-	-	-
Palau	-	-	-	-	-	-	-	-
Panama	-	51 586	-	-	-	-	-	51 586
Papua New Guinea	-	9 581	-	-	-	-	-	9 581
Paraguay	-	81 867	-	-	67 873	-	-	149 740
Peru	-	245 296	-	-	-	-	-	245 296
Philippines	-	-	-	-	-	-	-	-
Poland	-	-	-	24 565	-	-	-	24 565
Portugal	-	-	-	-	-	-	-	-
Qatar	-	-	-	(1 988)	-	-	-	(1 988)
Republic of Moldova	-	-	-	-	-	-	-	-
Romania	-	-	-	36 838	47 436	-	-	84 274
Russian Federation	-	-	-	-	-	0	-	0
Rwanda	-	6 078	-	-	-	-	-	6 078
San Marino	-	-	-	-	-	-	-	-
Saudi Arabia	-	-	-	177	-	-	-	177
Senegal	-	-	-	-	-	-	-	-
Serbia	-	300 000	-	4 331	-	-	-	304 331
Seychelles	-	-	-	-	-	-	-	-
Sierra Leone	-	16 638	-	-	-	-	-	16 638
Singapore	-	-	-	-	-	-	-	-
Slovakia	-	-	-	-	-	-	-	-
Slovenia	-	-	-	-	-	-	-	-
South Africa	-	-	-	1 903	-	-	-	1 903
Spain	-	-	-	-	-	24 678	-	24 678

Annex A3 (continued)

Donors	Working Capital Fund (WCF)	Regular Budget (RB)	Technical Cooperation Fund (TCF)	National Participation Costs (NPCs)	Assessed Programme Costs (APCs)	Extrabudgetary (EB)		Total
						EB RB	EB TC	
Sri Lanka	-	-	-	-	206 913	-	-	206 913
Sudan	-	-	-	-	-	91 400	-	91 400
Swaziland	456	30 781	-	-	-	-	-	31 237
Sweden	-	-	-	-	-	-	-	-
Switzerland	-	-	-	-	-	-	-	-
Syrian Arab Republic	-	109 867	-	22 851	-	-	-	132 718
Tajikistan	-	-	-	(8 140)	-	-	-	(8 140)
Thailand	-	-	-	(3 942)	-	-	-	(3 942)
The former Yugoslav Republic of Macedonia	-	111 612	-	41 268	-	-	-	152 880
Togo	-	8 848	-	-	-	-	-	8 848
Trinidad and Tobago	-	-	-	-	-	-	-	-
Tunisia	-	-	-	560	-	-	-	560
Turkey	-	-	-	(10 360)	-	-	50 000	39 640
Uganda	-	18 234	4 500	-	-	-	-	22 734
Ukraine	-	-	-	-	-	-	-	-
United Arab Emirates	-	-	-	-	-	-	-	-
United Kingdom of Great Britain and Northern Ireland	-	-	-	-	-	677 037	-	677 037
United Republic of Tanzania	-	3 124	-	-	-	-	-	3 124
United States of America	-	204 382	-	-	-	-	-	204 382
Uruguay	-	-	-	-	-	-	-	-
Uzbekistan	-	109 014	-	49 175	-	-	-	158 189
Venezuela, Bolivarian Republic of	-	4 624 499	-	18 952	-	-	-	4 643 451
Viet Nam	-	-	-	-	-	-	-	-
Yemen	-	62 669	21 546	-	-	-	-	84 215
Zambia	-	-	-	-	-	-	-	-
Zimbabwe	-	-	-	-	-	36 560	-	36 560
Sub-total	**9 650**	**40 279 301**	**304 842**	**291 811**	**916 936**	**1 701 770**	**241 940**	**43 746 250**

Annex A3 (continued)								
Donors	Working Capital Fund (WCF)	Regular Budget (RB)	Technical Cooperation Fund (TCF)	National Participation Costs (NPCs)	Assessed Programme Costs (APCs)	Extrabudgetary (EB)		Total
						EB RB	EB TC	
New Member States								
Antigua and Barbuda	304	6 984	-	-	-	-	-	7 288
Barbados	1 217	27 933	-	-	-	-	-	29 150
Djibouti	152	3 039	-	-	-	-	-	3 191
Guyana	152	3 492	-	-	-	-	-	3 644
Vanuatu	152	3 039	-	-	-	-	-	3 191
Sub-total	**1 977**	**44 487**	**-**	**-**	**-**	**-**	**-**	**46 464**
Former Member States								
Korea, Democratic People's Republic of	-	128 576	27 086	-	36 297	-	-	191 959
Yugoslavia, Former	-	-	-	-	-	-	-	-
Sub-total	**-**	**128 576**	**27 086**	**-**	**36 297**	**-**	**-**	**191 959**
Other Donors								
European Commission	-	-	-	-	-	1 039 017	1 052 249	2 091 266
International Organizations	-	-	-	-	-	337 888	90 782	428 671
Other Sources	-	-	-	-	-	172 235	-	172 235
Sub-total	**-**	**-**	**-**	**-**	**-**	**1 549 141**	**1 143 031**	**2 692 172**
GRAND TOTAL	**11 627**	**40 452 365**	**331 928**	**291 811**	**953 233**	**3 250 910**	**1 384 971**	**46 676 845**

ANNEX A4

STATUS OF DEFERRED REVENUE
As at 31 December 2015
(expressed in euro)

Donors	Contributions received in advance						Extrabudgetary contributions transferred subject to conditions		
				Extrabudgetary (EB)					
	Regular Budget (RB)	Technical Cooperation Fund (TCF)	National Participation Costs (NPCs)	EB RB	EB TC	Total contributions received in advance	EB RB	EB TC	Total EB contributions transferred with conditions
Member States									
Algeria	52 566	111 482	65	-	-	164 113	-	-	-
Angola	37 972	-	-	-	-	37 972	-	-	-
Argentina	-	-	77 751	28 560	-	106 311	-	-	-
Armenia	22 610	5 912	42 056	-	-	70 578	-	-	-
Australia	7 212 235	-	-	-	-	7 212 235	59 441	15 000	74 441
Bangladesh	-	8 446	-	-	-	8 446	-	-	-
Bolivia, Plurational State of	-	-	948	-	-	948	-	-	-
Brazil	-	-	24 000	-	-	24 000	-	-	-
Bulgaria	145 317	38 005	16 096	-	-	199 418	-	-	-
Canada	10 380 262	2 425 575	-	-	-	12 805 837	-	-	-
Chile	-	8 890	74 574	-	-	83 464	-	-	-
China	-	-	15 021	-	99 862	114 883	-	-	-
Congo	1 250	-	-	-	-	1 250	-	-	-
Costa Rica	7 302	-	13 240	-	-	20 542	-	-	-
Cuba	-	61 214	72 411	-	-	133 625	-	-	-
Denmark	2 348 650	548 964	-	-	-	2 897 614	-	-	-
Egypt	-	108 948	-	-	-	108 948	-	-	-
Eritrea	3 116	-	-	-	-	3 116	-	-	-
Estonia	108 141	32 093	-	-	-	140 234	-	-	-
Fiji	-	2 534	-	-	-	2 534	-	-	-
France	-	-	-	780 800	30 000	810 800	-	-	-
Guatemala	-	21 959	5 000	-	-	26 959	-	-	-
Haiti	-	2 534	-	-	-	2 534	-	-	-
Hungary	864 883	216 207	-	-	-	1 081 090	-	-	-
Iran, Islamic Republic of	-	-	62 713	-	-	62 713	-	-	-
Jamaica	-	-	7 510	-	-	7 510	-	-	-
Japan	-	-	-	2 070 230	-	2 070 230	-	-	-
Kazakhstan	374 696	97 969	-	83 800	-	556 465	-	-	-
Kenya	-	-	-	-	31 578	31 578	-	-	-
Korea, Republic of	-	257 000	-	1 123 681	272 495	1 653 176	-	-	-
Kuwait	950 807	-	-	1 368 000	-	2 318 807	-	-	-
Latvia	145 355	38 005	20 205	-	-	203 565	-	-	-
Lebanon	10	-	-	-	-	10	-	-	-
Lithuania	-	55 728	5 971	-	-	61 699	-	-	-

Annex A4 (continued)

Donors	Contributions received in advance						Extrabudgetary contributions transferred subject to conditions		
				Extrabudgetary (EB)					
	Regular Budget (RB)	Technical Cooperation Fund (TCF)	National Participation Costs (NPCs)	EB RB	EB TC	Total contributions received in advance	EB RB	EB TC	Total EB contributions transferred with conditions
Malta	-	-	2 695	-	-	2 695	-	-	-
Mexico	3 775 841	-	45 517	-	-	3 821 358	-	-	-
Montenegro	13 250	4 223	3 038	-	-	20 511	-	-	-
Morocco	-	-	55 395	-	-	55 395	-	-	-
Myanmar	-	8 446	-	-	-	8 446	-	-	-
Netherlands	5 752 436	1 344 540	-	-	-	7 096 976	250 000	-	250 000
Niger	6 287	1 689	-	-	-	7 976	-	-	-
Norway	-	-	-	-	-	-	4 502 856	105 208	4 608 064
Pakistan	233 097	1 581	-	-	-	234 678	-	-	-
Palau	8 333	-	-	-	-	8 333	-	-	-
Panama	-	3 755	8 057	-	-	11 811	-	-	-
Poland	-	-	11 718	-	-	11 718	-	-	-
Romania	-	-	5 808	-	-	5 808	-	-	-
Saudi Arabia	-	702 674	-	-	-	702 674	-	-	-
Seychelles	90	489	-	-	-	579	-	-	-
Singapore	1 343 134	312 487	-	-	-	1 655 621	-	-	-
Slovakia	63 273	139 352	16 729	-	-	219 354	-	-	-
Slovenia	104 920	-	7 400	-	-	112 320	-	-	-
Sri Lanka	659	-	-	-	98 770	99 429	-	-	-
Sudan	16 384	-	-	-	-	16 384	-	-	-
Tajikistan	7 860	-	-	-	-	7 860	-	-	-
Thailand	724 171	194 249	-	-	-	918 420	-	-	-
Turkey	-	120 000	1 432	-	-	121 432	-	-	-
United Arab Emirates	-	-	20 220	-	-	20 220	-	-	-
United States of America	-	-	-	10 433 704	-	10 433 704	-	-	-
Uzbekistan	-	-	-	-	240 570	240 570	-	-	-
Sub-total	**34 704 909**	**6 874 949**	**615 570**	**15 888 775**	**773 275**	**58 857 479**	**4 812 297**	**120 208**	**4 932 505**

Annex A4 (continued)

Donors	Contributions received in advance						Extrabudgetary contributions transferred subject to conditions		
				Extrabudgetary (EB)					
	Regular Budget (RB)	Technical Cooperation Fund (TCF)	National Participation Costs (NPCs)	EB RB	EB TC	Total contributions received in advance	EB RB	EB TC	Total EB contributions transferred with conditions
Other Donors									
European Commission	-	-	-	-	-	-	33 963 461	7 334 775	41 298 236
Sub-total	-	-	-	-	-	-	**33 963 461**	**7 334 775**	**41 298 236**
GRAND TOTAL	**34 704 909**	**6 874 949**	**615 570**	**15 888 775**	**773 275**	**58 857 479**	**38 775 758**	**7 454 983**	**46 230 741**

ANNEX A5

REGULAR BUDGET FUND
STATUS OF CASH SURPLUS
As at 31 December 2015
(expressed in euro)

Calculation of provisional cash surplus/(deficit) for 2015	
Receipts	324 557 446
Disbursements	(309 983 866)
Excess (shortfall) of receipts over disbursements	14 573 580
Unliquidated obligations	(33 394 432)
Provisional 2015 cash deficit	(18 820 852)

Calculation of final cash surplus for 2014	
Prior year provisonal cash deficit	(40 871 696)
Receipt of:	
Contributions all prior years	37 933 181
Savings on liquidation of prior year's obligations	2 227 939
Miscellaneous income	749 682
Unobligated balances	371 295
Final cash surplus for 2014	410 401
Transfer of Surplus to MCIF	(410 401)
Final cash surplus/(deficit) for 2014	-
Prior years cash surpluses a/	69 284
Total cash surpluses/(deficit)	69 284

a/ Withheld pending receipt of contributions.

ANNEX A6

STATEMENT OF INVESTMENTS AS AT 31 DECEMBER 2015

Euro Denominated Cash Equivalents and Investments

Type of Issuer	Type of Instrument	Carrying Value (expressed in euro'000s)	Yield per annum	Original Investment date	Maturity date
Commercial bank	Time Deposit	20 000	.03%	2015-04-29	2016-01-07
Commercial bank	Time Deposit	13 000	.01%	2015-07-07	2016-03-07
Commercial bank	Time Deposit	12 000	.02%	2015-08-25	2016-03-29
Commercial bank	Time Deposit	11 000	.06%	2015-08-04	2016-05-04
Commercial bank	Time Deposit	10 000	.03%	2015-06-17	2016-01-18
Commercial bank	Time Deposit	10 000	.02%	2015-08-24	2016-05-24
Commercial bank	Time Deposit	10 000	.02%	2015-08-14	2016-06-14
Commercial bank	Time Deposit	10 000	.01%	2015-10-16	2016-07-18
Commercial bank	Time Deposit	9 000	.06%	2015-06-24	2016-05-24
Commercial bank	Time Deposit	8 000	.03%	2015-08-10	2016-04-11
Commercial bank	Time Deposit	8 000	.03%	2015-08-25	2016-04-25
Commercial bank	Time Deposit	7 500	.05%	2015-03-26	2016-01-26
Commercial bank	Time Deposit	7 000	.01%	2015-08-27	2016-06-27
Commercial bank	Time Deposit	6 000	.01%	2015-04-16	2016-01-18
Commercial bank	Time Deposit	5 000	.01%	2015-05-18	2016-01-18
Commercial bank	Time Deposit	5 000	.05%	2015-05-18	2016-03-18
Commercial bank	Time Deposit	5 000	.04%	2015-06-02	2016-04-04
Commercial bank	Time Deposit	5 000	.03%	2015-06-02	2016-04-04
Commercial bank	Time Deposit	5 000	.04%	2015-07-15	2016-04-15
Commercial bank	Time Deposit	4 000	.01%	2015-10-16	2016-08-16
Commercial bank	Time Deposit	2 000	.09%	2015-08-04	2016-06-06
Total Euro Denominated Cash Equivalents and Investments		**172 500**			
Euro Denominated Cash Equivalents and Investments as Percent of Total		**39.4%**			

US Dollar Denominated Cash Equivalents and Investments (Euro equivalent)

Type of Issuer	Type of Instrument	Carrying Value (expressed in euro'000s)	Yield per annum	Original Investment date	Maturity date
Supranational	Time Deposit	62 152	.21%	2015-01-26	2016-01-07
Supranational	Time Deposit	37 017	.34%	2015-08-12	2016-05-12
Supranational	Time Deposit	9 140	.34%	2015-08-24	2016-06-24
Supranational	Time Deposit	9 140	.33%	2015-08-24	2016-06-24
Supranational	T-Bills	9 138	.18%	2015-11-23	2016-02-19
Government	T-Bills	45 659	.22%	2015-08-24	2016-05-26
Government	T-Bills	36 559	.15%	2015-01-26	2016-01-07
Government	T-Bills	9 137	.16%	2015-11-13	2016-03-10
Commercial bank	Call account	28 068	.20%		
Commercial bank	Time Deposit	19 193	.40%	2015-09-14	2016-01-14
Total US Dollar Denominated Cash Equivalents and Investments		**265 203**			
US Dollar Denominated Cash Equivalents and Investments as Percent of Total		**60.6%**			
Total Euro Equivalent Cash Equivalents and Investments		**437 703**			

PART V

Report of the External Auditor on the audit of the Financial Statements

REPORT OF THE EXTERNAL AUDITOR ON THE AUDIT OF THE FINANCIAL STATEMENTS OF THE INTERNATIONAL ATOMIC ENERGY AGENCY FOR THE YEAR ENDED 31 DECEMBER 2015

OFFICE OF THE
COMPTROLLER AND
AUDITOR GENERAL OF INDIA

Our audit aims to provide independent assurance and to add value to the International Atomic Energy Agency management by making constructive recommendations.

For further information please contact:

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EXECUTIVE SUMMARY

This report presents the results of the Comptroller and Auditor General of India's audit of the International Atomic Energy Agency (Agency) for the financial period ended December 2015. The Comptroller and Auditor General (CAG) of India has been entrusted with the responsibility of audit of the Agency's accounts for the financial years 2012 to 2015 in accordance with Financial Regulations 12.01 (Article XII) and the Additional Terms of Reference governing the External Audit set out in the Annex to these Regulations. In addition to certifying the accounts of the Agency, our audit coverage includes observations on economy, efficiency and effectiveness of the financial procedures, the accounting system, the internal financial controls and the general administration and management of the Agency. Besides financial audit, we audited Programme on Food and Agriculture, Programme on Management of Radioactive Waste and Programme on Nuclear Science.

We adopted a risk based audit strategy formulated to add value to the performance of the Agency while providing independent assurance to the General Conference. The study of internal controls was an integral part of our audit process. Our audit plan is based on risk analysis conducted by us.

