The Agency's Financial Statements for 2022

IAEA
International Atomic Energy Agency
Atoms for Peace and Development

GC(67)/4

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Atoms for Peace and Development

THE AGENCY'S FINANCIAL STATEMENTS FOR 2022

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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 2022.

2. The Board has examined the report of the External Auditor and the report by the Director General on the financial statements, and also the financial statements themselves as well as the notes and annexes thereto (Parts I to V of GOV/2023/17) 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 2022 and of the report of the Board of Governors thereon [*].

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[*] GC(67)/4.

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[1] INFCIRC/8/Rev.4.

Sixty-seventh regular session

The Agency's Financial Statements For 2022

Contents

REPORT OF THE DIRECTOR GENERAL ON THE AGENCY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

Introduction

1. I have the honour to present the financial statements of the International Atomic Energy Agency (hereafter IAEA or the Agency) for the year ended 31 December 2022. In accordance with the Financial Regulation 11.03 of the Agency, the financial statements are submitted with the report of the External Auditor that contains an unqualified opinion on the financial statements.

2. The IAEA is a not-for-profit autonomous intergovernmental organization established 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.

3. 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 Agency manages its work under the following six Major Programmes:

- 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; and
- Management of Technical Cooperation for Development.

4. 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 the International Public Sector Accounting Standards (IPSAS) are a key enabler to allow the Agency to deliver its mandate in an efficient manner.

Analysis of Financial Statements

5. The financial statements of the Agency have been prepared on the accrual basis in accordance with IPSAS. The budget, as well as the budgetary information contained in the financial statements, continues to be prepared on a modified cash basis. The Agency's functional currency is the euro.

6. Despite the challenging global economic environment, the Agency continued to focus on the effective implementation of its programmatic activities. Within this context, the following are some of the highlights of the 2022 financial year:

Revenue

(i) In 2022, total revenue was €653.5 million, and expenses were €645.1 million, an increase of €26.8 million and €88.9 million, respectively, compared to 2021. This resulted in a net surplus of €17.9 million, which was €63.6 million lower than in 2021.

(ii) The increase in revenue from assessed contributions of €10.4 million (2.8%) is in line with the increase in the approved budget. The Regular Budget Fund (RBF) experienced a utilization rate of 98.9% in 2022.

(iii) The increase in revenue from voluntary contributions was mainly due to an increase of €29.5 million in the revenue from the Technical Cooperation Fund and extrabudgetary contributions, partly offset by a decrease of €20 million in revenue from extrabudgetary contributions relating to the Low Enriched Uranium (LEU) Bank[1].

(iv) The increase of investment revenue from €0.8 million to €2.3 million is driven by higher interest earned on term deposits, following the strategy from several central banks to bring inflation under control in 2022 by raising interest rates.

Expenses

(v) The increase in total salaries and employee benefits by €24.4 million was mainly driven by the revisions to the General staff salary scale, pensionable renumeration scale and post adjustment multipliers for professional salaries, including the implementation of the results of the cost-of-living survey which is carried out every five years.

(vi) Training of development counterparts has increased by €26.1 million. This is mainly due to the Technical Cooperation (TC) Human Resources capacity building activities which have returned to in-person delivery of TC capacity building after the slowdown of the COVID-19 pandemic.

(vii) The increase in travel expenses by €25.6 million is partly due to a gradual return to normalcy, evidenced through the lifting of COVID-19 pandemic restrictions and to the significant increase in cost of flights in 2022.

(viii) Transfers to development counterparts and project inventories in-transit to counterparts decreased by €3.2 million and €5.7 million respectively. This demonstrates a post COVID-19 return to normalcy, with a more balanced focus between the procurement of equipment and the delivery of human resources capacity building activities coupled with some delays in delivery to end-users as a result of global logistical challenges.

Financial Position

(ix) Total net assets decreased by €15.4 million (2.5%) driven by the increase in total liabilities of €32.1 million offset by the increase in total assets of €16.7 million. The net assets position of the Regular Budget Fund remained with a negative balance of €141.6 million, mainly due to the large After Service Health Insurance (ASHI) liability.

(x) The value of cash, cash equivalents and investments increased by €7.8 million. The increase was experienced in the Technical Cooperation Extrabudgetary Fund and the Extrabudgetary Programme Fund. All other Funds experienced a decrease in cash, cash equivalents and investments in 2022.

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[1] Revenue related to the IAEA LEU Bank (€20 million) and recognized in 2021 relates to the acceptance of the final report by the donor for funds received previously.

(xi) Total outstanding contributions receivable for assessed and voluntary contributions decreased by €2.8 million; this was primarily due to an increase in the allowance for long outstanding assessed contributions receivables relating to prior years. In 2022, the collection rate for assessed contributions remained at 93%. As in 2021 assessed contributions receivables from 2022 and prior years represent 21% of the total Regular Budget assessment for 2022.

(xii) Total net book value of Property, Plant and Equipment (PP&E) increased by €6.1 million (2.2%). This increase is primarily related to the Multi-Purpose Building (MPB) construction project which will contain a Nuclear Security Training and Demonstration Centre (NSTDC), and the construction of the Flexible Modular Laboratory 2 (FML2) under the Renovation of the Nuclear Applications Laboratories 2 (ReNuAL2) project. The acceptance of the Yukiya Amano Laboratory (YAL) and Energy Centre Phase 2, including the infrastructure required to service the new Renovation of the Nuclear Applications Laboratories (ReNuAL) buildings, was completed and in service since April 2022. The net decrease of 9% in the carrying value of Intangible Assets is due to the amortization expense being higher than the additions during the year.

(xiii) An increase in the Agency's employee benefit liabilities was primarily the result of an increase of €40.5 million in the ASHI, representing 49% of the total liabilities. The ASHI increase is primarily the result of a higher expected future medical inflation and a recommended change in the valuation basis from premiums to claims, partially offset by an increase of the discount rate.

Financial Performance

7. Table 1 provides a summary of the Financial Performance by Fund for 2022

***Table 1**: Summary of Financial Performance by Fund for the year ended 31 December 2022*

	(expressed in millions of euro)									
	Regular Budget		**Technical Cooperation**		**Extrabudgetary**		**Other**			
	RBF & WCF	MCIF	TCF	TC-EB	EBF	LEU Bank	Trust Funds and Special Funds		*Inter-fund Elimination*	Total IAEA
Total Revenue from all sources a/	399.5	6.1	95.1	37.4	123.6	0.1	-		(8.5)	653.5
Total Expenses	440.0	3.5	94.3	18.0	97.1	0.6	(0.0)		(8.5)	645.1
Net gains/(losses) b/	5.0	(0.3)	3.1	0.6	1.3	(0.2)	(0.0)		-	9.5
Net surplus/(deficit)	**(35.4)**	**2.3**	**3.9**	**20.1**	**27.9**	**(0.7)**	**(0.0)**	**-**	**(0.0)**	**17.9**

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

Revenue analysis

8. ***Table 2*** shows the Agency's total revenue which increased by €26.8 million from €626.7 million in 2021 to €653.5 million in 2022, mainly due to the increase in revenue from voluntary and assessed contributions by €11.1 million and €10.4 million respectively, as well as an increase in revenue from other contributions and investments by €3.9 million and €1.5 million respectively.

***Table 2**: Comparative Revenue Analysis*

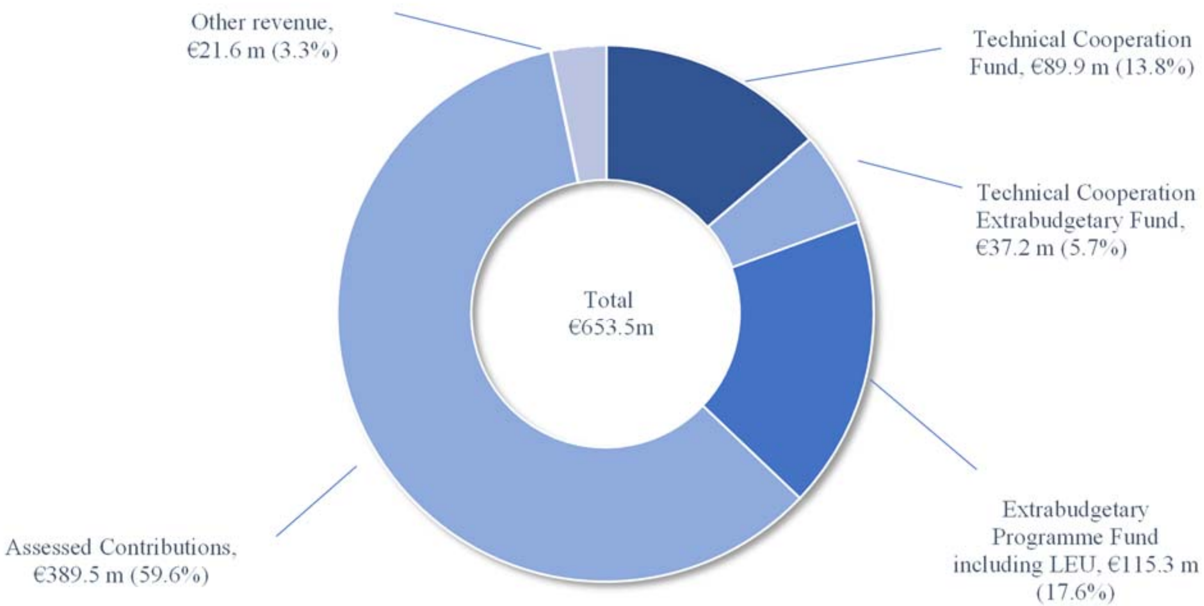
Revenue	(expressed in millions of euro) 2022	2021	Change	Change (%)
Assessed contributions	389.5	379.1	10.4	2.7
Voluntary contributions	253.7	242.6	11.1	4.6
Other contributions	5.7	1.8	3.9	214.2
Revenue from exchange transactions	2.3	2.4	(0.1)	(4.2)
Investment revenue	2.3	0.8	1.5	187.5
Total Revenue	**653.5**	**626.7**	**26.8**	**4.3**

9. As in previous years, and as depicted in ***Figure 1*** below, the majority of the Agency's revenue continued to be derived from assessed contributions (€389.5 million) and monetary voluntary contributions (€242.4 million). Voluntary contributions are comprised of contributions to the Technical Cooperation Fund (TCF) and monetary extrabudgetary contributions to the Regular and Technical Cooperation Programmes. Voluntary contributions shown in ***Table 2*** above also include €11.3 million of in-kind contributions, primarily pertaining to the use of premises in Austria and Monaco, of which €8 million represents the in-kind contribution from the Government of Austria for the use of the Vienna International Centre (VIC). The increase in voluntary in-kind contributions relates to an increase in the value of donated equipment and inventories in 2022.

10. The increase in other contributions reflects the fact that National Participation Costs (NPCs) are higher in the first year of the biennium.

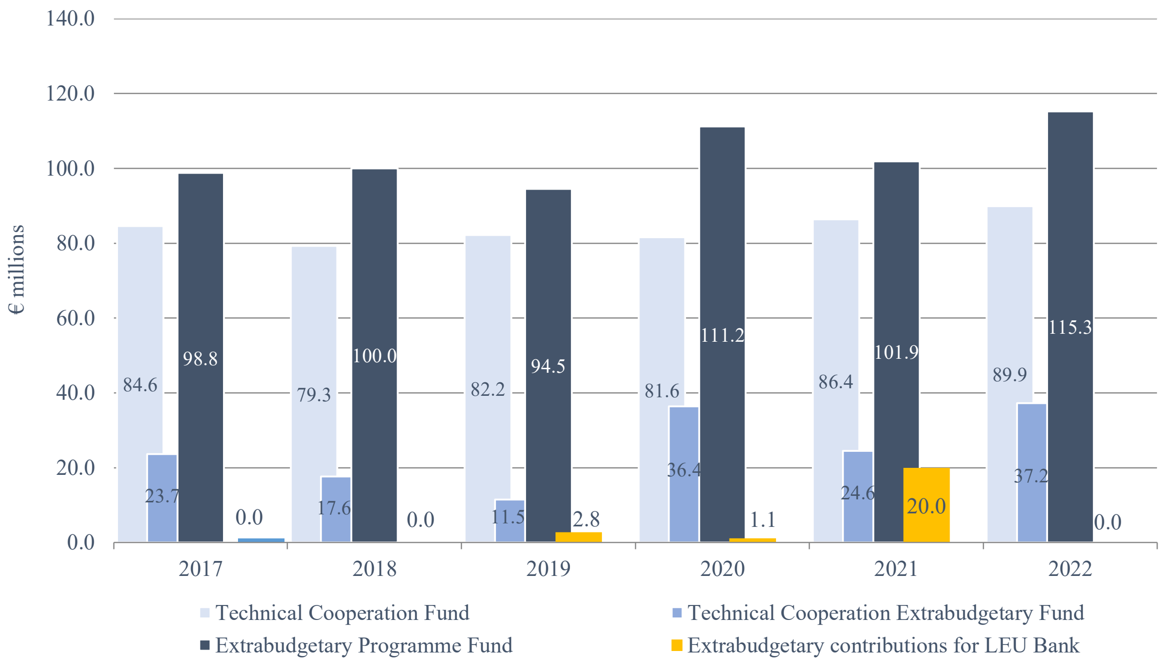
11. Investment revenue increased by €1.5 million due to higher interest earned on term deposits during 2022 in comparison to 2021. Both the Federal Reserve System (FED) and the European Central Bank (ECB) started to raise interest rates to lower inflation that has reached an unprecedented high level in 2022.

Figure 1: Composition of revenue for the period ended 31 December 2022



12. *Figure 2* shows the trend in monetary voluntary contributions. The overall increase in revenue from such contributions, from €232.8 million in 2021 to €242.4 million in 2022, resulted primarily from a €13.3 million increase in revenue of the Extrabudgetary Programme Fund, €12.7 million increase in revenue of the Technical Cooperation Extrabudgetary Fund and €3.4 million increase in revenue of the Technical Cooperation Fund due to a higher Rate of Attainment (RoA) against the 2022 TCF Target. The increase in these Funds was partially offset by a €20 million decrease in revenue from extrabudgetary contributions for LEU Bank[2].

Figure 2: Evolution of monetary voluntary contributions



Expense analysis

13. Total expenses for 2022 of €645.1 million denote an increase of €88.9 million (16.0 %) compared to the previous year. The overall increase in IPSAS-based expenses is not only the result of a high implementation rate due to the gradual return to normalcy after the lifting of pandemic restrictions and increased activities but also reflects the unprecedent high inflation experienced in 2022. The increase was primarily experienced in the Regular Budget Fund Group (€33.2 million), the Extrabudgetary Programme Fund (€36.6 million), the Technical Cooperation Fund (€23.8 million), the IAEA LEU Bank (€0.2 million) and Trust Funds and Special Funds (€0.03 million), while there was a decrease in expenses in the Technical Cooperation Extrabudgetary Fund (€1.4 million).

[2] Revenue related to the IAEA LEU Bank (€20 million) and recognized in 2021 relates to the acceptance of the final report by the donor for funds received previously.

Figure 3 shows the breakdown of 2022 expenses by nature:

***Figure 3**: Expense analysis, by nature of expense, for the period ended 31 December 2022*

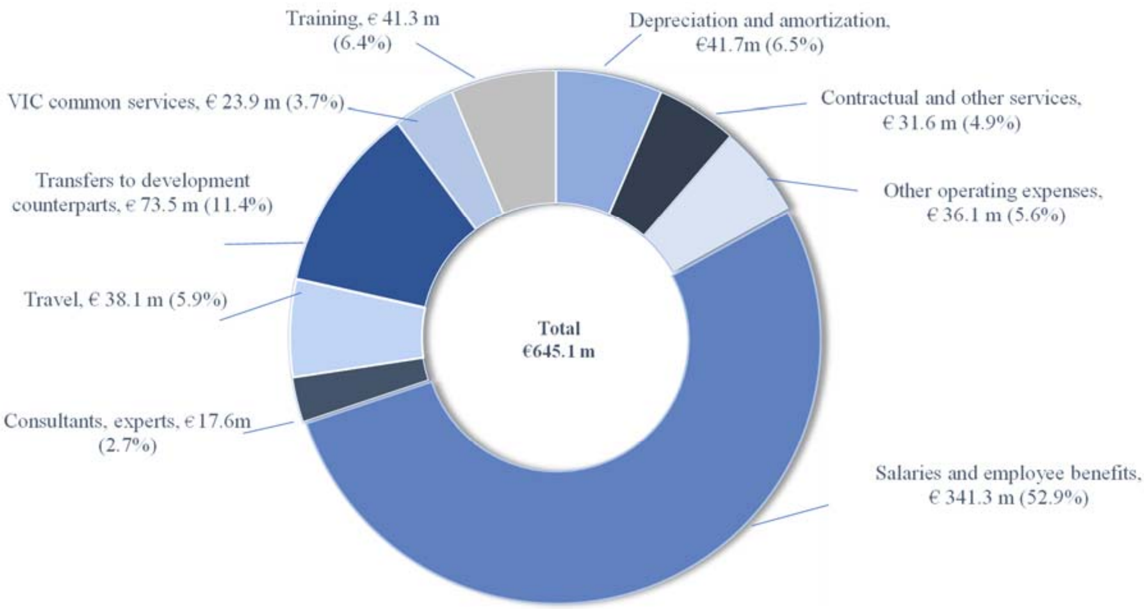


Table 3 shows that while expenses increased in most categories, in particular travel and training, there was a decrease in transfers to development counterparts.

***Table 3**: Comparative Expense Analysis*

Expenses	(expressed in millions of euro) 2022	2021	Change	Change (%)
Salaries and employee benefits	341.3	316.9	24.4	7.7
Consultants, experts	17.6	14.8	2.8	18.9
Travel	38.1	12.5	25.6	204.8
Transfers to development counterparts	73.5	76.7	(3.2)	(4.2)
Vienna International Centre common services	23.9	20.4	3.5	17.2
Training	41.3	14.3	27.0	188.8
Depreciation and amortization	41.7	39.7	2.0	5.0
Contractual and other services	31.6	25.3	6.3	24.9
Other operating expenses	36.1	35.5	0.6	1.7
Total expenses	**645.1**	**556.1**	**88.9**	**16.0**

14. Salaries and employee benefits include the accrued costs of post-employment and other long-term employee benefits which better account for the true cost of employing staff on an annual basis. In 2022, the increase in total salaries and employee benefits by €24.4 million was mainly driven by the revisions to the General staff salary scale, pensionable renumeration scale and post adjustment multipliers for professional salaries in February and August 2022, the latter to implement the results of the cost-of-living survey which is carried out every five years.

15. Travel expenses have increased by €25.6 million, (204.8%) in 2022 is partly due to a gradual return to normalcy, evidenced through the lifting of COVID-19 pandemic restrictions and to the significant increase in cost of flights in 2022.

16. Training of development counterparts has increased by €26.1 million. This is mainly due to the Technical Cooperation (TC) Human Resources capacity building activities which have returned to in-person delivery of TC capacity building after the slowdown of the COVID-19 pandemic.

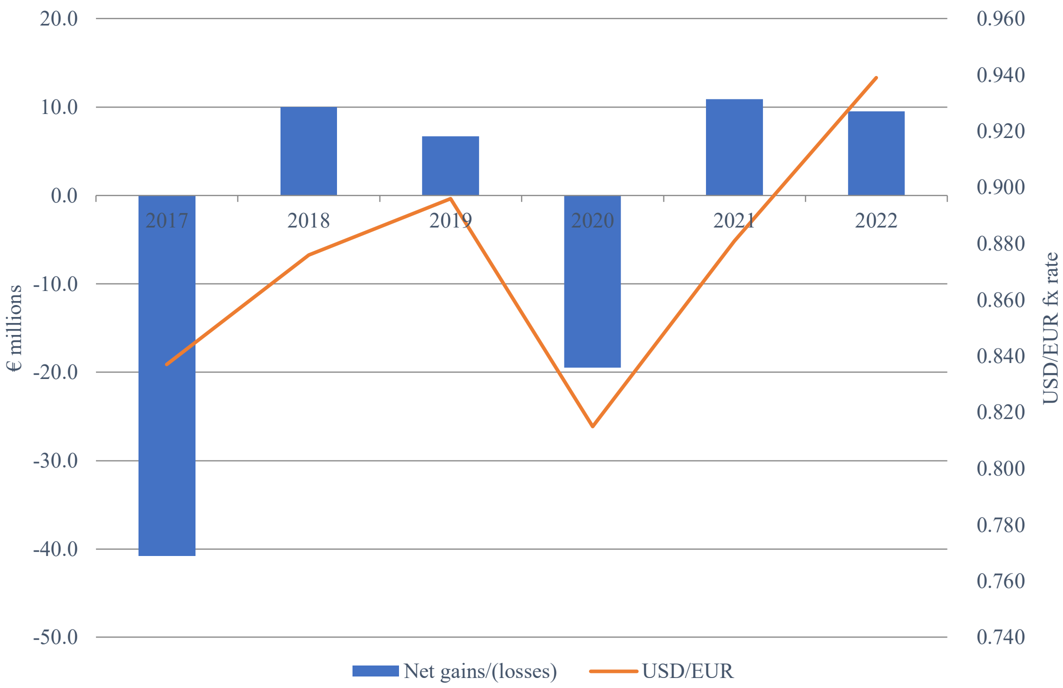
17. The decrease in transfers to development counterparts of €3.2 million (4.2%) is a demonstration of post COVID-19 gradual return to normalcy in the delivery of technical assistance, with a more balanced focus between procurement of equipment and the delivery of human resources building activities coupled with some delays in delivery to end-users as a result of global logistical challenges.

18. Consultancy expenses, which relate to costs to engage experts and translators, experienced an increase of €2.8 million (18.4%), and other operating expenses increased slightly by €0.6 million (1.7%), mainly due to the purchase of minor equipment and software license fees.

Net surplus/(deficit) of the year

19. The overall increase in the IPSAS-based expenses contributes significantly to the decrease in the net surplus in 2022, which dropped from €81.4 million in 2021 to €17.9 million in 2022. The net surplus includes a net gain of €9.5 million, primarily related to realized and unrealized foreign exchange gains experienced in 2022, as in 2018, 2019 and 2021 resulting from the US dollar appreciation against the euro.

Figure 4: Evolution of Net gains/(losses)



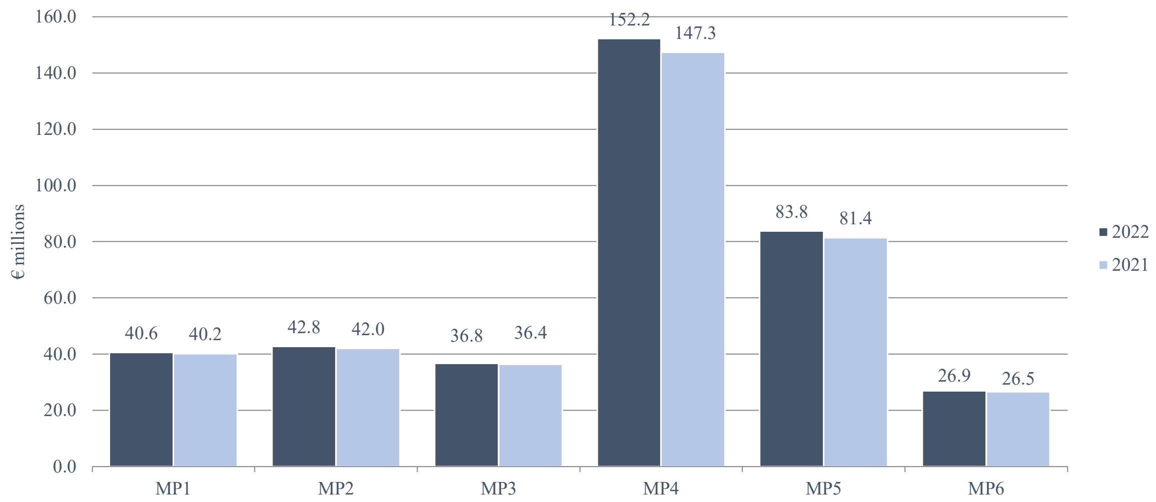
Budgetary performance

20. 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 on an accrual basis under IPSAS, reconciliation of the budget to the Cash Flow Statement is included in Note 39b to the financial statements.

21. The original operational portion of the Regular Budget appropriation for 2022 was approved for €393.3 million (€386.7 million in 2021) at an exchange rate of €1 = US $1. The final budget for the operational portion of the Regular Budget appropriation for 2022 was recalculated as €390.5 million using the UN average operational rate of exchange of €0.949 to US $1. There were no changes between the original capital portion of the Regular Budget appropriation and the final budget for 2022. As shown in Note 39a to the financial statements, there were no movements between Major Programmes of the Regular Budget appropriations.

22. Total operational Regular Budget expenditures were €386.6 million including €3.5 million reimbursable work for others. In 2021, these expenditures were €377.1 million.

Figure 5: Comparative analysis of Regular Budget operational portion expenditures by Major Programme



23. The overall utilization rate of the operational portion of the Regular Budget was 98.9% in 2022 highlighting the high level of utilization of available resources.

Table 4: Regular Budget operational portion- budgetary utilization rates by Major Programme (MP)

Major Programme	Utilization Rate Operational Portion	
	2022	2021
MP1 – Nuclear Power, Fuel Cycle and Nuclear Science	95.6%	97.9%
MP2 – Nuclear Techniques for Development and Environmental Protection	98.9%	99.9%
MP3 – Nuclear Safety and Security	96.8%	99.4%
MP4 – Nuclear Verification	99.9%	100.0%
MP5 – Policy, Management and Administration Services	100.0%	100.0%
MP6 – Management of Technical Cooperation for Development	98.1%	100.0%
Total Agency	**98.9%**	**99.7%**

24. Expenditures for the capital portion of the Regular Budget were €1.6 million out of a total €6.1 million in 2022.

Financial Position

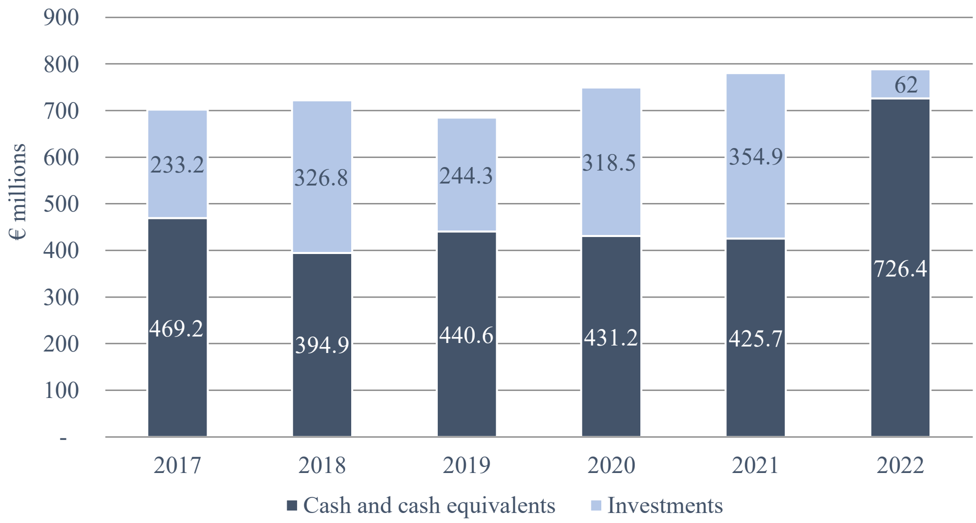
Cash, investments, and liquidity analysis

25. In 2022, the cash, cash equivalents and investment balances increased by €7.8 million (1%) to €788.4 million as at 31 December 2022. The increase was mainly driven by the increase in the balance of euro holdings as the Agency received contributions which were in euros or converted into euros.

26. As at the end of 2022, 86.9% of the total cash, cash equivalents and investments were denominated in euro while 12.9% were denominated in US dollars and 0.2% in other currencies. The increase of € 1.5 million in the total investment revenue was mainly the result of higher interest earned on term deposits during 2022 in comparison to 2021. Both the Federal Reserve System (FED) and the European Central Bank (ECB) started to increase interest rates in 2022 to lower the highest inflation rates in decades.

27. ***Figure 6*** shows that in 2022, the Agency shifted its holdings from investments to cash and cash equivalents in order to position the portfolio to take advantage of higher rates due to the hiking interest rate campaigns by both the FED and ECB.

Figure 6*: Evolution of cash, cash equivalents and investments*

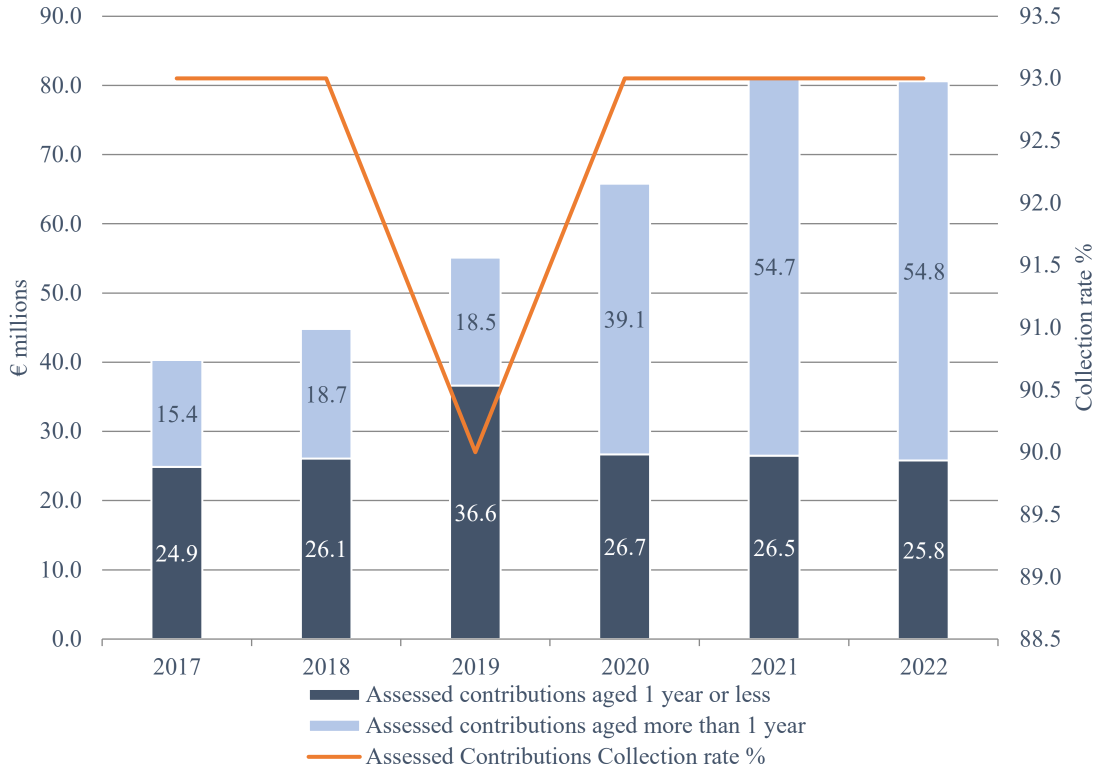


Accounts receivable

28. Overall, total net receivables from non-exchange transactions decreased by €2.8 million to €69.7 million as at 31 December 2022. The main components of this balance are receivables from assessed contributions (€56.4 million), voluntary contributions (€11.9 million), and other receivables (€1.4 million).