In our opinion, the financial statements present fairly, in all material aspects, the financial position of the Agency's operations as on 31 December 2015. I have placed an unqualified audit opinion on the Agency's financial statements for the financial period ended 31 December 2015.

Results of our audits are summarised in the following paragraphs:

Financial Matters

The Agency needs to adopt a codified accountability policy in a defined timeframe to achieve best results. We observed that the estimates and assumptions are to be further improved for more precise estimation of the actuarial liability for post-employment and other long term employee benefits. The Agency may constructively engage in securing a joint arrangement structure for the Commissary. In case of International Centre for Theoretical Physics, the Agency may work towards entering into an agreement with the other interested parties with respect to provisions regarding exit of an individual party from the arrangement.

Programme on Food and Agriculture

We appreciate the good practice of recording details of the consultation process in some proposals of the Coordinated Research Projects (CRPs). Research Contract Administrative Section (NACA) and NAFA may consider including the details of the consultation process in all proposals of CRPs. We observed absence of integrated data in respect of CRP activities and processes in the site of NACA. Division of Information Technology and NACA may, therefore, closely work to upgrade the Research Contracts System applications, including improved interface with AIPS, so that the data on the Coordinated Research activities can be correctly and efficiently retrieved in a user-friendly manner. Since the Project Progress Assessment Reports (PPAR) are the main monitoring tool of the Technical Cooperation Projects (TCPs), the TC Department may work towards establishing a mechanism with the Member States (MSs) for timely furnishing of PPAR for TC projects and recording the Agency's feedback on the PPARs in a formalized template. Each TC project may be regularly monitored and fully documented from planning to final stage of implementation by the TC Department. Greater effort may be made to formulate SMART Performance Indicators.

Programme on Management of Radioactive Waste

We observed that the total duration of development, revision and publication of safety standards exceeded the timelines mentioned in the Document Preparation Profiles. The Agency may consider reviewing the implementation of timelines for various steps involved in the process of development / revision of safety standards so that inefficiencies may be identified and redressed. The Agency may further enhance project planning framework by assigning specific timelines for completion of tasks in a SMART framework. The Agency may also consider mid-term appraisal of progress of tasks under different projects to assess progress, comprehend difficulties and assign resources so that the tasks are completed in time within assigned budgets. We are of the opinion that WATEC reports may be finalized within a reasonable time-period. The Integrated Nuclear Infrastructure Review and Integrated Regulatory Review Service missions for the MSs that are newly embarking on nuclear power may also be further promoted with suitable emphasis on radioactive waste management issues. The Agency needs to strengthen the implementation of CONNECT platform by making it more user friendly and by embedding monitoring tools.

Programme on Nuclear Science

The Agency may strengthen monitoring of expenditure by project managers for the CRPs. The Agency may also put in place mechanism to ensure adherence to the timeframe for publication of CRP reports. The Agency may further enhance its efforts to regularly update the Research Reactor Database and consider a more systematic approach to sensitize MSs on the importance of providing regular updated inputs to the Agency. We observed delays in evaluation of duty travel reports of staff, which could have an adverse impact on the suggestions or recommendations provided therein on future course of actions. Though the Agency has adopted Gender Equality Policy in 2007, its implementation in its programmes and activities within the subprogrammes was not being monitored. We found that risks identified at the corporate level which had direct impact on the subprogrammes were not included in the risk registers of the sub programmes, thereby losing on follow-up of the risks.

Introduction

1. The audit of the International Atomic Energy Agency (Agency) was assigned to the Comptroller and Auditor-General of India (CAG) for the financial periods 2012–2015 in accordance with the Financial Regulation 12.01 (Article XII) and the Additional Terms of Reference governing the External Audit set out in the Annex to these Regulations. The CAG of India may make such observations as deemed necessary for the financial consequences of existing administrative practices in accordance/compliance with paragraph 5 of the Additional Terms of Reference governing the External Audit.

2. The Agency was set up as the world´s "Atoms for Peace" organization in 1957 within the United Nations family. The Agency works with its Member States (MSs) and multiple partners worldwide to promote safe, secure and peaceful nuclear technologies. It is part of the United Nations Common System and the relationship with the United Nations is regulated by the “Agreement Governing the Relationship with the United Nations and the International Atomic Energy Agency” which came into force on 14 November 1957.

3. The Agency’s statutory mandate sets out three core activities that underpin the Agency’s programme:

- Safeguards and Verification – verifying that safeguarded nuclear material and activities are not used for military purposes.
- Safety and Security – helping countries to upgrade nuclear safety and security, and to prepare for and respond to emergencies.
- Science and Technology – helping countries mobilize peaceful applications of nuclear science and technology.

4. Our audit plan is based on a detailed risk analysis of the Agency conducted in June 2014. During the period from September 2015 to March 2016, we conducted the audit of the Programme on Food and Agriculture, Programme on Management of Radioactive Waste and Programme on Nuclear Science. This report contains the significant findings of these audits conducted during the year.

5. The audit was conducted in accordance with the International Standards of Auditing issued by the International Federation of Accountants and adopted by the Panel of External Auditors of the United Nations, its Specialized Agencies and the International Atomic Energy Agency and Auditing Standards of the International Organization of Supreme Audit Institutions.

6. Our working relationship with the Secretariat has been constructive and the audits performed at IAEA Headquarters, Vienna were facilitated by excellent cooperation from the Secretariat. Coordination with the Office of Internal Oversight Services has been comprehensive. Professional reliance was placed, wherever necessary, on the work of internal oversight.

7. Important findings arising from the audits performed were, after detailed discussions with the concerned managements, conveyed to them through Management Letters. The more significant of these findings, appropriately aggregated, have been incorporated in this report, after duly considering management’s responses to the Management Letters.

Audit Opinion on the 2015 Financial Statements

8. According to the terms of reference for the External Auditor, I am required to express an opinion on the IAEA financial statements for the financial period ended 31 December 2015. Audit of the financial statements for the financial year 2015 revealed no weaknesses or errors which I

considered material to the accuracy, completeness and validity of the financial statements as a whole. Accordingly, I have placed an unqualified audit opinion on the Agency's financial statements for the financial year ended 31 December 2015.

Financial Matters

Adoption of IPSAS

9. The Agency carries out its mandate within a results-based framework ensuring effectiveness, accountability and transparency. This framework needs to be supported by high quality financial reporting and management information. Financial statements prepared under IPSAS are a key enabler to allow the Agency to deliver its mandate in an improved manner. The adoption of IPSAS represents a best management practice and is expected to lead to greater harmonization in the presentation of financial statements between UN system organizations and better comparability of financial statements with other international organizations and national governments. Financial Statements prepared in accordance with IPSAS provide greater insight into the actual assets, liabilities, revenues and expenses of the Agency. This is the fifth year since the adoption of IPSAS by the Agency in 2011. The Agency has adopted IPSAS 34 to 38, with effect from 1 January 2015. These Standards replace IPSAS 6 to 8 and deal with Separate and Consolidated Financial Statements (IPSAS 34 and 35 respectively), as well as accounting for Investments in Associates and Joint Ventures (IPSAS 36), Joint Arrangements (IPSAS 37) and Disclosure of Interests in Other Entities (IPSAS 38).

Fund Accounting and Segment Reporting

10. A fund is a self-balancing accounting entity established to account for the transactions of a specified purpose or objective. Funds are segregated for the purpose of conducting specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The financial statements are prepared on a fund accounting basis, showing at the end of the period the consolidated position of all funds. Fund balances represent the accumulated residual of revenue and expenses. The financial statements contain segment reporting providing information on the Agency's activities on both major programme basis and source of funding basis. The Agency's six major programmes namely (i) Nuclear Power, Fuel Cycle and Nuclear Science; (ii) Nuclear Techniques for Development and Environmental Protection; (iii) Nuclear Safety and Security; (iv) Nuclear Verification; (v) Policy, Management and Administration Services; and (vi) Management of Technical Cooperation for Development are financed through the Agency's fund groups. The Funds have been established on the basis of resolutions passed by the General Conference and are administered in accordance with the Financial Regulations adopted by the Board of Governors and Financial Rules issued by the Director General. Each Fund Group has differing parameters about how the revenue can be utilized.

Performance against Key Indicators

11. The Programme and Budget of the Agency focuses on the Regular Budget Fund and the related appropriations approved by Member States. For 2015 being second year of the biennium, there are three components of the Regular Budget: Operational Budget, Capital Budget (MCIF) and 2014 carry over amounts. The Agency attained the rates of budget implementation of 99.90 per cent, 11.80 per cent and 94.80 per cent respectively in these components.

Surplus

12. The surplus is the difference between the revenue and expenses of Agency during the year. The surplus increased significantly from €66.45 million in 2014 to €72.31 million in 2015. This was mainly due to increased revenue which was partly compensated by the increase in staff and travel costs as well as depreciation and amortization expense.

13. Analysis of the surplus/(deficit) across different segments is shown below:

(Figures in € millions)

Segments	2013	2014	2015
Regular Budget Fund, Working Capital Fund	0.01	2.31	(10.63)
Major Capital Investment Fund	4.33	6.00	2.51
Technical Cooperation Fund	1.06	8.31	8.09
Technical Cooperation Extraordinary Fund	(1.33)	3.94	(2.05)
Extrabudgetary Programme Fund	28.50	36.22	66.13
Low Enriched Uranium Bank	2.78	10.24	8.78
Trust Funds and Special Funds	(0.56)	(0.57)	(0.52)
Total Surplus	**34.79**	**66.45**	**72.31**

14. As can be seen from above, most of the surplus of the Agency came from the Extrabudgetary Programme Fund whereas the deficit in Regular Budget Fund has widened further.

Revenue

15. Total revenue in 2015 was €564.76 million, which represented a 10.19 per cent increase as compared to 2014 (€512.53 million). The increase was mainly due to increase in voluntary contributions by €47.19 million and assessed contributions by €7.74 million. Assessed contributions was the main component of revenue (61.09 per cent).

Expenses

16. There was 9.92 per cent increase in expenses in 2015 (€521.48 million) as compared to 2014 (€474.43 million). Staff costs (€280.04 million) accounted for 53.70 per cent of agency's expenses and has shown an increase of €23.43 million from 2014. The second largest component was travel (€58.73 million) which represented 11.26 per cent of the expenses in 2015. Transfers to development counterparts decreased to €42.18 million in 2015 from €44.57 million in 2014. 'Other Operating Expenses' at €49.21 million has shown an increase of €4.26 million as compared to 2014. These expenses included, inter alia, supplies and materials, contractual services, purchases of minor equipment and software as well as maintenance, and communication and transport.

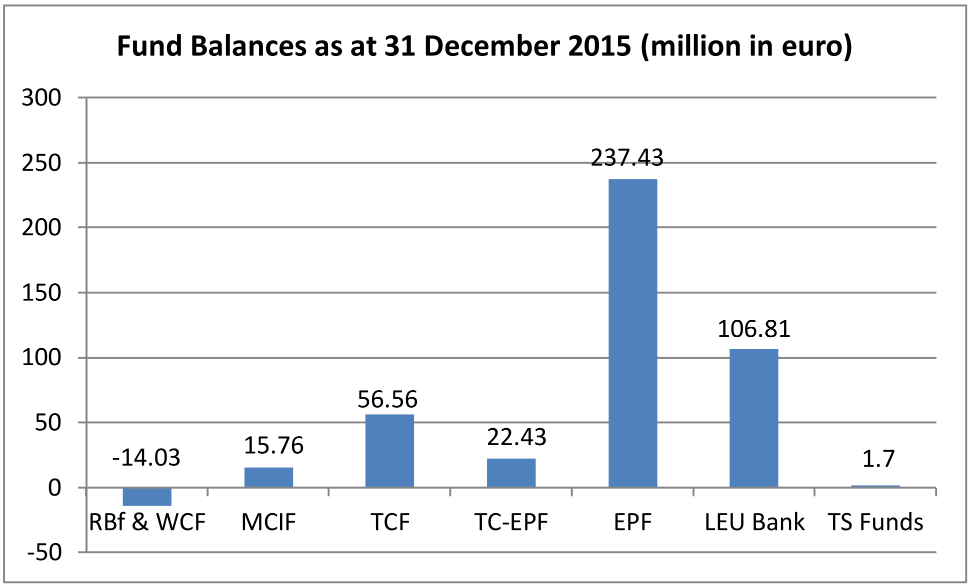
17. During 2015, of the six major programmes, 'Nuclear Verification' was the programme which had the highest level of IPSAS based expense. The expenses in the major programme Nuclear Verification were € 158.50 million as compared to €139.37 million in 2014. This was followed by

'Policy Management and Administration Services' where the expense was € 128.23 million in 2015 as against the expense of € 114.23 million in 2014.

Equity

18. Fund balances stood at €426.66 million on 31 December 2015 registering a 23.89 per cent increase compared to the previous year's balance of €344.40 million. All these funds are tied up for specified activities. The Reserves of the Agency stood at €46.75 million on 31 December 2015, registering a 49.89 per cent increase as compared to the 2014 balance of €31.19 million primarily due to recognition of actuarial gains on the employee benefit liabilities. The equity of the Agency, consisting of fund balances and reserves, increased from €375.60 million as on 31 December 2014 to €473.41 million as on 31 December 2015.

19. All fund groups, other than the Regular Budget Fund and Working Capital Fund, have positive fund balances. The Regular Budget Fund and Working Capital Fund had negative fund balances of €14.03 million in 2015 and of €27.84 million in 2014.



Assets and Liabilities

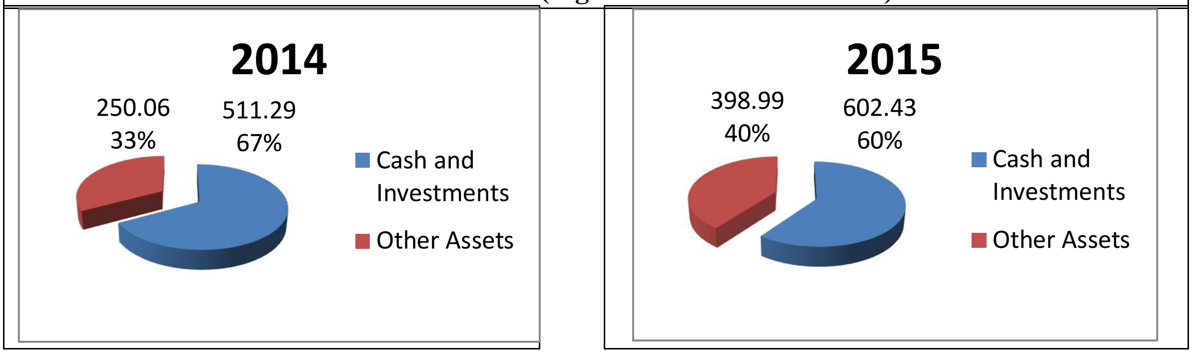
20. The Total Assets of the Agency increased by €240.07 million from €761.35 million in 2014 to €1001.42 million in 2015. The increase in Assets was mainly due to the increases in property, plant and equipment by €168.72 million due to first time recognition of VIC building, increase in cash and cash equivalents of €86.71 million and intangible assets of €6.77 million. All of the Agency's financial assets and inventories are subject to restrictions, as they can only be utilized in support of the approved activities of the funds to which they were provided.

21. Total Liabilities of the Agency increased by €142.25 million from €385.76 million in 2014 to €528.01 million in 2015 mainly due to the increase in the deferred revenue by 129.15 per cent from €112.92 million in 2014 to €258.76 million in 2015. This increase was however partially compensated by decrease in Employee Benefit Liabilities by €8.79 million. The Total Assets in 2015 were 189.66 per cent of Total Liabilities. The overall net assets value, calculated as Total Assets less Total Liabilities was €473.41 million.

Cash, Cash Equivalents, and Investments

22. The cash, cash equivalents and investments balances increased by €91.14 million from €511.29 million in 2014 to €602.43 million in 2015. This represents 60.16 per cent of the total assets of the Agency at 31 December 2015 (67.16 per cent at 31 December 2014) signifying a high proportion of liquid assets.

Cash, Cash Equivalents and Investment as a proportion of Total Assets As at 31 December (Figures in million of Euros)



23. Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. The Cash and cash equivalents were €201.93 million as on 31 December 2015 as against €115.22 million as on 31 December 2014. This increase of €86.71 million (75.26 per cent) in the cash and cash equivalents was due to increase of both in current accounts at bank and on hand as well as term deposits with original maturity of three months or less.

24. The Agency’s investments comprise term deposits, treasury bills and other, all with original maturities ranging between three and twelve months. The Investments were €400.50 million as on 31 December 2015 as against €396.07 million as on 31 December 2014. There was an increase of €4.43 million (1.12 per cent) in investments in 2015 primarily due to the increase in investments in treasury bills with original maturity between 3 and 12 months. Interest revenue earned from cash equivalents and investments in 2015 decreased to € 0.70 million from €0.89 million in 2014. The decrease of € 0.19 million in the total interest revenue was the result of lower market interest rates on overall holdings of cash, cash equivalents and investments at 31 December 2015 in comparison with the previous period.

DETAILED AUDIT FINDINGS

Financial Matters

Accountability Framework

25. The Joint Inspection Unit (JIU) made a study on the existing Accountability frameworks in the United Nations System following the United Nation General Assembly resolution no. 64/259 and identified gaps where they exist. The IAEA was one of the UN Organisations which was included in the study. The JIU acknowledged the fact that each organization would have a different perspective on robust accountability framework. The JIU identified 17 benchmarks to measure a robust accountability framework based on transparency and cultural activities. This framework tests the effectiveness and efficiency of implementation and assesses their impact for remedial measures.

26. We observed that the Agency had not adopted a standalone accountability framework. The existing Result Based Management Framework (RBF) is used by the Agency to carry out its mandate and to ensure accountability, transparency and effectiveness. The current application of RBF indicates a missing link between responsibility centre and personal accountability. Therefore, there is a need to have clarity of responsibility in regards to strategic, programmatic and operational objectives and also for achievement of result.

27. The Agency stated that accountability framework exists based on a system of review of different documents, though these different documents or other necessary procedures had not been collated, codified and implemented with the requisite enablers. The Agency is committed to ensuring that appropriate mechanisms are fully implemented and documented in such a manner as to ensure proper, effective and complete accountability. They added that analysis and codification of accountability at the Agency is an important next step in ensuring the appropriate level of understanding and governance throughout the Agency.

Recommendation 1

The Agency may adopt a codified accountability policy in a defined timeframe to achieve best results.

28. The Agency accepted the audit recommendation.

Investments and cash equivalents

29. The Agency's investment management objective prioritizes capital preservation as its primary objective, ensuring sufficient liquidity to meet cash operating requirements, and then earning a competitive rate of return on its portfolio within these constraints. Capital preservation and liquidity are emphasized over the rate of return and so no investment can be longer than one year. The Agency has adopted an investment policy to manage credit risk relating to its portfolio, which restricts investments in particular types of financial instruments along with investment ceilings per issuer depending on the credit quality of the issuer. In addition, the Agency has set a maximum ceiling of 70 per cent for exposure with commercial banks in cash equivalents and investments as well as maximum country ceilings for exposures with commercial banks; taking into account that the minimum allowed country rating is AA-.

30. The Agency undertook the investing activity as per the above policy and earned average return of 0.19 per cent (2014 – 0.16 per cent) and 0.06 per cent (2014-0.19 per cent) in 2015 in USD and Euro respectively.

31. Although as per the Harmonised Index of Consumer Prices (HICP) of European Central Bank in Euro area the average rate of inflation in 2014 – 2015 has been only 0.2 per cent, the Agency could not achieve a rate of return to cover inflation from its investments.

Recommendation 2

The Agency may consider diversification of its investment portfolio and management of the same within the adopted policy framework and also incorporate sovereign guaranteed instruments in the stable emerging economies.

32. The Agency accepted the recommendation.

Physical Verification of Assets

33. The IAEA Policy Manual for IPSAS (2012 Edition) on IPSAS 17 states that a physical count / verification of PPE items is performed annually and compared to the fixed assets register, and any discrepancies adjusted. Further, 'Procedure on SG Asset Management' (2012), on Asset Physical Verification (APV), inter alia, states that 'an annual APV is performed on relevant safeguards assets located at IAEA Headquarters (including other equipment storage locations in Austria); the Safeguards Analytical Laboratory (SAL); and IAEA (Regional) Offices.

34. We observed that the Agency conducted complete physical verification in two year cycle and was, therefore, not adhering to provisions of the IAEA Policy Manual for IPSAS and Procedure on SG Asset management.

35. The Agency stated that it believed that the frequency as indicated in the Administrative Manual (i.e., ensuring all assets are physically verified over a two year period) provided an appropriate balance between internal controls and flexibility in planning and performing physical verification activities. However, it acknowledged the inconsistencies in the IAEA IPSAS Policy Manual and the SG Asset Management Procedure against the Administrative Manual.

Recommendation 3

The Agency may ensure harmonization of provisions in different manuals and procedures relating to physical verification of assets.

36. The Agency stated that the Department of Safeguards was in the process of revising its Asset Management Procedure, and the Department of Management was also working on SOPs for physical verification. When these documents are complete, the Administration Manual and IPSAS Policy Manual will be updated as necessary to ensure consistency.

Employment Benefits

37. The Agency provides various employee benefits which include Post-employment benefits, *viz.,* After Service Health Insurance (ASHI) and Post-employment Repatriation and Separation Entitlements (PERSE). All these benefits are calculated on actuarial basis as these benefits are long term defined benefit plans.

38. The Agency offers its employees various After Service Health Insurance (ASHI) plans after end of its employment / separation. These insurance plans include Full Medical Insurance Plan

(by Cigna), Austrian Health Insurance Plan (AHIS by WGKK). The Agency also offers Supplementary Medical Insurance Plan (SMIP from Cigna) for employees participating in AHIS. Participation of staff member and his / her co-insured persons in SMIP would be for minimum two years or end of contract whichever is earlier. In relation to various assumptions and interpretations for the purpose of actuarial estimations, we observed that:

i. The Agency revised an assumption in 2015 according to which the retirees who have Supplementary Medical Insurance Plan, but who have not claimed Austrian Health Insurance Scheme (AHIS) coverage for at least two years, will be considered as 'idle' for the purpose of the actuarial estimation. We are of the opinion that the estimation has to be based on the actual data rather than making assumptions on the data.
ii. The premium for AHIS was based on the monthly emoluments (pension) of the staff members upon retirement, on the basis of principles of UNJSPF. As the UNJSPF calculations for this purpose were quite cumbersome, the Agency in 2015 adopted the actual premium payments of current retirees as a basis for the estimation of the future premiums. We are of the view that not estimating the liability on the basis of principles of UNJSPF is not appropriate as the Agency has similar structure as that of UN.
iii. In case of Repatriation Grant under PERSE, we observed that in the data provided to the actuary there were 43 cases where dependency status was yet not clear.
iv. The Actuarial Report quoted that the dependents were included in the calculation even if they would be ineligible at the date of the staff member's mandatory retirement. The Agency agreed that this assumption was not as per the facts.

39. We compared the best estimates/projections of the employee benefits on actuarial basis for a particular year and the actual payments which Agency paid to its employees at the end of year for the last three years. This comparison revealed that the total actual payments as compared to the projected actuarial liability were more by 23 to 85 *per cent* in 2013 to 2015.

Recommendation 4

The Agency may continue to refine and improve the estimates and assumptions made, as well as examine the aggregation or disaggregation of populations for more precise estimation of the actuarial liability for post-employment and other long term employee benefits.

40. The Agency accepted the recommendations.

Accounting for the Commissary

41. The Supplemental Agreement IV (1 April 1972) to the main IAEA Headquarters Agreement signed by IAEA with the Austrian Government established Commissary to effectuate the staff privileges offered by the Austrian Government to purchase certain articles free of taxes. As per the Commissary Rules framed the Commissary is an integral part of the IAEA's Secretariat and has no legal entity of its own. As per the agreement amongst the VBOs the responsibility for managing and operating the Commissary is assigned to IAEA which is supposed to run the operation in such a way that, in the long term, no losses occur. The Commissary is managed as a self-sustaining and non-profit operation, functioning in a rent free space, under the authority of the IAEA through a Commissary Advisory Committee.

42. Though staff of all VBOs and the diplomatic staff in Vienna are getting services of the Commissary, the Agency alone was exposed to the risk of the probable liability in case the Commissary is not able to settle the employee benefits especially the long term one (estimated to be €7.208 million as per the current actuarial estimation). Further, there are no planned assets for future

financing of post-employment benefits like ASHI and other separation benefit liabilities either in the Commissaries or Agencies accounts.

43. We feel that the Agency should work towards mitigating this risk and formalize the structure of the Commissary which can be a joint arrangement of appropriate nature as per the common understanding of the VBOs which should work on the principle of shared risks and shared benefits.

Recommendation 5

The Agency may constructively engage in securing a joint arrangement structure for the Commissary in VIC for its efficient functioning on the principles of proportionately shared risks and benefits.

44. The Agency accepted the recommendation and stated that it would investigate the practical steps that would be required to address the points raised in this observation.

Disclosure of interest in ICTP

45. The Abdus Salam International Centre for Theoretical Physics at Trieste (ICTP), established in in 1964, operates under a tripartite agreement between the IAEA, UNESCO and the Italian Government. It is funded by the Italian Government, UNESCO and the IAEA. The ICTP is controlled by UNESCO as a specialized science department supporting its program. The IAEA has significant influence in relation to the ICTP through its representation on the Steering Committee which governs the ICTP. However, the ICTP has no formal ownership structure, dissolution provisions or other means of enabling any interest the IAEA may have in the ICTP to be reliably measured.

46. We are of the opinion that considering the kind of influence the Agency has over the ICTP and its commitment for continued funding to ICTP, the Agency may decide upon the dissolution arrangement of ICTP with the other interested parties to ascertain the structure of the long standing association.

Recommendation 6

The Agency may work towards entering into an agreement with the other interested parties in the ICTP with respect to provisions regarding exit of an individual party from the arrangement.

47. The Agency stated that it would investigate the possibility of including provisions regarding dissolution or exit from the arrangement.

Application of exchange rates

48. The Agency translates transactions in foreign currency into euros using the United Nations Operational Rates of Exchange (UNORE), which approximate the exchange rates prevailing on the dates of the transactions. The UNORE are set once a month, and revised mid-month if there are significant exchange rate fluctuations relating to individual currencies.

49. The Agency also considers the changes in the UNORE for adjusting the USD portions in the Appropriation Sections of the Regular Budget. However, the budget revaluations were not updated in AIPS each time the UNORE changes as the fluctuations can go up and down from month to month.

50. The Financial Statements finally present Net gains / losses (Note 34) and a reconciliation of the approved budget to the average exchange rate for the year and is provided in Note 37a of the financial statements.

51. In order to reduce the complexity of the financial management, and monitoring of a project's financial resources the Agency may use automated solution for the up-dation of exchange directory within the prevailing scope and change management of AIPS.

Recommendation 7

The Agency may consider updating the exchange directory in AIPS instead of keeping it manual for better efficiency and enhanced effectiveness.

52. The Agency accepted the recommendation.

Contributions in kind

53. The Agency has entered into an agreement with the Government of Monaco in 1986 concerning the International Laboratory of Marine Radioactivity in Monaco. According to the agreement, the Agency would get the property with all regular maintenance costs, costs of outsourced services (electricity, water, gas, sewage, disposal, collection of refuse and fire protection) and property insurance. The Agency decided to assume the rental costs and maintenance costs for which invoices were received (which were paid by the Government) as fair value of the goods-in-kind received from the government.

54. Responding to the inconsistencies in treatment of various items of costs reimbursed by the Government pointed out by us, the Agency recognised all contributions-in-kind in the form of reimbursement of recurring / non-recurring costs in the financial statements for 2015. In order to have consistent and transparent application of the accounting principles in such cases, the Agency needs to have clear guidelines / instructions for various types of costs reimbursed by the donor.

Recommendation 8

The Agency may standardize the process of recognizing the revenue received in the form of goods in kind.

55. The Agency stated that it would continue to work to develop more standardized processes regarding tracking of Monaco related contributions-in-kind.

Programme on Food and Agriculture

56. The Joint FAO/IAEA Division of Nuclear Techniques in Food and Agriculture was created by the Food and Agriculture Organization (FAO) of the United Nations and the Agency 51 years ago. The goal was to bring the mandates, talents and resources of both organizations into assisting their MSs in applying nuclear techniques for providing people with more, better and safer food and other agricultural products, while sustaining the natural resources base. The mission of the Joint FAO/IAEA Division is to support and promote the safe and appropriate use of nuclear and related technologies by the FAO/IAEA MSs in food and agriculture and so, contribute to peace, health and prosperity throughout the world, especially to global food security and sustainable agricultural development. The overall guidance for the Joint FAO/IAEA Division is provided by a Steering Committee, consisting of representatives of senior management from both organizations, where programming, budgeting, organizational structure and staffing matters, as well as appropriate recommendations to the Directors General of both organizations are reviewed.

57. The Joint FAO/IAEA Division deals with Major Programme No. 2 - Nuclear Techniques for Development and Environmental Protection, which has five Programmes namely, Food and

Agriculture (2.1), Human Health (2.2), Water Resources (2.3), Environment (2.4) and Radioisotope Production and Radiation Technology (2.5). There are five subprogrammes under the Programme on Food and Agriculture, namely Sustainable Land and Water Management (2.1.1), Sustainable Intensification of Livestock Production Systems(2.1.2), Improvement of Food Safety and Food Control Systems (2.1.3), Sustainable Control of Major Insect Pests (2.1.4) and Crop Improvement for Intensification of Agricultural Production Systems (2.1.5)

58. The audit focus was primarily on Coordinated Research Projects (CRPs) and Technical Cooperation Projects (TCPs) aimed at achieving the objectives of three subprogrammes - 2.1.3, 2.1.4 and 2.1.5.

Risk Management

59. Risk management refers to the identification and mitigation of potential events, both internal and external, which might negatively affect the Agency's ability to deliver its outputs, to achieve its outcomes or meet its objectives. During 2012, the Agency issued the revised Risk Management Policy and developed guidelines for the Policy. These have been approved by the Director General (DG) and incorporated in the Agency's Administrative Manual.

60. For high risks, the DG approves the risk response measures and ensures their implementation through the Deputy Directors General (DDsG). The DDsG are the risk owners who are responsible for the implementation of risk management within their Departments. They are also the Action Owners who are responsible for the implementation of relevant risk response measures. The DDsG supervise and coordinate the Risk Management Process in their Departments. The DDsG may delegate the operation of the Risk Management Processes, the completion of the Risk Register and the implementation of specific risk response measures to his/her Directors. However, DDsG remain responsible for risk management within their Department and are accountable to the DG for successful implementation of this policy.

61. We observed from the Risk Register for Programme and Budget 2014-15 (final) on Food and Agriculture that:

- 13 risks were identified and registered in the Risk Register relating to the subprogramme 2.1.5, as a corporate risk.
- Risk owner comments were not found in nine out of 13 risks identified.
- No risks were identified for subprogrammes 2.1.3 and 2.1.4.

62. The Agency replied that the Department of Nuclear Sciences and Applications was currently working to define 'Risks' in terms that will result in the best possible management of such risks. They added that the 'risks' currently identified in the Risk Register for Programme & Budget 2014-15 (final) on Food & Agriculture were largely management-related issues and not Risks in terms of Risk Management; these were erroneously inserted and could not be retrospectively deleted. The Agency further stated that the risk assessment is dynamic in nature where experience and judgement play an important role. The Agency's Risk Management Group ensures that the departments continue to carry out risk assessment in line with the Agency's Risk Management Policy and the Guidelines on Risk Management.

Recommendation 9

The Joint FAO/IAEA Division may further strengthen the implementation of the Agency's Risk Management Policy in accordance with the Guidelines on Risk Management.

63. The Agency agreed with the recommendation. The Joint FAO/IAEA Division under the guidance of the Departmental management was in the process of developing, integrating and or implementing appropriate actions to fulfil the requirements of a comprehensive Risk Management Policy across its programme. With respect to the missing risk owner comments, such comments have since been entered in the system.

Research Contracts System

64. From a study of the summary report on active projects available on the site of Research Contract Administrative Section (NACA), we examined 12 selected active projects and observed that:

- budget estimates of three projects were not reflected.
- actual cost of only one project was shown.
- actual cost of eight projects was not reflected although there were Research Coordinating Meeting (RCM) cost against the projects. Further, the RCM reports were not uploaded in the site.
- In one project, three RCM were organised at a total cost of € 98,690. However, the cost was shown as € 30,662.
- Sufficient information was not available regarding proposal of CRPs and monitoring and evaluation of project as important columns of the NACA modules were left blank. Further, the assessment reports of CRPs were not mapped with the performance indicator to assess the impact and sustainability of the programme.

65. We are of the opinion that absence of integrated data in respect of CRP activities and processes in NACA site would limit the ability of stakeholders to have a complete perspective of the CRP activities. Further, analysis of projects outcome and impact analysis of closed projects would not be possible.

66. The Agency stated that the IT application and the software used need up-gradation and efforts have already been made for enhancing the Research Contracts System (RCS) PO module and linking it to the Agency-wide Information System for Programme Support (AIPS) and that many issues raised by the audit would be resolved by the end of the year 2015.

Recommendation 10

(i) NACA may re-evaluate current business requirements and processes that drive the RCS application suite to identify gaps.

(ii) Division of Information Technology (MTIT) and NACA may closely work to upgrade the RCS applications, including improved interface with AIPS, so that the data on the Coordinated Research Activities can be correctly and efficiently retrieved in a user-friendly manner.

67. While agreeing with the recommendation, the Agency stated that in addition to the urgent IT bug fixes on the current applications, the MTIT has been tasked by NACA to take a global view to the technology and explore the possibility of switching to a web-based application.

Recording of external consultation of proposed CRPs

68. As per Paragraph 2.1.2 i of the “Management of the Agency’s Coordinated Research Activities”, the topics for coordinated research must be subjected to external consultation/peer review, e.g., Standing Advisory Groups of the relevant Major Programmes or other relevant committees, including technical working groups.