29. The decrease experienced in net assessed contributions receivable in 2022 was mainly driven by an increase in the allowances for long outstanding assessed contributions receivable. The Regular Budget receivables from several Member States which have had no voting rights in the last 5 years is increasing each year, increasing the corresponding allowances for long outstanding receivables. During 2022, the collection rate of assessed contributions remained at 93%. Although the Regular Budget assessed contributions receivable decreased slightly, the total outstanding Regular Budget contributions from 2022 and prior years, which amounted to €80.6 million, represented 21% of the total Regular Budget assessment for 2022.Member States are reminded of the importance to the Agency's operations of paying their assessed contributions in full and on time, as this may pose liquidity risk to the Agency if not paid in a timely manner.

Figure 7: Outstanding Assessed contributions receivable and collection rate

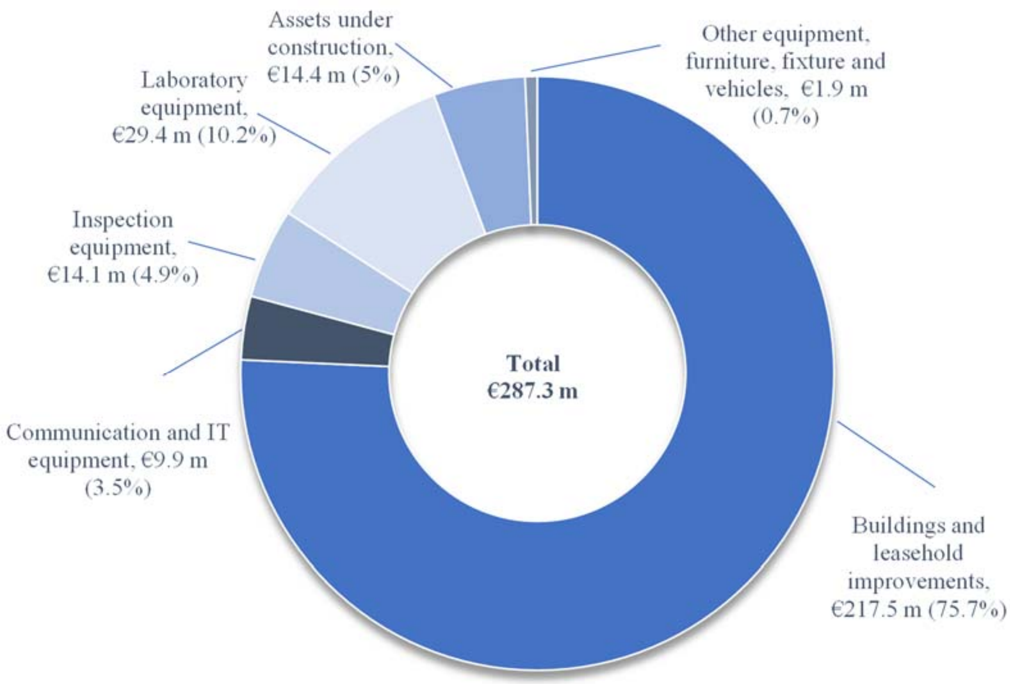


Long-term assets

Property, Plant and Equipment

30. ***Figure 8*** shows that Buildings and Leasehold Improvements continue to account for the largest component of the net book value of Property, Plant and Equipment (PP&E).

***Figure 8**: Composition of Property, Plant and Equipment as at 31 December 2022*



31. The total net book value of PP&E increased by €6.1 million (2.2%). This was mainly due to the increase in the net book value of Buildings and Leasehold Improvements which is attributable to the construction of the Multi-Purpose Building (MPB) and of the Flexible Modular Laboratory 2 (FML2), Communication and IT Equipment, Vehicles, and Laboratory Equipment.

32. Additions to PP&E amounting to €15.1 million, 47.4% of total additions, relates to assets under construction which includes buildings within the scope of the ReNuAL2 project (€1.7 million), the Multi-Purpose Building (€7.1 million), as well as Laboratory Equipment, Communication and IT Equipment, and Inspection Equipment pending installation or assembly.

Intangible Assets

33. ***Table 5*** shows the net carrying amount of Intangible Assets, essentially software purchased or internally developed, as at 31 December 2022 amounting to €48.9 million.

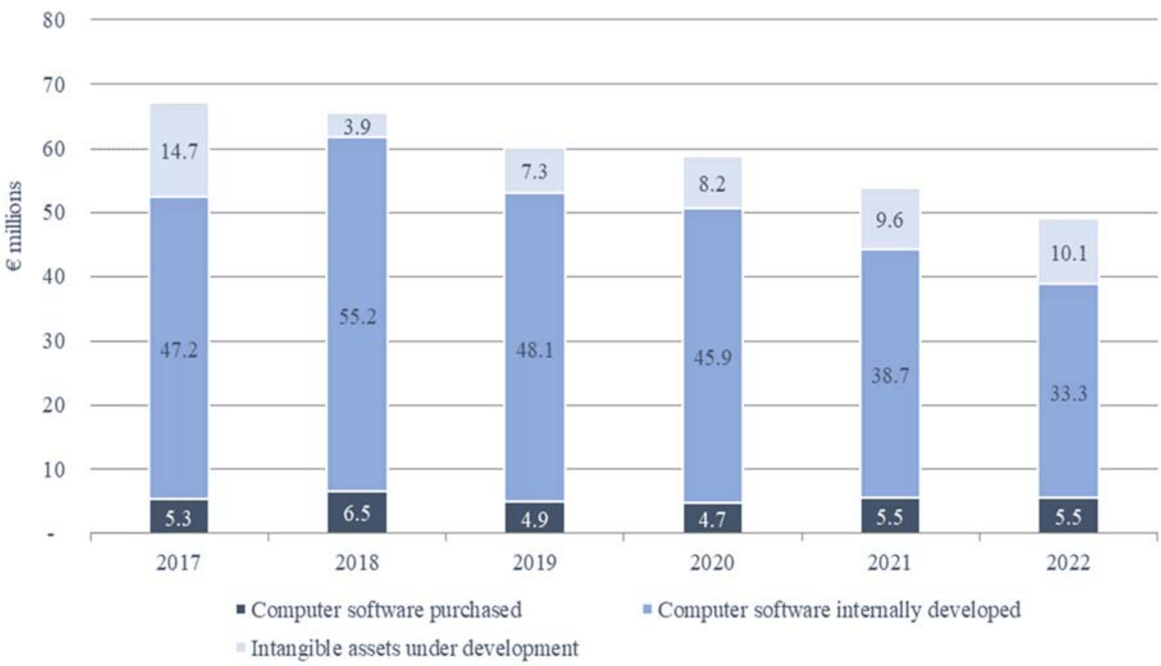
***Table 5**: Comparative Analysis of Intangible Assets*

	(expressed in millions of euro)			
	2022	**2021**	**Change**	**%**
Intangible assets				
Computer software purchased	5.5	5.5	-	0.0%
Computer software internally developed	33.3	38.7	(5.4)	-14.0%
Intangible assets under development	10.1	9.6	0.5	5.2%
Total Intangible Assets	**48.9**	**53.8**	**(4.9)**	**-9.1%**

34. The principal driver for the decrease of €4.9 million in the carrying value of Intangible Assets is the high amortization expense, which more than offsets additions during the year. In 2022, total costs of €6.3 million were added to the value of internally developed software, of which €2.9 million relates to post-MOSAIC and €5.5 million relates to other internally developed software projects.

35. **Figure 9** shows that the amount of internally developed decreased by €5.4 million in comparison to the past year, while the amount of intangible assets still under development increased by €0.5 million.

***Figure 9**: Evolution of the composition of Intangible Assets*



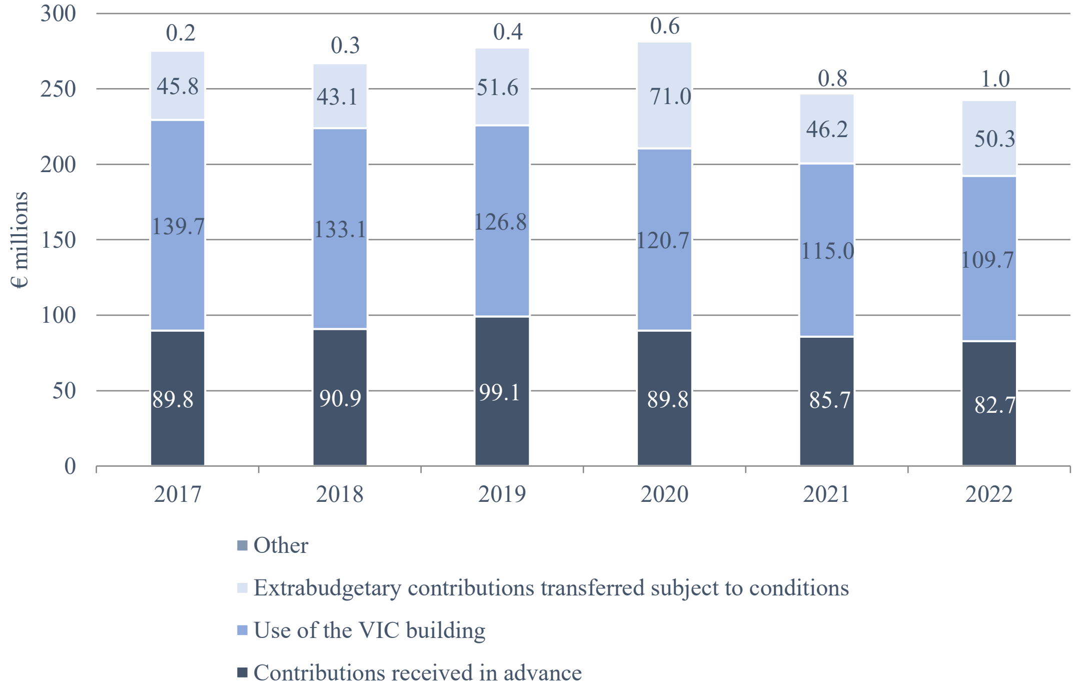
Deferred revenue

36. Since first recognition of the VIC premises in 2015, the largest portion of deferred revenue relates to the donated right to use of these premises, whereby the Agency has the obligation of maintaining its Headquarters seat in Vienna and to occupy the VIC building until 2078 or return it to the Austrian Government. This obligation to maintain the Agency's Headquarters seat in Vienna is fulfilled by occupying the VIC over the remaining term of the agreement, and the deferred revenue is recognized annually in the Statement of Financial Performance.

37. Deferred revenue comprises two other major components. The larger of these two components is contributions received in advance, which relates to assessed contributions for 2023 paid in 2022 (€49.1 million), TCF and NPC contributions for 2023 paid in 2022 (€6.3 million and €0.2 million, respectively) and voluntary contributions received prior to the completion of formal acceptance by the Agency (€27.1 million). Total contributions received in advance decreased by €3 million, primarily related to a reduction in the Technical Cooperation Fund (TCF) assessed contributions and extrabudgetary contributions received in advance. The other deferred revenue component is contributions received subject to conditions, which amounted to €50.3 million in 2022, an increase from €46.2 million in 2021. These contributions will be recognized as revenue upon satisfaction of the related conditions in the respective agreements.

38. Figure 10 shows a comparison of 2017 through 2022 year-end balances by category of deferred revenue.

***Figure 10**: Evolution of the composition of Deferred Revenue*

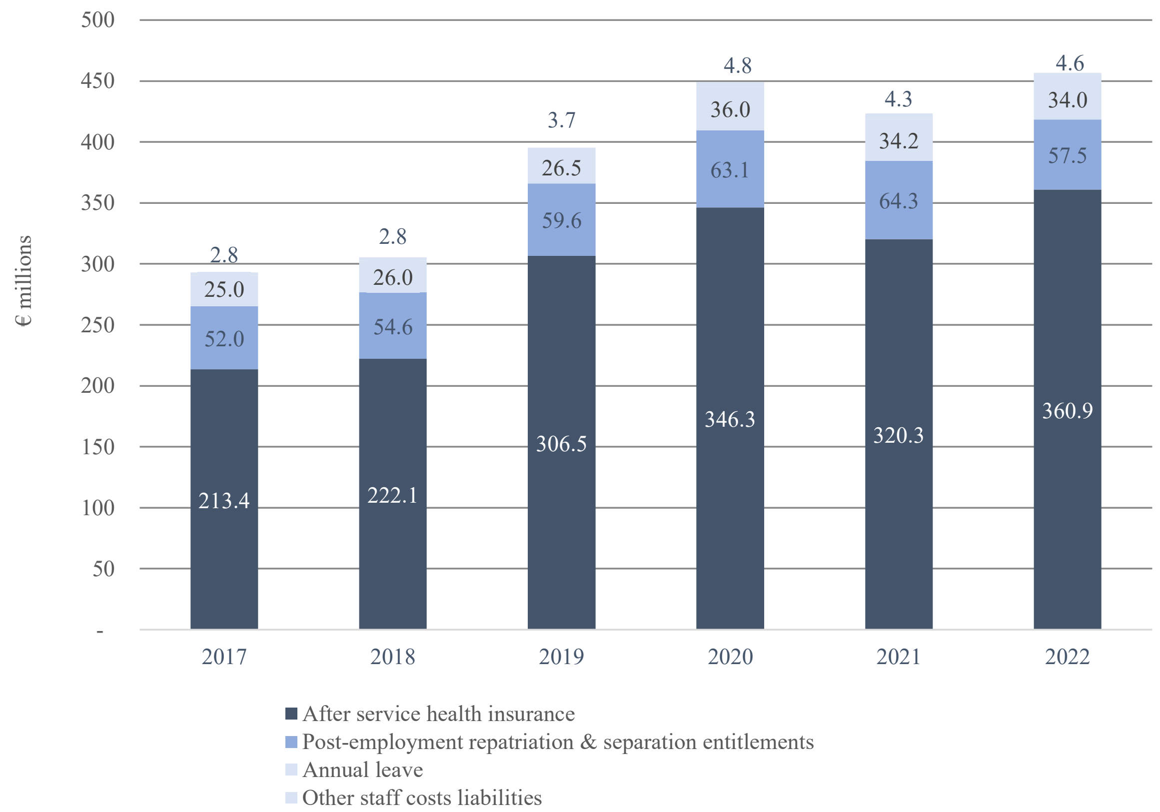


Employee benefits liabilities

39. Employee benefits liabilities consist of both current and non-current liabilities. As shown in ***Figure 11*** below shows that over the past years, liabilities related to After-Service Health Insurance (ASHI) have represented the largest component among the employee benefits liabilities, followed by postemployment repatriation and separation entitlements.

40. ***Figure 11*** shows that overall, the employee benefits liabilities experienced an increase of €33.9 million. This increase was primarily due to the increase of the ASHI liabilities mainly driven by a higher expected future medical inflation and a recommended change in the valuation basis from premiums to claims, partially offset by an increase of the discount rate.

Figure 11: Evolution of the composition of the main employee benefits liabilities

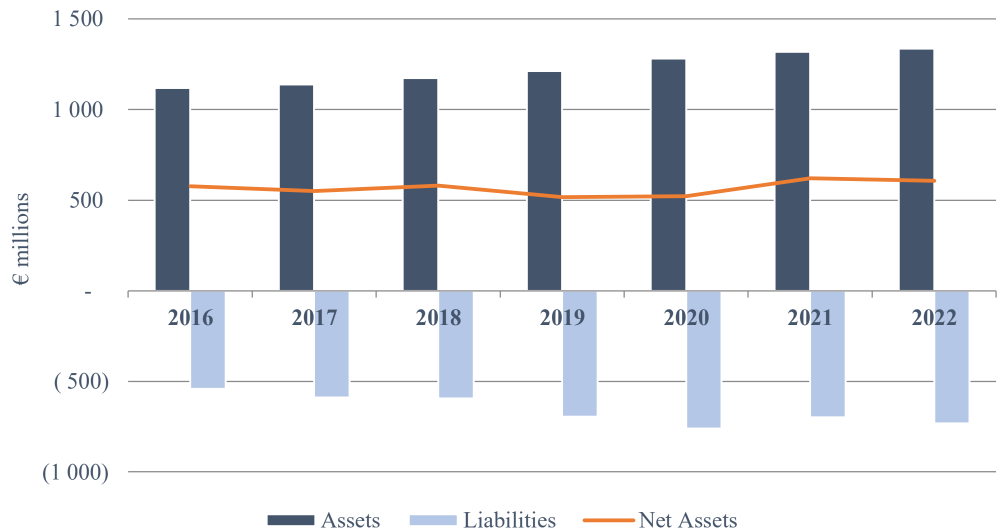


41. The ASHI liability represents 49% of the total liabilities and remains for the most part unfunded, which is an ongoing matter of concern.

Net assets/equity

42. Net assets represent the difference between the Agency's assets and its liabilities, as illustrated in ***Figure 12*** below. In 2022, the Agency experienced an overall decrease in net assets from €621.1 million to €605.7 million, primarily driven by an increase in liabilities which more than offsets the increase in assets.

Figure 12: Evolution of Net Assets



43. ***Figure 13*** shows the evolution of net assets by Fund. The main observations are as follows:

- The net assets of the Regular Budget Fund (RBF) decreased by €28.7 million, amounting to a negative position of €141.6 million. The decrease is primarily due to the increase in the employee benefits liabilities, mainly ASHI liability.

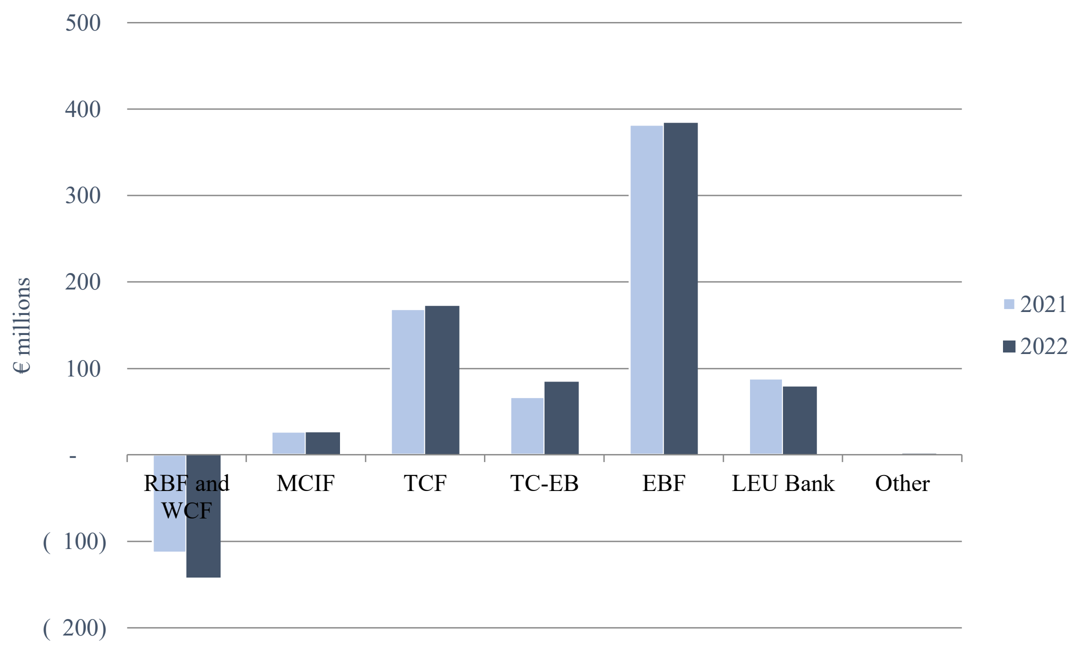
- The net assets of the Technical Cooperation Fund (TCF) increased by €3.6 million to €172.2 million primarily resulting from the increase in other contributions related to National Participation Costs.

- The net assets of the Technical Cooperation Extrabudgetary Fund (TC-EB) increased by €17.9 million to €84.9 million in 2022 as a result of the increase in cash and cash equivalents.

- The net assets of the Extrabudgetary Programme Fund (EBF) increased by €2.3 million to €384.0 million as a result of higher revenue from contributions in 2022.

- The net assets of the IAEA LEU Bank decreased by €9.4 million to €79.1 million, due to a decrease in cash and cash equivalent in 2022 compared to 2021.

***Figure 13**: Evolution of the Net Assets by fund*



Risk management

44. 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

45. The financial statements presented here show the Agency's overall financial health. The current challenging global economic environment affect the financial position and performance of the Agency as described above. While the Agency's overall financial health remains strong, the net asset position in the Regular Budget Fund continues to be negative mainly driven by the Agency's unfunded employee benefits liabilities, which are of a long-term nature.

(signed) RAFAEL MARIANO GROSSI
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 2022

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 prepares its financial statements in accordance with the International Public Sector Accounting Standards (IPSAS).

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) RAFAEL MARIANO GROSSI Director General	(signed) HELEN BRUNNER DE CASTRIS, CFO Director, Division of Budget and Finance

10 March 2023

Part I

Audit Opinion

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

31 March 2023

Sir,

I have the honour to transmit the Financial Statements of the International Atomic Energy Agency for the year ended 31 December 2022 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 2022.

Please accept the assurances of my highest consideration.

(signed)

Girish Chandra Murmu

Comptroller and Auditor General of India
External Auditor

AUDIT OPINION

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS OF THE INTERNATIONAL ATOMIC ENERGY AGENCY (IAEA) FOR THE YEAR ENDED 31 DECEMBER 2022

Opinion

We have audited the financial statements of the International Atomic Energy Agency (IAEA) which comprise the statement of financial position as at 31 December 2022, the statement of financial performance, the statement of changes in equity, the statement of cash flow, the statement of comparison of budget and actual amounts, statements of segment reporting by major programmes/funds for the year then ended, as well as the notes to the financial statements, including summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of IAEA as at 31 December 2022, its financial performance, changes in net assets/equity, cash flow, comparison of budget and actual amounts, statements of segment reporting by major programmes/funds for the year then ended in accordance with the International Public Sector Accounting Standards (IPSAS).

Basis for opinion

We conducted our audit in accordance with the International Standards on Auditing. Our responsibilities under those standards are described in the section below entitled "Auditor's responsibilities for the audit of the financial statements". We are independent of IAEA in accordance with the ethical requirements relevant to our audit of the financial statements and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the financial statements and the auditor's report thereon

Management is responsible for the other information, which comprises the information included in the Director General's Report for the year ended 31 December 2022, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, on the basis of the work that we have performed, we conclude that there is a material misstatement in the other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IPSAS and for such internal control as management determines to be necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the ability of IAEA to continue as a going concern, disclosing, as applicable, matters related to the going concern and using the going-concern basis of accounting unless the management intends either to liquidate IAEA or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the financial reporting process of IAEA.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the International Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

(a) Identify and assess the risks of material misstatement in the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentation or the overriding of internal control;

(b) Obtain an understanding of internal control relevant to the audit 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 internal control of IAEA;

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management;

(d) Draw conclusions as to the appropriateness of the management's use of the going-concern basis of accounting and, on the basis of the audit evidence obtained, whether a material uncertainty exists in relation to events or conditions that may cast significant doubt on the ability of IAEA to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the IAEA to cease to continue as a going concern;

(e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

Furthermore, in our opinion, the transactions of IAEA that have come to our notice or that 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 IAEA Financial Regulations, we have also issued a long- form report on our audit of the IAEA.

(signed)

Girish Chandra Murmu
Comptroller and Auditor General of India
31 March 2023

Part II

Financial Statements

Financial Statements

Text of a Letter dated 10 March 2023 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 2022, 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) Rafael Mariano Grossi
Director General

STATEMENT I: STATEMENT OF FINANCIAL POSITION
As at 31 December 2022
(expressed in euro '000s)

	Note	31-12-2022	31-12-2021
ASSETS			
Current assets			
Cash and cash equivalents	4	726 360	425 699
Investments	5	62 043	354 919
Accounts receivable from non-exchange transactions	6, 7	65 813	68 029
Accounts receivable from exchange transactions	8	10 687	8 588
Advances and prepayments	9	38 940	25 374
Inventory	10	83 053	88 755
Total current assets		**986 896**	**971 364**
Non-current assets			
Accounts receivable from non-exchange transactions	6, 7	3 926	4 533
Advances and prepayments	9	8 605	8 036
Investment in common services entities	11	809	809
Property, plant & equipment	12	287 333	281 257
Intangible assets	13	48 936	53 765
Total non-current assets		**349 609**	**348 400**
TOTAL ASSETS		**1 336 505**	**1 319 764**
LIABILITIES			
Current liabilities			
Accounts payable	14	27 892	25 958
Deferred revenue	15	99 299	103 371
Employee benefit liabilities	16, 17	24 040	20 829
Other financial liabilities	18	332	191
Provisions	19	265	270
Total current liabilities		**151 828**	**150 619**
Non-current liabilities			
Deferred revenue	15	144 412	144 283
Employee benefit liabilities	16, 17	433 000	402 241
Other financial liabilities	18	304	304
Provisions	19	1 218	1 218
Total non-current liabilities		**578 934**	**548 046**
TOTAL LIABILITIES		**730 762**	**698 665**
NET ASSETS		**605 743**	**621 099**
Equity			
Fund balances	20, 21	611 321	605 797
Reserves	22	(5 578)	15 302
TOTAL EQUITY		**605 743**	**621 099**

The accompanying Notes are an integral part of these Statements.

(signed) HELEN BRUNNER DE CASTRIS, CFO
Director, Division of Budget and Finance

STATEMENT II: STATEMENT OF FINANCIAL PERFORMANCE
For the year ended 31 December 2022
(expressed in euro '000s)

	Note	2022	2021
Revenue			
Assessed contributions	23	389 549	379 088
Voluntary contributions	24	253 683	242 584
Other contributions	25	5 652	1 799
Revenue from exchange transactions	26	2 253	2 380
Investment revenue	27	2 325	837
Total revenue		**653 462**	**626 688**
Expenses			
Salaries and employee benefits	28	341 331	316 895
Consultants, experts	29	17 545	14 823
Travel	30	38 115	12 516
Transfers to development counterparts	31	73 466	76 714
Vienna International Centre common services	32	23 936	20 360
Training	33	41 284	14 281
Depreciation and amortization	12, 13	41 717	39 658
Contractual and other services	34	31 547	25 332
Other operating expenses	35	36 138	35 551
Total expenses		**645 079**	**556 130**
Net gains/ (losses)	36	9 481	10 872
Net surplus/(deficit)		**17 864**	**81 430**
Expense analysis by Major Programme			
Nuclear Power, Fuel Cycle and Nuclear Science	38	72 738	54 328
Nuclear Techniques for Development and Environmental Protection	38	134 462	118 752
Nuclear Safety and Security	38	105 054	73 334
Nuclear Verification	38	196 922	186 229
Policy, Management and Administration a/	38	142 170	125 527
Shared Services and expenses not directly charged to major programmes	38	2 190	2 909
Eliminations	38	(8 457)	(4 949)
Total expenses by Major Programme		**645 079**	**556 130**

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

The accompanying Notes are an integral part of these Statements.

(signed) HELEN BRUNNER DE CASTRIS, CFO
Director, Division of Budget and Finance

STATEMENT III: STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2022
(expressed in euro '000s)

	2022	2021
Equity at the beginning of the year	621 099	522 447
Actuarial gains/(losses) on employee benefit liabilities	(20 932)	39 747
Refunds/transfers of prior year voluntary contributions recognized directly in equity	(12 381)	(23 252)
Prior year adjustments	281	-
Health Insurance Reserve	(159)	727
Net revenue recognized directly in equity	(33 191)	17 222
Net surplus/(deficit) for the year	17 864	81 430
Credits to Member States	(29)	-
Equity at the end of the year	**605 743**	**621 099**

The accompanying Notes are an integral part of these Statements.

(signed) HELEN BRUNNER DE CASTRIS, CFO
Director, Division of Budget and Finance

STATEMENT IV: STATEMENT OF CASH FLOW
For the year ended 31 December 2022
(expressed in euro '000s)

	2022	2021
Cash flows from operating activities		
Net surplus/(deficit)	17 864	81 430
Refund of prior year voluntary contributions recognized in equity	(12 381)	(23 252)
Prior year adjustments	281	-
Depreciation and amortization	41 717	39 658
Less amortization of deferred revenue on VIC depreciation	(6 650)	(6 654)
Impairment	149	519
Increase/(decrease) in allowance for undeliverable inventory in transit	8 175	7 720
Actuarial gains/(losses) on employee benefit liabilities	(20 932)	39 747
Increase/(decrease) in doubtful debts allowance	2 397	3 549
(Gains)/losses on disposal of PPE and Intangibles	(19)	(10)
Donated PPE and Inventory	(86)	-
Unrealized foreign-exchange (gains)/losses on cash, cash equivalents and investments	(5 999)	(7 520)
(Increase)/decrease in receivables	(1 672)	(20 897)
(Increase)/decrease in inventories	(2 539)	(1 620)
(Increase)/decrease in prepayments	(14 134)	(4 851)
Increase/(decrease) in deferred revenue	2 707	(27 896)
Increase/(decrease) in accounts payable	1 934	(141)
Increase/(decrease) in employee benefit liabilities	33 969	(27 201)
Increase/(decrease) in other liabilities and provisions	135	278
Health Insurance Reserve	(159)	727
Net cash flows from operating activities	**44 757**	**53 586**
Cash flows from investing activities		
Purchase or construction of PPE and intangibles	(42 942)	(30 251)
Sale/(Decommissioning) of PPE and Intangibles	-	28
Investments	300 304	(27 041)
Net cash flows from investing activities	**257 362**	**(57 264)**
Cash flows from financing activities		
Increase/(decrease) in Working Capital Fund from new Member States		
Credits to Member States	(29)	-
Net cash flows from financing activities	**(29)**	**-**
Net increase/(decrease) in cash and cash equivalents	302 090	(3 678)
Cash and cash equivalents at beginning of the period	425 699	431 208
Unrealized foreign-exchange gains/(losses) on cash and cash equivalents	(1 429)	(1 831)
Cash and cash equivalents and bank overdrafts at the end of the period	**726 360**	**425 699**

The accompanying Notes are an integral part of these Statements.