69. We examined the proposal of 21 CRPs of subprogrammes 2.1.3, 2.1.4 and 2.1.5 which were closed, completed or active during 2013 to 2015 (till August) available in the RCS PO Module. We appreciate that proposal of three CRPs contained details of the consultants meeting held, though this was not a component of the format prescribed by Paragraph 2.2 of the “Management of the Agency’s Coordinated Research Activities” which deals with the formulation and submission of detailed proposals for new CRPs. We are of the opinion that the good practice of recording the details of the consultation process in the proposal may be made mandatory for all CRP proposals, as external consultation/ peer review brings in the benefit of a fresh perspective from subject-matter experts, ensures that the objectives of the proposed CRPs are achievable and also helps identify potential participants/ institutions.

70. The Agency stated that external consultation/peer review was mentioned in the CRP proposal document or during presentation of the CRP proposal at the Committee on Coordinated Research Activity (CCRA) session and in the minutes of the CCRA sessions.

71. We are of the opinion that data should be available at a single source as this is not only a necessity from the data storage point of view but is also an effective tool in the hands of management for monitoring and review.

Recommendation 11

NACA and NAFA may consider including the details of the consultation process in the proposal of Coordinated Research Projects.

72. The Agency accepted the recommendation and stated that the recommendation is in line with the latest OIOS evaluation report on the IAEA’s Coordinated Research Activities and that the enhanced CRP proposal will add a specific question on the external consultation/peer review that took place in the preparation of the proposals. It notes that each NAFA proposal for a new CRP was prepared in conjunction with external experts in the specific field during a Consultants Meeting.

Evaluation Reports of Completed CRPs

73. A Project-wise study of the Evaluation Report, as available in NACA site, of projects completed during 2013- 2015 (August) revealed the following:

- D23028 - Impact of the CRP under the column 12 did not reflect quantifiable data to indicate that the transfer of knowledge and technology has really made significant impact in socio- economic situation of the participating MSs.
- D52036 and D62008 - These projects were completed in February and July 2015, respectively but the evaluation report was not filled up. Therefore, the outcome and impact of this CRP could not be examined with reference to objectives.
- D24013-The Evaluation report was not available in the NACA site.

74. We are of the opinion that the purpose of the evaluation is to assess the overall performance of the Coordinated Research Activity (CRA) programme, with a view to identifying the general strengths and weakness that can inform the CRA related decisions at the strategic level. In our opinion, the evaluation report presently available did not have sufficient information for examination of the project. Moreover, it is not mapped with the performance indicator to assess the effectiveness and impact of the programme. The system did not have quantifiable data to indicate that the transfer of knowledge and technology has made significant impact on the socio economic situation of the participating MS.

75. The Agency stated that measuring the influence on policy planning and decision making in MSs should refer mainly to TC projects that transfer the science and technology generated by the CRPs to countries. On the other hand, the CRPs have an upstream R&D mandate and their influence on MS policy will only become apparent a number of years after CRP completion when technology transfer has taken place, and therefore cannot be measured immediately at the end of CRPs.

Recommendation 12

(i) NACA may include an indicator in the evaluation report as to how the results achieved through Coordinated Research Projects (CRPs) influenced policy planning and decision making in the Member States.

(ii) The results of CRP on common themes may be communicated to the TC Department to enable them to use these as inputs in the planning stage.

76. The Agency agreed with the recommendations and stated that CRP evaluation template will be enhanced to capture follow-up recommendations in a structured manner that can be reviewed after CRP closure. The Agency added in regard to recommendation (ii), that the CRP Project Officers are the Technical Officers of TC Projects, therefore the results of CRPs would invariably be known to TC at latest at the time of TC Project planning and design. Even so, the Management would endeavour to ensure that such information would in future be documented in a systematic manner in the TC Project planning and design system.

Project Progress Assessment Report of TCPs

77. The delivery mechanism of the Joint FAO/IAEA Division's activities for carrying out technology transfer and capacity building in MSs are the Technical Cooperation Projects (TCPs). The Agency has a web-based framework called the Programme Cycle Management Framework (PCMF) for managing the TCPs. The PCMF comprises of these stages: (i) Programme Planning and Approval (PCMF Phases I & II), (ii) Programme Implementation (PCMF Phases III) and (iii) Programme Review (PCMF Phases IV).

78. An important activity in the programme implementation stage is the monitoring of the progress of the TCPs. As per Para 4.2.1 of the Monitoring and Evaluation Guidelines of TCPs, the Project Progress Assessment Report (PPAR) is the main monitoring tool of TCPs. It is used during the lifetime of a project to capture progress made towards achieving the expected/planned results and its submission to the Agency is mandatory. The PPAR is to be submitted by the concerned project recipient (Institutions of the MSs) on a six-monthly basis. However, if there is a delay in launching the project, the first PPAR can be postponed until the end of the first year.

79. We examined the status of submission of PPARs of 17 TCPs and observed that:

- PPARs of one TCP were regularly submitted and feedback of the Agency was given.
- In six TCPs, PPARs were not submitted even once.

- In 10 TCPs, only one PPAR was submitted in each case. The feedback of the Agency was not given in eight of these 10 TCPs.
- Out of the minimum number of 77 PPARs due for submission, 16 PPARs were submitted.

80. The Agency replied that all Project Management Officers (PMOs) in coordination with the Technical Officers monitored their respective projects during their country visit and based on the information in the database in TC PRIME, TC PRIDE and Oracle. Regarding providing feedback on the PPARs submitted by MSs, the Agency stated that PMOs are responsible for providing feedback to Counterparts (CPs) and National Liaison Officers (NLOs), after they receive PPARs. This usually happens through informal emails.

81. Since the PPARs are the main monitoring tool of the TCPs, we are of the opinion that PPARs should be used for monitoring the progress of TCPs; and feedbacks to CPs and NLO should be through a formal mechanism like the PPAR.

Recommendations 13

(i) The TC Department may work towards establishing a mechanism with the MSs for timely furnishing of Project Progress Assessment Report (PPAR) for TC projects.

(ii) Feedback of the Agency on the PPARs may be recorded in formalized template.

82. The Agency agreed with the recommendations. They added that the TC Department has recently reviewed the PPAR template and the frequency of reporting, which until recently was every six months and is now annually. The PPAR process has gone through several testing and trials. Reminders are sent to NLOs, National Liaison Assistants and CPs to ensure compliance. Eventually, the template will be integrated into the PCMF platform to be completed and submitted online. Feedback by the PMO and the TO will then also be recorded in PCMF and will be available to the whole project team.

Technical Cooperation Projects

Achievement of objectives by completed TCPs

83. The IAEA's TC programme is the main mechanism through which the Agency helps MSs to build, strengthen and maintain capacities in the safe, peaceful and secure use of nuclear technology in support of sustainable socio-economic development. Key areas of intervention include human health, agriculture and food security, water and environment, energy planning and nuclear safety and security.

84. Five of the 17 TCPs selected by audit for detailed examination were completed during 2013-2015 (August). We examined the project documents of these five projects with a view to assessing whether the objectives of the TCPs were achieved. We observed that achievement of the outputs of the TCPs has been a challenge. Since outcomes and objectives of a TCP are conditional on the generation of the outputs, we are of the opinion that an increasing effort at monitoring of project implementation by MSs may be made.

85. We also observed that formulating Performance Indicators (PIs) which are SMART (Specific, Measurable, Attainable, Relevant and Time-bound) as prescribed by Para 3.2.3 of the Monitoring and Evaluation Guidelines of TC Projects requires attention as the PIs adopted for some of the outputs were not appropriate. A few examples are given below:

i. The PI for the review report on the feasibility of food irradiation in Afghanistan was data collected.

ii. The PI for the human resources trained and aware of radiation processing safety and applications, was number of approved standards.

iii. The PI for pool of trained scientists and technicians with expertise in Veterinary drug residues analysis, was number of analytical methods in routine use.

Recommendation 14

Greater effort may be made to formulate SMART Performance Indicators.

86. The Agency agreed with the recommendation.

TC project Active beyond estimated duration

87. As per definition of 'Project Active' in TC Operational Manual, a project is considered active beginning on its officially approved start date or the date of receipt of the minimum national participation cost payment, whichever is later. The duration of an active project is generally defined by the work required and is not more than four years. On an exceptional basis, the DDG, Head of the Department of Technical Cooperation, may approve a well justified continuation of a project for a maximum of one additional year at a time, if a request for the additional year has been submitted prior to the project's originally planned date of expiration.

88. We observed from the PCMF ('My Projects' and 'My TC Pride' tab) that the actual duration of the projects was more than the estimated duration as detailed in **Annex I**. Further, most of the important columns like Monitoring and Progress Reporting, Risk Management, Implementation Strategy, Gender considerations, Partnership, Physical Infrastructure and Human Resources were blank even after completion of the Projects.

89. The Agency stated that projects were extended for reasons like delay in labs proficiency test, delay in the issuance of safety license by a MS, delayed submission of results by the project counterpart, delay in closing out PO in AIPS, delayed implementation of fellowships, unfinished activities, establishing radiation facilities by the MS at National Level and weak organisational structure of the initial project. Regarding project approval by DDG beyond the estimated duration, the Agency stated that some projects had approval while other projects did not have approval. Regarding non filling up of important columns in 'My Projects' tab, the Agency stated that those empty fields had to be filled during project design, before 2009 but that seems to be a lesson learnt as current designs are only approved if all that information is completed during the planning stage.

90. We are of the opinion that greater attention may be given towards project planning, implementation and reporting. Further, the various parts of the implementation strategy should be documented and linked with the actual progress made.

Recommendation 15

Each TC project may be regularly monitored and fully documented from planning to final stage of implementation by the TC Department.

91. The Agency agreed with the recommendation.

Programme on Management of Radioactive Waste

92. By implementing the Programme 3.4 - Radioactive Waste Management (RWM) under Major Programme 3 - Nuclear Safety and Security, the Agency aims to harmonize policies and standards governing waste safety and public and environmental protection, together with provisions for their application, including sound technologies and good practices. The beneficiaries of the programme are national organizations with RWM responsibilities such as regulatory bodies, operators of RWM facilities or facilities generating radioactive waste, and technical support organizations.

93. The focus of audit was primarily on three subprogrammes of the Programme 3.4, *viz.*, 3.4.1 - Waste and Environmental Safety, 3.4.2 - Technology for RWM, Decommissioning and Environmental Remediation and 3.4.3 - Nuclear Safety Action Plan.

Radioactive Waste Related Safety Standards

94. Subprogramme 3.4.1 planned to achieve the following objectives:

- to establish and maintain a comprehensive set of international safety standards and provide support for such, including Safety Reports, Technical Documents (TECDOCs), software and other relevant instruments.
- to promote the application of the Agency safety standards and supporting instruments relevant to waste, decommissioning, remediation and environmental safety in MS programmes.

95. Development of Safety Standards follows a structured procedure of 14 Steps from the initial stage of preparation of Document Preparation Profile (DPP) to the publication of the final document, with the involvement of Agency staff as Technical Officers, external experts, the Coordination Committee, Review Committees, either Safety Standards Committees (SSCs)[1], or the Nuclear Security Guidance Committee, MSs, the Commission on Safety Standards (CSS), the Publications Committee and Technical Editors.

96. The Agency completed action for development, revision and publication of five safety standards related to RWM and initiated / continued revision of eight safety standards while working on the development of a new safety standard during January 2013 to September 2015, as per the status given in **Annex II**.

97. We observed that the total duration for the revision of safety standards exceeded the timelines mentioned in the Document Preparation Profiles (DPPs) ranging from six months to more than six years in 12 out of total 14 cases of development / revision of radioactive waste related safety standards. Such long durations in the process of development / revision of safety standards over the timelines foreseen in the DPP are matters of concern and hence, worthy of further understanding and consideration of corrective action.

98. The Agency stated that while they were generally responsible for the initiation of many of the steps, they did not control the timelines of completion of such steps. For example, the timelines related to committee deliberations, review, and/or approval were fully outside the mechanisms of the Agency. The committees were staffed by MSs' representatives and experts, and not the Agency staff. With respect to these steps, the Agency played a largely administrative role - facilitating the review and approval process.

[1] the Radiation Safety Standards Committee, the Nuclear Safety Standards Committee, the Transport Safety Standards Committee, the Waste Safety Standards Committee, the Emergency Preparedness and Response Standards Committee

99. We are of the view that step by step adherence to the timelines mentioned in the respective DPPs is an important factor in the successful achievement of statutory objective of the Agency.

Recommendation 16

The Agency may consider reviewing the implementation of timelines for various steps involved in the process of development / revision of safety standards so that inefficiencies may be identified and redressed.

100. The Agency accepted the audit recommendation and stated that they would consider the timeline and steps for the development process by providing the audit observation to the the Waste Safety Standards Committee Coordinator for due consideration and redress as appropriate.

Progress of Project Tasks under Subprogramme 3.4.2

101. The main objectives of the subprogramme 3.4.2 are to:

- assist and support MSs in strengthening their capabilities and improving their practices in RWM, decommissioning of installations and remediation of contaminated sites.
- provide support to countries embarking on nuclear power and developing countries, to plan and develop necessary RWM infrastructure, RWM policies and strategies, and human resource capacities and capabilities to deal with waste issues.
- facilitate experience sharing and knowledge transfer on effective applications of practical solutions in RWM.

102. Study of the 'Programme outcomes' relating to the subprogramme 3.4.2 revealed that only some of the projects/tasks relating to Nuclear Energy (NE) Series Structure/Report had been completed. Further, we noticed that various tasks took longer time for completion than expected. The common themes that came across the projects were:

a) Six tasks originally scheduled for 2010 and 2012 were initiated after delay of two to four years.

b) Final drafts of seven tasks were under review/preparation after a period of two to five years.

c) For a task of 2012, the draft technical manual was tested in 2013 and gauges were in use for field operations, but it was not clear why the task has not been closed.

103. The Agency replied that although the final publication and dissemination of reports is indeed an important element, the development of the reports itself is also a vitally important component, as it involves the input, thoughtful consideration and networking of experts from many MSs.

104. While we agree with the Agency that the development of various reports and developing publications is an important aspect, preparation of reports, their publication and dissemination are equally important aspects of the Agency's work.

Recommendation 17

The Agency may further enhance project planning framework by assigning specific timelines for completion of tasks in a SMART framework.

105. Accepting the recommendation, the Agency stated that they would continue to seek ways of further enhancing project planning framework. This may balance the essential factors of quality, time and effective consideration through the expertise voluntarily provided by MSs and as ever, such considerations are guided by the requests of MSs.

Recommendation 18

The Agency may consider mid-term appraisal of progress of tasks under different projects to assess progress, comprehend difficulties and assign resources so that the tasks are completed in time within assigned budgets.

106. The Agency agreed that they would seek ways of further enhancing such appraisals.

International Radioactive Waste Technical Committee

107. The International Radioactive Waste Technical Committee (WATEC) is a working group of senior international experts in radioactive waste management and decommissioning, with particular emphasis on strategies, implementation, technologies and methodologies. WATEC advises the Agency's Secretariat on programme activities and directions related to radioactive waste management and decommissioning strategies and implementation of solutions for radioactive waste from all past and present sources and activities. WATEC convenes meetings on annual basis, takes stock of the activities undertaken by the Agency from time to time and gives its recommendations in their Reports. Such recommendations and their follow up actions undertaken by the Agency also reflect the performance of the Agency towards the achievement of the objectives envisaged under the subprogramme 3.4.2.

108. We observed that:

i. The 2015 WATEC meeting was held in the second week of July 2015 while the report for such meeting remained in draft stage as of September 2015. The Agency stated that finalizing the report does not impact stakeholders. The Agency, being the stakeholder as the receiver of recommendations of WATEC, is immediately apprised of the recommendations made during WATEC meeting.

ii. According to Terms of Reference for WATEC, the report is also to be published on the Agency's internet pages in a format and content agreeable to all members. While the WATEC reports are published on the Agency's internet in a manner allowing access to the WATEC members, we noted that the WATEC reports for 2012, 2013 and 2014 were not put in the public domain. The Agency contended that 'the placing such reports in the public domain has to be weighed against the intent of WATEC (to promote and receive unfettered discussion on programme activities), being careful not to stifle these discussions, and the cost/benefit for the level of effort for external publication when the intent of WATEC is advisory to the Agency'.

Recommendation 19

WATEC reports may be finalized within a reasonable time-period. The Agency may also consider placing these reports, or a summary of the same, in public domain for greater transparency.

109. With respect to the recommendation of finalizing the WATEC reports within a reasonable timeline, the Agency accepted the recommendation and will give it due consideration. As regards placing reports in public domain, the Agency will consult WATEC.

110. WATEC encouraged the Agency to continue using the Integrated Nuclear Infrastructure Review (INIR) as an assessment tool that urges countries to reflect on spent fuel and radioactive waste understanding and strategy from an early stage. Though two MSs have embarked on construction of their first nuclear power plant during the last three years, INIR or Integrated Regulatory Review Service (IRRS) missions were not undertaken for the newly embarking MSs.