(signed) HELEN BRUNNER DE CASTRIS, CFO
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 2022
(expressed in euro '000s)

	RB Current Year			
	Approved Budget	Final Budget	Actuals (Expenditure)	Variance
MP1-Nuclear Power, Fuel Cycle and Nuclear Science	42 791	42 463	40 608	1 855
MP2-Nuclear Techniques for Development and Environmental Protection	43 515	43 267	42 780	487
MP3-Nuclear Safety and Security	38 323	37 969	36 760	1 209
MP4-Nuclear Verification	153 657	152 445	152 229	216
MP5-Policy, Management and Administration Services	84 288	83 844	83 821	23
MP6-Management of Technical Cooperation for Development	27 621	27 416	26 889	527
Total Agency programmes	**390 195**	**387 404**	**383 086**	**4 318**
Reimbursable work for others	3 128	3 128	3 502	(374)
Total Regular Budget fund operational portion	**393 323**	**390 532**	**386 588**	**3 944**

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 39).

The accompanying Notes are an integral part of these Statements.

(signed) HELEN BRUNNER DE CASTRIS, CFO
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 2022
(expressed in euro '000s)

	Approved Budget	Final Budget	Actuals (Expenditure)	Variance b/
MP2-Nuclear Techniques for Development	1 526	1 522	3	1 519
MP3-Nuclear Safety and Security	305	305	18	287
MP4-Nuclear Verification	1 017	1 017	-	1 017
MP5-Policy, Management and Administration Services	3 254	3 254	1 622	1 632
Total Regular Budget fund capital portion	**6 102**	**6 098**	**1 643**	**4 455**

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 39).

b/ Refer to Note 39c for a discussion of the variance between final budget and actuals.

The accompanying Notes are an integral part of these Statements.

(signed) HELEN BRUNNER DE CASTRIS, CFO
Director, Division of Budget and Finance

STATEMENT VI: STATEMENT OF SEGMENT REPORTING BY MAJOR PROGRAMME

For the year ended 31 December 2022

(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
Expenses								
Salaries and employee benefits	39 047	33 480	49 633	132 410	87 260	(499)	-	341 331
Consultants, experts	4 358	4 356	4 879	808	3 144	-	-	17 545
Travel	5 322	7 597	12 655	10 631	1 910	-	-	38 115
Transfers to development counterparts	7 456	49 669	13 662	171	2 508	-	-	73 466
VIC common services	(1)	31	742	53	23 111	-	-	23 936
Training	8 419	15 098	12 315	2 167	3 285	-	-	41 284
Depreciation and amortization	1 417	4 664	2 507	24 262	8 867	-	-	41 717
Contractual and other services	2 734	2 718	1 092	11 492	13 494	17	-	31 547
Other operating expenses	3 986	16 849	7 569	14 928	(1 409)	2 672	(8 457)	36 138
Total expense	**72 738**	**134 462**	**105 054**	**196 922**	**142 170**	**2 190**	**(8 457)**	**645 079**
Assets								
Property, plant & equipment, and intangibles	**14 497**	**72 866**	**22 891**	**147 228**	**78 787**	**-**	**-**	**336 269**
Asset additions								
Property, plant & equipment, and intangibles	**2 452**	**6 029**	**3 166**	**17 540**	**13 883**	**-**	**-**	**43 070**

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 pertaining to un-allocated shared services, reimbursable work for others, doubtful debt expenses, etc.

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) HELEN BRUNNER DE CASTRIS, CFO
Director, Division of Budget and Finance

COMPARATIVE STATEMENT VI: STATEMENT OF SEGMENT REPORTING BY MAJOR PROGRAMME

For the year ended 31 December 2021
(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
Expenses								
Salaries and employee benefits	35 265	29 834	44 975	124 855	82 780	(814)	-	316 895
Consultants, experts	2 624	3 670	4 341	517	3 671	-	-	14 823
Travel	983	551	1 737	8 945	300	-	-	12 516
Transfers to development counterparts	6 995	57 045	11 139	116	1 419	-	-	76 714
VIC common services	140	12	553	110	19 545	-	-	20 360
Training	2 454	6 075	2 790	1 245	1 717	-	-	14 281
Depreciation and amortization	1 285	3 633	2 320	23 619	8 801	-	-	39 658
Contractual and other services	688	1 931	784	11 979	9 944	6	-	25 332
Other operating expenses	3 894	16 001	4 695	14 843	(2 650)	3 717	(4 949)	35 551
Total expense	**54 328**	**118 752**	**73 334**	**186 229**	**125 527**	**2 909**	**(4 949)**	**556 130**
Assets								
Property, plant & equipment, and intangibles	**13 462**	**71 524**	**22 247**	**154 000**	**73 789**	**-**	**-**	**335 022**
Asset additions								
Property, plant & equipment, and intangibles	**1 665**	**5 603**	**2 939**	**13 635**	**6 409**	**-**	**-**	**30 251**

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 pertaining to un-allocated shared services, reimbursable work for others, doubtful debt expenses, etc.

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) HELEN BRUNNER DE CASTRIS, CFO
Acting Director, Division of Budget and Finance

STATEMENT VIIa: STATEMENT OF SEGMENT REPORTING BY FUND - FINANCIAL POSITION
As at 31 December 2022
(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	40 353	26 536	158 168	90 940	385 530	23 688	1 145	726 360
Investments			-	5 000	57 043			62 043
Accounts receivable	62 671	408	3 970	388	12 979	10		80 426
Advances and prepayments	31 658	272	1 494	241	13 254	626		47 545
Inventory	513		24 329	3 052	90	55 055	14	83 053
Property, plant & equipment	287 206		65	61		1		287 333
Intangible assets	48 936							48 936
Investment in common service entities	809							809
Total assets	**472 146**	**27 216**	**188 026**	**99 682**	**468 896**	**79 380**	**1 159**	**1 336 505**
Liabilities								
Accounts payable	12 804	922	8 950	2 049	3 157	7	3	27 892
Deferred revenue	159 748		6 551	10 175	66 957	280		243 711
Employee benefit liabilities	443 346	425		15	13 254	-		457 040
Other financial liabilities	(2 462)		298	2 506	294			636
Provisions	265				1 218			1 483
Total liabilities	**613 701**	**1 347**	**15 799**	**14 745**	**84 880**	**287**	**3**	**730 762**
Net assets	**(141 555)**	**25 869**	**172 227**	**84 937**	**384 016**	**79 093**	**1 156**	**605 743**
Equity								
Fund balances	(18 631)	19 658	118 817	70 260	341 156	78 922	1 139	611 321
Reserves	(122 924)	6 212	53 411	14 677	42 859	170	17	(5 578)
Total equity	**(141 555)**	**25 870**	**172 228**	**84 937**	**384 015**	**79 093**	**1 156**	**605 743**

The accompanying Notes are an integral part of these Statements.

(signed) HELEN BRUNNER DE CASTRIS, CFO
Director, Division of Budget and Finance

COMPARATIVE STATEMENT VIIa: STATEMENT OF SEGMENT REPORTING BY FUND - FINANCIAL POSITION
As at 31 December 2021
(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	50 138	26 528	96 269	67 768	153 684	30 136	1 176	425 699
Investments	-	-	68 116		286 803	-	-	354 919
Accounts receivable	63 588	445	3 789	1 082	9 379	2 867	-	81 150
Advances and prepayments	28 142	480	1 373	262	2 453	700	-	33 410
Inventory	590	-	23 046	9 341	683	55 055	40	88 755
Property, plant & equipment	281 187	-	1	68	-	1	-	281 257
Intangible assets	53 765	-	-	-	-	-	-	53 765
Investment in common service entities	809	-	-	-	-	-	-	809
Total assets	**478 219**	**27 453**	**192 594**	**78 521**	**453 002**	**88 759**	**1 216**	**1 319 764**
Liabilities								
Accounts payable	9 972	323	9 793	3 071	2 766	1	32	25 958
Deferred revenue	163 098	-	14 187	8 424	61 665	280	-	247 654
Employee benefit liabilities	417 556	185	-	15	5 314	-	-	423 070
Other financial liabilities	191	-	-	-	304	-	-	495
Provisions	270	-	-	-	1 218	-	-	1 488
Total liabilities	**591 087**	**508**	**23 980**	**11 510**	**71 267**	**281**	**32**	**698 665**
Net assets	**(112 868)**	**26 945**	**168 614**	**67 011**	**381 735**	**88 478**	**1 184**	**621 099**
Equity								
Fund balances	(23 725)	23 763	116 772	57 955	341 374	88 483	1 175	605 797
Reserves	(89 143)	3 182	51 842	9 056	40 361	(5)	9	15 302
Total equity	**(112 868)**	**26 945**	**168 614**	**67 011**	**381 735**	**88 478**	**1 184**	**621 099**

The accompanying Notes are an integral part of these Statements.

(signed) HELEN BRUNNER DE CASTRIS, CFO
Acting Director, Division of Budget and Finance

STATEMENT VIIb: STATEMENT OF SEGMENT REPORTING BY FUND - FINANCIAL PERFORMANCE
For the year ended 31 December 2022
(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	383 455	6 094	-	-	-	-	-	-	389 549
Voluntary monetary contributions		-	89 878	37 234	115 251	-	-	-	242 363
Voluntary in-kind contributions	11 318	-		-	2	-	-	-	11 320
Other contributions	1 342	-	4 310	-	-	-	-	-	5 652
Revenue from exchange transactions	2 146	-	59	13	41	(6)	-	-	2 253
Investment revenue	580	-	841	187	594	123	-	-	2 325
Internal revenue including programme supp	699	-		-	7 758	-	-	(8 457)	-
							-		
Total revenue	**399 540**	**6 094**	**95 088**	**37 434**	**123 646**	**117**	**-**	**(8 457)**	**653 462**
Expenses									
Salaries and employee benefits	296 004	234	18	-	44 725	350		-	341 331
Consultants, experts	7 712	462	3 742	713	4 904	10	2	-	17 545
Travel	14 152	1	8 781	1 066	14 095	20		-	38 115
Transfers to development counterparts	7 815		51 094	8 362	6 161	3	31	-	73 466
VIC common services	22 239	1 439	5		253			-	23 936
Training	2 878	19	25 082	2 990	10 315			-	41 284
Depreciation and amortisation	41 707		3	7		-		-	41 717
Contractual and other services	25 918	586	41	10	4 974	18		-	31 547
Other operating expenses	21 537	801	5 545	4 836	11 670	212	(6)	(8 457)	36 138
Total expenses	**439 962**	**3 542**	**94 311**	**17 984**	**97 097**	**613**	**27**	**(8 457)**	**645 079**
Net gains/(losses)	4 988	(269)	3 075	613	1 315	(241)	-	-	9 481
Net surplus/(deficit)	**(35 434)**	**2 283**	**3 852**	**20 063**	**27 864**	**(737)**	**(27)**	**-**	**17 864**

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.

(signed) HELEN BRUNNER DE CASTRIS, CFO
Director, Division of Budget and Finance

COMPARATIVE STATEMENT VIIb: STATEMENT OF SEGMENT REPORTING BY FUND - FINANCIAL PERFORMANCE
For the year ended 31 December 2021
(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	372 892	6 196	-	-	-	-	-	-	379 088
Voluntary monetary contributions	-	-	86 391	24 549	101 882	20 000	-	-	232 822
Voluntary in-kind contributions	9 762	-	-	-	-	-	-	-	9 762
Other contributions	1 620	-	179	-	-	-	-	-	1 799
Revenue from exchange transactions	2 235	-	116	29	-	-	-	-	2 380
Investment revenue	143	-	212	38	427	17	-	-	837
Internal revenue including programme supp	19	84	-	-	4 846	-	-	(4 949)	-
Total revenue	**386 671**	**6 280**	**86 898**	**24 616**	**107 155**	**20 017**	**-**	**(4 949)**	**626 688**
Expenses									
Salaries and employee benefits	281 128	326	5	-	35 187	249	-	-	316 895
Consultants, experts	6 175	654	3 586	438	3 969	1	-	-	14 823
Travel	8 998	-	869	98	2 550	1	-	-	12 516
Transfers to development counterparts	6 249	-	52 640	12 663	5 172	-	(10)	-	76 714
VIC common services	19 755	(5)	12	-	598	-	-	-	20 360
Training	1 951	9	9 070	776	2 475	-	-	-	14 281
Depreciation and amortisation	39 603	13	-	5	36	1	-	-	39 658
Contractual and other services	20 535	835	33	-	3 927	2	-	-	25 332
Other operating expenses	23 938	152	4 256	5 428	6 581	138	7	(4 949)	35 551
Total expenses	**408 332**	**1 984**	**70 471**	**19 408**	**60 495**	**392**	**(3)**	**(4 949)**	**556 130**
Net gains/(losses)	3 341	(323)	2 056	505	4 845	452	(4)	-	10 872
Net surplus/(deficit)	**(18 320)**	**3 973**	**18 483**	**5 713**	**51 505**	**20 077**	**(1)**	**-**	**81 430**

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.

(signed) HELEN BRUNNER DE CASTRIS, CFO
Acting Director, Division of Budget and Finance

Part III

Notes to the Financial Statements

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 established 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 Agency manages its work under the following six Major Programmes:

- 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; and
- Management of Technical Cooperation for Development.

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). The budget, as well as the budgetary information contained in the financial statements, continues to be prepared on a modified cash basis. Where IPSAS is silent concerning any specific matter, the appropriate International Financial Reporting Standard (IFRS) or International Accounting Standard (IAS) is applied.

5. Due to COVID-19, there was a deferral on the effective date of application of IPSAS 41 Financial Instruments and IPSAS 42 Social Benefits by one year to 1 January 2023.

6. The financial statements have been prepared on a going concern basis and the accounting policies have been applied consistently throughout the period.

Accounting convention

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

Functional currency and translation of foreign currencies

Functional and presentation currency

8. 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

9. 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.

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

11. Realized and unrealized foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the conversion 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

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

13. The financial statements include amounts based on judgments, estimates and assumptions by management. Estimates and underlying assumptions are reviewed on an ongoing basis. Changes in estimates are reflected in the period in which they become known. Significant judgment, estimates, and assumptions made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements include:

- Revenue recognition;
- Actuarial measurement of employee benefits;
- Selection of useful lives and the depreciation/amortization method for property, plant and equipment and intangible assets;
- Valuation of inventory;
- Impairment losses on assets;
- Classification of financial instruments; and
- Contingent assets and liabilities.

NOTE 3: Significant accounting policies

Assets

Financial assets

14. 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.

15. 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 2022 and 2021
Fair value through surplus or deficit	None at 31 December 2022 and 2021

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

17. '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

18. 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

19. 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 receivables

20. Receivables relate to amounts owed to the Agency from Member States, donors, staff and others. They represent non-derivative financial assets. Receivables are recognized at their nominal value unless the effect of discounting them to their net present value is material.

21. 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

22. Advances and prepayments represent settlements of a debt or installment payment before its official due date. Advances and prepayments are recognized at their nominal value unless the effect of discounting is material.

Inventories

23. 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 are received by the beneficiaries 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 fact that inventories that have been in transit for some time may not actually be delivered or may suffer damage or obsolescence, an allowance is recognized which is made of 50% of value for items in transit for over twelve months and 100% for over 24 months.

24. 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 items, 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.

25. The Agency holds a stock of Low Enriched Uranium (LEU) in the IAEA LEU Storage Facility. The IAEA LEU Bank is located at the Ulba Metallurgical Plant in Oskemen, Kazakhstan and is under the responsibility of the Kazakh appropriate authorities for safety, security and safeguards. This LEU inventory, which is stored in 60 cylinders, consists of two different enrichment assays: 4.95% and 1.6%. In the event that a Member State's supply of LEU is disrupted and cannot be restored by commercial means and that such Member State fulfils the eligibility criteria, the Member State can acquire LEU from the IAEA LEU Bank. The LEU inventory and cylinder costs consist of the acquisition price plus direct attributable costs required to bring the inventory to the storage facility.

26. 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. The LEU is valued at the lower of cost or net realizable value. Therefore, an allowance equivalent to the difference between the LEU spot prices at the end of each reporting period and the cost will be recognized in such cases where there is a decrease in the value.

27. 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. The Agency utilizes a periodic system for the determination of inventories balances and respective inventory expense at the year end.

28. 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
Low Enriched Uranium and cylinders	Lower of cost or net realizable value	Weighted average cost

29. The Agency manages its Safeguards spare parts and maintenance materials inventory primarily in a centralized fashion. Inventories which are managed in central locations with a cost of €0.100 million or greater are recognized. 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.

30. 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. In case of LEU, impairment losses can occur in case of any damage to the cylinders.

Property, plant and equipment

Measurement of costs at recognition

31. 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.

32. 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

33. Depreciation is charged so as to allocate the cost of assets over their estimated useful lives using the straight-line method.

34. The estimated useful lives of PP&E for current and comparative periods are as follows and are subject to annual review and adjustment if expectations differ from previous estimates.

Asset Class	Useful Life (Years)
Communications and Information Technology Equipment	2 to 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	8
Laboratory Equipment	11
Other Equipment	5

Intangible assets

Measurement of costs at recognition

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

36. 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.

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. Maintenance costs are charged as an expense in the Statement of Financial Performance during the financial period in which they are incurred.

Amortization method and useful life

38. 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. Internally developed software generally has a useful life of 5 years; however, it has been determined that the Agency-wide Information System for Programme Support (AIPS), Integrated Review and Analysis Package (IRAP), and Next Generation Surveillance Review (NGSR) have a useful life of up to 12 years and projects developed under the Modernization of the Safeguards Information Technology (MOSAIC) project have a useful life of 8 years for current and comparative periods.

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

Verification and impairment of assets

39. 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.

40. 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

41. 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

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

Operating leases

43. 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

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

Accounts payable

45. 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

46. 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 benefits liabilities

47. 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

48. 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

49. 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.

50. 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

51. 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 and home leave benefits are calculated without the use of actuaries 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. Other long-term employee benefits are recognized immediately in the Statement of Financial Performance.

Termination benefits

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

United Nations Joint Staff Pension Fund

53. 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 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. As of 31 December 2021, the Agency has 2 743 participants in the UNJSPF, which was 2% of overall 137 261 UNJSPF participants. The Agency is one of the 25 member organizations participating in the UNJSPF.

54. The Fund 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 Fund. The Agency and the Fund, 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 39 Employee Benefits. The Agency's contributions to the plan during the financial period are recognized as expenses in the Statement of Financial Performance.

Provisions

55. 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

56. 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

57. 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

58. 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 benefits liabilities.

Revenue

Non-exchange revenue

Assessed contributions from Member States

59. 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

60. 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.

61. 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.

62. Revenue from voluntary contributions is recognized upon the acceptance of a pledge, provided the contribution does not impose conditions on the Agency. Alternatively, it is recognized upon the signature of a binding Contribution Agreement between the Agency and the third-party donor. 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.

63. 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.

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

National Participation Costs

65. 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 (TACC) of the Board of Governors 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, NPCs revenue will generally be higher in that year compared to the second year of the biennium.

Goods and services in-kind contributions

<u>Goods-in-kind</u>

66. 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.

67. 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

68. 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

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

70. In case of supply of IAEA LEU, the cost charged to the Member State, i.e. the Revenue deriving from the sale of LEU, should be either the published market price plus costs of supply, or the total cost to the Agency for supply and replenishment, whichever is the higher.

71. 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.

72. Revenue from the use of entity's assets is recognized when both of the following conditions are satisfied:

(1) The amount of revenue can be measured reliably

(2) It is probable that the economic benefits or service potential will flow to the entity

Investment revenue

73. Investment 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

74. 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

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

76. 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

77. 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 37. The VIC Based Organizations (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 2022 is 53.893% (53.925% for 2021).

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 or 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 Major Repairs and Replacements Fund (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

78. Services provided by other VBOs, such as the Buildings Management Services (BMS) provided by the United Nations Industrial Development Organization (UNIDO) and the UN security services and some conference services provided by the United Nations Office in Vienna (UNOV), are services provided to the Agency and thus are expensed when the related services have been received.

79. 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

80. 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.

81. 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

82. 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

83. 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 IAEA Member States with scientific and technical support, services, guidance and advice for: reliable and safe operation of existing nuclear power plants, research reactors and other nuclear fuel cycle facilities; the introduction and the expanded use of nuclear power and research reactor technology, including the development of the national nuclear infrastructure; the development and deployment of advanced nuclear reactors and their fuel cycles, including Small and Medium-Sized or Modular Reactors (SMRs), nuclear fusion energy technology development, also through the International Project on Innovative Nuclear Reactors and Fuel Cycles (INPRO); all areas of radioactive waste technology, decommissioning, environmental remediation, spent fuel and radioactive waste management, including disused sealed radioactive sources; energy analysis and planning, including factual considerations of the role of nuclear power for sustainable development and climate change mitigation; nuclear knowledge and nuclear information management, communication and stakeholders' engagement; the advancement of nuclear sciences, including in the areas of nuclear fusion research, accelerator and neutron sources applications and nuclear instrumentation; the development and provision of validated nuclear, atomic and molecular data; and for supporting education and training of nuclear

scientists, including through cooperation with the Abdu Salam International Centre for Theoretical Physics (ICTP).

(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 sciences 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 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 contributes to global efforts to achieve effective 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, or 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. To this end, the Agency concludes safeguards agreements with States, which confer upon the Agency the legal obligation and authority to apply safeguards to nuclear material, facilities and other items subject to safeguards. Under this Major Programme, the Agency carries out verification activities, such as the collection and evaluation of safeguards relevant information; the development of safeguards approaches; and the planning, conduct and evaluation of safeguards activities, including the installation of safeguards instrumentation, in-field verification activities and sample analysis required for implementing safeguards. These activities enable the Agency to draw soundly based safeguards conclusions. In addition, the Agency, in accordance with its Statute, assists with other verification tasks, including in connection with nuclear disarmament or arms control agreements as requested by States and approved by the Board of Governors.

(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, procurement, human resources management, conference, language, publishing, 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 provides effective coordination to ensure a one-house approach, particularly with respect to overall directions and priorities; interactions with Member States; development and implementation of programmes; results-based management, including performance assessment and risk management; gender mainstreaming; partnerships and resource mobilization. It continues to promote an

organizational culture of integrity, accountability and transparency. 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 biennial Technical Cooperation Programme. The Technical Cooperation Programme consists of national, regional and interregional projects funded from the Technical Cooperation Fund (TCF) and extrabudgetary contributions.

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

Fund Groups

85. 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* (WCF) 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 WCF, 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. The Technical Cooperation Fund is primarily financed by voluntary contributions from Member States who are asked to pledge contributions against their indicative share of the Technical Cooperation Fund target, which is approved annually by the General Conference. The Technical Cooperation Fund is also funded by 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. The financial statements also present the Low Enriched Uranium Fuel Bank (LEU Bank), which is an activity under the Extrabudgetary Programme Fund, as a separate segment.

Other

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

Budget comparison

86. 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.

87. 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.

88. 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 39b 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)	
	31-12-2022	**31-12-2021**
Cash in current accounts at bank and on hand	121 778	218 204
Cash in call accounts	-	201 504
Term deposits with original maturities of 3 months or less	604 582	5 991
Total cash and cash equivalents	**726 360**	**425 699**

89. The increase of €300.661 million (or 70.6%) in total cash and cash equivalents was mainly due to the shift from Term deposits with original maturities between 3 and 12 months (refer to Note 5) into Term deposits with original maturities of 3 months or less to position the portfolio to take advantage of the hiking interest rates campaigns by the Federal Reserve System (FED) and the European Central Bank (ECB) to fight inflation. The decline in cash in current accounts at bank and on hand and cash in call accounts were due to the better interest rates obtained in Term deposits with original maturities of 3 months or less.

90. Some cash is held in currencies which are legally restricted or not readily convertible to euro. As at 31 December 2022, the euro equivalent of these currencies was €0.306 million (€0.538 million at 31 December 2021), based on the respective United Nations Operational Rates of Exchange (UNORE). The main reason for the decline in the amount of these legally restricted or not readily convertible currencies was the sale of some of those currencies to another UN Agency at the prevailing UNORE at the moment of those transactions.

NOTE 5: Investments

	(expressed in euro '000s)	
	31-12-2022	**31-12-2021**
Term deposits with original maturities between 3 and 12 months	62 043	354 919
Total investments	**62 043**	**354 919**

91. The decrease of €292.876 million (or 82.5%) in total investments was caused by the switch into Term deposits with original maturities of 3 months or less for the reason described in Note 4.

NOTE 6: Accounts receivable from non-exchange transactions

	(expressed in euro '000s)	
	31-12-2022	31-12-2021
Assessed contributions receivable		
Regular Budget	80 594	81 212
Working Capital Fund	24	30
Allowance for doubtful debts	(24 264)	(21 764)
Net assessed contributions receivable	56 354	59 478
Voluntary contributions receivable		
Extrabudgetary	9 005	9 435
Technical cooperation Fund	2 959	3 174
Allowance for doubtful debts	(28)	(28)
Net voluntary contributions receivable	11 936	12 581
Other receivables		
Assessed programme costs	787	738
National participation costs	817	503
Safeguard agreements receivable	632	-
Allowance for doubtful debts	(787)	(738)
Net other receivables	1 449	503
Total net accounts receivable from non-exchange transactions	**69 739**	**72 562**
Composition of accounts receivable from non-exchange transactions		
Current	65 813	68 029
Non-current	3 926	4 533
Total net accounts receivable from non-exchange transactions	**69 739**	**72 562**

92. The net assessed contributions receivable decreased during the year by €3.124 million to €56.354 million. This was due to a slight decrease in outstanding assessed contributions receivable and the increase in the allowance for doubtful debts. The increase of allowance for doubtful debts in assessed contributions is mainly due to Member States without voting right in the last 5 years and with significant assessed contribution receivables. The decrease in net voluntary contributions receivable during the year by €0.645 million, is primarily due to the increase in the collection in 2022 of a number of contributions pledged and accepted in 2022 and prior years. The amount of extrabudgetary voluntary contributions receivable is shown net of €2.966 million which represents advance allotment. The details of outstanding contributions by Member States and other donors provided in Annex A3.

NOTE 7: Non-Exchange receivable information

Allowance for doubtful debts

(expressed in euro '000s)

	2022						2021					
	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	21 764	2 500				24 264	18 295	3 469				21 764
Related to assessed contributions receivable	21 764	2 500				24 264	18 295	3 469	-	-	-	21 764
Voluntary contributions receivable												
Technical Cooperation Fund	26		2			28	24		2			26
Extrabudgetary	2				(2)	-	-		2			2
Related to voluntary contributions receivable	28		2		(2)	28	24	-	4	-	-	28
Other receivables												
Assessed programme costs	738		49			787	683	-	55			738
National Participation Costs												
Related to other receivables	738		49			787	683	-	55	-	-	738
Total related to receivables from non-exchange transactions	**22 530**	**2 500**	**51**	**-**	**(2)**	**25 079**	**19 002**	**3 469**	**59**	**-**	**-**	**22 530**

Ageing of receivables

(expressed in euro '000s)

	As at 31 December 2022					As at 31 December 2021				
		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	80 594	25 793	39 321	4 732	10 748	81 212	26 523	40 720	4 931	9 038
Working Capital Fund	24	-	24	-	-	30	-	27	-	3
Total assessed contributions receivable	80 618	25 793	39 345	4 732	10 748	81 242	26 523	40 747	4 931	9 041
Voluntary contributions receivable										
Extrabudgetary	9 005	8 677	234	94	-	9 435	4 902	1 802	2 731	-
Technical Cooperation Fund	2 959	1 077	1 671	153	58	3 174	1 049	1 658	411	56
Total voluntary contributions receivable	11 964	9 754	1 905	247	58	12 609	5 951	3 460	3 142	56
Other receivables										
Assessed programme costs	787	-	-	-	787	738	-	-	-	738
National participation costs	817	545	65	71	136	503	43	209	170	81
Safeguards agreements contributions	632	632								
Total other receivables	2 236	1 177	65	71	923	1 241	43	209	170	819
Total receivables from non-exchange transactions	**94 818**	**36 724**	**41 315**	**5 050**	**11 729**	**95 092**	**32 517**	**44 416**	**8 243**	**9 916**

Management of credit risk relating to non-exchange receivables

93. Assessed contributions comprise of the majority of the Agency's 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.

94. 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 WCF, voting rights may be reinstated by the General Conference. As at 31 December 2022, there are no receivables for which payment plans have been negotiated (€0.00 million as at 31 December 2021).

95. The status of outstanding contributions as at 31 December 2022 by Member States and other donors is provided in Annex A3.

NOTE 8: Accounts receivable from exchange transactions

	(expressed in euro '000s)	
	31-12-2022	31-12-2021
Accounts receivable – Value Added Tax refunds	5 666	5 748
Accounts receivable – income tax refunds	1 254	1 113
Accounts receivable – others	3 815	1 927
Allowance for doubtful debts	(48)	(200)
Total net accounts receivable from exchange transactions	**10 687**	**8 588**

96. All accounts receivable from exchange transactions as at 31 December 2022 and 2021 are current. Value added tax receivables consist of amounts of value added tax paid by the Agency on its purchases of goods and services which the Agency can recover.

97. The allowance for doubtful debts showed the following movements during 2022 and 2021:

	(expressed in euro '000s)	
	2022	2021
Opening balance as on 1 January	200	178
Doubtful debt expense during the year	12	56
Doubtful debt expense reversed	(164)	(34)
Closing balance as on 31 December	**48**	**200**

98. The ageing of the accounts receivable from exchange transactions was as follows:

	(expressed in euro '000s)	
	31-12-2022	**31-12-2021**
Outstanding for:		
Less than 1 year	9 780	5 317
1 – 3 years	694	3 152
3 – 5 years	75	166
More than 5 years	186	153
Gross carrying value	**10 735**	**8 788**

NOTE 9: Advances and prepayments

	(expressed in euro '000s)	
	31-12-2022	**31-12-2021**
Vienna International Centre common services	19 332	17 737
Other international organizations	246	266
Staff	7 955	7 030
Travel	930	263
Other	19 082	8 114
Total advances and prepayments	**47 545**	**33 410**
Advances and prepayments composition		
Current	38 940	25 374
Non-current	8 605	8 036
Total advances and prepayments	**47 545**	**33 410**

99. 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.

100. Staff advances primarily consist of advances pending settlement towards education grant and income taxes. The increase in travel advances reflects the return to normalcy following the release of COVID-19 restrictions.

101. Other advances relate to prepayments and deposits with suppliers.

NOTE 10: Inventory

	(expressed in euro '000s)	
	31-12-2022	**31-12-2021**
Project inventories in-transit to counterparts	27 516	33 234
LEU inventory	55 055	55 055
Safeguards spare parts and maintenance materials	413	413
Printing supplies	69	53
Total inventory	**83 053**	**88 755**

102. Inventory in transit marks a decrease of €5.718 million in comparison to 2021. The delivery of human resources capacity building activities was heavily affected during the COVID-19 pandemic, leading to a shift in focus towards procurement of equipment activities. The decrease in transfers to development counterparts and project inventories in-transit is a demonstration of post COVID-19 gradual return to normalcy in the delivery of technical assistance, with a more balanced focus between procurement of equipment and the delivery of human resources capacity building activities coupled with some delays in delivery to end-users as a result of global logistical challenges.