Recommendation 20

INIR and IRRS missions for the Member States that are newly embarking on nuclear power may be further promoted with suitable emphasis on radioactive waste management issues.

111. The Agency accepted the recommendation noting that there are numerous avenues currently utilized for emphasizing radioactive waste management issues such as ARTEMIS missions, TC trainings, Underground Research Facilities meetings / workshops, NE publications, *etc*.

Implementation of Project Nuclear Safety Action Plan Waste Safety

112. Project 3.4.3.001 "Nuclear Safety Action Plan (NSAP) Waste Safety" is one of the two projects running under the subprogramme 3.4.3. The main planned output of the project was to provide report on Modelling and Data for Radiological Impact Assessments (MODARIA) programmes in the Fukushima Prefecture to provide long term assistance to those living and working in the affected area through a sustainable plan on public information and involvement in decision making related to waste management. Under this project, the Agency has taken up six tasks with the objective of implementing activities in NSAP related to waste and environmental safety.

113. The Agency has incurred expenditure to the tune of € 663,040 on the six tasks till September 2015. We observed that in one task (2014.02 MODARIA NSAP), reports/outputs were yet to be delivered. The MODARIA programme was to run for four years from 2012 to 2015. The first technical meeting of the MODARIA was organized in November 2012. Till September 2015, three Technical Committee meeting were held and the final Technical Committee meeting was scheduled in November 2015. Under NSAP, four working groups were set up to address remediation of affected areas and to improve the understanding of the migration radionuclides in the environment. We noticed that although the MODARIA programme is on the verge of completion and the Agency has incurred expenditure of € 32,397, no working group has submitted any report on the tasks completed (September 2015).

114. The Agency stated that the products / reports for the task were according to the plan. It was stated that the MODARIA was always planned and implemented for the working groups to submit their findings during the final Technical Committee meeting in November 2015, and to incorporate the discussions into their final reports in 2016.

115. We are of the view that it would be a good practice if the working groups submit their reports on the already completed project tasks, within a reasonable time period, so that the same are made available to the MSs and other stakeholders without waiting for the end date of the programme.

Recommendation 21

The Agency may continue to adhere to the timeline for delivery of final outputs of projects and tasks so that the same could be disseminated to Member States and other stakeholders on time.

116. The Agency agreed to continue to embrace the principles of adhering to timelines for delivery of final outputs to provide timely dissemination to MSs, according to the planned work scope and outputs.

Implementation of the Connect Project

117. Connecting the Network of Networks for Enhanced Communication and Training (CONNECT) is a password protected, members only, web-based collaboration platform hosted by the Agency on behalf of its MSs that provides a gateway for interconnecting existing and planned networks, increasing the participation of individuals and organizations involved in them, and making available additional sources of information that complement existing training workshops and meetings.

118. The main features provided by CONNECT include:

- Discussion forums where the registered users can discuss on current technical challenges, potential solutions, troubleshooting and operational feedback.
- Expert search function - find the person who can help a user with its problems.
- Library of documents, presentations, videos, software tools, glossaries, and other resources.
- E-Learning - nuclear education and training, on demand video, and archived presentations and seminars.
- Resources, including calendar of meetings and events, training courses, webinars, and online meeting workspaces.
- Access to shared experiences and lessons learned, as well as best practices.

119. The performance of CONNECT platform can only be assessed, as mentioned in the performance indicators, from the degree of website usage (number of hits, dwell time, *etc.*), number of registered users and number of active users from within the Agency. We noticed that the Agency did not keep any such records and as such, we could not ascertain the degree of its usage and number of members registered within or outside the Agency.

120. There were currently 11 networks / communities available in CONNECT. We selected seven networks for audit examination, which are directly related to RWM. We observed that though all the projects were launched with a broad objective to provide a forum for information exchange and provision of technical advice, the Agency acknowledged that some of these projects are yet to achieve the desired participation levels.

121. The Agency stated that posting of requests on the network web-page is only one mechanism used by the networks. There are many others, including workshops, annual meetings and working group projects. Use of any features provided by the networks is voluntary (whether these features are web-based or otherwise). The Agency can provide various mechanisms, promote them and foster them, but it operates on the basis of voluntary participation by MSs.

122. We are of the view that the basic objective of these e-platforms to provide a forum for sharing international experience and technical advice, direct exchange of information between practitioners, sharing and transfer of knowledge and technologies *etc.*, was not yet fully achieved. Further, the

information regarding workshops, annual meetings and working group projects can be shared through other platform also like the Agency website, e-mail, *etc.*

Recommendation 22

The Agency may strengthen the implementation of CONNECT platform by making it more user friendly and by embedding monitoring tools to popularise it amongst the nuclear community and Member States and to obtain feedback on the usage of the platform.

123. The Agency accepted the recommendation and stated that tools for tracking the website usage are already planned for implementation in 2016.

Programme on Nuclear Science

124. The IAEA Nuclear Science Programme is part of the Agency's Major Programme 1, managed by the Department of Nuclear Energy. There are five sub-programmes, and the work is carried out by 45 staff members distributed among three sections. The tasks under the Nuclear Science Programme include supporting MSs needs-based development efforts through CRPs, advisory missions, laboratory training and analytical services, publication of state-of-the-art reports on specific topics and issues, preparation and provision of materials for human resources development, and assistance to the Department of Technical Cooperation on scientific and technical aspects of a large number of technical cooperation projects.

125. Our audit was focussed on Programme 1.4 – Nuclear Science, the important priorities of which are to provide and maintain the nuclear, atomic and molecular data libraries crucial for nuclear energy and nuclear technology activities through international networking and specific projects that address data for medical applications, advance fission and fusion reactors, nuclear analytical techniques and dosimetry. Within this programme, subprogrammes 1.4.1 – Atomic and Nuclear Data, 1.4.2 – Research Reactors and 1.4.3 – Accelerator Applications and Nuclear Instrumentation, were selected by us for detailed scrutiny.

Coordinated Research Projects

126. One of the main objectives of the Agency's Programme on Nuclear Sciences is knowledge sharing and research in the field of Nuclear Sciences through participation of MSs. The research activities are carried out through the mechanism of CRPs which bring together scientists representing institutes in MSs to collaborate on a focussed research topic that is of shared interest and is important to the mission of the Agency. A CRP is normally approved for a period of 3-5 years and involves 8-15 laboratories, research teams or institutions. Most CRPs involve three Research Coordination Meetings (RCMs) where participants are brought together. The Agency supports the cost of the RCMs, but only very limited funds are available for direct research support, and these are only for participants from developing countries.

127. Since the CRPs have Regular Budget Funding (RBF) and resources are precious, there is need to monitor expenditure on various activities under different projects under various subprogrammes. The AIPS system of the Agency had the facility of PTAEO (project-task-award-expenditure category-organization) representing funding code review tool for managers to monitor its budget and actual expenditure. Using the tool, we reviewed all the ongoing CRPs with a lifecycle of five years started during 2011 to 2013, under subprogramme 1.4.1. We observed that in three active CRPs there were savings ranging from 41 *per cent* to 100 *per cent* and in equal number of cases there were

overspendings ranging from 5 *per cent* to 27 *per cent* over the budgeted allotment for the year 2015 (till 23 November 2015).

128. The Agency replied that expenses and budget allotment originally foreseen for CRPs are periodically reviewed by CRP officer, the Division of Physical and Chemical Sciences and allotment holder, with the view of allocating the unspent funds to other activities as deemed needed based on requests from MSs and programmatic activities of the project. Project manager for CRPs interacts with NACA periodically to keep track of payments for the Research Coordination.

129. While appreciating the efforts of the Agency, we are of the view that monitoring of expenditure by project managers for the CRPs needs to be further strengthened in view of the variations between budget and expenditure.

Recommendation 23

The Agency may strengthen monitoring of expenditure by project managers for the CRPs.

130. The Agency accepted the recommendation. NACA and MTIT will be working on a dashboard for Technical Officers/Section Heads and Directors in order to improve and facilitate the follow-up on the financial status of CRPs (planned to be ready in fall 2016).

Delay in publishing results after completion of CRPs

131. The CRA Manual stipulates in paragraph 2.7.1 that the manuscript should be submitted to the Publication Committee no later than 12 months after the completion of the CRP.

132. We reviewed a list of publications of CRP reports and observed that out of five CRPs, three CRPs, which were closed in 2011 to 2013, have got publications finalized only in 2015. The CRP reports in the remaining two cases, one of which was closed in 2012, were not published till October 2015.

133. The Agency stated that the delay in case of CRP “Conversion of Miniature Neutron Source Research Reactors to Low Enriched Uranium” was due to (i) repeated transfer of the responsibility for the publication from one scientific secretary to another due to the rotational policy, (ii) upgradation of the CRP report from being a Technical Document to a Nuclear Energy Series publication, (iii) contacting a number of MSs to resolve outstanding questions and (iv) lengthy process being followed by the Agency for publications. Acknowledging that the Agency can improve the publication process, they added that the process is often not entirely under their control.

134. We are of the view that the Agency needs to address this systemic issue of delay in publication of CRP reports.

Recommendation 24

The Agency may consider putting in place mechanism to ensure adherence to the timeframe for publication of CRP reports.

135. The Agency accepted the recommendation.

Peer Review Mission

136. Peer Review Mission is one of the main planned outputs of Research Reactor operation and maintenance in the 2014-2015 Project Cycle.

137. We observed that SAFARI-1 research reactor agreed in 2014 to receive an Operational and Maintenance Assessment for Research Reactors (OMARR) mission that was expected to take place in 2015. However, the counterpart asked to postpone it and it was now under preparation, targeting April 2016 as the most suitable period. Accordingly, one OMARR mission planned for 2014-2015 could not be implemented.

138. The Agency stated that many activities (especially peer-reviews missions) are planned and provided upon demand from a MS and that, sometimes, between planning and implementation, the MSs may reconsider its request and even cancel it. They added that P&B is formulated more than a year before the beginning of the corresponding cycle of implementation and thus, some outputs are planned more than two years in advance with respect to the dates in which they should occur. This affects the feasibility of some of the planned outputs, which also depend on commitments from the requesting MSs.

139. While we appreciate that the planning of the Peer Review Missions is done in advance and is associated with MSs, we are of the view that the mechanism of analysing inputs for tasks may continuously be improved.

Recommendation 25

The Agency may strengthen its mechanism of analysing inputs for tasks for planned outputs before being incorporated into the Projects so as to achieve the desired objectives.

140. The Agency accepted the recommendation.

Research Reactor Database

141. One of the objectives for the project 1.4.2.002 Research reactor infrastructure, planning, and capacity building is “to maintain a database on research reactor technical details and utilisation capabilities”. Research Reactor Database (RRDB) is also one of the Main Planned Outputs.

142. We reviewed the different aspects of RRDB and observed that:

i. Though RRDB has sent reminders for data updates regularly to all existing Facility Data Providers (FDPs), some FDPs did not provide the updates. Accordingly, the Agency resorted to other means to refresh the data of RRs (*e.g.*, the Agency meetings, Expert Missions, formal agency web pages, *etc.*).

ii. There was no work plan to achieve the stated objectives for the data base.

iii. There was no linkage to incident reporting which may be useful for MSs.

143. The Agency stated that the sources for the RRDB are the MSs, which provide information on voluntary basis on their facilities. In providing such information, the MSs also take direct responsibility of its correctness. Had the Agency sought sources of information for the RRDB other than from MSs, it would have been mandatory to request MSs to validate such information and this process would be very difficult to finalize and ineffective for various reasons.

144. While we appreciate that the MSs provide information on voluntary basis, we are of the view that maintenance of database is one of the objectives for the Agency and hence the Agency needs to adopt a more planned and systematic approach to regularly update the Research Reactor Database.

Recommendation 26 The Agency may further enhance its efforts to regularly update the Research Reactor Database and consider a more systematic approach to sensitize MSs on the importance of providing regular update inputs to the Agency.

145. Noting that there is no legal framework in place to make the provision of such information from MS mandatory, the Agency accepted the recommendation.

Coalitions and Networks

146. Enhancement of RR networks and coalitions for increased, efficient and sustainable utilisation of RRs is a key performance outcome.

147. We observed that no target for the number of enhancements of RR networks has been assigned. The results have been depicted as eight with a remark that no new regional network has been created during the last three years.

148. The Agency stated that efforts have been made during the last three years to strengthen already existing coalitions and make them sustainable, so they could continue even after the support from the Agency is not available (mainly linked to the duration of regional TC projects).

Recommendation 27 The Agency may continue its efforts to strengthen existing RR networks and coalitions.

149. The Agency stated that corrective actions in this regard have been initiated and some of them were already reflected in RRs sub-programme.

Duty Travel

a. Evaluation of Travel Reports

150. Paragraphs 81 to 86 under Section 9 of Part II of the Administrative Manual of the Agency provide the conditions for submission of travel reports after completion of the duty travel. As per paragraph 81, each staff member should normally submit a travel report to his/her immediate supervisor within 30 days on the results of his/her activities away from his/her duty station except for Staff Council representatives travelling on Staff Council business. Paragraph 84 states that although travel reports are informational and not decision documents, they should identify any specific recommendations or proposals for action. The manager to whom a recommendation is addressed has the responsibility to follow up and decide on the necessary action.

151. On scrutiny of duty travel reports relating to the three sub programmes 1.4.1, 1.4.2 and 1.4.3 for the period from 2013 to 2015, we noticed that status of 11 duty travels carried out by the Physics Section staff during the period from 16 October 2013 to 21 August 2015 was shown as awaiting approval or under draft.

152. The Agency stated that after the implementation of the new system for travel reports, the time set to draft and initiate the clearance of DT reports is five weeks. Now the system automatically sends

a reminder to the traveller as well as to his/her direct supervisor. Accepting that some DT reports for Physics Section were not finalized in time, they added that (as of 25 November 2015) corrective actions have been taken in seven and the situation has been improved significantly.

153. We observed that the delay in evaluation of travel reports could have an adverse impact on the suggestions or recommendations provided therein for future course of actions. Though the Administrative Manual provides the time limit for submission of travel reports, it did not specify the timeframe for evaluation of the travel reports.

Recommendation 28

The Agency may consider stipulating a timeframe for evaluation of the duty travel reports in its Administrative Manual so as to avoid undue delay in evaluation.

154. The Agency replied that the Division of Human Resources, as the owner of the travel policies, will review para 86 of AM.II/9 to address the concerns on the extended timeframe for evaluation of the duty travel reports.

b. Expenditure on Duty Travel

155. According to the Programme and Budget (P&B) document 2012-2013, the allotment managers were instructed to strictly observe guidelines aimed, *inter alia*, at minimising the number of staff attending outside meetings, combining missions and replacing them with videoconferences, wherever possible. P&B 2014-2015 also stressed upon reduction of overall travel expenditure.

156. We observed that during the three years 2012-2015 (till October), the expenditure incurred for duty travel in all the three subprogrammes had exceeded the budget allocation as given below:

(Amount in Euro)

Subprogramme number	Revalued budget allocation for staff travel	Actual expenditure	Expenditure in excess of budget allocation
1.4.1	160,353	290,220	129,867
1.4.2	66,769	181,729	114,960
1.4.3	93,698	287,383	193,685
Total	**320,820**	**759,332**	**438,512**

157. The Agency replied that development of all work undertaken in the wings depends on international collaboration, leading to significant travel expenses, and also there was little scope for planning as much of travel happens on request of Member States. When Staff-Travel budget is formulated, on average one travel per quarter per staff member is forecasted in an attempt to limit such source of expenditure. However, the implementation of projects requires a much higher number of duty travels.

158. We are of the view that the very purpose of budgeting is not fulfilled if such deviation is ascribed to the nature of the job. Duty travel expenditure requires continuous review and monitoring.

Recommendation 29

The Agency may consider strengthening the planning, monitoring and evaluation of the budgetary allocations for duty travels.

159. The Agency accepted the recommendation and stated that corrective actions in such regard will be taken in future.

Gaps in Monitoring of Gender Equality Policy

160. Gender Equality Policy (GEP) was set up by the Agency with the approval of Director General on 10 May 2007 to achieve a higher representation of women in the Agency's Professional and higher categories, and to implement gender mainstreaming in its programmes. In the framework of the result-based management approach adopted by the Agency, all results to be achieved would have to take into account gender-related impacts and benefits. The Policy*, inter alia*, states that:

i. Each programme manager will develop a gender mainstreaming work plan to be used during programme design, appraisal, implementation and evaluation processes.

ii. Gender will be included in regular evaluations, and each Department will develop a monitoring and assessment system to examine the extent to which gender is being mainstreamed in its programme.

iii. The responsibility for the inclusion of a gender perspective in all of the programmes of the Agency lies with each Manager at all levels.

161. We observed that there was no mention in the Mid-Term Progress Reports 2014-15 regarding the percentage of gender participation in respect of task planned and executed such as Technical Meetings, Consultancy Meetings, Seminars, Conferences, Coordinated Research Projects, *etc.* under the three subprogrammes 1.4.1, 1.4.2 and 1.4.3. Though, in the 'Comprehensive information 2012-13 assessment II sub-programmes and projects 1.4.3' there was mention about the ratio of gender participation under some tasks, no comprehensive report on the planning, evaluation and monitoring was found in respect of the gender participation in programmes/subprogrammes.