103. The Technical Cooperation Programme accounts for €27.382 million (99.5%) of the inventories in transit as at 31 December 2022, a 15.5% decrease from last year (€32.410 million (98%) in 2021). In 2022, donated inventory items amounting to € 1.360 million were received and delivered to recipient counterpart. In consideration of the fact that inventories which 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 €17.942 million (€ 9.794 million in 2021), of which €4.198 million relates to goods which have been in transit for more than 12 months with 50% allowance and €13.744 million relates to those which have been in transit for more than 24 months with 100% allowance. Out of the total project inventories in transit to counterparts, €2.486 million refer to COVID-19 related equipment and supplies.

104. LEU inventory refers to the stock of Low Enriched Uranium of the IAEA in the IAEA LEU Storage Facility which is located at the Ulba Metallurgical Plant in Oskemen, Kazakhstan. The IAEA LEU Storage Facility is under the responsibility of the Kazakh appropriate authorities for safety, security and safeguards. This LEU inventory consists of two different enrichment assays: 4.95% (calculated at €781.77 per kgU and totalling 63 128.13 kgU) and 1.6% (calculated at €196.07 per kgU and totalling 27 054.96 kgU). The spot prices as of 31 December 2022 were calculated at €2 217.79 per kgU and €551.84 per kgU, for enrichment assays of 4.95% and 1.6%, respectively. Hence, in 2022, the value of LEU inventory will continue to be reported at historical cost. The LEU is stored in 60 cylinders that are accounted in the inventory. The purpose of the IAEA LEU bank is to serve as a mechanism of last resort to back up the commercial market without distorting the market, in the event that a Member State's supply of LEU is disrupted and cannot be restored by commercial means and that such Member State fulfils the eligibility criteria.

105. 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 2022 was approximately €0.117 million (€0.115 million in 2021).

106. Total inventory expense for 2022 and 2021 was as follows:

(expressed in euro '000s)		
	2022	**2021**
Project inventories distributed to development counterparts	58 938	64 580
Safeguards spare parts and maintenance materials	67	65
Printing supplies	12	69
Change in allowance for inventory in transit	8 148	7 747
Total inventory expense	**67 165**	**72 461**

107. Expenses related to project inventories in-transit to counterparts are included in Transfers to development counterparts in the Statement of Financial Performance (refer to Note 31) and expenses related to printing supplies and Safeguards spare parts and maintenance materials are included in other operating expenses in the Statement of Financial Performance (refer to Note 35).

108. During 2022, the change in the allowance created for goods in-transit amounts to €8.148 million. There were impairments amounting to €0.067 million recorded in 2022 related to inventory that were reported as either lost or expired while in transit.

NOTE 11: Investment in common services entities

(expressed in euro '000s)		
	31-12-2022	**31-12-2021**
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 37.

NOTE 12: Property, plant and equipment

2022

(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 2022	401 077	4 928	39 420	82 898	64 062	1 479	2 937	31 147	**627 948**
Additions	4 096	269	5 285	1 730	5 071	233	44	15 066	**31 794**
Disposals	-	(132)	(5 322)	(5 630)	(1 484)	(54)	(149)	-	**(12 771)**
Other Adjustments	(51)	23	51	(19)	19	-	(23)	-	**-**
Assets under Construction Capitalized	24 511	-	2 504	161	4 652	-	-	(31 828)	**-**
Cost at 31 December 2022	**429 633**	**5 088**	**41 938**	**79 140**	**72 320**	**1 658**	**2 809**	**14 385**	**646 971**
Accumulated depreciation at 1 January 2022	199 828	3 504	33 145	66 102	40 093	1 250	2 708	-	**346 630**
Depreciation	12 271	249	4 160	4 474	4 245	122	91	-	**25 612**
Disposals	-	(114)	(5 320)	(5 610)	(1 439)	(54)	(149)	-	**(12 686)**
Other Adjustments	(10)	23	10	(19)	19	-	(23)	-	**-**
Accumulated depreciation at 31 December 2022	**212 089**	**3 662**	**31 995**	**64 947**	**42 918**	**1 318**	**2 627**	**-**	**359 556**
Accumulated impairment at 1 January 2022	5	-	2	49	5	-	-	-	**61**
Impairment	-	17	1	37	27	-	-	-	**82**
Disposals	-	(17)	(2)	(20)	(22)	-	-	-	**(61)**
Other Adjustments [a]	-	-	-	-	-	-	-	-	**-**
Accumulated impairment at 31 December 2022	**5**	**-**	**1**	**66**	**10**	**-**	**-**	**-**	**82**
Net carrying amount at 31 December 2022	**217 539**	**1 426**	**9 942**	**14 127**	**29 392**	**340**	**182**	**14 385**	**287 333**

[a] Includes impairment reversals

2021

(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 2021	396 989	4 873	39 186	83 811	59 202	1 476	3 135	26 236	**614 908**
Additions	4 046	103	2 054	2 419	4 930	111	51	6 107	**19 821**
Disposals	-	(48)	(2 087)	(3 875)	(494)	(108)	(130)	(134)	**(6 876)**
Other Adjustments	-	-	(61)	154	121	-	(119)	-	**95**
Assets under Construction Capitalized	42	-	328	389	303	-	-	(1 062)	-
Cost at 31 December 2021	**401 077**	**4 928**	**39 420**	**82 898**	**64 062**	**1 479**	**2 937**	**31 147**	**627 948**
Accumulated depreciation at 1 January 2021	188 511	3 301	30 829	65 410	36 535	1 232	2 952	-	**328 770**
Depreciation	11 317	251	4 388	4 592	3 662	113	91	-	**24 414**
Disposals	-	(48)	(2 073)	(3 865)	(456)	(95)	(130)	-	**(6 667)**
Other Adjustments	-	-	1	(35)	352	-	(205)	-	**113**
Accumulated depreciation at 31 December 2021	**199 828**	**3 504**	**33 145**	**66 102**	**40 093**	**1 250**	**2 708**	**-**	**346 630**
Accumulated impairment at 1 January 2021	5	-	14	-	5	-	-	-	**24**
Impairment	-	-	2	57	36	-	-	134	**229**
Disposals	-	-	(14)	(8)	(36)	-	-	(134)	**(192)**
Other Adjustments [a]	-	-	-	-	-	-	-	-	-
Accumulated impairment at 31 December 2021	**5**	**-**	**2**	**49**	**5**	**-**	**-**	**-**	**61**
Net carrying amount at 31 December 2021	**201 244**	**1 424**	**6 273**	**16 747**	**23 964**	**229**	**229**	**31 147**	**281 257**

[a] Includes impairment reversals

110. For the PP&E projects with a value greater than €0.500 million, their values and their status as completed or construction in progress (CIP) as at 31 December 2022 are as follows:

Completed in 2022

- *Renovation of the Nuclear Applications Laboratories (ReNuAL/ReNuAL+)* (*€44.532 million placed in service*) - ReNuAL and ReNuAL+ are part of a programme for modernisation of the Agency's Nuclear Applications Laboratories at Seibersdorf, collectively a €57.800 million capital project that is fully funded, one third from the Agency's Regular Budget and two thirds from Extrabudgetary sources. The project consists of the construction and commissioning of the Insect Pest Control Laboratory (IPCL) and the Flexible Modular Laboratory (FML), which was later renamed to Yukiya Amano Laboratories (YAL), as well as the upgrade to the overall site infrastructure to service these new buildings and the purchase of urgently needed new equipment. The Dosimetry Bunker to support the new Linear Accelerator and the IPCL was completed and fully placed in service in July 2019 and October 2019, respectively. The final fit-out for the YAL was completed and the acceptance of the building, which was linked to the Energy Centre, occurred in April 2022. The main infrastructure required to service the new ReNuAL buildings is now all complete (€22.800 million CIP and €21.517 million placed in service in 2021).

- *Energy Centre (€5.531 million placed in service)*. The Energy Centre that services the environmental condition needs for both the IPCL and the YAL is a €5.933 million capital project that is fully funded, 62% of which is from the ReNuAL project while the other 38% is from the Department of MT. Phase I of the project was completed and placed in service in October 2019. The construction work on Phase 2 was completed and after rectification of defects, the acceptance of the building occurred in April 2022 together with YAL (€1.466 million CIP and €4.280 million placed in service in 2021).

Construction in progress

- *Renovation of the Nuclear Applications Laboratories 2 (ReNuAL2) (€3.275 million CIP).* ReNuAL2 is a continuation of the ReNuAL and ReNuAL+ programme for modernisation of the Agency's Nuclear Applications Laboratories at Seibersdorf. ReNuAL and ReNuAL+ provided new buildings for four of the eight NA laboratories in Seibersdorf and an enhanced capability through provision of a Linear Accelerator facility for the Dosimetry Laboratory. ReNuAL2 will consist of the construction and commissioning of a new FML2 building, for the remaining three laboratories, namely, the Plant Breeding and Genetics Laboratory (PBGL), the Nuclear Science and Instrumentation Laboratory (NSIL), and the Terrestrial Environment Radiochemistry Laboratory (TERC Laboratory) and will provide a refurbished and enhanced space for the Dosimetry Laboratory in the existing Nuclear Applications building. The project also includes new greenhouses to replace the existing ones as well as any upgrade to the site infrastructure to service these new buildings. ReNuAL2 will be a €34.500 million capital project, depending on the split between the Agency's Regular Budget and Extrabudgetary sources (€1.586 million CIP in 2021).

- *Multipurpose Building (MPB) (€9.146 million CIP).* The Multipurpose Building is a project to construct a building to contain a Nuclear Security Training and Demonstration Centre, a new cafeteria as well as a visitor's welcome point at the IAEA's Laboratories in Seibersdorf, Austria. The Centre will provide a dedicated facility with a purpose-built demonstration command centre that will greatly enhance the Agency's ability to support Member States seeking to address nuclear security concerns. A new cafeteria will provide for the current and growing number of staff, trainees and visitors on site. The visitors' welcome point will serve as the central access point for visitors. MPB will be a €9.800 million capital project, depending on the split between the Agency's Regular Budget and Extrabudgetary sources (€1.997 million CIP in 2021).

- *Japan Mixed Oxide Fuel Fabrication Plant (JMOX) (€0.869 million CIP).* 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 additional significant development activity took place on this project between 2013 and 2022 due to uncertainties about the deadline for construction and commissioning of the facility. The end of construction is still scheduled in 2024 although further delays might be expected. However, some development, manufacturing, testing and installation of equipment and software are necessary in order to have all safeguards systems available for use in the facility (€0.869 million CIP since 2013).

111. In 2022, the results of the physical verification of assets recorded in AIPS show that 95.89% of the total Agency-owned assets in the SG asset register were verified while 79.75% of those related to the other departments were verified. The verification exercise for the remaining unverified assets in the MT asset register will continue in 2023. In addition, impairments due to damage, obsolescence or loss were recognized. The total impairment loss for 2022 amounted to €0.083 million (€0.229 million in 2021).

112. Efforts to dispose of old inactive equipment which were fully depreciated continued, resulting in the retirement of assets with an aggregate original cost of €11.777 million this year. The gross value of fully depreciated items of property, plant and equipment which remain in use as of 31 December 2022, including components of the VIC building, amounted to €105.163 million (€97.378 million in 2021).

113. Contributions in kind of specialized laboratory equipment (Gamma Beam Irradiator) amounting to €0.086 million was received in 2022 related to a partnership agreement consummated with a non-traditional donor in 2020. The equipment is to be used in radiation protection level calibration of different types of dosimeters, reference irradiations of personal dosimeters, irradiation of reference dosimeters for audit services, calibration of survey instruments and for the training of visiting scientists and trainees of the Agency. This equipment was installed, and acceptance tests and training were completed in August 2022.

NOTE 13: Intangible assets

2022

	(expressed in euro '000s)			
	Computer Software Purchased	Computer Software Internally Developed	Intangible Assets Under Development	Total Intangible Assets
Cost at 1 January 2022	20 058	106 447	9 573	**136 078**
Additions	1 306	3 925	6 045	**11 276**
Disposals	(3 698)	(3 678)	-	**(7 376)**
Assets under Construction Capitalized	660	4 875	(5 535)	**-**
Cost at 31 December 2022	**18 326**	**111 569**	**10 083**	**139 978**
Accumulated amortization at 1 January 2022	14 551	67 523	-	**82 074**
Amortization	1 953	14 152	-	**16 105**
Disposal	(3 698)	(3 439)	-	**(7 137)**
Accumulated amortization at 31 December 2022	**12 806**	**78 236**	**-**	**91 042**
Accumulated impairment at 1 January 2022	-	239	-	**239**
Impairment	-	-	-	-
Disposals	-	(239)	-	**(239)**
Accumulated impairment at 31 December 2022	-	-	**-**	**-**
Net carrying amount at 31 December 2022	**5 520**	**33 333**	**10 083**	**48 936**

2021

	(expressed in euro '000s)			
	Computer Software Purchased	Computer Software Internally Developed	Intangible Assets Under Development	Total Intangible Assets
Cost at 1 January 2021	18 101	100 930	8 205	**127 236**
Additions	1 116	3 770	5 544	**10 430**
Disposals	(963)	(643)	-	**(1 606)**
Other Adjustments	18	-	-	**18**
Assets under Construction Capitalized	1 786	2 390	(4 176)	**-**
Cost at 31 December 2021	**20 058**	**106 447**	**9 573**	**136 078**
Accumulated amortization at 1 January 2021	13 386	55 047	-	**68 433**
Amortization	2 125	13 119	-	**15 244**
Disposal	(962)	(643)	-	**(1 605)**
Other Adjustments	2	-	-	**2**
Accumulated amortization at 31 December 2021	**14 551**	**67 523**	**-**	**82 074**
Accumulated impairment at 1 January 2021	-	-	-	**-**
Impairment	1	239	-	**240**
Disposals	(1)	-	-	**(1)**
Accumulated impairment at 31 December 2021	**-**	**239**	**-**	**239**
Net carrying amount at 31 December 2021	**5 507**	**38 685**	**9 573**	**53 765**

114. Software developed under the MOSAIC programme represents the most material portion of the Agency's Intangible assets. MOSAIC is a multi-phased project to upgrade and optimize the IT systems and infrastructure that support the activities of the Department of Safeguards. The aim of these systems is to improve the quality and efficiency of verification activities in the Department of Safeguards. The first phase, consisting of the transfer of mainframe applications, was completed during 2014-2015. Since 2015, the Agency has been further enhancing existing and introducing new tools and applications, to make the data and information more readily available and improve support to users. The MOSAIC programme was completed in 2018. During 2022, there were fifteen enhancements to the MOSAIC project, one thereof with a value over €0.500 million which refers to the new phase of the Upgrade to Safeguards Field Reporting and Evaluation (SAFIRE) was completed this year.

115. Other projects with a value greater than €0.500 million, their cumulative costs and their completion status (complete, partly complete or construction in progress (CIP) as at 31 December 2022 are as follows:

Completed in 2022

- *AIPS eBS Upgrade* (*€1.626 million*). Agency-wide Information System for Programme Support (AIPS) is the Agency's enterprise and resource planning system. It was first implemented in 2011 and added to since then via four distinct plateaus. The base technology for the system is a hybrid of on-premises, bespoke, and cloud applications. The on-premises system utilizes Oracle eBusiness Suite (eBS) or other third-party systems which are certified by Oracle. This project upgraded three underlying technologies over a period of two years from 2021 to 2022, first the operating system in 2021, then the eBS itself and the underlying database in 2022.

- *MTIT - Hyperion Upgrade (Phase II) (€0.993 million*). This project aims to upgrade and reimplement Oracle Enterprise Performance Management (EPM) on-premises Hyperion Planning to the Oracle EPM in the Cloud (Planning and Budgeting Cloud Service). The project goal is to deliver the new supported version of the product, replace the heavily customized solution, and simplify Hyperion related processes.

- *Upgrade to Safeguards Field Reporting and Evaluation (SAFIRE) (€0.950 million).* SAFIRE provides safeguards inspectors with a single and secure software application supporting the planning, reporting and evaluation of verification activities in the field and in the Integrated Safeguards Environment (ISE). SAFIRE provides off-line reporting of verification activities allowing inspectors to complete and share a verification report while in the field which securely synchronizes with the highly protected ISE environment at the Agency's Headquarter. SAFIRE also introduced a role-based dashboard to monitor verification processes at an operational and management level.

- *Safeguards Equipment Management System Service Management Tool (SEQUOIA SMT) (€0.816 million)*. This is an enterprise level service management tool for the Division of Technical and Scientific Services (SGTS) which aims to enhance service experience, helps increase productivity in handling equipment requests, allows better management of equipment related incidents and problems, streamlines equipment service requests, and builds a knowledge base of similar incidents for faster resolution of issues. Moreover, the SMT is integrated with existing SG systems like SEQUOIA and Outlook.

- *Incident and Emergency Centre (IEC) Portfolio 2022 (€0.538 million).* The IEC program facilitates the ongoing enhancement and development of the systems responsible for supporting the Agency's incident and emergency response activities.

Construction in Progress

- *Centralized Automated System for Correlated Analysis and Data Evaluation (CASCADE) (€2.230 million CIP)*. This project relates to the development of an information technology product which aims to boost the Safeguards business functions related to the SG core process called S1 Implementation Support and its sub-process called S1.1 Equipment and Technical Support which is providing equipment to perform in-field verification activities. This will be an integrated tool which will help inspectors in performing data review and verification tasks. It covers all stages of nuclear equipment, electronic seals and image data processing, analysis, evaluation, verification, and reporting of corresponding facility operator data, with the purpose of supporting operator declaration verification and related reporting on SG verification activities, providing an end-to-end view of the process, and achieving the required level of data integration. In 2022, the Next Generation Surveillance System (NGSR) has been approved for in-field use, and the Integrated Review and Analysis Package (IRAP) configuration has been finalised for Tokai facilities in Japan to analyse data acquired through unattended monitoring systems. IRAP will allow qualitative analysis of Fork Detector (FDET) data on spent fuel storages.

- *State Level Approach (SLA) Improvement IT Project (€1.999 million CIP)*. This project supports the objectives of the SLA Consolidation Project which spans over two applications, the State-Level Data Configurator (SLDC) and the Safeguards Effectiveness Evaluation Information System (SEEIS). SLDC supports strategic and mid-term planning processes of Safeguards activities, handling of anomalies and follow-up actions in a single system; and supports the work of country officers and operations managers. SEEIS aids the effectiveness of the evaluation of verification activities by assisting the comparison of performed verification activities to those planned, as documented in the Annual Implementation Plans (AIP). In 2022, this project includes the capability to automatically generate the SLA document based on the most recent SLA template. Quality Check (QC) rules were implemented to check the consistency between SLA and AIP. Moreover, automatic derivation rules were used to reinforce the consistency between the Acquisition Path Analysis (APA) and SLA.

- *The Hana Smart Management System (€1.336 million CIP)*. This is an efficient, easy-to-use smart document management system for Safeguards. Key benefits include document repository with intuitive user interface; customizable approval workflows; electronic signing of documents; and integration with Archives and Records Management Section (ARMS) and SG applications. In 2022, the first document workflow solution for tracking Quality Management System (QMS) controlled documents was successfully delivered and increased the efficiency of staff in creating, reviewing, and searching for QMS controlled documents.

- *Application Data Integration Implementation Project (ADII) 2021 (€0.501 million)*. This project intends to provide an enterprise data integration architecture to improve data security, availability, and integrity. Moreover, this project continues the build out of the Common Integration Model (CIM) and validated the real-time integration architecture.

116. The total net value of intangible assets decreased by €4.829 million due to a high level of amortization expense which more than offsets additions during the year.

117. There were 35 new projects initiated in 2022, with aggregate costs amounting to €5.086 million (29 projects amounting to €5.473 million in 2021). Of these 35 projects, 22 with aggregate costs of €3.895 million were completed, while the other 13 projects remain as construction in progress. Of the 25 internally developed projects initiated prior to 2022, 4 were retired and 12 were completed, leaving 9 projects as construction in progress. Therefore, a total of 22 projects constituting intangible assets under development as at 31 December 2022 will continue in 2023.

118. No internally developed intangible asset was impaired in 2022.

NOTE 14: Accounts payable

	(expressed in euro '000s)	
	31-12-2022	**31-12-2021**
Accruals	23 659	18 834
Staff	422	174
Other payables	3 811	6 950
Total accounts payables	**27 892**	**25 958**

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

120. 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)	
	31-12-2022	31-12-2021
Contributions received in advance	82 715	85 720
Extrabudgetary contributions transferred subject to conditions	50 334	46 168
Other	961	775
Premises deferred	109 701	114 991
Total deferred revenue	**243 711**	**247 654**
Deferred revenue composition		
Current	99 299	103 371
Non-current	144 412	144 283
Total deferred revenue	**243 711**	**247 654**

121. Deferred revenue pertaining to the use of the VIC buildings recognizes that the Austrian Government leased to the Agency the original buildings for a nominal rental and contributed 50% of the cost of leasehold improvements. In return, the Agency 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 37.

122. 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 decreased in 2022 by €3.005 million.

123. At the end of 2022, contributions received subject to conditions increased by €4.166 million. Out of the total balance of contributions received subject to conditions, 28.2% was received from non-Member State donors. These contributions will be recognized as revenue, as and when the conditions are satisfied. The portion of these voluntary contributions that are expected to be reclassified as revenue in the next twelve months, totalling €16.16 million, have been classified as current. Final and progress reports for these contributions are expected to be submitted during 2023, and the respective revenue recognition will be based on the approval of such reports by the donor.

124. Details of contributions received in advance and extrabudgetary contributions transferred subject to conditions as of 31 December 2022 are provided in Annex A4.

NOTE 16: Employee benefits liabilities

	(expressed in euro '000s)	
	31-12-2022	31-12-2021
After-Service Health Insurance	360 880	320 334
Post-employment repatriation and separation entitlements	57 480	64 277
Annual leave	34 042	34 171
Health Insurance Premium reserve account - staff contributions	2 440	1 989
Other staff costs	2 198	2 299
Total staff related liabilities	**457 040**	**423 070**
Composition of employee benefits liabilities		
Current	24 040	20 829
Non-current	433 000	402 241
Total employee benefits liabilities	**457 040**	**423 070**

125. Liabilities for After-Service Health Insurance (ASHI) and post-employment repatriation and separation entitlements have been recognized on the basis of actuarial valuation. These liabilities have increased during the year, primarily due to changes in the actuarial assumptions (more details are provided in Note 17).

126. Liabilities for annual leave have been calculated based upon the actual number of unused leave days as at year end. The decrease of the liabilities for staff annual leave by 0.38% is the result of an effective management of annual leave days whereby employees were encouraged to utilize their leave days. Other factors include global developments such as the continued lift of travel restrictions in 2022.

127. The staff contributions towards the Health Insurance Premium reserve account represent the employee's share of the funds held related to health insurance premiums. The account balance increased during 2022 due to lower actual payments remitted to CIGNA in respect of SMIP members by 13.07%.

128. Liabilities for other staff costs as at 31 December 2022 consisted mainly of home leave accruals amounting to €1.584 million (€1.711 million as at 31 December 2021) and accruals for compensatory time-off amounting to €0.482 million (€0.455 million as at 31 December 2021).

129. As at 31 December 2022, the ASHI and post-employment repatriation benefit obligations, as well as the annual leave liability, were almost entirely unfunded3. Nearly all of these liabilities, which total €452.402 million at 31 December 2022 relate to the Regular Budget Fund. The unfunded status of these liabilities negatively impacts this Fund such that the total equity remains negative as at 31 December 2022.

[3] Except for positions funded through extrabudgetary contributions for which 4% charge is applied to the salary expenditures since July 2021. This charge has been established to fund the ASHI Extrabudgetary Sub-Fund.

NOTE 17: Post-employment related plans

130. Post-employment related benefits include ASHI and post-employment repatriation and separation benefits.

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

132. Other post-employment entitlements are those that staff members of the Agency are eligible to receive on separation from service with 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

133. Liabilities arising from ASHI, repatriation and separation benefits are determined with assistance from professional actuaries.

134. The following assumptions and methods have been used to determine the value of post-employment and other separation-related employee benefits liabilities for the Agency as at 31 December 2022:

Parameter	31-12-2022	31-12-2021
Discount rate	ASHI: 3.66% Other post-employment entitlements: repatriation entitlements 3.72%; End of Service allowance 3.77% Market yields on high quality euro corporate bonds at the reporting date (estimated duration: ASHI: 20.4 years; Other post-employment entitlements: 6.3 to 8.6 years depending on entitlement)	ASHI: 1.28% Other post-employment entitlements: repatriation entitlements 0.60%; End of Service allowance 0.77% Market yields on high quality euro corporate bonds at the reporting date (estimated duration: ASHI: 23.7 years; Other post-employment entitlements: 6.3 to 8.6 years depending on entitlement)
Expected rate of salary increase	**Professional and Higher Staff** 4.27% for ASHI, 4.07% for other post-employment **General Staff** 3.73%	**Professional and Higher Staff** 2.70% for ASHI, 3.00% for other post-employment **General Staff** 3.07%
Expected rate of medical cost increase	3.07%-4.15% (range for the various insurance plans)	3.07% – 3.75% (range for the various insurance plans)
Expected rate of travel costs increase	2.60%	2.20%
Expected rate of shipping cost increase	2.60%	2.20%

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

ASHI	(expressed in euro '000s) 31-12-2022	31-12-2021
Movement in defined benefit obligation		
Opening defined benefit obligation	320 334	346 347
Expense for the period		
Current service cost	12 293	13 972
Interest cost	4 072	2512
Benefits paid	(4 140)	(3 651)
Transfers in/out	28	208
Actuarial losses/(gains) recognized in net assets:		
Actuarial (Gain)/Loss due to Experience Adjustments	825	(3 749)
Actuarial (Gain)/Loss due to Demographic Assumption Changes	126 850	(22 169)
Actuarial (Gain)/Loss due to Financial Assumption Changes	(99 382)	(13 135)
Closing defined benefit obligation	**360 880**	**320 334**

Other Post-employment benefits	(expressed in euro '000s) 31-12-2022	31-12-2021
Movement in defined benefit obligation		
Opening defined benefit obligation	64 277	63 116
Expense for the period		
Current service cost	6 940	6 837
Interest cost	389	125
Past service cost		
Benefits paid	(6 694)	(5 215)
Transfers in/out	(71)	109
Actuarial losses/(gains) recognized in net assets:		
Actuarial (Gain)/Loss due to Experience Adjustments	1 404	1 096
Actuarial (Gain)/Loss due to Demographic Assumption Changes	-	-
Actuarial (Gain)/Loss due to Financial Assumption Changes	(8 765)	(1 790)
Closing defined benefit obligation	**57 480**	**64 277**
of which		
Repatriation entitlements	32 130	33 727
End of Service Allowance	25 350	30 550
	57 480	**64 277**

136. Within the ASHI liability closing defined benefit obligation, €174.583 million represents the liability towards former staff members and their dependents (€134.520 million in 2021) and €186.298 million represents the accrual towards active staff and their dependents (€185.814 million in 2021).

137. 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.

138. The ASHI liability is highly sensitive to changes in financial assumptions. The increase of ASHI liability in 2022 by 12.6% is the result of a higher expected future medical inflation and a recommended change in the valuation basis from premiums to claims, partially offset by an increase in the discount rate.

139. As at 31 December 2022, the ASHI and post-employment repatriation benefit obligations were for the most part unfunded[4]. Therefore, the present value of funded obligations and the fair value of plan assets are nil.

Sensitivity analysis

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

Impact of change in assumptions	Change	(expressed in euro '000s) After-Service Health Insurance	Other post-employment benefits
Effect of discount rate change on defined benefit obligation	+1%	(62 588)	(3 098)
	-1%	83 525	3 499
Effect of salary increase rate change on defined benefit obligation	+1%	(2 967)	3 202
	-1%	3 802	(2 871)
Effect of turnover rate change on defined benefit obligation	+1%	(6 240)	399
	-1%	6 864	(441)
Effect of changes in full retirement age on defined benefit obligation	+1 year	(1 322)	(908)
	-1 year	1 588	749
	Full retirement at 65	(3 943)	(1 432)
Effect of change in expected rate of medical costs increase on: *current service cost component of liability	+1%	4 910	n/a
	-1%	(3 397)	n/a
*interest cost component of liability	+1%	1 058	n/a
	-1%	(790)	n/a
*total defined benefit obligation	+1%	80 049	n/a
	-1%	(61 417)	n/a
Effect of changes in life expectancy on defined benefit obligation	+1 year	16 607	n/a
	-1 year	(16 575)	n/a
Effect of changes in shipping and travel costs on total defined benefit obligation	+1%	n/a	395
	-1%	n/a	(363)

[4] Except for positions funded through extrabudgetary contributions for which 4% charge is applied to the salary expenditures since July 2021. This charge has been established to fund the ASHI Extrabudgetary Sub-Fund.

141. The above sensitivity analyses are based on a change in one assumption while holding all other assumptions constant. In practice, this is unlikely to occur as changes in some of the assumptions may be correlated.

142. When calculating the sensitivity of the Defined Benefit Obligation (DBO) to significant assumptions, the same method has been applied as when calculating the pension liability recognized in the statement of financial position. There have been no changes from the previous period in the methods or assumption adjustments used in preparing the sensitivity analyses.

143. The sensitivity on life expectancy is calculated by adjusting the underlying mortality rates such that the life expectancy for a pensioner aged 65 at the date of the valuation would increase (or decrease) by one year.

144. The Agency's best estimate of benefits payments expected to be made for the next 12 months for ASHI plans is €7.387 million, and for post-employment repatriation and separation entitlements is €9.082 million.

145. The post-employment benefits 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.

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

After-service health insurance

	(expressed in euro '000s)				
	2022	**2021**	**2020**	**2019**	**2018**
Defined benefit obligation	360 880	320 334	346 347	306 483	222 121
Plan assets at fair value	-	-	-	-	-
Surplus/(deficit)	(360 880)	(320 334)	(346 347)	(306 483)	(222 121)
Remeasurement losses/(gains) due to experience adjustments	825	(3 749)	2 662	294	(451)
Remeasurement due to experience adjustments as a percentage of defined benefit obligation	0.23%	-1.17%	0.77%	0.10%	-0.20%

Other post-employment benefits

	(expressed in euro '000s)				
	2022	**2021**	**2020**	**2019**	**2018**
Defined benefit obligation	57 480	64 277	63 116	59 640	54 649
Plan assets at fair value	-	-	-	-	-
Surplus/(deficit)	(57 480)	(64 277)	(63 116)	(59 640)	(54 649)
Remeasurement losses/(gains) due to experience adjustments	1 404	1 096	(2 233)	166	1 277
Remeasurement due to experience adjustments as a percentage of defined benefit obligation	2.44%	1.71%	-3.54%	0.28%	2%

United Nations Joint Staff Pension Fund

147. The 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 Fund will be sufficient to meet its liabilities.

148. The Agency's financial obligation to the Fund 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 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.

149. The latest actuarial valuation for the Fund was completed as of 31 December 2021, and a roll forward of the participation data as of 31 December 2021 to 31 December 2022 will be used by the Fund for its 2022 financial statements.

150. The actuarial valuation as of 31 December 2021 resulted in a funded ratio of actuarial assets to actuarial liabilities of 117.0% (107.1% in the 2019 valuation). The funded ratio was 158.2% (144.4 % in the 2019 valuation) when the current system of pension adjustments was not taken into account.

151. After assessing the actuarial sufficiency of the Fund, the Consulting Actuary concluded that there was no requirement, as of 31 December 2021, 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 plan. 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.

152. Should Article 26 be invoked due to an actuarial deficiency, either during the ongoing operation or due to the termination of the Fund, deficiency payments required from each member organization would be based upon the proportion of that member organization's contributions to the total contributions paid to the Fund during the three years preceding the valuation date. Total contributions paid to the Fund during the preceding three years (2019, 2020 and 2021) amounted to US $8,505.27 million, of which 2.83% was contributed by the Agency.

153. During 2022, contributions paid to the Fund amounted to €79.768 million (€70.446 million in 2021). Expected contributions due in 2023 are approximately €82.413 million.

154. Membership of the Fund may be terminated by decision of the United Nations General Assembly, upon the affirmative recommendation of the Pension Board. A proportionate share of the total assets of the Fund at the date of termination shall be paid to the former member organization for the exclusive benefit of its staff who were participants in the Fund at that date, pursuant to an arrangement mutually agreed between the organization and the Fund. The amount is determined by the United Nations Joint Staff Pension Board based on an actuarial valuation of the assets and liabilities of the Fund on the date of termination; no part of the assets which are in excess of the liabilities are included in the amount.

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

NOTE 18: Other financial liabilities

	(expressed in euro '000s)	
	31-12-2022	**31-12-2021**
Deposits received	304	304
Others	332	191
Total financial liabilities	**636**	**495**
Composition of financial liabilities		
Current	332	191
Non-current	304	304
Total financial liabilities	**636**	**495**

156. As at 31 December 2022, non-current liabilities of €0.304 million is related to funds deposited by FAO to meet costs incurred by the Agency on behalf of the Joint FAO/IAEA Division, while 'Others' consisted primarily of cash received for which the purpose has not yet been identified.

NOTE 19: Provisions

	(expressed in euro '000s)	
	31-12-2022	**31-12-2021**
Provision for ILOAT cases	254	259
Provision for asset disposal and site restoration	1 218	1 218
Other provisions	11	11
Total provisions	**1 483**	**1 488**
Composition of provisions		
Current	265	270
Non-current	1 218	1 218
Total provisions	**1 483**	**1 488**

157. As at 31 December 2022, there were appeal cases against the Agency with the International Labour Organization Administrative Tribunal (ILOAT) relating to claims of current or former staff members, for which a provision has been recorded amounting to €0.254 million. The provision also includes other cases which are still under consideration by the ILOAT, and it is deemed probable that they will be decided in favor of current or former staff members.

158. Provisions for asset disposal relate to the estimated costs for disposal of laboratory glove boxes in the new Nuclear Material Laboratory (NML) in Seibersdorf at the end of the useful life of the glove boxes (€1.218 million).

NOTE 20: Movement in fund balances

(expressed in euro'000s)

	Regular Budget Fund and Working Capital Fund b/		Major Capital Investment Fund		Technical Cooperation Fund		Technical Cooperation Extrabudgetary Programme Fund		Extrabudgetary Programme Fund b/		Low Enriched Uranium Bank		Trust Funds, Reserve Funds and Special Funds		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Opening Balance	(23 725)	(11 319)	23 763	22 863	116 772	110 326	57 955	50 646	341 374	321 960	88 483	88 110	1 175	1 147	605 797	583 733
Transfers to / (from) fund balances	40 528	5 914	(6 388)	(3 073)	(1 807)	(12 037)	(7 758)	1 596	(28 082)	(32 091)	(8 824)	(19 704)	(9)	29	(12 340)	(59 366)
Net surplus/ (deficit)	(35 434)	(18 320)	2 283	3 973	3 852	18 483	20 063	5 713	27 864	51 505	(737)	20 077	(27)	(1)	17 864	81 430
Closing balance	(18 631)	(23 725)	19 658	23 763	118 817	116 772	70 260	57 955	341 156	341 374	78 922	88 483	1 139	1 175	611 321	605 797
Included in fund balances are individual funds with specific purposes:																
Working Capital Fund	15 193	15 193	-	-	-	-	-	-	-	-	-	-	-	-	15 193	15 193
Nuclear Security Fund	-	-	-	-	-	-	-	-	103 951	110 367	-	-	-	-	103 951	110 367
Programme Support Cost Sub-fund	-	-	-	-	-	-	-	-	541	884	-	-	-	-	541	884
Research Institute Trust Fund	-	-	-	-	-	-	-	-	-	-	-	-	441	414	441	414
Equipment Replacement Fund	-	-	-	-	-	-	-	-	-	-	-	-	703	764	703	764

159. The WCF 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 WCF 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.

160. 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).

161. 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.

162. 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).

163. The Equipment Replacement Fund was established as approved by the Board of Governors (GOV/2005/22) to upgrade or replace the Information and Communication Technology (ICT) infrastructure so that an appropriate level of ICT services can be delivered to support the Agency’s programmes.

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

(expressed in euro'000s)

	2022						2021					
	Opening Balance	Revenue a/	Transfers to/(from)	Expense	Net gains/ (losses)	Closing Balance	Opening Balance	Revenue a/	Transfers to/(from)	Expense	Net gains/ (losses)	Closing Balance
Working Capital Fund	15 193	-	-	-	-	15 193	15 189	-	-	-	4	15 193
Nuclear Security Fund	110 367	21 523	(647)	(27 207)	(85)	103 951	102 757	34 486	(13 700)	(14 034)	858	110 367
Programme Support Cost Sub-Fund	884	7 837	(2 550)	(5 495)	(135)	541	2 172	4 848	75	(6 054)	(157)	884
Research Institute Trust Fund	414	-	(11)	(26)	64	441	312	-	31	2	69	414
Equipment Replacement Fund	764	-	2	-	(63)	703	836	-	-	-	(72)	764

a/ Revenue includes contributions, interest, etc.

NOTE 22: Movements in reserves by fund group

(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	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Opening balance	(89 143)	(134 225)	3 182	2 047	51 842	40 017	9 056	11 232	40 361	19 607	(5)	(1)	9	37	15 302	(61 286)
Transfers to/(from)	(33 781)	45 082	3 030	1 135	1 569	11 825	5 621	(2 176)	2 498	20 754	175	(4)	8	(28)	(20 880)	76 588
Closing balance	(122 924)	(89 143)	6 212	3 182	53 411	51 842	14 677	9 056	42 859	40 361	170	(5)	17	9	(5 578)	15 302
Movements in reserves comprise:																
Health insurance premium reserve opening balance	2 925	1 459													2 925	1 459
Transfers to/(from)	336	1 466													336	1 466
Health Insurance premium reserve closing balance	3 261	2 925													3 261	2 925
Commitments opening balance	35 435	19 720	3 234	2 124	51 842	40 017	9 065	11 241	39 861	20 006	(1)	3	9	37	139 445	93 148
Transfers to/(from)	(17 671)	15 715	3 040	1 110	1 569	11 825	5 621	(2 176)	2 685	19 855	175	(4)	8	(28)	(4 573)	46 297
Commitments closing balance	17 764	35 435	6 274	3 234	53 411	51 842	14 686	9 065	42 546	39 861	174	(1)	17	9	134 872	139 445
Cash surplus/(deficit) reserve opening balance	53	53													53	53
Transfers to/(from)	12	12													12	12
Credit to Member States	(40)	(12)													(40)	(12)
Cash surplus/(deficit) reserve closing balance	25	53													25	53
Post employment related plans revaluation reserve opening balance	(127 556)	(166 379)	(52)	(77)			(9)	(9)	500	(399)	(4)	(4)			(127 121)	(166 868)
Actuarial gains/(losses) recognized through equity	(20 735)	38 823	(10)	25			-	-	(187)	899	-	-			(20 932)	39 747
Reserve for actuarial gains/losses on employee benefit liabilities closing balance	(148 291)	(127 556)	(62)	(52)			(9)	(9)	313	500	(4)	(4)			(148 053)	(127 121)
Reserve for carry-over of unobligated appropriations opening balance	-	10 922													-	10 922
Transfers to/(from)	4 317	(10 922)													4 317	(10 922)
Reserve for carry-over of unobligated appropriations closing balance	4 317	-													4 317	-

164. The reserves decreased by €20.880 million in 2022 primarily due to a decrease in actuarial gains on employee benefits liabilities.

165. The health insurance premium reserve represents the Agency's share of the funds related to health insurance premiums. In February 2021, the Agency received an amount of €4.343 million from CIGNA as savings due to reduced claim experience, which was recorded as an increase in the health insurance premium reserve and was used for the premium payments of January and February 2021. The residual amount of €0.568 million remains in the Agency's health insurance premium reserve.

166. Commitments represent committed funds for open contracts for goods and services which have not been received by the Agency. During 2022, such future commitments decreased by €4.572 million (€46.297 million increase in 2021). This decrease is shown as a transfer to Fund balances from the reserves. It should be noted that the Technical Cooperation Fund balance includes balances pertaining to purchase requisitions for goods and services which have not yet been implemented into a contract.

167. The cash surplus reserve opening balances represent the accumulated cash surplus for prior years amounting to €0.025 million.

168. 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 benefits liabilities represents the balance of actuarial gains or losses relating to the ASHI and post-employment repatriation and separation benefit obligations. During 2022, a total of €20.932 million actuarial loss (€39.747 million on actuarial gain 2021) was recorded (refer to Note 17). This actuarial loss is mainly due to a recommended change in the valuation basis from premiums to claims and higher inflation rate, partially offset by an increase of the discount rate.

NOTE 23: Assessed contributions

	(expressed in euro '000s)	
	2022	2021
Operational Assessment	383 455	372 892
Capital Assessment	6 094	6 196
Total assessed contributions	**389 549**	**379 088**

169. In accordance with Article XIVD 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.

170. Details of assessed contributions by Member State and other donors are provided in Annex A2.

NOTE 24: Voluntary contributions

	(expressed in euro '000s)	
	2022	**2021**
Voluntary monetary contributions		
Technical Cooperation Fund	89 878	86 391
Technical Cooperation Fund Extrabudgetary Fund	37 234	24 549
Extrabudgetary Programme Fund	115 251	101 882
Extrabudgetary contributions LEU Bank	-	20 000
Total voluntary monetary contributions	**242 363**	**232 822**
Voluntary in-kind contributions		
Lease of premises - Building VIC	6 650	6 654
Lease of premises - building other	1 371	1 403
Lease of premises - land VIC	1 367	1 240
Lease of premises - land other	483	415
Equipment/Inventories for counterparts	1 449	50
Total voluntary in-kind contributions	**11 320**	**9 762**
Total voluntary contributions	**253 683**	**242 584**

171. Voluntary contributions consist of monetary and in-kind contributions. Details of voluntary monetary contributions by Member State and other donors are provided in Annex A2.

172. The above amounts do not reflect the impact of the refunds and transfers of unused portions of extrabudgetary contributions to donors for voluntary contributions for which revenue was recognized in prior years and credits related to prior years' National Participation Costs. During 2022 and 2021, such refunds and transfers amounted to €12.143 million and €23.252 million, respectively. In accordance with the Agency's accounting policy for such refunds, these amounts were recognized as direct adjustments to equity. Revenue related to the IAEA LEU bank recognized in 2021 (€20 million), reflects acceptance of the final report by the donor for funds received previously.

173. In-kind contributions primarily comprise of the use of the Vienna International Centre (VIC) as a donated asset (€8.017 million) as well as the donated right to use the land, buildings and related utilities in Agency's other locations including Seibersdorf, Monaco and Fukushima (€1.854 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, plus additional leasehold improvements financed by the Austrian Government. It also includes the Agency's portion of the notional rental charge for the land on which the VIC sits.

174. Other in-kind contributions received by the Agency include goods that qualify as PP&E, intangibles and project inventories for counterparts. In 2022, the Agency received donations of equipment amounting to €1.449 million. Revenue is recognized for these contributions if the cost of the donated goods can be reliably measured, and the goods have been transferred under the control of the Agency.

175. 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. Of particular noteworthy are the support services for the initial five years of the Linear Accelerator donated for the ReNuAL project which commenced in 2019 (refer to Note 12). 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 related 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)	
	2022	2021
National Participation Cost	4 310	178
Safeguards agreements	1 264	1 143
Other Contributions	78	478
Total other contributions	**5 652**	**1 799**

176. Revenue from NPCs is recognized when projects comprising the Technical Cooperation national programme have been approved by the TACC and amounts become due to the Agency, usually 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, 2022, being the first year of the biennium, had higher NPC revenue compared to 2021.

177. Revenue from Safeguards agreements reflects amounts recoverable in the Regular Budget under certain safeguards agreements.

178. Other contributions represent the recognition of deferred revenue 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)	
	2022	2021
Revenue from sale of goods / use of entity's assets		
Publications	475	503
Laboratory reference materials	282	298
	757	**801**
Revenue from jointly financed services		
Medical	911	908
Printing	359	409
	1 270	**1 317**
Other miscellaneous revenue	226	262
Total revenue from exchange transactions	**2 253**	**2 380**

179. Revenue from publications includes €0.424 million relating to the use of Agency's assets by other parties, specifically derived from the publication and distribution of the Nuclear Fusion Journal.

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

181. Other miscellaneous revenue includes revenue from translation and other services, as well as sundry credits.

NOTE 27: Investment revenue

	(expressed in euro '000s)	
	2022	2021
Term deposits	2 121	364
Call accounts and others	204	473
Total investment revenue	**2 325**	**837**

182. The increase of € 1.488 million (or 177.8%) in the total investment revenue was mainly the result of higher interest earned on term deposits during 2022 in comparison to 2021. Both the Federal Reserve System (FED) and the European Central Bank (ECB) started to aggressively increase interest rates in 2022 to lower the highest inflation rates in decades.

183. Statement VIIb provides details of the total investment revenue recognized in 2022 per Fund. These amounts are expected to be utilized in support of the activities of the respective funds.

NOTE 28: Salaries and employee benefits

	(expressed in euro '000s)	
	2022	**2021**
Professional staff		
Salaries	164 502	153 001
Common staff costs: contributions to UNJSPF and other pension schemes	41 875	35 508
Common staff costs: other	44 206	39 221
Total professional staff	**250 583**	**227 730**
General service staff		
Salaries	60 958	59 440
Common staff costs: contributions to UNJSPF and other pension schemes	12 272	11 984
Common staff costs: other	17 518	17 741
Total general service staff	**90 748**	**89 165**
Total salaries and employee benefits	**341 331**	**316 895**

184. Salaries include net base salary and the 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.

185. In 2022, the increase in total salaries and employee benefits by €24.4 million was mainly driven by the revisions to the General staff salary scale, pensionable renumeration scale and post adjustment multipliers for professional salaries in February and August 2022, the latter to implement the results of the cost-of-living survey which is carried out every five years.

NOTE 29: Consultants, experts

	(expressed in euro '000s)	
	2022	**2021**
Consultants and experts	16 049	14 102
Translators	11	647
Conference clerks	212	74
Language Services	1 273	-
Total	**17 545**	**14 823**

186. Consultant expenses represent the cost of contracting consultants, experts and translators including related fees and honorarium.

NOTE 30: Travel

	(expressed in euro '000s)	
	2022	**2021**
Duty staff travel		
Safeguards inspection and equipment maintenance	6 889	7 874
Duty travel staff	10 975	2 216
Total staff travel	**17 864**	**10 090**
Non-staff travel		
Consultants, experts and meeting participants	12 525	1 727
For technical cooperation projects	6 023	543
Other non-staff	1 703	156
Total non-staff travel	**20 251**	**2 426**
Total travel expenses	**38 115**	**12 516**

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

188. Non-staff travel expenses are the associated travel costs (including ticket costs and per diem) of consultants, meeting participants or experts the Agency utilizes to support technical cooperation projects or attendance at technical meetings/conferences.

189. The increase in travel expenses by 205% is due to a gradual return to normalcy, evidenced through the lifting of COVID-19 pandemic measures such as travel restrictions, lockdowns and quarantine periods and to the significant increase in cost of flights in 2022. Non-staff travel costs contributed more to the total increase in travel expenses, mostly due to the organization of IAEA in-person events.

NOTE 31: Transfers to development counterparts

	(expressed in euro '000s)	
	2022	**2021**
Project inventories distributed to development counterparts	58 938	64 580
Services to development counterparts	6 664	4 731
Research and technical contracts	5 236	5 214
International Centre for Theoretical Physics funding	2 188	2 160
Other grants	440	29
Total transfers to development counterparts	**73 466**	**76 714**

190. Project inventories are items purchased for counterparts which are ordinarily held for distribution, or in certain cases, purchased through the local UNDP office, the project manager or the Counterpart.

191. Services to development counterparts include services purchased by the Agency that will be carried out by individuals or contractors for the benefit of recipient counterparts. These services increased by €1.933 million (41%) from €4.731 million in 2021 to €6.664 million in 2022.

192. The decrease in project inventories distributed to development counterparts of €5.642 million (8.7%) from €64.580 million in 2021 to €58.938 million in 2022 is a demonstration of post COVID-19 gradual return to normalcy in the delivery of technical assistance, with a more balanced focus between procurement of equipment and the delivery of human resources capacity building activities coupled with some delays in delivery to end-users as a result of global logistical challenges.

NOTE 32: Vienna International Centre common services

	(expressed in euro '000s)	
	2022	2021
Buildings management services	13 718	11 279
Security services	8 460	8 097
Conference services	1 758	984
Total Vienna International Centre common services	**23 936**	**20 360**

193. Building Management Services (BMS), UN Security Services and Conference Services represent the Agency's share of expenditure for common services, which are controlled and operated by other VBOs. Further details of these services may be found in Note 37.

NOTE 33: Training

	(expressed in euro '000s)	
	2022	2021
Training of development counterparts	39 251	13 104
Training – staff	2 033	1 177
Total training	**41 284**	**14 281**

194. Training of development counterparts consists of stipends, tuition, travel and other training related costs.

195. Training expenses have increased by €27.003 million. This is mainly due to the Technical Cooperation Human Resources capacity building activities which, due to the return to normalcy and established ways of in-person delivery of TC capacity building activities, continue to pick up pace after the slowdown due to the COVID-19 pandemic.

NOTE 34: Contractual and other services

	(expressed in euro '000s)	
	2022	2021
Information technology contractual services	8 472	8 772
Scientific and technical contractual services	3 283	2 647
Other institutional contractual services	3 917	2 717
Building services and security non-VIC	9 307	4 846
Equipment and software maintenance	6 568	6 350
Total contractual and other services	**31 547**	**25 332**

196. Information technology contractual services comprise expenses supporting the Agency's information systems, including AIPS and other support services.

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

198. Other institutional contractual services are expenses related to translation, interpretation, medical and other services.

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

200. Equipment and software maintenance refer to services performed by third parties in relation to maintenance of equipment as well as support for software in use.

NOTE 35: Other operating expenses

	(expressed in euro '000s)	
	2022	2021
Supplies and materials	6 547	6 660
Purchase of minor equipment and software	8 267	5 347
Communication and transport	2 900	2 416
Leased equipment	1 322	1 117
Lease of premises	3 070	3 691
Impairment of intangibles	-	240
Impairment of Property, Plant & Equipment	83	229
Representation and hospitality	642	155
Printing supplies, Safeguards spare parts and maintenance materials inventory consumption	79	134
Increase in provisions and allowances	10 683	11 309
Other operating expenses	457	2 659
Other miscellaneous expenses	2 088	1 594
Total other operating expenses	**36 138**	**35 551**

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

202. 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.

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

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

205. The increase in provisions and allowances relates primarily to the in arrears of receivables from assessed contributions (see Note 6) and undeliverable inventory in transit (see Note 10).

206. 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 36: Net gains/ (losses)

	(expressed in euro '000s)	
	2022	2021
Unrealized foreign exchange gains/(losses)	6 227	8 293
Realized foreign exchange gains/(losses)	3 235	2 569
Gains/(losses) on sale or disposal of property, plant & equipment	19	10
Total gains/(losses)	**9 481**	**10 872**

207. Net realized foreign exchange gains in 2022 were significant due to the conversion of US dollars into euro at favorable market exchange rates. Unrealized foreign exchange gains mostly reflect the appreciation of the US dollar vis-à-vis the euro, the functional currency of the Agency, during this period.

NOTE 37: Interests in other entities

Jointly funded activities

Joint FAO/IAEA Division

208. The Joint Centre 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 Centre implements a Programme drawn up biennially in consultation between the two organizations. The operations and governance of the Joint Centre are established by the Revised Arrangements between the Directors-General of FAO and the IAEA for the Joint FAO/IAEA Centre 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 Centre 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. Revised Arrangements between the Directors-General of FAO and the IAEA for the Joint FAO/IAEA Centre of Nuclear Techniques in Food and Agriculture were co-signed on 23 February 2021 and the name of the Joint FAO/IAEA Division changed into Joint FAO/IAEA Centre. A Memorandum of Understanding between FAO and IAEA was co-signed in 2022 on Strengthening FAO/IAEA cooperation in the area of the Peaceful Application of Nuclear Technology in Food and Agriculture and Practical Arrangements were co-signed on Cooperation in the area of response to nuclear and radiological incidents and emergencies.

209. Assessed contributions from Member States are the major source of revenue for the Joint Centre. A total of €12.1 million of the assessed budget funding of the Joint Centre was provided by the Agency and a total of $4.5 million was provided by FAO. In addition, any extra budgetary funds that are made available to either FAO or IAEA for the purpose of the Joint Centre are reported in the financial statements of the respective organization. In fact, the agency received extrabudgetary funds amounting to €3.675 million in 2022 to support the operation of the Joint Centre including for the Zoonotic Disease Integrated Action (ZODIAC) project, Peaceful Uses Initiative projects, Cost Free Experts, Junior Professionals and cost-free interns. IAEA and FAO also recognize their respective shares of expenses related to the Joint Centre. Staff costs are one of the major components of the Joint Centre's expenses. In 2022, the Agency spent €8.0 million on staff costs and related employee benefits and €4.1 million on non-staff costs against the annual assessed budget funding.

210. The Joint Centre operates with a team of about 150 scientists, technical experts and support personnel divided among offices, sections and laboratories. The staff members of the Joint Centre are employees of either one or the other of the two organizations. Staff costs and related employee benefits liabilities are recognized in the financial statements of the organization which employs the staff member. In 2022, FAO employed 10 staff at professional level and funded 21 general staff positions, laboratory technicians, admin staff and information assistants. Major global trends that continue to frame agricultural development include rising food demand, persistent food insecurity, malnutrition and the impact of climate change on agricultural production. Increasing demands from Member States for assistance in meeting the challenges in these areas, including support in the achievement of their relevant SDGs, will guide the Food and Agriculture Programme in 2023. It is worth noting that during the COVID-19 pandemic, the technology developed in the programme contributed to testing and detecting of the COVID-19 virus. 129 Member States (305 laboratories/institutes) were supported to detect and control COVID-19 and other animal/zoonotic diseases. The Programme will expand its important work addressing the impacts of climate change on food and agriculture through the use of nuclear technology and strengthen its biosecurity efforts to address various transboundary animal and plant diseases that potentially pose serious risks to people and their livelihoods.

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

211. 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 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 the Agency are outside the scope of IPSAS 36 and no accounting interest in ICTP can be recognized.

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

ICTP Summary Financial Information	31-12- 2022 (provisional)	31-12- 2021 (final)
	(expressed in euro '000s)	
Revenue	27 081	26 674
Expense	27 150	24 202
Net surplus/(deficit)	(69)	2 472
Assets current	23 016	20 252
Assets non-current	1 628	1 397
Liabilities current	16 748	13 684
Liabilities non-current	16 255	16 255
Equity	(8 359)	(8 290)

The Vienna International Centre

Vienna International Centre land and buildings

213. 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 Comprehensive Nuclear-Test-Ban Treaty Organization (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.

214. The 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, which is reflected in the Statement of Financial Position as deferred revenue, please refer to Note 15 for details. 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, please refer to Note 24 on Voluntary Contributions.

Major Repairs and Replacements Fund

215. 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 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 (53.893% for 2022).

216. 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	**31-12-2022 (provisional)**	**31-12-20201 (final)**
Revenue	5 335	5 140
Expense	5 466	6 358
Net surplus/(deficit)	(131)	(1 218)
Assets current	13 722	14 749
Assets non-current	-	-
Liabilities current	1 972	2 867
Liabilities non-current	-	-
Equity	11 750	11 882

217. The Agency provided funding to MRRF in an amount of €1.438 million in 2022 and €1.386 million in 2021. 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

218. 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.

219. 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.

220. 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

221. 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.

222. 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 Agency, 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.

223. 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

224. The Commissary was established under the terms of an Exchange of Notes between the Agency 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.

225. As the Commissary is operated under the authority of the Agency, all staff of the Commissary hold Agency employment contracts. As such, the Agency would be liable for post-employment and other long-term employee benefits of these staff members should revenue generated by the Commissary not be sufficient to meet the financial obligations for such post-employment and other long-term employee benefits. As at 31 December 2022, the total amount of such post-employment and other long-term employee benefits for the staff of the Commissary was €13.886 million (€11.706 million in 2021).

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

Commissary Summary Financial Information	31-12-2022 (provisional)	31-12-2021 (final)
	(expressed in euro '000s)	
Revenue	26 753	24 852
Expense	26 405	24 980
Net surplus/(deficit)	348	(128)
Asset current	16 692	15 452
Asset non-current	1 028	1 138
Liabilities current	1 812	1 104
Liabilities non-current	14 846	12 832
Equity	1 063	2 654

Catering service

227. 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 38: Segment reporting by Major Programme - composition by fund

2022

For the period ending 31 December 2022
(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/	Shared Services and Expenses not Directly Charged to Major Programmes	Eliminations	Total
Regular Budget and Working Capital fund								
Expense	46 458	50 615	43 235	172 989	122 404	4 261	-	439 962
Property, Plant, Equipment and intangibles	14 496	72 801	22 891	147 228	78 726	-	-	336 142
Additions to Property, Plant, Equipment and Intangibles	2 452	5 962	3 166	17 540	13 883	-	-	43 003
Major Capital Investment Fund								
Expense	-	171	21	57	3 293	-	-	3 542
Property, Plant, Equipment and intangibles	-	-	-	-	-	-	-	-
Additions to Property, Plant, Equipment and Intangibles	-	-	-	-	-	-	-	-
Technical Cooperation Fund								
Expense	11 719	60 138	15 669	-	6 784	1	-	94 311
Property, Plant, Equipment and intangibles	-	65	-	-	-	-	-	65
Additions to Property, Plant, Equipment and Intangibles	-	67	-	-	-	-	-	67
Technical Cooperation Extrabudgetary Fund								
Expense	1 698	14 109	1 652	-	525	-	-	17 984
Property, Plant, Equipment and intangibles	-	-	-	-	61	-	-	61
Additions to Property, Plant, Equipment and Intangibles	-	-	-	-	-	-	-	-
Extrabudgetary Programme Fund								
Expense	12 260	9 393	44 475	23 876	9 165	(2 072)	-	97 097
Property, Plant, Equipment and intangibles	-	-	-	-	-	-	-	-
Additions to Property, Plant, Equipment and Intangibles	-	-	-	-	-	-	-	-
Low Enriched Uranium Bank								
Expense	614	-	-	-	(1)	-	-	613
Property, Plant, Equipment and intangibles	1	-	-	-	-	-	-	1
Additions to Property, Plant, Equipment and Intangibles	-	-	-	-	-	-	-	-
Trust Funds and Special Funds								
Expense	(11)	36	2	-	-	-	-	27
Property, Plant, Equipment and intangibles	-	-	-	-	-	-	-	-
Additions to Property, Plant, Equipment and Intangibles	-	-	-	-	-	-	-	-
Inter-fund elimination of un-allocated shared services expenses	-	-	-	-	-	-	(8 457)	(8 457)
Total Expense	**72 738**	**134 462**	**105 054**	**196 922**	**142 170**	**2 190**	**(8 457)**	**645 079**
Total PP&E and Intangibles	**14 497**	**72 866**	**22 891**	**147 228**	**78 787**	**-**	**-**	**336 269**
Total Additions to PP&E and Intangibles	**2 452**	**6 029**	**3 166**	**17 540**	**13 883**	**-**	**-**	**43 070**

a/ Includes Management of Technical Cooperation for Development.

2021

For the period ending 31 December 2021
(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/	Shared Services and Expenses not Directly Charged to Major Programmes	Eliminations	Total
Regular Budget and Working Capital fund								
Expense	39 848	44 979	39 555	168 360	112 553	3 037	-	408 332
Property, Plant, Equipment and intangibles	13 461	71 523	22 247	154 000	73 721	-	-	334 952
Additions to Property, Plant, Equipment and Intangibles	1 665	5 593	2 920	13 627	6 324	-	-	30 129
Major Capital Investment Fund								
Expense	24	18	189	63	1690			1 984
Property, Plant, Equipment and intangibles	-	-	-	-	-	-	-	-
Additions to Property, Plant, Equipment and Intangibles	-	-	-	-	12	-	-	12
Technical Cooperation Fund								
Expense	5 456	50 826	10 404		3 785	-		70 471
Property, Plant, Equipment and intangibles	-	1	-	-	-	-	-	1
Additions to Property, Plant, Equipment and Intangibles	-	1	-	-	-	-	-	1
Technical Cooperation Extrabudgetary Fund								
Expense	691	17 737	694		286	-	-	19 408
Property, Plant, Equipment and intangibles	-	-	-	-	68	-	-	68
Additions to Property, Plant, Equipment and Intangibles	-	-	-	-	73	-	-	73
Extrabudgetary Programme Fund								
Expense	7 917	5 198	22 489	17 806	7 213	(128)	-	60 495
Property, Plant, Equipment and intangibles	-	-	-	-	-	-	-	-
Additions to Property, Plant, Equipment and Intangibles	-	9	19	8	-	-	-	36
Low Enriched Uranium Bank								
Expense	392	-	-	-	-	-	-	392
Property, Plant, Equipment and intangibles	1	-	-	-	-	-	-	1
Additions to Property, Plant, Equipment and Intangibles	-	-	-	-	-	-	-	-
Trust Funds and Special Funds								
Expense	-	(6)	3	-	-	-	-	(3)
Property, Plant, Equipment and intangibles	-	-	-	-	-	-	-	-
Additions to Property, Plant, Equipment and Intangibles	-	-	-	-	-	-	-	-
Inter-fund elimination of un-allocated shared services expenses	-	-	-	-	-	-	(4 949)	(4 949)
Total Expense	**54 328**	**118 752**	**73 334**	**186 229**	**125 527**	**2 909**	**(4 949)**	**556 130**
Total PP&E and Intangibles	**13 462**	**71 524**	**22 247**	**154 000**	**73 789**	-	-	**335 022**
Total Additions to PP&E and Intangibles	**1 665**	**5 603**	**2 939**	**13 635**	**6 409**	-	-	**30 251**

a/ Includes Management of Technical Cooperation for Development.