162. The Agency replied that monitoring and evaluation on subprogramme activities is the responsibility of Departments, including their ability to report on application of the GEP. They agreed that the ability to track the participation of gender in the Agency's programmatic work is an important element.

Recommendation 30

The Agency may monitor gender participation in each task undertaken within the subprogrammes.

163. The Agency agreed in terms of strengthening female participation to subprogramme activities. However, they added that gender issue was always considered by Scientific Secretaries while granting financial support for meeting, giving priority to female applicants when their technical profile is comparable to male. To further strengthen the ability to monitor female participation in subprogramme activities, a centralized approach to all Agency departmental reporting should be initiated. Closer collaboration with the gender focal point on related activities and reporting/monitoring would enhance the ability to provide support and guidance to increase participation.

Risk Register

164. The Risk Register (RR) is a record of all risk related activities which are undertaken by the Agency under its Regular Budget Programme, technical co-operation programme and activities funded by extra-budgetary resources. The RR is used as an input for the Agency's programme planning and budgeting process. The risk management process consists of a series of managerial actions, which are undertaken to assess risks, to respond to identified risks and to monitor and report on risk related issues, monitoring actions and controls.

165. The RR uploaded and updated in the AIPS did not show any risk as being perceived for the subprogramme 1.4.3 during the period of audit. We found that the certain risks entered under other programmes/sub programmes listed as "Department-specific programme and project management risks" had a direct impact on the subprogramme 1.4.3 but were not found to be included in the RR under the specific subprogramme/projects of 1.4.3, such as,

i. Failure to modernise Agency's laboratories to support and respond to evolving needs of MSs and to adjust the current management structure to ensure effective delivery of nuclear science and applications programmes to MSs. [Corporate Risk No.27 (RR 2012-13 and 2014-15)]

ii. Reduced cooperation from MS institutions in the present financial climate so that promised technical information (by MS experts who work voluntarily) is not forthcoming or is significantly delayed. [Corporate Risk No.28 (RR 2014-15)]

iii. Inability to identify a sufficient number of appropriate persons for training and capacity building in certain geographical regions with a negative effect on the implementation of the Agency's role in Nuclear Science and Applications in these regions. [Corporate Risk No.29 (RR 2014-15)]

166. The Agency, while agreeing to the relevance of the three particular corporate risks (27, 28, 29) for subprogramme 1.4.3, replied that the subprogramme managers under Major Programme 1 were advised in general not to include the corporate risks in the risk register for subprogrammes and projects based on the outcome of a meeting between DDG-NE and the Special Assistant to the DG for Strategy.

Recommendation 31

The Agency may instruct the programme managers to identify and assess all corporate and project specific risks which are relevant for their respective subprogrammes by mentioning the subprogramme/project number in the Risk Register.

167. The Agency said that the Risk Management Group will re-examine the determination to not include corporate risks in risk register at the subprogramme / project level in order to arrive at a common understanding on the need to reflect at least the numbers of the project and sub-programme risks in the corporate risk, as may be appropriate. Subprogramme and Project Managers in Programme 1.4 will continue to work closely with the Departmental and Agency risk management groups to ensure that all relevant risks are included in the Risk Register in the future.

Other Matters

Cases of Fraud and Presumptive Fraud

168. The Management reported to us that although areas for improvement in internal controls exist, the Office of Internal Oversight Services (OIOS) did not find evidence of proven fraud.

169. Four cases of presumptive fraud against the Agency were reported to OIOS in 2015. Two of these cases were procurement-related and two concerned allegation of violation of financial rules. One of the procurement cases has been closed as unsubstantiated. The two cases of alleged violation of financial rules were still under investigation/monitoring. Without any prejudice to the on-going cases, no fraud-related losses have, thus far, been detected.

Losses, Write-offs and ex gratia Payments

170. Receivables amounting to €221,402.64 were written-off in 2015. These write-offs include the following:

S. No.	Item Description	Amount written off (Euro)
1.	Extra-budgetary Contributions irrecoverable	206,064.00
2.	Meetings	10,242.04
3.	Agency’s laboratory sales invoices	5,020.00
4.	Agency’s Publications sales invoices	76.60
	Total	**221,402.64**

171. Payables related to withholdings for legitimation / UN Passes that could not be refunded in the amount of €6,827.04 were written back in 2015.

Loss of equipment

172. In 2015, there were 13 capitalised assets costing €32,428.46 with net book value of €8.876.67 and eight expensed type assets with acquisition costs amounting to €4,739.00 which were declared lost.

Ex-Gratia Payments

173. No ex-gratia payments were made during 2015.

Response of the Management indicating action taken on past external auditor’s recommendations

174. Response of the Management indicating action taken on past external auditor’s recommendations is given in Annex III.

Acknowledgement

I wish to record my appreciation for the cooperation and assistance extended by the Director General, and the staff of the International Atomic Energy Agency during my audit.

(signed)

Shashi Kant Sharma

Comptroller and Auditor General of India

External Auditor

23 March 2016

Annex I

Project No	Year of Approval	Estimated duration	Actual date of starting	Completion date	Actual duration of the Project
HAI5003	2005	2 years	01.01.2005	09.10.2013	8 Years 10 Months
RLA5051	2009	5 years	01.01.2009	19.01.2015	6 Years
RAF5057	2009	5 years	01.01.2009	24.03.2015	6 Years 3 Months
TAD5004	2009	3 years	01.01.2009	29.07.2015	6 Years 7 Months
SIL5012	2009	3 years	01.01.2009	23.03.2015	6 Years 3 Months
ECU5026	2009	2 years	06.05.2009	20.07.2015	6 Years 2 Months
URU5026	2009	2 years	09.07.2009	10.08.2015	6 Years 1 Months
RLA5057	2009	3 years	01.01.2009	29.10.2014	5 Years 10 Months
URU5025	2009	2 years	03.06.2009	18.06.2014	5 Years
PAN5018	2009	3 years	07.03.2009	05.11.2014	5 Years 8 Months
RLA5049	2007	2 years	01.06.2007	05.12.2014	7 Years 6 Months
SRL8019	2007	4 years	13.03.2007	28.01.2013	5 Years 9 Months
UZB5004	2007	4 years	13.03.2007	10.08.2013	6 Years 5 Months

Annex II

Status of Development / Revision / Publication of Radioactive Waste-related Safety Standards by the Agency during the period from January 2013 to September 2015

DS	Title	DPP Approved by CSS	Targeted Publication Date (as per DPP)	Present Status (As on 30 September 2015)	Time Overrun w.r.t. Targeted Publication Date (as per DPP) (As on 30 September 2015)
DS356 (Revision of 111-G-3.1)	Near Surface Disposal Facilities for Radioactive Waste	November 2005	Not mentioned in DPP	Published as SSG-29 in March 2014	In the absence of 'Target Publication Date' in DPP the time overrun could not be calculated
DS357 (New)	Monitoring and Surveillance of Radioactive Waste Disposal Facilities	November 2005	March 2009	Published as SSG-31 in May 2014	5 years and 2 months
DS403 (Revision of WS-G-2.2)	Draft Safety Guide on Decommissioning of Medical, Industrial and Research Facilities	December 2007	2011	Step 8- Soliciting comments by Member States	As per DPP in this case, Step 8 was to be achieved in August 2009. Time overrun of 6 years and 1 month.
DS427 (New)	Draft Safety Guide on Prospective Radiological Environmental Impact Analysis for Facilities and Activities	May 2009	October 2010	Step 11 - Second review of the draft safety standard by the SSC(s)	As per DPP, Step11 was scheduled to be achieved in April 2010. Time overrun of 5 years and 5 months
DS442 (Revision of WS-G-2.3)	Draft Safety Guide on Regulatory control of the releases of radioactive material from facilities and activities	September 2010	Q4, 2012	Step 11 - Second review of the draft safety standard by the SSC(s)	As per DPP, Step 11 was scheduled to be achieved in Q2 2012. Time overrun of 3 years and 3 months
DS447 (Revision of WS-G-2.6)	Predisposal Management of Radioactive Waste from Nuclear Fuel Cycle Facilities	September 2010	Q2, 2014	Step 14 - Publication of the Safety Standard	1 year 3 months
DS448 (Revision of WS-G-2.5)	Predisposal Management of Radioactive Waste from Nuclear Power Plants and Research Reactors	September 2010	Q2, 2014	Step 14 - Publication of the Safety Standard	1 year 3 months
DS450 (Revision of WS-R-5)	Safety Requirements on Decommissioning of facilities	May 2011	Q4, 2013	Published as GSR Part 6 in July 2014	6 months

DS452 (Revision of WS-G-2.4)	Draft Safety Guide on Decommissioning of Nuclear Installations	May 2011	2Q 2014	Step 11 - Second review of the draft safety standard by the SSC(s)	As per DPP, Step 11 was scheduled to be achieved in Q2 2013. Time overrun of 2 years and 3 months
DS454 (Revision of WS-G-2.7)	Draft Safety Guide on Predisposal Management of Waste from the Use of Radioactive Materials in Medicine, Industry, Research, Agriculture and Education	May 2011	4Q 2014	Step 11 - Second review of the draft safety standard by the SSC(s)	As per DPP, Step 11 was scheduled to be achieved in Q3 2013. Time overrun of 2 years
DS459 (Revision of WS-G-1.2)	Draft Safety Guide on Management of Radioactive Residues from Mining, Mineral Processing, and other NORM related Activities	March 2012	Q2 2016	Step 5 - Preparing the draft safety standard	As per DPP Step 5 was scheduled to be achieved by Q1 2013 Time overrun of 2 years and 6 months
DS468 (Revision of WS-G-3.1)	Draft Safety Guide on Remediation process for areas with residual radioactive material	October 2012	Q4 2016	Step 5 - Preparing the draft safety standard	As per DPP Step 5 was scheduled to be achieved by Q1 2013 Time overrun of 2 years and 6 months
DS477 (Revision and combination of GS-G-3.3 and GS-G-3.4)	Draft Safety Guide: Management system for predisposal and disposal of radioactive waste	May 2013	Q1 2018	Step 5 - Preparing the draft safety standard	As per DPP, Step 5 was scheduled to be achieved during Q4 2013 - Q4 2014. Time overrun of 9 months
DS489 (Revision of SSG-15)	Draft Safety Guide: Storage of Spent Fuel	April 2014	Q1 2019	Step 5 - Preparing the draft safety standard	As per DPP, Step 5 is scheduled to be achieved during Q2 2015 - Q4 2015. No time overrun noticed as yet.

Annex III

Response of the Management indicating action taken on past external auditor's recommendation

Audit Report for the Year.	Recommendation	Management response
2014		
Financial Issues		
Rec. No.		
1	The Agency may evolve innovative strategy for recovery of outstanding assessed contributions and make sustained efforts to collect the funds in a time-bound manner.	During 2015, as a result of continued attention to the status of assessed contributions, there was a significant reduction in the level of outstanding assessed contributions. Management considers the recommendation to be implemented.
2	a) The Agency may consider adopting different discounting rates for ASHI active staff members and pensioners so that the liabilities could be determined more accurately. b) The currency, in which a liability is to be met, may be communicated to the Actuary for each defined benefit plan.	a) The Agency has investigated this approach with the Agency's actuaries as well as with other UN organizations and has identified that no other UN organizations delineate between the active and retiree populations for purposes of determination of discount rate or other assumptions. As such, no change to methodology in this respect is envisioned in the foreseeable future. b) The Agency has defined its reports to be sent to the actuaries, including the specific identification of the currency in which the liability is to be met on a plan by plan basis. Management considers the recommendation to be implemented.
3	The Agency may consider the implementation of a long term funding strategy for meeting the employee liabilities adequately over a period of time.	The Agency is involved in the UN System-Wide project looking at ASHI cost containment, liability analysis and funding. A full strategy for the Agency will be further formalized subsequent to the work performed by the System-Wide team. Management considers the recommendation to be In Progress.
4	a) The Agency may provide reliable, accurate and updated HR data as at the end of the financial year to the Actuary for determination of the Employees Benefit liabilities of the Agency. b) With the launch of AIPS Plateau 3 in December 2014, the Agency may consider establishing a system in the AIPS to ensure availability of robust database regarding staff members of	The Agency has developed a suite of HR reports directly from AIPS, utilizing data that is now available as a result of the implementation of Plateau 3. Such reports have been tested and the results are subject to a detailed review and reconciliation process prior to submission to the actuaries. Management considers the recommendation to be implemented.

	the Agency.	
5	The Agency may take concerted efforts to ensure that all agreements subject to conditions, which may require extension of dates, are formally extended within the implementation period and if extension is not agreed to by the donors, the voluntary contribution may be refunded to the donor as per conditions of the agreement.	Out of 17 agreements with conditions currently reflected as deferred revenue, there are four with expired implementation deadlines. Out of the four, there are three for which the final report is being prepared by IAEA, and one where negotiations on implementation extension are ongoing at the moment. Quarterly periodic review of the status of extrabudgetary contributions with conditions vis-à-vis implementation periods is in place, ensuring follow-up with the relevant implementing Department performed by the Contributions Unit. Management considers the recommendation to be implemented.
6	The Agency may make further payment of advance to Building Management Services ad hoc projects only after utilization of substantial portion of the advance already lying with UNIDO.	The vast majority of advances for BMS ad-hoc is referring to the construction of the Data Center. During 2015, the costs incurred to date on the Data Center were capitalized into Property, Plant and Equipment as Construction in Progress. Upon completion of the Data Center - when it is ready for its intended use - the Data Center will begin depreciating. This is expected in 2016. Management considers the recommendation to be implemented.
7	The Agency may disclose in the Notes to the Financial Statements details of in-kind contributions of services provided by the donors.	The Agency is planning to examine in 2016 the feasability, including examining the cost/benefit and reliability considerations, of implementing additional procedures to track not just the nature but also the high-level estimates of value of such in-kind contributions received by the Agency Management considers the recommendation to be In Progress.
8	a) The process of review of responses to previous recommendations from earlier Integrated Nuclear Infrastructure Review (INIR) missions may be suitably documented. b) The Agency may strengthen its mechanism for receipt and follow-up of National Action Plans. Member States may be encouraged to have a National Action Plan in place which seeks to duly co-ordinate all ‘Infrastructure’ activities, so that it can serve as a valuable input for Integrated Work Plan.	a) The 2011 publication “Guidance on Preparing and Conducting INIR missions (Rev. 1)” is being reviewed and updated where required. Section 5.3.3 Response to previous INIR missions will be enhanced to elaborate the process of review of responses. b) Steps have been included in the development or review of Country Nuclear Infrastructure Profile (CNIP) and Integrated Work Plans (IWP) which require the availability of a National Action Plan. Member States are encouraged to prepare National Action Plans to address INIR mission recommendations and suggestions and use them as the basis for discussions with the Agency on their respective Integrated Work Plans. Management considers the recommendation to be In Progress.
9	From the perspective of user organizations, it may be appropriate to include a reasonable portion of non-safety instrumentation and control (I&C) systems in the scope of the Independent Engineering Review of Instrumentation and Control Systems (IERICS) mission, in order to give a more balanced overview of I&C	The updated publication, including non-safety instrumentation and control in the scope of IERICS missions, was submitted to the Publication Committee for approval in December 2015 Management considers the recommendation to be In Progress.

	system. Otherwise, the IERICS Mission's guidelines may be suitably amended to focus on safety and safety related I&C systems only.	
10	a) Strive to develop Performance Indicators conforming to the SMART parameters. b) Incorporate baselines and targets in the database, once the objective and activity have been appropriately defined. c) Incorporate necessary functionalities (e.g., integration of financial data with status of activities under progress) and more performance indicators in the Hyperion software to make it a more useful tool for performance evaluation and planning, keeping other constraints (e.g., time and resource spent in assessment) in mind.	a) This is a continuing effort within MP1. PIs within all MP1 projects were reviewed against the required 'SMART' parameters. b) Baselines are included in Hyperion project plans for Performance Indicators c) While we have considered integration of financial data with status of activities in Hyperion, we deem usage of various OBIEE reports and dashboards as part of the widespread practice at the IAEA provide sufficient level of financial information for Managers to track their programmatic activities. During our analysis we have concluded that any change to the current practice will require substantial resources and time spent. At this point we are convinced that it is of best interest to the IAEA to continue operating in the current fashion with emphasis to managers to fully utilise the existing arrangements. As regards, using more performance indicators in the Hyperion software, it may be noted that performance indicators (PIs) are identified at the planning stage. The Hyperion software allows two PIs for projects, subprogrammes and programmes at the planning stage with a possibility to incorporate a third PI in a controlled manner under the supervision of DGOC at the performance assessment stage if the managers find that the existing PIs might not provide the expected assessment. This aspect will be followed on a regular basis by the Result Based Management Coordination Group recently established by the Director General. Management considers the recommendation to be closed.
11	a) Risk assessments may be regularly reviewed and updated. b) Provision may be made within the Hyperion system to maintain a trail of all changes and the reasons necessitating those changes.	It should be noted that the complete corporate risk register is reviewed during regular meetings of the Risk Management Group led by DGOC. The group meets several times per year and all changes in the risk register are brought to the attention of this group warranting that any change is done in a controlled environment and in a transparent way. The changes are documented in Hyperion with aim of capturing the necessary information and ensuring institutional knowledge. At the end of each year, a snapshot of the corporate risk register is taken, which becomes a basis for the following year's review and update of the Risk Management Group. The snapshot can't be modified further and serves as a historical and audit trail of the changes and developments made. We are on the opinion that the risk management process as implemented is sufficient to address this recommendation.

		Management considers the recommendation to be Implemented.
12	a) Inconsistencies regarding nuclear power capacity/number of reactors in the Country Nuclear Power Profiles may be avoided. b) The Agency may review the necessity of Electronic Nuclear Training catalogue. c) Efforts may be made to update data in Advanced Reactor Information System to provide current information for newcomer Member State. All the suggested fields for technical details may be filled in, within the limitations of the allocated budget.	A standard footnote was added to CNPP to explain the potential differences between PRIS and CNPP The necessity of Electronic Nuclear Training Catalogue (ENTRAC) was reviewed and it was decided to keep it in a different platform. Therefore a new project was initiated to restructure, migrate all training materials from Electronic Nuclear Training Catalogue (ENTRAC) to a SharePoint platform January 2016 An effort has been made in order to fill in most of the fields for technical details of the different advanced reactor systems included in ARIS. However one should consider that some technical details are not provided by the designers/vendors either because subject to IPR or because not yet available if the concept is still under development. Management considers the recommendation to be In Progress.
13	a) The Agency may ensure that Agency-wide Procurement Strategy is prepared annually. b) The Agency may frame explicit guidelines regarding elements constituting Best Value for Money (BVM) for different category of procurements. c) Changes to the extant provisions/structures may be simultaneously updated in the Administrative Manual after taking due approvals. d) The procurement strategy may aim at maximising competition and be consistent with procurements of similar nature to achieve BVM for the Agency. e) The Agency may take steps to ensure that 'Demand Analysis' contained in the Procurement Plan document is comprehensive and clearly spells out justification for the procurement. f) The Agency may have in place a mechanism to document information/feedback elicited from other sister UN organizations in the procurement plan.	a) An Agency-wide procurement strategy will be prepared beginning 2016 for review by new DIR-MTPS for publication thereafter in 2016. b) Admin Manual is still under review and draft changes will be prepared in 2016 when the new DIR-MTPS has arrived with approval planned in 2016. c) Pending changes will be implemented in 2016. d) Maximising competitive bidding is part of the MTPS Medium Term Strategy and staff and Team Leaders are held accountable through KPIs that were implemented recently. The KPIs are monitored on a quarterly basis and presented to all staff. e) More attention is given to this in the Procurement Plans, where applicable, with more background and a justification for the demand. Furthermore, the SG Department would be looking at linkages of the individual procurement to the yearly procurement plans and to the extent possibly to the biennium Programme and Budget document. Various aspects were included in the Guidelines provided by SPR to all Project Managers and Technical Officers on 18 December 2015, also referred to under recommendation number 18 a). f) The mechanism to document this is the Procurement Plan (PP). The guidelines of the PP were updated to ensure that this is not overlooked. Management considers the recommendation to be In Progress.

14	The Agency may ensure compliance with rules and procedures prescribed for procurement and initiate necessary action when deviations come to notice.	This recommendation has been noted and has been discussed with the Secretary of the PRC and the MTPS Team Leaders. All are aware of the need to document deviations. Management considers the recommendation to be Implemented.
15	Guidelines may be issued regarding evaluation of all aspects of the bids, individually as well as comparatively, in order to achieve the best value for the Agency.	It will be considered in the planned update of the Admin Manual in 2016. Management considers the recommendation to be In Progress.
16	The Agency may consider framing guidance regarding the composition (number & grade of members) of the evaluation teams and include details of team members of the evaluation team in the Procurement Plans.	It will be considered in the planned update of the Admin Manual in 2016. Management considers the recommendation to be In Progress.
17	a) The Agency may issue appropriate guidance to Procurement Review Committee (PRC) regarding recording the justification for their findings, particularly in cases where the PRC finding against a condition is 'No'. b) The Agency may formulate a follow-up mechanism of the PRC suggestions. c) The Agency may extend the definition of critical procurement to amendments to contracts for the purpose of referral to the PRC.	a) This is addressed in the draft updated Terms of Reference of the PRC that are prepared and is pending arrival of new DIR-MTPS for final review before circulating for approval. b) PRC suggestions as well as the actions taken are recorded for compliance and follow up. c) This is addressed in the draft updated Terms of Reference of the PRC that are prepared and is pending arrival of new DIR-MTPS for final review before circulating for approval. Management considers the recommendation to be In Progress.
18	a) Post-award administration may be strengthened in order to ensure that BVM is actually realised. b) The Agency may strengthen mechanism for systematic documentation of supplier performance for monitoring.	SPR provided Guidelines to all Project Managers and Technical Officers on 18 December 2015 in terms of post award administration too: SG Department has a large role in ensuring that best value for money is achieved in this process, specifically in terms of working with MTPS on: a) Flagging late deliveries and ensuring that follow-up action has been taken; b) Ensuring that, after the relevant approval process, revised/amended orders are issued to reflect any changes in specification, pricing, and/or terms; c) Inspection and installation; and handling of warranty returns and cases of goods or services not meeting specification or incorrectly shipped. Management considers the recommendation to be Implemented.
19	a) The Agency may reduce the time frame between receipt of request from a Member State and actual Integrated Regulatory Review Service mission. b) The Agency may fix a tentative	a) In the invitation letter to hold an IRRS mission, IAEA Member States indicate when this mission should be conducted and the IAEA includes this date in the IRRS mission calendar. The Member States request an IRRS mission in advance (1.5-2 years) because sufficient time is needed for them to conduct the self-assessment which is a prerequisite of the mission.

	time schedule at the time of initial review itself, for the follow up review, in consultation with the Member State.	b) During IRRS information meetings and preparatory meetings, Member States' commitment to an IRRS follow-up mission is sought. The importance of conducting follow-up missions is also stressed as appropriate in other international fora such as during the CNS, International Regulatory Conference, etc. Management considers the recommendation to be Implemented.
20	The Agency may consider innovative means to encourage the Member States who have not hosted an Operational Safety Review Team (OSART) mission in the last 10 years, to request for it as soon as possible.	The Operational Safety Section has implemented several actions to encourage Member States to request OSART missions such as – bilateral working meetings were conducted with a several MSs on the subject and as a consequence several requests for OSART missions have been received; Countries were reminded about their commitment taken in the IAEA Action Plan on Nuclear Safety to host regularly OSART missions; The IAEA has established long term planning for OSART missions with countries with big nuclear programmes (e.g., France, Russia, USA, Finland) and is advertising this approach as cost effective way to plan, prepare and conduct OSART missions for all Member States; A session on International Peer Reviews was organized during the IAEA Conference on Nuclear Safety, 23-26 June 2015 where the importance of OSART missions was discussed and appreciated by the MSs thus encouraging all MSs to participate regularly in the international operational safety review programme. Management considers the recommendation to be Implemented.
21	a) The Agency may identify the reasons for reduction in the number of Site and External Events Design (SEED) missions conducted in 2013 and 2014. b) The Agency may incorporate a follow up mission as part of the SEED mission package as is the case with OSART missions.	a) The Agency initiated development of SEED Guidelines document (DPP approved by the Coordination Committee) that describes: (1) The Seed Review Process; (2) Preparation for a Seed Mission; (3) Conduct of the Mission; (4) Site Characteristics and Design Basis Parameters; (5) Reporting and Documentation; (6) SEED Follow-Up Missions; and (7) SEED Mission and Follow up Mission Process Review. b) Follow-up of SEED mission was done on request of the MSs. The Agency will strengthen the recommendations that resolution of recommendations cannot be closed without being confirmed by a follow-up SEED mission and by transferring such information to INIR. Management considers the recommendation to be In Progress.
22	a) The Agency may maintain a repository of the feedback received from the Member States on Systematic Assessment of Regulatory Competence Needs programme.	A DPP for producing a TECDOC on Experience using SARCoN has been approved. In support of the development of the TECDOC, a survey on experience using SARCoN was addressed and responded to by 150 users. A first draft for the TECDOC was discussed during the 7th Steering Committee on "Regulatory

	b) The Agency may frame suitable guidelines for selection of trainees at various levels for Safety Assessment Education and Training programme, so as to ensure that benefit of training is derived by the most appropriate personnel.	Capacity Building and Knowledge Management", held in Vienna, 7-9 December 2015. A process has been developed in which forms submitted via TC are reviewed to assess the job title and level of experience of recommended trainees. This augments the existing practice of identifying the level of the information to be taught during the course. Management considers the recommendation to be In Progress.
23	The Agency may ensure that the data available on its website is regularly updated.	The IAEA has taken measures to ensure the regular update of data available on its website by assigning this responsibility to the responsible technical officer. Oversight of this activity will be provided by our website administrator. Management considers the recommendation to be Implemented.
24	a) The Agency may closely examine the results of Nuclear Safety Review 2013 regarding some of the safety standards not being adhered to by Member States, so as to gain an understanding of what actions might be needed to better assist Member States. b) The Agency may introduce a mechanism for an inventory of feedback on application of its safety standards from the team members of the Operational Safety Review Team missions.	There are two safety guides currently under development which will support the application of GSR Part 1 Both drafts, Version 3, are currently at SPESS STEP 9 (out of 14 Steps) "Addressing comments by Member States". The Member States comments are currently being resolved with the objective of presenting the updated drafts, Version 4, to the Safety Committee meetings in June 2016 for their 2nd review and endorsement. The IAEA has introduced a mechanism to gather feedback on application of its safety standards by introducing a specific topic on this subject in the OSART Members feedback questionnaire. Once a year the IAEA staff responsible for the OSART missions analyse the relevant information and record all proposals for improvements in an OSART team folder for OSART FEEDBACK. The previous intent to include feedback in the OSMIR database has been deferred for the time being as the scope of the OSMIR refurbishment has been constrained. It will be considered again when OSMIR is next refreshed. Management considers the recommendation to be In progress.
25	The Agency may review the activities under the Mid-term report (Hyperion related data) so as to ensure that only relevant activities are included which impact the output delivered, resources utilised and their implementation.	2012-2013 assessment data is closed for input. The same is for 2014.Relevant activities which impact the output delivered, resources utilised and their implementation will be input under Assessment II for the year 2015 Management considers the recommendation to be Implemented.
26	The Agency Administrative Manual may be appropriately amended to reflect the governance arrangements in place spelling out the respective roles and responsibilities of MTIT and Office of Information and Communication Systems in the Department of Safeguards	A memo from DDG-MT and DDG-SG was provided to staff on 16 July regarding a one-house approach to IT. This memo clarified the roles and responsibilities regarding information security and email systems. Follow-up meetings were held between SGIS and MTIT to clarify roles and responsibilities. The Agency believes that, while the Administrative Manual has not been amended, there is clarification on the roles and responsibilities and this recommendation is implemented and should be considered closed. Management considers the recommendation to be Implemented.
27	a) The Information Technology	With the publishing of SEC/DIR/225 - Revisions to the

	Committee (ITC) may be made responsible for monitoring the implementation of significant IT investment decisions. b) The ITC may be constituted at the senior management level empowered to take up issues of strategic importance.	Terms of Reference and Name of the Information Technology Steering Committee on 16 July, the Agency believes that this recommendation is implemented and should be considered closed. Management considers the recommendation to be Implemented.
28	New Information Technology and Information Management strategy may be put in place at the earliest for proper alignment of IT strategy with Agency's business plans.	The new Agency-wide Business Technology Strategy was submitted to the IT Steering Committee for endorsement at its 3 September 2015 meeting. DG clearance was received in November 2015. Management considers the recommendation to be Implemented.
29	a) A formal process may be put in place to identify and prioritise the IT requirements of the Agency with the involvement of users and stakeholders. b) IT plan for MTIT and other Agency divisions/departments may form the basis for the IT budgetary requirements	Now that the new IT governance structures are in place, we expect the new IT governance committee to take a larger role in IT portfolio management. The Business Technology Strategy project also included working with the stakeholders to identify their priorities and form a five-year IT roadmap, which should help guide IT budget submissions. Given the decentralized nature of IT application development and funding structures, there remain limits on centralizing IT planning in the Agency. Management considers the recommendation to be In Progress.
30	A suitable mechanism may be devised to track IT related costs and expenditure for all projects.	MTIT worked with MTBF on the creation of a report to track IT related costs and expenditures across the Agency. Given the decentralized nature of IT application development and funding structures, there remain limits on capturing all IT costs and expenditures in one report. Suitable mechanisms are already in place to track IT related costs and expenditures that are eligible for capitalization under IPSAS reporting requirements. Management considers the recommendation to be Implemented.
31	A comprehensive risk management process for ICT risks to be managed by MTIT may be completed early as it will form the basis for subsequent control activities and processes to be put in place.	MTIT initiated a comprehensive Agency-wide information security risk assessment and designed a five year roadmap to address identified deficiencies and needed actions. The risk assessment and the design of the agreed upon action plan is complete. With the completion of the risk assessment and the creation of the roadmap, MTIT considers this recommendation implemented, recognizing that the implementation of the roadmap will be a multi-year effort, subject to availability of resources. Management considers the recommendation to be Implemented.
32	a) A compliance mechanism to ensure that all ICT policies and associated standards/procedures are appropriately followed may be strengthened. b) To improve internal control system	Not yet started Management considers the recommendation to be In Progress.

	in MTIT, there may be an explicit guideline specifying authority levels for approval of ICT procedures, their classification, process of communication to relevant staff, periodicity of updating and methodical storing.	
33	A formal and comprehensive monitoring mechanism covering all the service levels and performance measures may be instituted to review the performance of MTIT in line with the principles prescribed in the Agency's Result based approach.	The Business Technology Strategy project includes activities to review applicability of service levels and performance measures. Management considers the recommendation to be In Progress.
34	Information Security Policy may be updated to make it comprehensive and current in tune with the present day IT operating environment and in line with the requirements of ISO 27000 series standards adopted by the Agency.	An initiative to build a comprehensive and consistent set of information security policy will be defined as part of the Agency-wide information security roadmap project. Subject to funding availability for the external resources that will be necessary to complete this effort, MTIT, working with other Agency stakeholders, will update, expand, and reissue a comprehensive and consistent set of Agency-wide Information Security Policies. Management considers the recommendation to be In Progress.
35	a) The Agency may carry out a comprehensive evaluation of the information security performance and the effectiveness of the information security management system. b) The Agency may carry out a comprehensive information security risk assessment to identify, analyse and evaluate risks in the IT security infrastructure and determine the form of controls required. c) The Agency may devise an appropriate monitoring mechanism for information security performance measures, processes and controls. d) The Agency may plan to implement outstanding action items with due urgency. e) Human and budgetary resources available with Chief Information Security Officer may be reviewed to ensure that these are sufficient for effective discharge of entrusted role.	MTIT initiated a comprehensive Agency-wide information security risk assessment and designed a five year roadmap to address identified deficiencies and needed actions. The risk assessment and the design of the agreed upon action plan is complete. With the completion of the risk assessment and the creation of the roadmap, MTIT considers parts A, B, and E implemented. Parts C and D will be included in the information security roadmap. Management considers the recommendation to be In Progress.
36	a) Information security roles and	These recommendations have been incorporated into the comprehensive Agency-wide information security

	responsibilities across the Agency for remote access may be defined and allocated. b) Security awareness training commensurate with Information security roles and responsibilities may be carried out to cover maximum number of staff and areas, including remote access and electronic messaging.	risk assessment and associated five-year roadmap Regarding Part B, the Agency CISO will create and initiate an information security awareness programme for Agency staff. A plan to implement the information security awareness programme will be available by end of Q1, 2016. The information security awareness programme will be initiated in Q2 2016. Policy implementation along with training to relevant areas will be completed by Q1 2017. Management considers the recommendation to be In Progress.
37	a) Classification and access control procedures may be strengthened and synchronised. b) Remote access security plans and identity management systems may be urgently finalised in view of their Agency wide applicability.	These recommendations have been incorporated into the comprehensive Agency-wide information security risk assessment and associated five-year roadmap. Management considers the recommendation to be In Progress.
38	Prescribed policy for reporting the status of information security, along with the security risks in areas that require further strengthening, to DG/Board of Governors annually may be followed. Otherwise, an explicit authorisation may be obtained for not complying with the approved policy.	DIR-MTIT provided an IOM to DGOC on 2015-09-03 seeking an explicit waiver of this policy requirement for calendar year 2014, as MTIT recently completed a comprehensive Agency-wide information security risk assessment and associated five-year roadmap to address identified deficiencies and needed actions. The results of this comprehensive review will form the basis for a detailed report to the Secretariat and Member States. The next report will be submitted by the AISO in mid-2016, for calendar year 2015. Management considers the recommendation to be Implemented.
39	a) The Agency may take urgent steps to put in place the incident management system containing crisis management plan, business continuity plans and disaster recovery for the Agency ICT systems at the Vienna International Centre (VIC) and all other Agency locations. b) Consolidated IT disaster recovery plans for MTIT, Safeguards and AIPS may be prepared providing for recovery of IT assets after disruption at VIC and all other Agency locations in line with predefined recovery point and recovery time objectives. c) Disaster recovery procedures for MTIT Disaster Recovery Infrastructure (DRI) at Seibersdorf may be revised as early as possible and validated through	The Agency has had Business Continuity (BC) Plans in place since 2007. During the fall of 2014, as a part of the process of updating the BC Plans, 130 staff members were nominated as Business Continuity Planning (BCP) Focal Points and trained to conduct Business Impact Analyses (BIA) on the critical business processes of their respective administrative units. As of August 2015, BIA has been completed for approximately 80 *per cent* of administrative units. The purpose of BIA is to identify the departmental recovery needs and the IT systems that need to be included in the DR infrastructure. A BCP knowledge management platform was launched on February 2015 to monitor the progress of project and ensure staff always have accurate and up-to-date information on BC. A Disaster Recovery (DR) strategy is being developed to improve the current infrastructure and capabilities of the IAEA. Based on the results of the ongoing BIA, the Division of Information Technology of the Department of Management will determine the cost of implementing and sustaining DR solutions that mitigate the impacts to an acceptable level as defined by the business owners. A first strategic BIA report is to be released in fall 2015.