NOTE 39: Budget

228. 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). 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

229. 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

230. 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 Major Capital Investment Plan (MCIP).

NOTE 39a: Movements between original and final budgets (Regular Budget)

231. 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 2022. 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 which was at €0.949 to USD1 in 2022.

232. The table below illustrates the revaluation of the 2022 Regular Budget appropriations for 2022. The variances between the original approved budget and the final budget were due to revaluation only.

(expressed in euro '000s)

Major Programmes	Original Approved Budget a/	Revalued Final Budget b/	Variance c/
MP1 - Nuclear Power, Fuel Cycle and Nuclear Science	42 791	42 463	(328)
MP2 - Nuclear Techniques for Development and Environmental Protection	43 515	43 267	(248)
MP3 - Nuclear Safety and Security	38 323	37 969	(354)
MP4 - Nuclear Verification	153 657	152 445	(1 212)
MP5 - Policy, Management and Administration Services	84 288	83 844	(444)
(MP6 - Management of Technical Cooperation for Development	27 621	27 416	(205)
Total Agency Programmes	**390 195**	**387 404**	**(2 791)**
Reimbursable Work for Others	3 128	3 128	-
Total Regular Budget fund operational portion	**393 323**	**390 532**	**(2 791)**

a/ General Conference Resolutions GC(65)/RES/4 of September 2021 - original budget at $1/€1.
b/ Original Budget revalued at the United Nations operational average rate of exchange of €0.949 to $1 in 2022.
c/ Represents the difference between the original approved budget and revalued final budget

NOTE 39b: Reconciliation between actual amounts on a budget comparable basis and the cash flow statement

233. 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.

234. 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 2022 is presented below:

(expressed in euro ‘000s)

	Operating	Investing	Financing
Actual Net Surplus as per the Statement of Comparison of Budget and Actual Amounts a/	4 318	-	-
Basis Difference	(14 102)	-	-
Presentation Difference	24 789	(22 088)	(29)
Entity Difference	29 752	279 450	-
Actual Amount in the Statement of Cash Flows	**44 757**	**257 362**	**(29)**

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.

235. **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.

236. **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.

237. **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.

238. **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 39c: Budget to actuals variance analysis

239. Excluding reimbursable work for others amounting to €3.502 million, the Agency expended €392.609 million (obligations plus actuals) from the 2022 Regular Budget, including capital portion €9.523 million. The operational Regular Budget expenditure amounted to €383.086 million out of an adjusted budget of €387.403 million representing an implementation rate of 98.90% and thus, leaving an unencumbered balance of €4.317 million which, will be carried over into 2023, the second year of the biennium, to meet approved programmatic needs.

240. Under the 2022 capital portion of the Regular Budget, €1.643 million were expended (obligations plus actuals) out of a budgeted amount of €6.099 million, representing an implementation rate of 26.9% and thus, leaving an unencumbered balance of €4.456 million to be carried over for the same approved projects. The unencumbered balances will continue to be used as follows:

- €1.519 million for the Renovation of the Nuclear Application Laboratory – ReNuAL+ (Major Programme 2)
- €0.287 million for Enhancing Radiation Safety through Efficient and Modern Dosimetry (RADSED) (Major Programme 3)
- €1.017 million to Develop and Implement a Safeguard Approach for J-MOX (Major Programme 4)
- €0.737 million for IT Infrastructure and Information Security Investment Security Management (Major Programme 5)
- €0.844 million for Seibersdorf Infrastructure and Common Facilities (Major Programme 5)
- €0.051 million for Buildings Management Services Capital Fund (Major Programme 5)

NOTE 39d: Major Capital Investment Fund (MCIF)

241. The MCIF is a Reserve Fund established in accordance with Financial Regulation 4.06 which allows the retention (‘carry over’) 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.

242. 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.

243. 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.

244. 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.

245. The following table presents the financial status of the MCIF at the end of the 2022 financial year.

Comparison of budget and actual amounts a/

(expressed in euro '000s)	
Resources:	
Opening balance 1 January 2022 b/	27 243
2022 Regular Budget Capital Portion c/	6 099
Total resources	**33 342**
Expenditure:	
MP1-Nuclear Power, Fuel Cycle and Nuclear Science	-
MP2-Nuclear Techniques for Development and Environmental Protection	4 423
MP3 - Nuclear Safety and Security	151
MP4-Nuclear Verification	29
MP5-Policy, Management and Administration	4 920
Total expenditure during 2022	**9 523**
Available Resources at 31 December 2022	**23 819**
Allocation of Available Resources at 31 December 2022	
Allocated to Major Programmes	12 908
Unallocated	10 911

a/ The accounting basis and the budget basis are different. This note is prepared on the modified cash basis.
b/ Agency Financial Statements GC(66)/3 dated September 2022
c/ General Conference Resolution GC(66)/RES/1 of September 2021

NOTE 40: Related parties

Key management personnel

246. 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).

247. 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
2022	7	1 366	261	318	1 945	23	-
2021	11*	1 284	521	283	2 088	32	-

* Three members of the key management personnel who separated in January 2021 and May 2021 were replaced. An Acting Deputy Director General had been assigned for the period of January to September 2021.

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

249. Advances are those made against entitlements in accordance with Staff Regulations and Staff Rules. Advances against entitlements are widely available to all Agency staff.

NOTE 41: Financial instrument disclosures

250. 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. Annex A6 provides the details of all investments which include call accounts and time deposits.

251. 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.

Credit risk management

252. 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.

253. 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. The credit risk exposure is calculated for cash, cash equivalents and investments as a percentage of total financial holdings. The Agency is actively monitoring all ratings for the investment holdings and investment counterparties.

254. There were no impairments of assets held during this period for any reason in the cash, cash equivalents and investments of the Agency. The Agency has successfully navigated the management of credit risk due to its conservative investment policy which always aims at having an AA overall quality of the portfolio based on the Standard and Poor's Fund Credit Quality Ratings Methodology.

The Agency's credit quality on cash, cash equivalents and investments	Carrying value and percentage of cash, cash equivalents and investments (expressed in euro '000s)			
Credit quality a/	31-12-2022		31-12-2021	
	Carrying value	Percentage	Carrying value	Percentage
AAA	98 663	12.51%	63 432	8.13%
AA+	-	-	-	-
AA	-	-	-	-
AA-	282 463	35.83%	33 478	4.29%
A+	94 886	12.04%	109 569	14.03%
A	196 126	24.88%	371 553	47.60%
A-	-	-	-	-
BBB+	115 925	14.70%	202 016	25.88%
non-rated	341	0.04%	570	0.07%
Total	**788 403 b/**	**100.00%**	**780 618 b/**	**100.00%**

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/ 86.9% of the balance as at 31 December 2022 was denominated in euros, 12.9% was denominated in US dollars and 0.2% in other currencies (87.0%, 12.8% and 0.2%, respectively as at 31 December 2021).

Currency risk management

255. 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 that 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, which mitigates the economic currency risk of the Agency.

256. In addition, the Agency has been aligning the currency of the extrabudgetary award balance (the euro) with the currency in which those funds are held in financial holdings to mitigate the budgetary currency risk of the extrabudgetary awards.

257. Foreign currency revenue inflows are translated at differing exchange rates to the related foreign currency expense outflows which occur later. 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.

258. The carrying amounts of the Agency's foreign currency denominated financial assets and financial liabilities translated to euro at the 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, cash equivalents and other investment currency denominations

(expressed in euro '000s)

	Euros	US dollars	Illiquid currencies	Others	Total
As at 31-12-2022	685 343	101 483	306	1 272	788 403
As at 31-12-2021	679 350	100 141	538	589	780 618

259. The increase of €7.785million (1.00%) in total cash, cash equivalents and investments as at 31 December 2022, as compared to the balance as at 31 December 2021, was mainly driven by the increase in the balance of euro holdings (€5.993million) as the Agency received new contributions that were in euros or converted into euros.

Liquidity risk management

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

261. 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 WCF 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 WCF provides a liquidity buffer for the Agency's regular budget of around two weeks cash flow.

262. In 2022, there were delays in collecting Member States contributions. In October 2022, all cash available in the Regular Budget Fund had been fully utilized. As a result, and as foreseen in Financial Regulation 7.04, the full amount of the Working Capital Fund was transferred to fund the Agency's Regular Budget operations. As payments of outstanding Assessed Contributions were received from some Member States towards the end of October 2022, the transferred Working Capital Funds were not utilized, and it was replenished thereafter. It should be noted that the current level of the Working Capital Fund has remained unchanged since 1997.

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

263. The Agency's financial liabilities were approximately 56.1% of its financial assets as at 31 December 2022, against 52.3% as at 31 December 2021. This higher percentage is mainly due to the increase 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 6.1% of its short-term financial assets as at 31 December 2022 (5.5% as at 31 December 2021).

264. As at 31 December 2022, the weighted average period to maturity of the Agency's cash and cash equivalents and investment holdings for euro and US dollar was 44 days and 38 days, respectively (47 days and 119 days, respectively as at 31 December 2021).

Interest rate risk management

265. 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.

266. 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 2022, the Agency earned an average rate of 0.25% per annum on its euro cash, cash equivalents and investments (0.08% per annum in 2021) and an average rate of 1.45% per annum on its US dollar cash, cash equivalents and investments (0.24% per annum in 2021). 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 42: Commitments

267. Commitments include purchase orders and service contracts that are not delivered as at end of the reporting period. As at 31 December 2022, the Agency had commitments of €134.872 million (€139.445 million as at 31 December 2021). Details of commitments by funding source are provided below:

(expressed in euro '000s)

Fund Group	31-12-2022	31-12-2021
Regular Budget Fund and Working Capital Fund	17 764	35 435
Major Capital Investment Fund	6 274	3 234
Technical Cooperation Fund	53 411	51 841
Technical Cooperation Extrabudgetary Fund	14 686	9 066
Extrabudgetary Programme Fund	42 546	39 861
Low Enriched Uranium Bank	174	-
Trust Funds and Special Funds	17	8
Total commitments	**134 872**	**139 445**

Capital commitments

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

	(expressed in euro '000s)	
	31-12-2022	**31-12-2021**
Scientific and Technical Equipment	13 794	20 015
Construction Contracts	24 110	10 665
Communications & IT Equipment	1 309	6 220
Software	1 807	1 424
Security & Safety Equipment	32	171
Furniture and Fixtures	32	140
Vehicles	108	180
Total capital commitments	**41 192**	**38 805**

Operating lease commitments

269. Details of the Agency's operating lease commitments are shown in the table below:

	(expressed in euro '000s)	
	31-12-2022	**31-12-2021**
Office facility	3 589	3 887
Other leases	864	1 095
Total operating lease commitments	**4 453**	**4 982**
Operating lease commitments by term		
Less than one year	908	882
One to five years	1 994	2 644
Over five years	1 551	1 456
Total operating lease commitments	**4 453**	**4 982**

270. Office facility operating leases commitments pertain to the Agency's offices, primarily in Japan, Ontario, Geneva and Rio de Janeiro. The value of future lease commitments is lower in 2022 compared to 2021 mainly due to end terms of lease of office space in Canada, Brazil and Japan. The value is also impacted by the fluctuation in the FX rates.

271. Other leases primarily represent the rental of office equipment such as book binding and printing equipment. The decrease in 2022 compared to 2021 of these commitments is primarily due to non-renewal of some lease agreements.

NOTE 43: Contingent liabilities and contingent assets

Contingent liabilities

272. As at 31 December 2022, there were appeal cases against the Agency with the ILOAT relating to claims of current or former staff members, in which it is has been determined that it is possible, but not probable that the cases will be decided in favour of the current or former staff members. If the claimants for these unresolved cases are ultimately successful, it is estimated that the cost to the Agency could be approximately €0.342 million.

273. The Agency has contingent liabilities amounting to €13.886 million related to post-employment and other long-term employee benefits for staff employed in the Commissary, all of whom hold Agency employment contracts; however, these post-employment benefits are paid out of the Commissary's budget as they become due. In 2021, a reserve of €4.0 million earmarked for these liabilities was set up for the Commissary. In addition, it should be noted that the Commissary continues to be a going concern with sufficient funds and ability to pay these post-employment and other long-term employee benefits, no accrual for these liabilities has been made. Please refer to Note 37 for further details.

274. The Agency has a potential liability related to the decommissioning and decontamination of the 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.

275. The Agency has a potential liability related to relocation, removal and/or other post-operational activities related to the IAEA LEU and IAEA LEU cylinders when the Host State Agreement is terminated or expires. The estimate of the amounts that the Agency would incur in connection to these potential liabilities cannot be reliably measured or estimated at this time.

Contingent assets

276. The Agency's contingent assets, totaling €45.070 million, consist primarily of pledges where the amount of the pledge is based on an estimate for which funds have not been received (€5.400 million), pledges received that have not yet been formally accepted by the Agency (€22.368 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 (€17.302 million).

NOTE 44: Events after the reporting date

277. The Agency's reporting date is 31 December 2022. The financial statements were authorized for issuance by the Director General on 10 March 2023.

278. There were no significant events impacting the financial statements, favorable or unfavorable, between the reporting date and the financial statements issuance date.

NOTE 45: Ex-gratia payments

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

Part IV

Annexes to the Financial Statements

ANNEX A1:

LIST OF ACRONYMS

AIP	Annual Implementation Plans
AIPS	Agency-wide Information System for Programme Support
ADII	Application Data Integration Implementation
ASHI	After service health insurance
APA	Acquisition Path Analysis
BMS	Buildings Management Services
CASCADE	Centralized Automated System for Correlated Analysis and Data Evaluation
CFE	Cost Free Expert
COVID-19	Coronavirus disease 2019
CIP	Construction in Progress
CTBTO	Preparatory Commision for the Comprehensive Nuclear-Test-Ban Treaty Organization
DBO	Defined Benefit Obligation
EBF	Extrabudgetary Programme Fund
eBS	Oracle eBusiness Suite
ECB	European Central Bank
EPM	Enterprise Performance Management
FAO	Food and Agriculture Organization
FED	Federal Reserve System
FML	Flexible Modular Laboratory
GC	General Conference
HANA	The Hana Smart Management System
IAEA	International Atomic Energy Agency
IAS	International Accounting Standard
ICT	Information and Communication Technology
ICTP	International Centre for Theoretical Physics
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
IPCL	Insect Pest Control Laboratory
IRAP	Integrated Review and Analysis Package
ISE	Integrated Safeguards Environment
IT	Information Technology
JMOX	Japan Mixed Oxide Fuel Fabrication Plant
KgU	Kilograms of Uranium
LEU	Low Enriched Uranium
MCIF	Major Capital Investment Fund
MCIP	Major Capital Investment Plan
MOSAIC	Modernization of the Safeguards Information Technology
MP	Major Programme
MRRF	Major Repairs and Replacements Fund
MTIT	Department of Management, Division of Information Technology

ANNEX A1 (continued)

LIST OF ACRONYMS

NA	Nuclear Applications
NGSR	Next Generation Surveillance Review
NSIL	Nuclear Science and Instrumentation Laboratory
NML	Nuclear Material Laboratory
NPCs	National Participation Costs
NSF	Nuclear Security Fund
PP&E	Property, plant and equipment
PBGL	Plant Breeding and Genetics Laboratory
QMS	Quality Management System
ReNuAL	Renovation of the Nuclear Applications Laboratories
RBF	Regular Budget Fund
SLA	State Level Approach
SAFIRE	Safeguards Field Reporting and Evaluation
SEEIS	Safeguards Effectiveness Evaluation Information System
SEQUOIA	Safeguards Equipment Management System
SGIM	Department of Safeguards, Division of Information Management
SMT	Service Management Tool
SGTS	Department of Safeguards, Division for Technical and Scientific Services
SLDC	State-Level Data Configurator
SMR	Small and Medium Sized or Modular Reactors
TARS	Technical Assistance Review System
TACC	Technical Assistance and Cooperation Committee
TC-EB	Technical Cooperation Extrabudgetary Fund
TCF	Technical Cooperation Fund
TERC	Terrestrial Environment and Radiochemistry
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
VBOs	VIC Based Organizations
VIC	Vienna International Centre
WCF	Working Capital Fund
YAL	Yukiya Amano Laboratories
ZODIAC	Zoonitic Disease Integrated Action

ANNEX A2

REVENUE FROM CONTRIBUTIONS
FOR THE PERIOD ENDING 31 DECEMBER 2022
(expressed in euros)

Donors	Regular Budget (RB)	Technical Cooperation Fund (TCF)	National Participation Costs (NPCs)	Extrabudgetary (EB) a/		Total
				EB RB	EB TC	
I. Member States						
Afghanistan	25 141	-	-	-	-	25 141
Albania	30 449	7 286	95 349	-	90 000	223 084
Algeria	506 212	-	56 932	-	65 257	628 401
Angola	35 917	-	-	-	75 926	111 843
Antigua and Barbuda	7 790	-	13 420	-	-	21 210
Argentina	3 427 960	801 459	93 062	121 850	-	4 444 331
Armenia	26 642	6 375	51 238	-	-	84 255
Australia	8 341 989	1 937 164	-	2 504 537	1 013 893	13 797 583
Austria	2 553 192	592 898	-	-	-	3 146 090
Azerbaijan	178 886	42 805	61 064	-	-	282 755
Bahamas	66 221	-	12 602	-	-	78 823
Bahrain	186 980	43 716	22 576	-	-	253 272
Bangladesh	35 917	9 108	-	-	-	45 025
Barbados	27 267	43 537	9 967	-	-	80 771
Belarus	178 886	42 805	34 280	-	-	255 971
Belgium	3 098 342	719 493	-	595 000	417 500	4 830 335
Belize	3 806	911	41 807	-	-	46 524
Benin	10 776	-	-	-	-	10 776
Bolivia, Plurinational State of	57 092	-	37 863	-	-	94 955
Bosnia and Herzegovina	41 867	10 018	40 261	-	-	92 146
Botswana	49 479	11 840	36 960	-	16 087	114 366
Brazil	11 051 277	2 135 958	120 014	-	75 000	13 382 249
Brunei Darussalam	93 490	131 966	17 497	-	-	242 953
Bulgaria	167 468	40 073	47 012	56 500	48 040	359 093
Burkina Faso	10 776	2 732	-	-	-	13 508
Burundi	3 591	-	-	-	-	3 591
Cambodia	21 550	5 465	-	-	-	27 015
Cameroon	45 673	-	50 743	-	17 038	113 454
Canada	10 318 651	2 396 182	-	2 289 307	-	15 004 140
Central African Republic	3 591	-	-	-	-	3 591
Chad	14 367	3 643	-	-	-	18 010
Chile	1 527 000	345 199	90 931	9 960	9 470	1 982 560
China	43 967 995	10 520 983	78 085	937 844	-	55 504 907
Colombia	1 054 287	19 238	31 024	-	-	1 104 549
Comoros	3 591	911	-	-	-	4 502
Congo	23 371	-	36 636	-	-	60 007

ANNEX A2 (continued)

Donors	Regular Budget (RB)	Technical Cooperation Fund (TCF)	National Participation Costs (NPCs)	Extrabudgetary (EB) a/		Total
				EB RB	EB TC	
Costa Rica	228 365	-	53 770	-	98 172	380 307
Côte d'Ivoire	45 673	10 928	40 127	-	-	96 728
Croatia	281 651	66 273	21 584	-	-	369 508
Cuba	293 069	2 570	98 228	-	-	393 867
Cyprus	137 269	31 876	11 790	-	66 500	247 435
Czech Republic	1 164 727	272 314	10 063	45 000	102 669	1 594 773
Democratic Republic of the Congo	35 917	8 810	-	-	5 757	50 484
Denmark	2 090 399	485 430	-	328 097	-	2 903 926
Djibouti	3 592	-	-	-	712	4 304
Dominica	3 896	-	10 735	-	-	14 631
Dominican Republic	194 111	46 448	30 131	-	-	270 690
Ecuador	293 069	70 128	59 063	-	-	422 260
Egypt	681 292	163 024	50 607	-	76 494	971 417
El Salvador	41 867	19 538	50 765	-	-	112 170
Eritrea	3 592	911	-	-	-	4 503
Estonia	140 827	33 698	24 975	9 866	-	209 366
Eswatini	7 790	1 822	17 976	-	-	27 588
Ethiopia	35 917	9 108	-	-	8 624	53 649
Fiji	11 686	2 732	10 005	-	-	24 423
Finland	1 588 394	368 854	-	616 000	100 000	2 673 248
France	16 707 510	3 879 794	-	4 613 000	190 000	25 390 304
Gabon	54 535	-	-	-	-	54 535
Georgia	30 449	7 286	69 071	-	-	106 806
Germany	22 982 640	5 336 994	-	1 430 000	-	29 749 634
Ghana	53 284	-	54 961	-	-	108 245
Greece	1 371 185	157 407	-	-	-	1 528 592
Grenada	3 896	-	5 826	-	-	9 722
Guatemala	133 213	-	41 714	-	-	174 927
Guyana	7 790	1 822	20 792	-	-	30 404
Haiti	10 776	-	-	-	-	10 776
Holy See	3 920	1 881	-	-	-	5 801
Honduras	34 255	4 679	44 775	-	-	83 709
Hungary	771 291	180 329	15 240	8 153	-	975 013
Iceland	105 898	-	-	-	-	105 898
India	3 052 487	730 422	-	70 000	-	3 852 909

ANNEX A2 (continued)

Donors	Regular Budget (RB)	Technical Cooperation Fund (TCF)	National Participation Costs (NPCs)	Extrabudgetary (EB) a/		Total
				EB RB	EB TC	
Indonesia	1 986 781	475 412	47 674	-	-	2 509 867
Iran, Islamic Republic of	1 457 734	348 817	56 002	-	50 000	1 912 553
Iraq	471 957	-	25 237	-	-	497 194
Ireland	1 400 140	325 138	-	10 000	-	1 735 278
Israel	1 847 243	306 722	28 493	-	41 000	2 223 458
Italy	12 479 646	2 898 006	-	317 000	-	15 694 652
Jamaica	30 449	-	51 377	-	-	81 826
Japan	32 320 800	7 505 490	-	6 775 000	-	46 601 290
Jordan	76 122	18 215	35 605	16 000	60 000	205 942
Kazakhstan	650 843	155 738	34 275	93 000	-	933 856
Kenya	87 540	20 947	51 920	-	-	160 407
Korea, Republic of	8 495 888	1 986 345	-	4 006 155	128 000	14 616 389
Kuwait	949 108	220 402	34 689	182 600	-	1 386 799
Kyrgyzstan	7 611	1 822	9 846	-	-	19 279
Lao People's Democratic Republic	17 958	2 000	-	-	-	19 958
Latvia	171 275	40 984	33 078	-	-	245 337
Lebanon	171 276	-	59 166	-	-	230 442
Lesotho	3 591	1 000	-	-	-	4 591
Liberia	3 591	-	-	-	-	3 591
Libya	112 966	5 000	18 182	-	31 802	167 950
Liechtenstein	35 304	8 197	-	-	-	43 501
Lithuania	258 814	61 931	27 737	-	-	348 482
Luxembourg	251 008	58 288	-	-	-	309 296
Madagascar	14 367	7 446	-	-	2 380	24 193
Malawi	7 182	1 822	-	-	-	9 004
Malaysia	1 277 695	298 726	59 654	-	10 000	1 646 075
Mali	14 368	3 643	-	-	-	18 011
Malta	62 327	14 572	28 078	56 000	275 000	435 977
Marshall Islands	3 806	-	8 364	-	-	12 170
Mauritania	7 182	1 822	-	-	-	9 004
Mauritius	41 867	10 018	43 979	-	84 701	180 565
Mexico	4 841 993	2 555 274	62 042	-	-	7 459 309
Monaco	43 143	10 018	-	290 268	90 000	433 429
Mongolia	19 030	4 554	54 936	-	-	78 520
Montenegro	15 225	3 643	19 664	-	-	38 532

ANNEX A2 (continued)

Donors	Regular Budget (RB)	Technical Cooperation Fund (TCF)	National Participation Costs (NPCs)	Extrabudgetary (EB) a/		Total
				EB RB	EB TC	
Morocco	201 724	48 270	46 185	-	37 748	333 927
Mozambique	14 367	7 300	-	-	-	21 667
Myanmar	35 917	9 108	-	-	-	45 025
Namibia	34 255	8 197	34 165	-	9 490	86 107
Nepal	25 142	-	-	-	-	25 142
Netherlands	5 118 148	1 188 528	-	707 133	-	7 013 809
New Zealand	1 098 149	-	-	158 585	-	1 256 734
Nicaragua	17 958	4 554	45 536	-	-	68 048
Niger	7 182	1 822	-	-	-	9 004
Nigeria	913 464	218 580	41 786	-	-	1 173 830
North Macedonia	26 642	6 375	53 377	-	-	86 394
Norway	2 843 414	660 294	-	623 007	-	4 126 715
Oman	432 390	101 093	34 383	-	-	567 866
Pakistan	422 477	101 093	143 104	-	69 189	735 863
Palau	3 896	-	7 804	-	-	11 700
Panama	163 661	37 749	37 826	-	-	239 236
Papua New Guinea	38 953	10 575	14 340	-	-	63 868
Paraguay	57 092	13 661	59 307	-	-	130 060
Peru	555 690	117 770	70 097	-	-	743 557
Philippines	749 800	179 418	31 658	-	9 425	970 301
Poland	2 938 304	703 099	38 719	-	-	3 680 122
Portugal	1 312 754	306 923	45 492	20 000	20 000	1 705 169
Qatar	1 062 847	246 813	18 335	267 000	-	1 594 995
Republic of Moldova	11 418	2 732	7 750	-	1 118 311	1 140 211
Romania	723 158	173 043	58 210	50 000	-	1 004 411
Russian Federation	9 075 391	2 107 475	-	2 209 806	831 000	14 223 672
Rwanda	10 776	2 732	-	-	2 110	15 618
Saint Lucia	3 896	911	11 022	-	-	15 829
Saint Vincent and the Grenadines	3 896	911	7 521	-	-	12 328
Samoa	3 896	-	-	-	-	3 896
San Marino	7 790	500	-	-	-	8 290
Saudi Arabia	4 394 022	1 027 325	23 240	3 604 160	30 000	9 078 747
Senegal	25 141	6 375	-	-	-	31 516
Serbia	102 763	24 590	40 918	-	185 000	353 271
Seychelles	7 790	1 822	18 844	-	1 425	29 881
Sierra Leone	3 591	-	-	-	-	3 591

ANNEX A2 (continued)

Donors	Regular Budget (RB)	Technical Cooperation Fund (TCF)	National Participation Costs (NPCs)	Extrabudgetary (EB) a/		Total
				EB RB	EB TC	
Singapore	1 831 551	425 320	15 328	99 900	-	2 372 099
Slovakia	559 496	133 880	12 905	117 447	-	823 728
Slovenia	286 299	66 485	25 240	25 000	20 000	423 024
South Africa	997 196	238 617	53 989	-	186 605	1 476 407
Spain	8 098 832	1 880 698	-	758 220	120 000	10 857 750
Sri Lanka	159 856	38 252	44 466	-	-	242 574
Sudan	35 917	9 108	-	-	7 122	52 147
Sweden	3 419 945	794 173	-	591 989	215 742	5 021 849
Switzerland	4 341 603	1 008 199	-	270 534	-	5 620 336
Syrian Arab Republic	41 867	10 018	36 051	-	-	87 936
Tajikistan	15 225	-	96 050	-	-	111 275
Thailand	1 122 797	200 000	62 331	-	-	1 385 128
Togo	7 182	1 822	-	-	-	9 004
Trinidad and Tobago	148 025	68 641	16 978	-	-	233 644
Tunisia	91 346	21 858	69 336	-	-	182 540
Türkiye	5 020 237	1 201 278	56 435	166 142	162 540	6 606 632
Turkmenistan	124 652	-	-	-	-	124 652
Uganda	28 734	7 286	-	-	5 515	41 535
Ukraine	209 335	50 091	13 502	-	-	272 928
United Arab Emirates	2 325 717	540 075	16 939	81 077	-	2 963 808
United Kingdom of Great Britain and Northern Ireland	17 236 977	4 002 745	-	2 215 706	-	23 455 428
United Republic of Tanzania	35 917	1 067	-	-	150 000	186 984
United States of America	98 048 778	22 562 399	-	71 468 942	30 654 442	222 734 561
Uruguay	327 214	76 503	60 377	-	7 852	471 946
Uzbekistan	117 988	28 233	81 106	-	100 000	327 327
Vanuatu	3 592	911	16 936	-	-	21 439
Venezuela, Bolivarian Republic of	2 664 266	-	30 476	-	-	2 694 742
Viet Nam	265 787	67 396	60 567	-	-	393 750
Yemen	35 917	-	-	-	-	35 917
Zambia	32 326	-	-	-	-	32 326
Zimbabwe	19 030	4 554	40 146	-	-	63 730
Sub-total	**389 540 908**	**89 878 082**	**4 310 296**	**108 815 786**	**37 193 538**	**629 738 610**

ANNEX A2 (continued)

Donors	Regular Budget (RB)	Technical Cooperation Fund (TCF)	National Participation Costs (NPCs)	Extrabudgetary (EB) a/		Total
				EB RB	EB TC	
II. New Member States						
Saint Kitts and Nevis	3 904	-	-	-	-	3 904
Tonga	3 901					3 901
Sub-total	**7 805**	**-**	**-**	**-**	**-**	**7 805**
III. Other Donors						
European Commission	-	-	-	4 178 582	-	4 178 582
International Organizations	-	-	-	646 815	-	646 815
Other Sources	-	-	-	1 610 088	40 000	1 650 088
Sub-total	**-**	**-**	**-**	**6 435 486**	**40 000**	**6 475 486**
GRAND TOTAL	**389 548 713**	**89 878 082**	**4 310 296**	**115 251 271**	**37 233 538**	**636 221 900**