	tests. d) DRI Seibersdorf may be periodically inspected and reviewed for appropriateness of physical, environmental and access controls procedures and availability of required disaster recovery resources. The first review may be performed as early as possible.	Management considers the recommendation to be In Progress.
2013		
Financial Issues		
Rec.No.		
1	To obtain explicit budgetary approval for transfer of whole or a part of the capital regular budget to MCIF during future biennia.	Additional text was added in the Agency's Draft Programme and Budget 2016-2017 (GOV/2015/1) and in the Final Programme and Budget. Management considers the recommendation to be Implemented.
3	To consider setting some prudential limit to the accumulation of fund under the MCIF after analysing the capital and other infrastructure plans under the MCIP and the likely funding requirement.	As per a new Financial Instruction No. 14, issued on Eligibility and use of the MCIP and MCIF, the balance of the MCIF should not exceed the total amount presented under MCIP as part of the most recently approved Programme and Budget. Management considers the recommendation to be Implemented.
5	To consider the implementation of a long term funding strategy for meeting the employee liabilities adequately, over a period of time.	Recommendation Closed as subsumed by 2014 recommendation EA2015003 (2014/3) Management considers the recommendation to be Closed.
6	The PSC allotments for a year should normally cover the entire projected PSC revenue for that year. The Agency should appropriately review the PSCs revenue and the past carried forward balance in order to ensure the matching of costs with revenue in future.	PSC allotments are issued prospectively based on the projected revenue for the year. The allotment decision takes into account the PSC sub-fund balance, projected revenue as well as events that might impact funding stability. We believe that we are in full compliance with the recommendation. Management considers the recommendation to be Implemented.
7	Extrabudgetary support in the form of PSC should be adequately shown in the Agency's Programme.	Additional text was added in the Agency's Draft Programme and Budget 2016-2017 (GOV/2015/1) which reads: "A provision of €4.0 million of Programme Support Costs (PSC) funding for each year of the biennium 2016–2017 is included together with estimates of extra budgetary funding and shown in Tables 3(a) and 3(b)." Management considers the recommendation to be Implemented.
10	To review the arrangement with Van Breda in terms of the rationale for extending the advance to them.	The arrangement with Van Breda (now Cigna) was reviewed during the first half of 2015. Evidence of the approval of the Health Premium Reserve Fund by the Board of Governors was identified and the administrative formalities of the bringing the funds under Agency control were in process. Management considers the recommendation to In Progress.

Human Resource Management Issues		
11	a) Consultants may be engaged only in those areas where Agency has no or limited expertise and knowledge; or to supplement staff resources for specific projects. b) A provision for knowledge transfer may be added so that the Agency is not dependant on particular consultants repetitively or for a longer duration. The need for appropriate succession management and knowledge transfer to the regular staff of the Agency should also be assessed and suitable measures taken. c) Engaging former staff and retirees as consultants may be reviewed with the goal of ensuring that thorough succession planning is put in place so that the departure of a regular staff member does not leave a skill gap in the Agency. The Management may ensure that staff who are approaching retirement complete their assignments before retiring, to reduce the need for consultants. d) Upper age limit of consultants should be strictly adhered to except in rare cases with the approval of Director General.	Recommendations a), c) and d) have been implemented. The Agency's Advisory Group on Knowledge Management has proposed the development of a "Supervisor Checklist and Handover Report" for knowledge transfer. A corresponding form for staff has been drafted and another form for consultants is to be finalized. The possibility of incorporating the knowledge transfer process into AIPS is being reviewed. Related AM procedures are currently being drafted. Management considers the recommendation to be In Progress.
Safeguards		
20	To consider formalising the departmental procedures for Training Needs Analysis to better capture competencies and processes applied in the Department and to optimize staff management for effective safeguards implementation, and the data base maintained by the training section may be improved upon to make it more useful for the Department.	The Department has initiated and will continue work with internal customers (Safeguards divisions) to strengthen and formalize training needs analysis. This work will stem from current efforts to identify knowledge, skills and abilities for specific tasks, to recognize existing gaps in individual competency profiles and to develop clear guidance for divisions so that the information required for training needs analysis (e.g. identification of new training needs due to new tasks or new equipment, filling gaps in individual competency profiles, number of staff to be trained, training side of corrective actions) can be collected and processed. The long term objective is to develop a competency based management for safeguards staff and to mitigate risks of loss of knowledge due to turn-over. The finalization and publication of the IAEA competency framework provides the necessary reference and basis upon which a comprehensive competency framework for safeguards staff will be finalized. A focus group has been established with operations divisions in order to complement the IAEA competency framework. The objective is to get an optimized set of competencies (meaning a list of specific competencies for safeguards implementation that is as concise as possible) taking full advantage of core and functional competencies defined by MTHR.

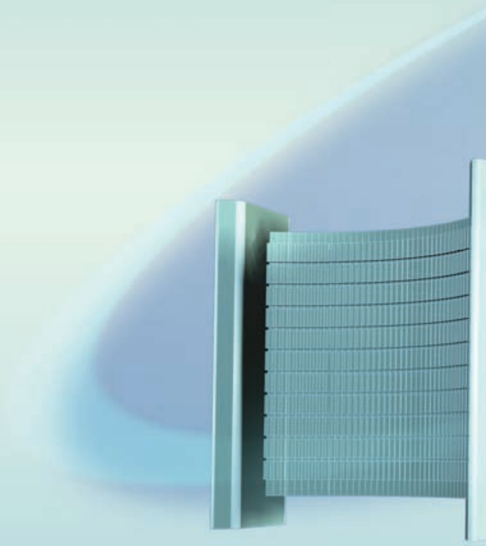
		The LMS is not yet fully operational. An improved database for tracking and managing safeguards staff training is still necessary and its development depends on the deployment of the LMS. No new database will be developed outside of the LMS. The availability of resources remains the key problem. CTR is seeking a an extrabudgetary funded staff member to implement a comprehensive evaluation of training effectiveness and making full use of the LMS. Further, human resources (established posts) may be needed to implement this recommendation on a continuing basis. Management considers the recommendation to be In Progress.
AIPS Project		
25	A benefit assessment study may be conducted to identify the impact of AIPS business processes on staffing requirement.	The AIPS Plateau 4 is planned for go live end of 2016. The benefits assessment will need to be done after the stabilisation of AIPS Plateau 4. Based on past experience typically each plateau needs between 3-6 months for stabilisation. As planned, this activity will start in year 2017 and conclude in year 2018-19. Management considers the recommendation to be Deferred.
27	A clear roadmap for legacy applications currently in use may be prepared in the light of experience gained from AIPS implementation, and communicated to all internal stakeholders.	To ensure accuracy, all legacy owners are being contacted to update and validate the future roadmap. The plan is to finalize the review in beginning of 2016 and then circulated to AIPS Board for endorsement. Management considers the recommendation to be In Progress.
28	The feasibility of integrating the remaining legacy applications using Contacts data which are currently operating independent of AIPS may be re-examined, and a final decision taken based on the costs and benefits of such integration.	1. It is confirmed that EPSS application is retained only for historical references. No new contacts are being created since year 2013. NSNS Management plans to retire this application within next two years. 2. Plans are in place to synchronize customer data between AIPS and OHS to utilize existing AIPS interfaces to semi-automate the process. It is agreed with MTBF that the approach to synchronize customer data through this semi-automated process adds to efficiency and that further integration between AIPS and OHS does not create significant operational risks, especially considering the volume and value of transactions that is generated by OHS. Management considers the recommendation to be Implemented.
29	a) Data quality parameters may be devised for assessing the quality of contacts related data. b) AIPS application may be enhanced to track the data quality improvement effected by the individual users, and a process be put in place to incentivise users to improve the Contacts data quality. c) To ensure that the MDM Unit fulfils its assigned responsibility for improving	1. Further work has progressed on identifying contacts duplicates data in AIPS. 2. A high level proposal was presented to AIPS Board in its December 2015 meeting, on an approach to further cleanse the existing duplicates, or remove redundant contacts data. 3. It is expected that an approach will be finalised by Q1 2016 to enable AIPS team to plan resources and activities to cleanse contacts data and undertake further improvements. Management considers the recommendation to be In Progress.

	contacts data quality, apart from its existing role focused around Supplier data management. d) Suitable time bound targets may be set for improvements in data quality by collecting and updating information on key fields, and eliminating duplication of data.	
2012		
Financial Issues		
1	Introducing a system of physical verification which covers a reasonable proportion of total assets, so that the stipulation viz 'verification of assets to take place over a period of two years cycle' in the Agency's Administrative Manual is followed.	The Department of Safeguards maintains a process to physically verify materially all assets over each two year cycle. This process is in place and is well established. The remainder of the Agency's assets are also subject to physical verification. In order to ensure compliance with the two year cycle, during 2015, the Agency performed a physical verification of all assets held at the Vienna International Center and in Seibersdorf. These two locations represent the vast majority of the Agency's non-Safeguards assets. In addition, the Agency has introduced a self-verification tool for all assigned Agency assets. The final procedures for ongoing verification within the two year cycle are being drafted. Management considers the recommendation to be In Progress.
Technical Cooperation		
14	Development of a systematic results assessment of completed projects should be inbuilt into the project cycle so that such review is ensured as envisaged in the TC Programme cycle.	The sixteen TC projects selected for the piloting of outcome monitoring in the 2016-2017 TC cycle were, along with all other TC projects, approved by the Board of Governors on 26 November 2015. Implementation will commence on 1 January 2016. Individual Outcome Monitoring Implementation Plans were developed for each project individually. These plans document the monitoring activities that will be conducted during project implementation and beyond, as well as related responsibilities and milestones Management considers the recommendation to be In Progress.
Nuclear Safety and Security		
19	The Agency may wish to undertake an exercise to determine areas, currently funded by extra-budgetary resources, where the impact of funding fluctuations would have detrimental effect on its activities.	The review of NS extra-budgetary resources has been incorporated in the OIOS work plan 2016. It is expected that this review would be complete by 3rd Qtr 2016 which will close this recommendation. Management considers the recommendation to be In Progress.
20	The Agency may consider assessing whether and how much of a reduction in extra-budgetary funding could realistically happen and devise appropriate strategy to meet that shortfall.	The review of NS extra-budgetary resources has been incorporated in the OIOS workplan 2016. It is expected that this review would be complete by 3rd Qtr 2016. Based on its results appropriate strategy will be devised which will then close this recommendation. Management considers the recommendation to be In Progress.

29	The nature of on-going activities is such that some of these can be absorbed in the normal activities of IAEA and monitored accordingly.	In the report, Implementation of the IAEA Action Plan on Nuclear Safety, GOV/INF/2015/13-GC(59)/INF/5, Date: 31 July 2015, the Secretariat announced that dedicated projects under the Action Plan that are to continue beyond 2015 have been identified and will be followed up by the respective IAEA Departments/Divisions. The Secretariat completed the identification of those activities to be transferred to the respective IAEA Divisions in 2015. Management considers the recommendation to be Implemented.
31	The Agency may consider requesting Member States to provide information regarding their progress in the implementation of the Action Plan.	Continued encouragement to Member States. Management considers the recommendation to be Implemented.
32	The Agency may consider reporting on the progress made by Member States in implementing the Action Plan to the General Conference/BOG at suitable intervals.	The Agency is disseminating the information, including the topic (progress made by Member States) in the report Implementation of the IAEA Action Plan on Nuclear Safety, GOV/INF/2015/13-GC(59)/INF/5, Date: 31 July 2015 at the 59th IAEA General Conference. Management considers the recommendation to be Implemented.
38	The databases should be peer reviewed by teams from staff members from Sections other than the ones maintaining the databases. The OIOS may also be requested to evaluate and examine the databases.	NS will request OIOS to include review of its databases in its 2017 work plan Management considers the recommendation to be In Progress.
Laboratory Activities at Seibersdorf and Monaco		
45	NAEL needs to revise the action plan that had emerged from the internal gap analysis of June 2010 and fix fresh milestones in line with the goal of obtaining accreditation by the second quarter of 2014.	The milestones were adjusted to the revised goal of implementation of the division-wide Quality Management System in view of the accreditation for RM production according to the programmatic goals of MP2. With the resources currently available the QMS will be fully implemented by the end of 2016 and accreditation is planned to be obtained by mid-2017 Management considers the recommendation to be In Progress.
47	The NSAL may undertake a gap analysis in consultation with the QSM, of the existing quality management procedures vis-à-vis the foreseen formal accreditation requirements.	The Quality Manual is ready and the planned actions were initiated. For the NSIL, proficiency testing and instrument calibration are considered as priority aspects and hence these actions have been started. Management considers the recommendation to be In Progress.
50	The data maintained for different stages of the sampling workflow may be linked in SG to implement an end to end sample tracking process.	The Sample Status Tracking System has been put into production. Access is presently available to a limited list of personnel in SGIM, SGAS and Operations Divisions, pending provision of a centralized role-based access system (RBAC) by SGIS Management considers the recommendation to be Implemented.
53	The identified short term solution of solidification of liquid wastes may be pursued by the SGAS with prescribed timelines.	For the solidified liquid wastes (CPS), shipment has been delayed due to an unforeseen interruption in the shipping container certificate. Shipment can commence once the certificate is extended and then validated by the recipient Member State. The first shipment is

		tentatively planned for mid-2016. As for long-term solution, IAEA continues to seek support from Member States to receive, characterize and treat the radioactive waste produced by the NML, which may include provision of quality control materials as external round robins produced using some residual plutonium, if deemed feasible. Management considers the recommendation to be In Progress.
2011		
Financial Issues		
6	Introduce a Statement of Internal Control as part of the financial statements.	The planning process to enable the Agency to issue a Statement of Internal Control is currently in process, with planning and process development activities envisioned throughout 2016. The target date for full implementation and issuance is under discussion. Management considers the recommendation to be In Progress.
7	Test the effectiveness of internal controls relied upon when issuing a Statement of Internal Control.	The planning process to enable the Agency to issue a Statement of Internal Control is currently in process, with planning and process development activities envisioned throughout 2016. The target date for full implementation and issuance is under discussion. Management considers the recommendation to be In Progress.
8	Improve the delegation of authority in line with the introduction of a Statement of Internal Control.	The planning process to enable the Agency to issue a Statement of Internal Control, including examination of the processes and framework relating to individual manager accountability, is currently in process, with planning and process development activities envisioned throughout 2016. The target date for full implementation and issuance is under discussion. Management considers the recommendation to be In Progress.
LEU Fuel Bank Issues		
23	Conduct studies on the impact of Agency participation in the market, site safety and security and budgetary sustainability of the LEU fuel bank.	The LEU markets still remain favourable to the IAEA LEU acquisition. Additional project milestones have been reached in 2015 with the signing of the Host State Agreement and related documents with Kazakhstan, bringing the project closer to the initiation of the LEU procurement. The work on the design of the IAEA LEU Storage Facility is advancing on schedule, including IAEA recommendations on safety and security. The financial plan of the project is well advanced, however still pending some major milestones. The update of the procurement strategy will define key milestones in the LEU acquisition and review the impact of IAEA LEU acquisition in the LEU market. Management considers the recommendation to be In Progress.

Safeguards		
48	Implement Phase III of the Data Centre project without further delay, applying the 'one house approach'.	All major equipment, including new transformers, UPS, low voltage distribution and temporary Emergency Power Generator have been delivered and installed but require two weekends of power cuts in order to be connected to existing systems and brought into operation. Dates for these power cuts depend on IAEA business needs and those of other VBOs. At the moment, the earliest dates available are Easter weekend in late March. Management considers the recommendation to be In Progress.
Financial Issues		
50	Prepare AIPS to meet the requirements of accrual budgeting.	Recommendation to be closed as there is no requirement for Accrual Budgeting. The Agency will continue to monitor developments in the discussions regarding the requirement for and appropriateness of accrual budgeting in the United Nations System. If consensus for adoption of accrual budgeting begins to emerge, the Agency will again examine its options and take the necessary steps to ensure that it is in a position to adopt any new approach. Management considers the recommendation to be Closed.



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