ANNEX A3

STATUS OF OUTSTANDING CONTRIBUTIONS
FOR THE PERIOD ENDING 31 DECEMBER 2022
(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	
I. Member States								
Afghanistan	-	25 344	-	-	-	-	-	25 344
Albania	-	30 696	-	71 730	-	-	-	102 426
Algeria	-	510 331	-	-	-	-	-	510 331
Angola	-	71 473	-	-	-	-	-	71 473
Antigua and Barbuda	-	28 002	-	8 016	-	-	-	36 018
Argentina	-	6 850 867	2 503 730	-	-	46 950	-	9 401 547
Armenia	-	-	-	-	-	-	-	-
Australia	-	-	-	-	-	-	-	-
Austria	-	-	-	-	-	-	-	-
Azerbaijan	-	-	-	-	-	-	-	-
Bahamas	-	124 236	-	6 301	-	-	-	130 537
Bahrain	-	-	-	-	-	-	-	-
Bangladesh	-	-	-	-	-	-	-	-
Barbados	-	94 265	-	-	-	-	-	94 265
Belarus	-	-	-	-	-	-	-	-
Belgium	-	-	-	-	-	15 000	-	15 000
Belize	-	-	-	-	-	-	-	-
Benin	-	-	-	-	-	-	-	-
Bolivia, Plurinational State of	-	159 109	-	8 527	261 115	-	-	428 752
Bosnia and Herzegovina	-	139 292	-	-	-	-	-	139 292
Botswana	-	-	-	405	-	-	-	405
Brazil	-	31 826 360	-	-	-	-	-	31 826 360
Brunei Darussalam	-	-	-	-	-	-	-	-
Bulgaria	-	-	-	-	-	-	-	-
Burkina Faso	-	-	-	-	-	-	-	-
Burundi	-	10 556	881	-	-	-	-	11 437
Cambodia	-	-	-	-	-	-	-	-
Cameroon	-	270 396	-	-	-	-	-	270 396
Canada	-	-	-	-	-	-	-	-
Central African Republic	-	19 310	-	-	-	-	-	19 310
Chad	-	57 592	11 747	-	-	-	-	69 339
Chile	-	3 051 837	-	27 379	-	-	-	3 079 216
China	-	-	-	-	-	44 530	-	44 530
Colombia	-	-	-	-	-	-	-	-
Comoros	-	10 560	911	-	-	-	-	11 471
Congo	152	151 028	10 284	37 082	-	-	-	198 546
Costa Rica	-	341 267	-	14 373	-	-	-	355 640
Côte d'Ivoire	-	2 796	-	-	-	-	-	2 796
Croatia	-	-	-	-	-	-	-	-
Cuba	-	800 608	2 739	-	-	-	-	803 347
Cyprus	-	-	-	-	-	-	2 500	2 500

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	
Czech Republic	-	-	-	-	-	-	-	-
Democratic Republic of the Congo	-	-	-	-	-	-	-	-
Denmark	-	-	-	-	-	-	-	-
Djibouti	-	3 621	-	-	-	-	-	3 621
Dominica	-	3 867	-	13 184	-	-	-	17 051
Dominican Republic	-	2 301 163	-	-	192 131	-	-	2 493 293
Ecuador	-	312 151	70 128	-	-	-	-	382 279
Egypt	-	-	-	-	-	-	-	-
El Salvador	-	181 134	-	10 694	11 684	-	-	203 512
Eritrea	-	-	-	-	-	-	-	-
Estonia	-	-	-	-	-	-	-	-
Eswatini	-	18 478	-	16 741	-	-	-	35 219
Ethiopia	-	28 355	-	-	-	-	-	28 355
Fiji	-	-	-	-	-	-	-	-
Finland	-	-	-	-	-	-	100 000	100 000
France	-	-	-	-	-	1 231 000	-	1 231 000
Gabon	-	573 097	-	19 137	-	-	-	592 234
Georgia	-	-	-	-	-	-	-	-
Germany	-	-	-	-	-	40 000	-	40 000
Ghana	-	46 699	-	27 668	-	-	-	74 367
Greece	-	-	-	100	-	-	-	100
Grenada	152	18 857	-	14 015	-	-	-	33 024
Guatemala	-	264 677	-	42 684	-	-	-	307 361
Guyana	-	-	-	-	-	-	-	-
Haiti	-	11 774	-	-	-	-	-	11 774
Holy See	-	-	-	-	-	-	-	-
Honduras	-	36 974	-	34 604	-	-	-	71 578
Hungary	-	-	-	-	-	-	-	-
Iceland	-	-	-	-	-	-	-	-
India	-	-	-	-	-	-	-	-
Indonesia	-	-	-	-	-	.01 0	-	0
Iran, Islamic Republic of	-	4 272 584	-	-	-	-	-	4 272 584
Iraq	-	969 923	-	-	-	-	-	969 923
Ireland	-	-	-	-	-	-	-	-
Israel	-	-	-	-	-	-	41 000	41 000
Italy	-	-	-	-	-	-	-	-
Jamaica	-	55 716	-	-	-	-	-	55 716
Japan	-	-	-	-	-	1 590 268	-	1 590 268
Jordan	-	76 742	-	-	-	-	-	76 742
Kazakhstan	-	-	-	-	-	-	-	-
Kenya	-	-	-	14 507	-	5 000	-	19 507
Korea, Republic of	-	-	-	-	-	-	-	-
Kuwait	-	-	-	-	-	-	-	-
Kyrgyzstan	-	3 693	-	-	-	-	-	3 693
Lao People's Democratic Republic	-	26 587	4 500	-	-	-	-	31 087

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	
Latvia	-	-	-	-	-	-	-	-
Lebanon	-	502 001	1 714	24 800	-	-	-	528 515
Lesotho	-	10 778	89	-	-	-	-	10 867
Liberia	-	210 609	-	-	-	-	-	210 609
Libya	-	165 392	9 169	-	-	-	-	174 561
Liechtenstein	-	-	-	-	-	-	-	-
Lithuania	-	-	-	-	-	-	-	-
Luxembourg	-	-	-	-	-	-	-	-
Madagascar	-	28 590	-	-	-	-	-	28 590
Malawi	-	5 399	-	-	-	-	-	5 399
Malaysia	-	-	-	-	-	-	-	-
Mali	-	11 018	3 643	-	-	-	-	14 661
Malta	-	-	-	-	-	-	-	-
Marshall Islands	-	4 828	-	5 436	-	-	-	10 264
Mauritania	-	772	-	-	-	-	-	772
Mauritius	-	-	-	38 543	-	-	-	38 543
Mexico	-	0	-	-	-	-	-	0
Monaco	-	-	-	-	-	-	50 000	50 000
Mongolia	-	-	-	-	-	-	-	-
Montenegro	-	-	-	-	-	-	-	-
Morocco	-	-	-	-	-	-	-	-
Mozambique	-	42 243	-	-	-	-	-	42 243
Myanmar	-	-	-	-	-	-	-	-
Namibia	-	-	-	-	-	-	-	-
Nepal	-	73 925	-	-	-	-	-	73 925
Netherlands	-	-	-	-	-	-	123 590	123 590
New Zealand	-	-	-	-	-	-	-	-
Nicaragua	-	-	-	-	-	-	-	-
Niger	-	-	-	-	-	-	-	-
Nigeria	-	2 647 431	122 388	15 214	-	-	-	2 785 033
North Macedonia	-	-	-	25 527	-	-	-	25 527
Norway	-	-	-	-	-	85 519	-	85 519
Oman	-	-	-	-	-	-	-	-
Pakistan	-	260	-	-	-	-	-	260
Palau	-	-	-	-	-	-	-	-
Panama	-	440 709	-	3 263	-	-	-	443 972
Papua New Guinea	-	101 824	-	-	-	-	-	101 824
Paraguay	-	209 841	20 649	16 187	69 729	-	-	316 407
Peru	-	-	-	-	-	-	-	-
Philippines	-	-	-	-	-	-	-	-
Poland	-	-	-	-	-	-	-	-
Portugal	-	-	-	1 311	-	-	-	1 311
Qatar	-	-	-	-	-	-	-	-
Republic of Moldova	-	-	-	-	-	-	-	-
Romania	-	-	-	67 246	48 733	-	-	115 979

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	
Russian Federation	-	-	-	-	-	4 695 000	-	4 695 000
Rwanda	-	-	-	-	-	-	-	-
Saint Lucia	-	11 756	1 807	5 511	-	-	-	19 074
Saint Vincent and the Grenadines	-	4 468	-	-	-	-	-	4 468
Samoa	152	7 786	-	-	-	-	-	7 938
San Marino	-	-	-	-	-	-	-	-
Saudi Arabia	-	-	-	-	-	-	-	-
Senegal	-	-	-	-	-	-	-	-
Serbia	-	-	-	21 214	-	-	-	21 214
Seychelles	-	-	-	-	-	-	-	-
Sierra Leone	-	14 304	-	-	-	-	-	14 304
Singapore	-	-	-	-	-	-	-	-
Slovakia	-	-	-	-	-	-	-	-
Slovenia	-	-	-	-	-	-	-	-
South Africa	-	-	-	-	-	-	-	-
Spain	-	-	-	-	-	-	-	-
Sri Lanka	-	468 534	121 018	6 288	166 114	-	25 353	787 307
Sudan	-	52 757	-	-	-	93 900	-	146 657
Sweden	-	-	-	-	-	-	-	-
Switzerland	-	-	-	-	-	175 000	-	175 000
Syrian Arab Republic	-	5 206	10 018	17 995	-	-	-	33 219
Tajikistan	-	-	-	36 914	-	-	-	36 914
Thailand	-	207 651	-	-	-	-	-	207 651
Togo	-	18 781	-	-	-	-	-	18 781
Trinidad and Tobago	-	659 486	-	8 487	-	-	-	667 973
Tunisia	-	-	-	-	-	-	-	-
Türkiye	-							-
Turkmenistan	-	123 460	-	-	-	-	-	123 460
Uganda	-	43 922	-	-	-	-	-	43 922
Ukraine	-	-	-	-	-	-	-	-
United Arab Emirates	-	-	-	-	-	-	-	-
United Kingdom of Great Britain and Northern Ireland	-	-	-	-	-	-	-	-
United Republic of Tanzania	-	65 053	-	-	-	-	-	65 053
United States of America	-	204 382	5 121	-	-	-	-	209 503
Uruguay	-	-	-	-	-	-	-	-
Uzbekistan	-	-	-	-	-	-	-	-
Vanuatu	-	-	-	93 106	-	-	-	93 106
Venezuela, Bolivarian Republic of	22 967	19 940 049	-	-	-	-	-	19 963 016
Viet Nam	-	-	-	63 455	-	-	-	63 455
Yemen	-	296 483	-	-	-	-	-	296 483
Zambia	-	94 151	30 210	-	-	-	-	124 361
Zimbabwe	-	4 978	-	-	-	-	-	4 978
			-	-	-	-	-	
Sub-total	**23 423**	**80 460 840**	**2 930 746**	**817 644**	**749 506**	**8 022 167**	**342 443**	**93 346 769**

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	
II. New Member States								
Saint Kitts and Nevis	-	152	-	-	-	-	-	152
Tonga	152	3 928	-	-	-	-	-	4 080
Sub-total	**152**	**4 080**	-	-	-	-	-	**4 232**
III. Former Member States								
Korea, Democratic People's Republic of	-	128 576	27 827	-	37 290	-	-	193 693
Other Sources	-	-	-	-	-	-	-	-
Sub-total	-	**128 576**	**27 827**	-	**37 290**	-	-	**193 693**
IV. Other Donors								
European Commission	-	-	-	-	-	2 894 015	-	2 894 015
International Organizations	-	-	-	-	-	421 203	-	421 203
Other Sources	-	-	-	-	-	291 700	-	291 700
Sub-total	-	-	-	-	-	**3 606 918**	-	**3 606 918**
GRAND TOTAL	**23 575**	**80 593 495**	**2 958 573**	**817 644**	**786 796**	**11 629 085**	**342 443**	**97 151 611**

ANNEX A4

STATUS OF DEFERRED REVENUE
FOR THE PERIOD ENDING 31 DECEMBER 2022
(expressed in euros)

Donors	Contributions received in advance						Extrabudgetary contributions transferred subject to conditions		
	Regular Budget (RB)	Technical Cooperation Fund (TCF)	National Participation Costs (NPCs)	Extrabudgetary (EB) EB RB	Extrabudgetary (EB) EB TC	Total contributions received in advance	EB RB	EB TC	Total EB contributions transferred with conditions
i. **Member States**									
Albania	-	7 408	-	-	-	7 408	-	-	-
Armenia	-	6 482	1 659	-	-	8 141	-	-	-
Australia	8 252 034	3 761 412	-	-	-	12 013 446	-	-	-
Austria	6 388	-	-	-	-	6 388	-	-	-
Azerbaijan	1 673	-	-	-	-	1 673	-	-	-
Belarus	1 064	-	-	-	-	1 064	-	-	-
Belgium	9 278	-	-	-	-	9 278	-	-	-
Brazil	-	-	2 083	-	-	2 083	-	-	-
Bulgaria	213 173	50 004	-	-	-	263 177	-	-	-
Burkina Faso	373	-	-	-	-	373	-	-	-
Cameroon	-	-	15 683	-	451	16 134	-	-	-
Canada	10 204 409	-	-	-	-	10 204 409	30 880 190	-	30 880 190
China	-	27 799	18 232	447 081	63 861	556 973	-	-	-
Colombia	-	-	8 745	-	-	8 745	-	-	-
Cyprus	912	-	-	-	-	912	-	-	-
Czech Republic	1 316 011	302 802	-	-	-	1 618 813	-	-	-
Dominican Republic	-	129 265	-	-	-	129 265	-	-	-
Ecuador	-	-	11 525	-	-	11 525	-	-	-
Egypt	-	-	670	-	50 996	51 666	-	-	-
Eritrea	-	-	-	-	712	712	-	-	-
Estonia	144 147	38 892	-	-	-	183 039	-	-	-
Fiji	28	955	-	-	-	983	-	-	-
Finland	5 171	-	-	-	-	5 171	-	-	-
France	64 531	-	-	1 878 970	500 000	2 443 501	-	-	-
Germany	-	-	-	637 000	-	637 000	-	-	-
Guyana	2 466	-	-	-	-	2 466	-	-	-
Hungary	-	202 794	-	-	-	202 794	-	-	-
Indonesia	81 921	-	-	-	-	81 921	-	-	-
Iran, Islamic Republic of	-	-	2 491	-	-	2 491	-	-	-
Iraq	-	4 462	3 211	-	-	7 673	-	-	-
Israel	-	-	-	-	41 318	41 318	-	-	-
Italy	64 491	-	-	-	-	64 491	-	-	-
Jamaica	-	-	33 430	-	-	33 430	-	-	-
Japan	-	-	-	2 273 456	182 576	2 456 032	-	-	-
Kazakhstan	509 315	118 528	2 816	-	-	630 659	-	-	-
Kenya	-	-	-	-	8 820	8 820	-	-	-
Korea, Republic of	-	-	-	1 626 542	65 866	1 692 409	-	-	-
Kuwait	-	-	-	364 800	-	364 800	-	-	-
Latvia	189 943	44 448	5 824	-	-	240 215	-	-	-
Libya	-	-	12 323	-	-	12 323	-	-	-
Lithuania	293 435	68 524	7 710	-	-	369 669	-	-	-
Malta	-	-	5 936	-	-	5 936	-	-	-
Mongolia	1 522	-	-	-	-	1 522	-	-	-
Montenegro	4 376	2 778	4 421	-	-	11 575	-	-	-
Morocco	-	-	432	-	-	432	-	-	-
Namibia	3 276	-	-	-	-	3 276	-	-	-
Nepal	-	9 260	-	-	-	9 260	-	-	-
Netherlands	5 331 056	1 226 950	-	-	-	6 558 006	-	253 590	253 590
New Zealand	1 190 839	275 022	-	-	-	1 465 861	-	-	-
Nicaragua	117	-	-	-	-	117	-	-	-
Niger	12	2 778	-	-	-	2 790	-	-	-
Norway	-	-	-	-	-	-	-	2 933 060	2 933 060
Palau	5 554	-	127	-	-	5 681	-	-	-

ANNEX A4 (continued)

Donors	Contributions received in advance						Extrabudgetary contributions transferred subject to conditions		
	Regular Budget (RB)	Technical Cooperation Fund (TCF)	National Participation Costs (NPCs)	Extrabudgetary (EB)		Total contributions received in advance	EB RB	EB TC	Total EB contributions transferred with conditions
				EB RB	EB TC				
Panama	-	12 695	-	-	-	12 695	-	-	-
Peru	996	-	-	-	-	996	-	-	-
Poland	-	-	166	-	-	166	-	-	-
Portugal	-	-	-	35 000	20 000	55 000	-	-	-
Qatar	-	-	10 152	-	-	10 152	-	-	-
Republic of Moldova	833	-	-	-	-	833	-	-	-
San Marino	612	-	-	-	-	612	-	-	-
Saudi Arabia	5 396 834	32	3 106	-	-	5 399 971	-	-	-
Senegal	2 720	-	-	-	-	2 720	-	-	-
Slovakia	512 748	-	-	-	-	512 748	-	-	-
Slovenia	306 405	70 376	4 373	-	-	381 154	-	-	-
South Africa	240 549	-	-	-	-	240 549	-	-	-
Spain	43 500	-	-	145 497	-	188 997	-	-	-
Sudan	-	10 061	-	-	-	10 061	-	-	-
Sweden	7 282	-	-	-	-	7 282	1 158 655	870 374	2 029 029
Switzerland	152	-	-	-	-	152	-	-	-
Türkiye	-	-	10 503	-	198 410	208 913	-	-	-
Ukraine	-	-	8 653	-	-	8 653	-	-	-
United Arab Emirates	-	-	2 678	-	-	2 678	-	-	-
United Kingdom of Great Britain and Northern Ireland	14 668 327	-	-	-	-	14 668 327	-	-	-
United States of America	-	-	-	17 674 684	203 178	17 877 862	-	-	-
Uruguay	7 078	-	-	-	-	7 078	-	-	-

ANNEX A4 (continued)

Donors	Contributions received in advance						Extrabudgetary contributions transferred subject to conditions		
	Regular Budget (RB)	Technical Cooperation Fund (TCF)	National Participation Costs (NPCs)	Extrabudgetary (EB)		Total contributions received in advance	EB RB	EB TC	Total EB contributions transferred with conditions
				EB RB	EB TC				
Sub-total	49 085 549	6 373 727	176 947	25 083 030	1 336 189	82 055 442	32 038 845	4 057 024	36 095 869
ii. Other Donors									
European Commission	-	-	-	-	-	-	9 455 485	679 489	10 134 974
International Organizations	-	-	-	656 395	-	656 395	-	-	-
Other Sources	-	-	-	3 000	-	3 000	-	4 102 732	4 102 732
Sub-total	-	-	-	659 395	-	659 395	9 455 485	4 782 221	14 237 706
GRAND TOTAL	49 085 549	6 373 727	176 947	25 742 425	1 336 189	82 714 837	41 494 330	8 839 245	50 333 575

ANNEX A5

REGULAR BUDGET FUND
STATUS OF CASH SURPLUS
As at 31 December 2022
(expressed in euro)

Calculation of provisional cash surplus/(deficit) for 2022	
Receipts	365 590 052
Disbursements	(358 013 541)
Excess (shortfall) of receipts over disbursements	7 576 511
Unliquidated obligations	(25 072 773)
Transfer of 2021 RB unobligated balances	(3 943 755)
Provisional 2022 cash deficit	**(21 440 017)**

Calculation of final cash surplus for 2021	
Prior year provisonal cash deficit	(20 235 446)
Receipt of:	
Contributions all prior years	25 762 755
Savings on liquidation of prior year's obligations	1 857 781
Miscellaneous income	523 421
Unobligated balances	-
Final cash surplus for 2021	7 908 510
Less: Final cash deficit for 2020	**(22 611 845)**
Transfer of Surplus to MCIF	-
Final cash surplus/(deficit) for 2021	**(14 703 335)**
Prior years cash surpluses a/	**24 855**
Total cash surpluses/(deficit)	**(14 678 480)**

a/ Withheld pending receipt of contributions.

ANNEX A6

STATEMENT OF INVESTMENTS AS AT 31 DECEMBER 2022
(expressed in euros)

Euro Denominated Cash Equivalents and Investments

Type of Issuer	Type of Instrument	Carrying Value	Yield per annum (%)	Original Investment date	Maturity date
Supranational	Time Deposit	50 000	1.49%	2022-12-16	2023-02-07
Supranational	Time Deposit	25 000	.40%	2022-08-01	2023-07-03
Commercial	Time Deposit	77 000	1.83%	2022-12-19	2023-02-09
Commercial	Time Deposit	51 500	1. 78%	2022-12-19	2023-02-07
Commercial	Time Deposit	7 000	1.69%	2022-12-22	2023-01-23
Commercial	Time Deposit	55 000	1.52%	2022-12-20	2023-02-09
Commercial	Time Deposit	10 000	.12%	2022-04-28	2023-04-28
Commercial	Time Deposit	68 000	1.62%	2022-12-19	2023-02-09
Commercial	Time Deposit	15 000	1.74%	2022-12-20	2023-02-20
Commercial	Time Deposit	60 000	1.74%	2022-12-20	2023-02-20
Commercial	Time Deposit	60 000	1.70%	2022-12-20	2023-01-20
Commercial	Time Deposit	90 000	2.02%	2022-12-21	2023-02-10
Total Euro Denominated Cash Equivalents and Investments		**568 500**			
Euro Denominated Cash Equivalents and Investments as Percent of Total					**85%**

US Dollar Denominated Cash Equivalents and Investments (Euro equivalent)

Type of Issuer	Type of Instrumer	Carrying Value	Yield per annum (%)	Original Investment date	Maturity date
Supranational	Time Deposit	2 254	4.34%	2022-12-30	2023-02-06
Supranational	Time Deposit	7 230	4.44%	2022-12-30	2023-02-06
Supranational	Time Deposit	14 179	3.03%	2022-07-29	2023-02-28
Commercial	Time Deposit	12 864	3.44%	2022-07-29	2023-01-31
Commercial	Time Deposit	49 016	4.70%	2022-12-16	2023-02-06
Commercial	Time Deposit	12 583	4.70%	2022-12-16	2023-02-06
Total US Dollar Denominated Cash Equivalents and Investments		**98 126**			
US Dollar Denominated Cash Equivalents and Investments as Percent of Total					**15%**
Total Euro Equivalent Cash		**666 626**			

Part V

Report of the External Auditor on the Audit of the Financial Statements of the International Atomic Energy Agency for the Year Ended 31 December 2022

SUPREME AUDIT INSTITUTION OF INDIA
लोकहितार्थ सत्यनिष्ठा
Dedicated to Truth in Public Interest

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

For further information, please contact:

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Principal Director (International Relations)
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Report of the External Auditor for the Audit of International Atomic Energy Agency (IAEA) for the financial year ended 31st December 2022

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EXECUTIVE SUMMARY

The Importance of This Audit

During 2022, the International Atomic Energy Agency (IAEA or the Agency) generated a revenue of EUR 653 million and recognized expenses amounting to EUR 645 million; as well as managed assets and liabilities amounting to EUR 1336 million and EUR 731 million respectively.

Accordingly, Comptroller and Auditor General of India (CAG) presents this report as a result of the audit conducted on the Agency's financial statements for the year ended 31 December 2022.

CAG also conducted a performance audit of the Provision and Development of Safeguards Instrumentation, audit of Management of IT Applications and Projects and audit of Nuclear Security Fund.

In line with our mandate, we audited the financial statements of the IAEA in accordance with the Financial Regulations and in conformity with the International Standards on Auditing (ISA) issued by the International Auditing and Assurance Standards Board (IAASB).

Audit Objectives

The general objectives of the audit are to provide independent assurance on the fairness of presentation of the financial statements to Member States, to help increase transparency and accountability in the Agency, and to support the objectives of the Agency's work through the external audit process.

With respect to the performance audit, the objective was to assess whether the provision and development of safeguard instrumentation activities related to the Division of Technical and Scientific Services were economical, efficient, and effective; complied with applicable policies, procedures and regulations; and mitigated the identified risks.

The broad objectives of conducting Audit of Management of IT application and projects were to assess whether IT governance was in line with goals and stated objectives of the IAEA and; that the Agency was in compliance with the regulations and statutes. The general objectives of Audit of Nuclear Security Fund (NSF) was to assess whether the actions and activities undertaken against the Nuclear Security Fund were in accordance with established policy, programmes, rules and procedures of the Agency.

Financial Audit Overview

In our opinion, the financial statements of the International Atomic Energy Agency (IAEA or the Agency) present fairly, in all material respects, the financial position for the year ended 31 December 2022 and its financial performance and cash flows for the year then ended in accordance with International Public Sector Accounting Standard (IPSAS). Based on our conclusions we issued an unqualified audit opinion on the Agency's financial statements for the year ended 31 December 2022.

Performance Audit of the Provision and Development of Safeguards Instrumentation

Based on the evidence obtained during our audit, it is our opinion that appropriate and reliable safeguards instruments were available for appropriate inspections in a timely manner. The Division of Technical and Scientific Services (SGTS) has placed teams, processes and instruments which ensure that adequate and timely field support is provided. New and innovative approaches to providing instrumentation for nuclear safeguards were also developed.

We found each sub-process and interrelated set of activities was well-documented. We concluded that each sub-process was being performed in a specific order to achieve the results desired by Management.

IT Audit of Management of IT Applications and Projects

We carried out the IT Audit, based on a representative sample, usages, significance and costs involved. We are of the opinion that the Management of IT applications, Change Management, Business Continuity and Disaster Recovery was being performed well and the processes well documented. Security of critical IT applications was comprehensively handled in accordance with the regulatory requirements.

Audit of Nuclear Security Fund (NSF)

The Agency may benefit from broadening the resource base of donors. The NSF is implemented primarily by the Division of Nuclear Security (NSNS) under Programme 3.5 – Nuclear Security. Some activities implemented by other departments which contribute to nuclear security also receive support from NSF, with confirmation from donors before its use in such a manner. The integrity of the fund is maintained, as fund utilization is tracked in the Agency-Wide Information System for Programme Support (AIPS), which also acts as a control against duplication and overlap.

INTRODUCTION

1. By appointment of the General Conference, the Comptroller and Auditor General of India (CAG) has been entrusted with the responsibility of auditing the Agency's financial statements for the financial years 2022 to 2027 in accordance with *Financial Regulations 12.01 (Article XII)* and the Additional Terms of Reference governing the External Audit, as set out in the Annex to these Regulations. CAG made such observations as deemed necessary in relation to the financial consequences of prevailing administrative practices in accordance/compliance with paragraph 5 of the Additional Terms of Reference governing the External Audit.

2. Our audit was conducted in accordance with the applicable International Standards on Auditing (ISA) and International Standards of Supreme Audit Institutions (ISSAI), as adopted by the Panel of External Auditors of the United Nations (UN), the Specialized Agencies and the IAEA.

3. According to the requirements of ISA, the main objective of the audit was to enable the auditor to express an opinion on whether expenditure recorded for the year had been incurred for the purposes approved by the General Conference; whether revenue and expenses were properly classified and recorded in accordance with Financial Regulations; and whether the financial statements present a fair view of the financial position as at 31 December 2022. This includes the correctness of year-end balances of all IAEA funds as detailed in IAEA financial statements. In addition, the ISSAI provides guidance on the conduct of performance audits. The main audit objective of the performance audit was to assess whether the provision and development of safeguard instrumentation activities related to Division of Technical and Scientific Services were economical, efficient, and effective; complied with applicable policies, procedures and regulations; and mitigated the identified risks. The objective of Audit of Management of IT application and projects was to assess whether IT governance was in line with goals and stated objectives of the IAEA and; that the Agency was in compliance with the regulations and statutes. The general objectives of Audit of Nuclear Security Fund (NSF) was to assess whether the actions and activities undertaken against the Nuclear Security Fund were in accordance with established policy, programmes, rules and procedures of the Agency.

4. The audits involved: discussions with key managers of the sub-programmes and sections concerned; review of related documents; review of policy, processes and procedures; seeking information and clarifications from Management through information requests and audit queries; and providing audit observations and recommendations.

5. The purpose of this Audit Report is to communicate the audit results to Management and those charged with governance of the Agency, as well as other stakeholders. Important findings arising from the audit procedures performed were, after detailed discussions with the responsible management, conveyed through audit observations. The more significant of these findings, appropriately aggregated, have been incorporated in this report, after duly considering management's final responses and action plans for implementation of the recommendations.

FINANCIAL OVERVIEW

Adoption of IPSAS

6. The Agency carries out its mandate within a result-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 on its mandate. This is the twelfth year since the adoption of IPSAS by the Agency in 2011.

Fund Accounting and Segment Reporting

7. The financial statements contain segment reporting which provides information on the Agency's activities on both major programme and source of funding basis. The Agency's six major programmes are 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 all financed through the Agency's fund groups. A fund is a self-balancing accounting entity established 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 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 (the Board) and Financial Rules issued by the Director-General.

Budgetary Performance

8. The Programme and Budget of the Agency is funded through the Regular Budget Fund and the related appropriations approved by Member States. The components of the Regular Budget include the Operational Regular Budget and Capital Regular Budget. The Agency's utilization was 99 percent and 27 percent, respectively, in respect of Operational Regular Budget and Capital Regular Budget. The low utilization of Capital Regular Budget was particularly on Major Programme 4 on Nuclear Verification and Major Programme 2 on Nuclear Techniques for Development.

Summary of Financial Performance

9. The net assets of the Regular Budget Fund (RBF) of EUR 141.6 million decreased by EUR 28.7 million (25 percent). The net assets of the Technical Cooperation Fund (TCF) increased by EUR 3.6 million primarily due to an increase in contributions from National Participation Costs, and Technical Cooperation Extra Budgetary Fund (TC-EB) increased primarily due to increase in Investments and Cash and Cash Equivalents (CCE). Owing to net surplus, the net assets of the Extra budgetary Programme Fund (EBF) increased by EUR 2.3 million to EUR 384.0 million. The net assets of the IAEA Low Enriched Uranium (LEU) Bank decreased by EUR 9.5 million to EUR 79.0 million, due to a decrease in cash and cash equivalent in 2022 compared to 2021.

Revenue Analysis

10. Total revenue in 2022 was EUR 653.5 million, which represented a 4.3 percent increase as compared to 2021 (EUR 626.7 million), mainly due to increase in revenue from Assessed Contributions

and Voluntary Contributions of EUR 10.5 million and EUR 11.1 million respectively. This increase was partially offset by a decrease in Revenue from Exchange Transactions of EUR 0.13 million.

Expense Analysis

11. There was 16 percent increase in expenses in 2022 (EUR 645.1 million), as compared to 2021 (EUR 556.1 million). Salaries and Employee Benefits (EUR 341.3 million) accounted for 53 percent of the Agency's expenses with an increase of EUR 24.4 million from 2021. The second largest component was Transfers to Development Counterparts (EUR73.5 million) which represented 11 percent of the Agency's expenses in 2022. Travel (EUR 38.1 million) showed an increase of EUR 25.6 million from 2021. Training (EUR 41.3 million) showed an increase of EUR 27 million as compared to 2021. The increase in these expenses was partly because of the lower 2021 base year figures.

Financial Position

12. The overall financial position of the Agency continues to be sound for the year ended 31 December 2022. This financial position can be seen in the following key indicators:

- The overall net assets value, calculated as total assets less total liabilities, is EUR 605.7 million; and
- The value of current assets is approximately 6.5 times the value of current liabilities. This signifies that the Agency has sufficient resources to cover its liabilities expected in the upcoming 12 months.

Financial Ratios

13. We analysed the liquidity position of the IAEA to assess its ability to meet its short-term commitments, long term obligations and operating needs. The results of analysis are discussed in succeeding paragraphs.

Short term Solvency

14. The short-term solvency can be determined from the current ratio, quick ratio and cash ratio which are detailed below:

Table 1: Short-term solvency ratios

Ratio	2022	2021	2020
Current Ratio[a] (Current Assets/ Current Liabilities)	6.50	6.45	5.89
Quick Ratio[b] (Quick Assets/Current Liabilities)	5.70	5.69	5.15
Cash Ratio[c] (Cash and current investments/ Current liabilities)	5.19	5.18	4.75
Total Assets to Total Liabilities Ratio[d]	1.83	1.89	1.69

[a] A high ratio indicates an entity's ability to pay off its short-term liabilities.
[b] Quick Ratio is more conservative than the current ratio because it excludes inventory and other current assets, which are more difficult to turn into cash. A higher ratio means a more liquid current position.

[c] Cash Ratio is an indicator of an entity's liquidity by measuring the amount of cash, cash equivalents or invested funds in current assets to cover current liabilities.

[d] A high ratio is a good indicator of solvency.

15. The current ratio and quick ratio of the IAEA remained more than five in the last three years which is indicative of high liquidity and sound solvency of the IAEA to meet its short-term liabilities.

Long term Solvency

16. We assessed the ability of IAEA to meet its total liabilities using the Total Liabilities to Net Assets ratio. The following table shows the total liabilities, net assets and Total Liabilities to Net Assets Ratios of the IAEA for the last three years.

Table 2: Long-term solvency ratios

Description and Ratio	**2022**	**2021**	**2020**
Total Liabilities (Million EUR)	730.762	698.665	760.281
Net Assets (Million EUR)	605.743	621.099	522.447
Total Liability to Net Assets Ratio[e]	1.21	1.12	1.46

[e] A low ratio is a good indicator of solvency.

17. The above table shows that the total liabilities to net assets of the IAEA were 1.46 times in the year 2020, which improved to 1.12 times in the year 2021. However, it has increased to 1.21 times in the year 2022.

18. As at 31 December 2022, the total Cash and Cash Equivalents (CCE) and Investments represent 59 percent of the Agency's total assets. Thus, the Agency's liquid assets are sufficient to meet its operational requirements.

19. The significant areas of change in the Agency's financial position in 2022 from 2021 are in relation to the following:

- Current assets increased by EUR 15.5 million mainly due to the increase in the overall amount of CCE and Advances and prepayments;
- Non-current assets increased by EUR 1.2 million related primarily to Property, Plant, & Equipment (PP&E), offset by a decrease in Intangible Assets; and
- Total liabilities increased by EUR 32.1 million mainly due to the overall increase in the Agency's Employee Benefits Liabilities. As a result, there was an overall decrease in net assets, from EUR 621.1 million to EUR 605.8 million.

AUDIT OPINION

20. According to the terms of Reference for the External Auditor, we are required to express an opinion on the IAEA financial statements for the financial period ended 31 December 2022. Our audit of the financial statements for the financial year 2022 revealed no weaknesses or errors which we considered material to the accuracy, completeness and validity of the financial statements as a whole. Accordingly, we have placed an unqualified opinion on the Agency's financial statements for the financial year ended 31 December 2022.

AUDIT FINDINGS

I. FINANCIAL AUDIT

A. Unfunded - post-employment benefits

21. The Agency made actuarial valuation for post-employment benefits for its employees for (i) After-Service Health Insurance Plans (ASHI), (ii) End of Service Allowance (EOSA), (iii) Repatriation Grant (Grant), (iv) Repatriation Shipping (Shipment) and (v) Repatriation Travel (Travel).

22. We noted that the major component (49 percent) of the total liabilities of the Agency is After - Service Health Insurance (ASHI) premiums for current and future employees and their dependents. The ASHI is a defined benefit plan wherein former staff members (retired, separated, dependents of retired or deceased staff members) are eligible to obtain medical insurance through the Agency. The Agency currently fulfils its financial obligation towards ASHI premiums of eligible retired staff members solely on a "pay-as-you-go" approach from the Regular Budget. The Director General (DG) approved (2021) creation of a separate funding mechanism for the ASHI liability related to extra budgetary posts, which are funded through extra budgetary contributions, to help reduce the ASHI burden on Regular Budget.

23. However, we noted that in respect of Regular Budget, a distinct funding has not been created to fund such benefits nor has any funding plan been put in place to provide for the unfunded employee benefit liabilities in future.

24. The Agency stated that in line with the Report "After Service Health Insurance: additional information" (GOV/INF/2021/7), some cost containment measures have also been implemented effective 01 March 2023. Further, the Agency stated that the funding proposal based on an ASHI Fund was to be initially funded through the anticipated savings of the cost containment measures.

Recommendation 1 We recommend the Agency identify milestones and timelines for fully funding the post-employment benefit liabilities.
The Agency agreed with the recommendation.

B. Travel process management

25. The Travel Procedures at the IAEA prescribe the process to be followed for quarterly travel plan, timelines for submitting travel request, travel approval, ticket reservations, submission of travel claims, etc. The procedures also provided for senior managers to periodically review travel patterns and cost, as well as the timeliness of the Department's/Division's planning and management of travel (including any compliance issues).

26. In 5002 cases examined by us, we observed non-compliance to the timeliness as described in the procedures ibid. The delays compared to the prescribed timelines were noticed in various stages such as submitting travel request (38 %), travel approval (71%), ticket reservations (52%) and submission of travel claims (15%). We also observed that 2,886 Travel Requests & Claims (TRACs) were cancelled.

27. The Agency stated that to ensure compliance with the requirement to submit claims within one month of completion of travel, staff members start receiving automatic reminders from AIPS. If the claim is not submitted after 90 days, the full advance is deducted from the staff member's salary.

28. The Agency further stated that out of the 2,886 cancelled cases, 581 non-staff travel and 65 staff travel cancellations were made after issuance of tickets. 798 cases had financial transactions recorded in the amount of EUR 1,670,732, out of which an amount of EUR 1,145,600 has been recovered and recovery efforts still continue.

29. We appreciated the action taken to recover the advance and encourage the Agency to attempt full recovery.

Recommendation 2

We recommend the Agency to review the travel process and take appropriate measures to strengthen adherence to timeliness prescribed in the Travel Procedures.

The Agency agreed with the recommendation.

C. INVENTORY

30. Rule 110.33 of Financial Rule (AM.V/3, February 2020) provides that the Agency-wide Procurement Strategy shall identify how the procurement-related resources of the Agency will be configured to efficiently and effectively manage risk and opportunity in procurement to achieve best value for money in the interests of the Agency.

31. We observed that there were 6,723 items (EUR 44.19 million) in 'Project Inventory in transit to Counterparts' as on 31 December 2022 and that 4,184 number of items[5] (EUR 13.94 million) were still in transit even after lapse of 2 years of their purchase.

32. The Agency responded that delivery of Purchase orders (POs) was delayed due to various reasons such as supplier compliance, export licenses at origin, customs clearance and other reasons and that the Agency had already begun a review and cleanup process to reduce the number of pending shipments.

33. In respect of Safeguard stock, we observed that the Agency procured items despite sufficient availability of earlier stock. Out of 17 item codes, we reviewed 3 item codes and observed that in respect of 2 item codes, items continued to be in stock for up to 12 years. Procurement size of Safeguard stock needs to be decided as per consumption pattern.

34. The Agency responded that as per the Stock Count Report, there was no impairment and items will still be usable in the future.

35. We noted the Agency's response and also opined that before procurement, an analysis of consumption pattern and available stock could bring more efficiency in inventory management.

[5] In 2016-8 items, 2017-9 items, 2018-26 items, 2019-49 items and 2020-4,092 items procured. Total: 4,184.

Recommendation 3 (i) We recommend that the Agency should further review reasons for delay in delivery of inventory in transit and effect measures to improve the delivery related delays. (ii) We recommend the Agency to carry out consumption pattern analysis to set minimum stock requirements and purchase order size of Safeguard materials taking into account the factors that determine stock levels and purchases.
The Agency agreed with the recommendation.

II. PERFORMANCE AUDIT OF SUB-PROGRAMME ON PROVISION AND DEVELOPMENT OF SAFEGUARDS INSTRUMENTATION

Introduction

36. Major Programme 4, Nuclear Verification 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 to Member States by the Agency, or at its request or under its supervision or control, are not used in such a way as to further any military purpose.

37. One of the Sub-programmes of the Major Programme 4, i.e., Sub-programme 4.1.6 - Provision and Development of Safeguards Instrumentation is about provisioning and development of safeguards instrumentation to member states for inspections. The Safeguards Division of the Technical and Scientific Services (SGTS), supported by four sections, is responsible for the sub-programme.

Audit Objectives

38. We conducted the Performance Audit of sub-programme on "Provision and Development of Safeguards Instrumentation" of STGS of International Atomic Energy Agency (Agency). The audit objective was to assess whether the provision and development of safeguard instrumentation activities were economical, efficient, and effective; SGTS complied with applicable policies, procedures and regulations; and mitigated the identified risks.

Scope and Coverage

39. The audit covered the years 2020 and 2021.

AUDIT FINDINGS

SGTS Shipments

40. Performance and Asset Management team (PAM) under SGTS has the responsibility of shipping safeguards equipment and supplies to facilities and handling return shipments from facilities and vendors.

41. The Safeguards Implementation Report (SIR), prepared by the Director General, IAEA for a year captures the Safeguards monitoring, verification and many other activities undertaken by the Agency during the year. This report helps in the independent assurance to the board and member states of the safeguards in place for all states. We noted a difference in the number of shipments reported in SIRs of both years 2020 and 2021 when compared to the numbers provided to us as detailed below.

Table 3: Details of shipments provided by Section for Technical Services (TTS) and figures reported in SIR

Shipment types	2020		2021	
	As stated to audit	**As reported in SIR**	**As stated to audit**	**As reported in SIR**
From HQ to the field	302	Not reported	346	297
Return shipments to HQ	105	105	118	86
Other (From field to field, domestic)	17	Not reported	7	Not reported

42. We noticed that the figures presented in the SIR only accounted for completed shipments and did not incorporate shipments that were initiated in the same year but were yet to be delivered to their destination.

43. SGTS in its reply stated that the variance was due to different query specific metrics being used to extract the same information. It is part of the definition of the metric that the reported number of shipments includes all those that were "completed" in a specific year. The metric is consistently applied in the extraction of data for the SIR, all shipments will be reported over the years, but those that happened over two years will be reported in the year they were completed.

Recommendation 4

For the purpose of completeness, we recommend the Agency to consider inserting a disclosure in the Safeguards Implementation Report (SIR) indicating that the shipment number presented denotes only completed shipments.

The Agency agreed with the recommendation.

Defining Equipment

44. The Equipment Handling, Radiation Safety and Quality Management Team (HQM) of TTS operates warehouses to ensure adequate stocks of supplies and components for SGTS labs and of Personal Protective Equipment for the Safeguards and the IAEA.

45. Two locations within the Vienna International Centre (VIC) Headquarters, Vienna and an external warehouse outside (previously, two as per procedure) are dedicated warehouses for the purpose. The external storages are used for long-term storage purpose for only non-sensitive equipment (such as cabinets, batteries, cables, etc.).

46. We noticed that sensitive and non-sensitive equipment are not defined in the procedure SG-TP-13611. SGTS while confirming that there was no definition, clarified that sensitive equipment are those which do not contain data and that cannot be tampered without the tampering attempt being detected. We felt that a definition would reduce the risk of sensitive equipment being stored at external storages.

Recommendation 5 We recommend that the Agency amend the procedure prescribed under SG-TP-13611 by defining sensitive and non-sensitive equipment suitably as per policies of the Agency.
The Agency agreed with the recommendation.

Physical Verification

47. As per SG Asset Management Procedure SG-PR-14020, every SG asset is to be inventoried by SG Asset Management Office (SAMO) at least every two years. Items are marked as “Not found” when they have been searched for and could not be verified.

48. We noted that 713 and 2275 items were reported as “Not found” in 2020 and 2021 respectively. SGTS stated that that the most frequent reason for items being not found in the field is that items are not accessible for verification such as in high radiation areas. This in our view is a risk to the Agency.

49. SGTS informed us that it could not verify 58 assets/ inspection equipment located at the Agency’s Headquarters/ Safeguards Analytical Laboratory (SAL), out of which seven were found at a later stage. We observed that 51 remaining assets purchase cost of (Euro 331,569) remained unverified till February 2023.

50. SGTS stated that continuous efforts were made to find the assets, however assets remained untraced. As per Clause 4.2.2 of Safeguards Asset Management Procedure, SAMO should request the custodian to initiate a write-off process for not-found assets in the cases where the asset could not be found for more than two physical inventories. We observed that although write-off requests for 11 assets had been initiated, SAMO had not initiated write-off for 40 ‘Not found’ assets till December 2020.

51. Besides the delay in writing off these ‘Not found’ assets (purchase cost Euro 253,940.7), there is a risk that recognition of such assets in the books would not be in consonance with the provisions of IPSAS 17.

52. In response, SGTS stated that as per the Clause 4.2.2 of Safeguards Asset Management Procedure, SAMO has requested the custodians to initiate relevant write-offs. They also added that SAMO office is functioning in full compliance with the IAEA- MTBF Materiality Decision Log as well as Impairment Approval Matrix when the items are retired.

Recommendation 6 We recommend that IAEA may set a time frame for derecognizing unverified assets while recording, as matter of good practice, the reasons for non-verification.
The Agency agreed with the recommendation.

Managing equipment-related issues

53. “Manage equipment related issues” is one of the centralized and standardized sub-process for corrective maintenance under the process “Providing equipment and technical services to support in-field verification activities”. The process of reporting and tracking issue resolution is through the Service Management Tool (SMT). SMT assigns tickets to the appropriate teams which assess the reported issues

for timely resolution. This evaluation process incorporates feedback from both, the individual who submitted the request and the SGTS team responsible for performing quality checks.

Equipment Performance Rate

54. Availability of equipment is measured taking into account the total number of systems used, the total number of times the systems were used and the total number of failures under different categories. By this metric, the availability of equipment ranged between 98 percent to 100 percent in 2020-2021. However, our analysis of performance by system type showed that as against the target of 99%, it was less than 99% in case of 19.8% in 2020 and 12.6% of system types in 2021.

Table 4: Details of availability of systems (by system type) (In percent)

	2020	2021
Total No. of systems (by type i.e., represented by system code[6])	106	111
No. of systems (by type) having availability of 99 percent and above	85	97
No. of systems (by type) having availability less than 99 percent	21	14
Percentage of systems (by type) having availability less than 99 percent	19.81	12.61

55. SGTS acknowledged that that the methodology applied by the audit team was not rigorous, since the analysis considers only the system types without consideration of the usage rate corresponding to these types, and that this comparison would be more robust if all systems had similar usage or if the percentage on the failures were weighted on the usage rate. The Agency further stated that it was important to acknowledge that any further increase in performance was possible only at the cost of more intensive preventive maintenance program, and that such a decision was to be evaluated considering the cost (financial, including human resources) to achieve the improvement, vis-a-vis the risk reduction.

56. An analysis of failures revealed that 99 equipment failures occurred during 2020 and 78 during 2021, as detailed below.

Table 5: Details of equipment failures

Year	Category				
	Surveillance	UMS	NDA	Seals	Total
2020	65	20	14	0	99
2021	37	5	21	15	78

57. SGTS confirmed that such failures have been identified and corrective measures for fixing failed components, as envisaged in the above document, has been carried out for all instances of failure. We appreciate the high level of overall availability of equipment. However, since failure is an incident that

[6] Surveillance - XVID – DCM-C5 – 94.7% (availability in 2021),
UMS – EVSM – SRBS – 83% (Availability in 2020),
NDA – CBVB – Gamma Systems – 93% (Availability in 2020).

could result in significant data loss, efforts may be taken to bring down the individual equipment failures while keeping the overall cost benefit in mind.

Recommendation 7 We recommend the Agency continue efforts to improve the overall availability of equipment, based on a cost-benefit analysis, by identifying and taking corrective measures to contain recurring causes of failures.
The Agency agreed with the recommendation.

Remote Data Transmission

58. As per the Terms of Reference of SGTS Organization, the Equipment Data Management (EDM) Team is in charge of managing data coming from safeguard equipment systems, remote data transmission, and managing SGTS Data Centre.

59. At the end of 2021, out of 317 facilities, there were 62 facilities with 182 Unattended Monitoring Systems (UMS) and 255 facilities with 1355 surveillance systems. Of these, streams are transmitted remotely from 148 facilities. Few data streams transmit information solely on state of health (SOH1) information of the equipment.

60. In case the data was not transmitted from remote locations, an Inspector/ Technician physically carries the data from the facility and hands it over to the EDM team. The EDM team explained that they can ensure data integrity and reliability only upon receiving the data and media. However, if the media fails or does not contain all the required data, the team had no way of identifying problems with data or equipment failures.

61. Therefore, for systems that did not transmit data remotely, any adverse event/ the system's health status can only be determined during inspection or preventive maintenance. During the meeting with the UMS team, we suggested that implementing remote transmission of SOH information may reduce the time and resources required for preventive and corrective maintenance.

Recommendation 8 We recommend that whenever the Safeguard Agreement does not provide to the contrary, the Agency may consider enabling Remote Data Transmission of state of health (SOH) information.
The Agency agreed with the recommendation.

III. MANAGEMENT OF IT APPLICATIONS AND PROJECTS

Introduction

62. Management of IT applications and projects is overseen by the Division of Information Technology (MTIT) and Office of Information and Communication System (SGIS), Department of Safeguards in the IAEA.

Audit Objectives and Scope

63. The broad objectives of conducting Audit of management of IT application and projects were to assess whether IT governance was in line with goals and stated objectives of the IAEA and; that the Agency was in compliance with the regulations and statutes.

64. We selected upgraded project of Agency Wide Information for Programme Support (AIPS) 2021 and selected modules on Financial Management and Material Management for detailed examination. Further, audit also drew a sample of other IT applications and projects which are under testing/ rolled out /rejected/ under implementation. These were prioritized based on usages, significances and the costs involved.

AUDIT FINDINGS

Incident Management and Response

65. IT Security events are incidents or occurrences related to the security of Information Technology (IT) systems and networks. These events can include a wide range of events ranging from simple user errors to complex cyber-attacks (e.g., Malware or virus infections, Phishing attacks, Distributed Denial of Service (DDoS) attacks, Data breaches, Insider threats)

66. We noted that incidents/breaches detected between August and December 2021on Agency ISMS workstations ranged between 550 to 650 per month. These incidents pertained to phishing attacks, network intrusions, Data Loss Prevention (DLP) cases, email attacks etc. We observed that the Agency ISMS do not have the ability to track and respond to these cases on 24x7 basis. Therefore, any such incident happening on a weekend after office hours could only be responded in the morning of next working day.

67. The Management replied that the IT security team has the ability to track and detect such cases on a continuous basis, but MTIT lacks the resources to investigate and respond on all security events on 24x7 basis. They further stated that a large number of the above detected incidents pertained to virus attacks on desktops, end point detection and response, spam etc.

68. We are of the opinion that if the constraints are not resolved, there is a risk of unmonitored cyber-attack on the IT systems.

Recommendation 9: The Agency should consider benchmarking its staffing and resources to accepted guidelines for IT security considering specifically the criticality of information the Agency holds.
The Agency agreed with the recommendation.

Business Continuity Planning and Disaster Recovery

69. Disaster recovery in IT refers to the process of restoring the normal operations of an organization's IT infrastructure after a catastrophic event, like cyber-attack, power outage, or hardware failure etc. The goal of disaster recovery is to minimize the impact of the disaster on the organization's business operations and ensure the continuity of critical services and data.

70. We noted that the Agency had formed an organizational resilience group with purposes, objectives, memberships, and responsibilities for the implementation of organizational resilience management system (ORMS) and the definition details of business continuity plan as part of ORMS has been prescribed and revised in October 22. This specifies Recovery Time Objectives (RTO) and Recovery Point Objectives (RPO) for different business continuity scenarios.

71. We observed that only a few platforms like AIPS etc. (full list in Annex II) had disaster recovery capabilities. Even in applications that have disaster recovery, we could not draw assurance that the RTO and RPOs have been reconciled with requirement as approved by crisis management group.

72. MTIT stated that it has never committed to provide disaster recovery for all systems and it is the accountability of the application business owners to fund any disaster recovery capabilities outside of what is provided at an enterprise level. It admitted that though they have reinforced this multiple times to the various business owners it is not clear whether they have reconciled their RTOs and RPOs with the requirements.

73. In the absence of Disaster recovery plans particularly for the Agency critical IT systems might result in extended downtime, data loss and risk of regulatory non-compliance in the event of an actual business disaster.

Recommendation 10: The Agency may develop and implement a functional disaster recovery plan for all its critical IT applications in line with the ORMS requirements.
The Agency agreed with the recommendation.

IT Projects appraisal

74. The Information Technology Advisory Group (ITAG) approval Review Document stipulates that to initiate an IT Project, a request must be submitted containing project title, project executive, department – division, project manager, users, costs, expected business benefits and efficiency gains, IPSAS compliance among other details.

75. We reviewed the 64 projects that were submitted for approval (2020-2023). We found that information related to the request form submitted to ITAG for approval of an IT project, was not fully complied with missing, incomplete, information particularly in respect of parameters such as “expected business benefits and efficiency gains”; “relation with major programme objectives”; “implementation

of the business technology strategy plan"; and "special security needs". No templates or guidance document were found to assess these parameters.

76. MTIT in its reply stated that the ITAG form provides guidance for every field on the form and the executive sponsor of the project is accountable for ensuring its accuracy. ITAG is responsible for approving the content as presented. It also stated that the policies and guidance document will be updated to clearly state the point in the Project lifecycle, when it should be presented to ITAG, and the level of information required at each stage to reduce confusion.

77. We felt that missing and incomplete information on new projects entails the risk of incomplete/ inefficient risk analysis for new projects.

Recommendation 11:

ITAG may prescribe minimum requirements in respect of parameters with templates to facilitate comprehensive review of IT projects/ applications under submission to it.

The Agency agreed with the recommendation.

Application Portfolio of MTIT

78. MTIT has an application portfolio that contains 294 IT applications. We noted that MTIT was not sure of the exact number of applications that were not in use or not claimed by any of the Business owners. For instance, application titled 'HR Legacy' had been decommissioned but continued in the list of IT applications of MTIT. We pointed out that applications without owners and non-operational applications pose financial and IT security risks to the organization.

79. MTIT agreed that unutilized applications as well as applications without accountable owners present risks to the organization. It further stated that the accountability for evaluating the continued relevance of an application and authority for pursuing decommissioning rests with the business owner and it looks for opportunities to make business owners aware on a regular basis.

80. We are of the opinion that an exercise to weed out unutilized IT applications and those which have outlived their utility is necessary for IT security purposes as well as to release storage space and save on hosting costs.

Recommendation 12:

A regular exercise to weed out IT applications that are no longer in use or have outlived their utility must be done by the Agency to optimize storage space and save upon costs related to storage and hosting of these applications.

The Agency agreed with the recommendation.

AIPS application access and security

81. IT applications carry varying level of privileged administrative access. Some IT application user accounts need to have enhanced privileges for the purpose of running an application. In the interest of IT security, all such accounts should periodically be reviewed, and privileges removed if not required.

82. We observed that a review of roles and privileges assigned to privileged accounts such as the "applmgr" and Oracle Data Base Administrator (DBA) was not carried out and any procedure of

supervisory review of logs of activities done by such accounts was not in existence. We also noted that for the AIPS application-level security the number of officials who are charged to grants/revokes accesses and enhance privileges were not identified and compiled across the Agency.

83. In reply to the observation, MTIT said that the accounts are reviewed at key events such as exit processes and new joiners. However, all changes are logged, and they can extract the list of changes if needed.

84. We are of the opinion that it is important to identify and compile a list of accounts having supervisory access to systems as well as having a periodical review to weed out accounts that are no longer required.

Recommendation 13: We recommend that procedures must be established for a periodic review of accounts to identify and compile a list of admin, application level and Database (DB) accounts as well as accounts that are no longer required. A procedure of periodical supervisory review of logs of activities undertaken by such accounts should also be instituted.
The Agency agreed with the recommendation.

Change management process of various IT applications.

85. Change management for IT applications is the process of planning, coordinating, and implementing changes to software, hardware, or systems in a controlled and systematic manner to minimize disruption and maximize benefits.

86. We noted that changes in IT applications in the Agency under MTIT were being dealt with by two different sections. Process enhancement changes in AIPS were dealt with by AIPS Management Section (MTIT-AMS). On an average, 10 changes per month in AIPS were being implemented. Changes in other IT applications were the responsibility of Business Technology Coordination Section (MTIT-BTCS) who on an average were responsible for implementation of on an average 40 changes per month in various IT applications. Upon review of the guidance and documentation of such changes, we observed that the documentation of software changes and updating of relevant AIPS manual and related training material was not clearly specified with responsibilities. We could not draw assurance that these changes therefore are indeed being documented.

87. The documentation of changes is an important step for future guidance and resolving technical configuration issues later. Consequently, we also could not be assured that the training materials that are derived from AIPS and such other manuals to that extent had remained updated.

88. While acknowledging that documentation of changes is important, MTIT-AMS stated that this has not been clearly stated in the guidelines. Similarly, MTIT-BTCS in its reply agreed that documentation of changes is important, however responsibility for this was not defined by them and thus this work had remained unattended.

89. We noted that as at end of December 2021, out of 233 CR requests pending only 9 could be closed in that month, while 7 were new requests. A similar position was noted for end of December 2022, out of 307 requests only 13 could be closed in that month, while there were 20 new requests. We observed that on average 10 changes per month requested were implemented by MTIT-AMS with a backlog averaging more than 275 per month. We noted that if a request could wait for a year, then there is a risk that its implementation and utility for the Agency assumes a low priority.

90. MTIT-AMS agreed that only a small percentage of the backlog CRs are being implemented/closed every month. They further agreed that there is no control that regulates initiation of enhancement request or an objective mechanism to evaluate its usefulness.

Recommendation 14: We recommend that the procedure for evaluation, assessment, and prioritization of AIPS change requests in collaboration with the business owners may be strengthened. New controls should be instituted for periodic and regular weeding out of such change requests that have outlived their utility to the Agency.
The Agency agreed with the recommendation.

IV. NUCLEAR SECURITY FUND

Introduction

91. The Nuclear Security Fund (NSF) was established in February 2002 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. Greater emphasis is placed on the publication of comprehensive guidance documents as part of the IAEA Nuclear Security Series; promotion of their use, as appropriate, including through peer reviews and advisory services; capacity building, including education, training and professional networks; and promotion of nuclear security culture, ensuring coordination and promotion of international cooperation activities on nuclear security and improving cooperation between the security and safety communities, while avoiding duplication and overlap. The source of funding for NSF is through Extrabudgetary (EB) voluntary contributions from the Member State Nations. The EB donations from the Member nations comes with donor specific conditions.

AUDIT FINDINGS

92. We reviewed the adequacy of funding of Nuclear Security Program funded by the Nuclear Security Fund (NSF) and noted that NSF is mainly dependent on donations from five major donor nations, which account for up to 86 percent of the total contributions. The Agency has stated that it has well-established structures and relationships with its donors and has received contributions from 18 active donors in 2021-22 (combined), with 44 Member States pledging over EUR 620 million since 2002. The likelihood of unexpected loss of financial support is low, and impacts to program delivery would be identified and mitigated well in advance. While there is no apparent risk of program failing due to underfunding, the base of donors is narrow, and the activities funded by NSF are vulnerable to influence by a few member nations as most of the contributions come with conditions from the donor nations that must be honored by the Agency while utilizing the funds. Therefore, the recommendation is that the Agency may benefit from broadening the resource base of donors to ensure a diversified corpus of financial resources for appropriations towards the Nuclear Security Fund.

93. The Division of Nuclear Security (NSNS) is responsible for implementing the IAEA’s Nuclear Security Plan, providing technical advice, training, and other advisory services to member states. The Nuclear Security Fund (NSF) finances the awards under Programme 3.5 on Nuclear Security of Major Programme 3. Programme & Budget 2022-23 of IAEA states that the implementation of Programme 3.5 will continue to be dependent on NSF contributions and conditions attached to those contributions. We noted that some awards were being implemented under Major Programme 1 – Nuclear Power, Fuel

Cycle and Nuclear Sciences, outside of the Nuclear Security Division, where these activities contributed to nuclear security. The Agency confirmed that NSF funding in other major programs is monitored, and the use of NSF for support outside the Nuclear Security Division enables programmatic complementarities and collaborations. It was also stated that the system prevents duplication and overlapping of activities, and the funding of activities across departments increases cost efficiency. The Agency's requirements and safeguards in implementation of NSF funds is noted, however, in view of budgetary prudence it would be a good practice to have suitable criteria for expenditure of NSF funds in other Programme.

Recommendation 15: We recommend the Agency may benefit from broadening the resource base of donors so as to ensure diversified corpus of financial resources are available for appropriations towards Nuclear Security Fund.
The Agency agreed with the recommendation.

Recommendation 16: We recommend that the Agency may continue to ensure integrity of NSF for its intended purpose while exploring the opportunities to support Nuclear Security related activities across the Agency for cost efficiencies and synergies.
The Agency agreed with the recommendation.

Office of Internal Oversight Services (OIOS) Recommendations

94. The Office of Internal Oversight Services (OIOS) had issued a total of 12 recommendations as a result of their evaluation of the Agency's Management of the Nuclear Security Programme in June 2022, which are classified as Restricted. The recommendations were accepted by the Agency to be implemented and it was targeted to implement action plans against all the 12 recommendations by 31 December 2023.

95. The progress and efforts of the Division of Nuclear Security (NSNS) in implementing the OIOS recommendations for improvement is acknowledged including the sensitive nature of the actions taken.

Recommendation 17: We recommend that Division of Nuclear Security (NSNS) continue its efforts to complete implementation of the OIOS recommendations by 31 December 2023.
The Agency agreed with the recommendation.

OTHER MATTERS

Cases of Fraud and Presumptive Fraud

96. The Management reported to us that there was no case of fraud and there were two cases of presumptive fraud without having any financial value reported within the Agency during 2022.

97. Status of the Cases of Fraud and Presumptive Fraud are summarized below.

Table 6: Cases of fraud or presumptive fraud reported in IAEA

Period ended	Cases of Fraud			Cases of Presumptive Fraud		
	Number of Cases	Amounts (EUR)	Position as of 31 December 2022	Number of Cases	Amounts (EUR)	Position as of 31 December 2022
31 December 2016	0	0.00	-	3	N/A	Closed
31 December 2017	0	0.00	-	0	0.00	-
31 December 2018	1	1 941.00	Closed	2	N/A	Closed
31 December 2019	0	0.00	-	0	0.00	-
31 December 2020	0	0.00	-	2	0.00	Closed
31 December 2021	0	0.00	-	0	0.00	-
31 December 2022	0	0.00	-	2	0.00	Under investigation

Source: Information provided by management and OIOS.

Write-offs

98. Receivables amounting to EUR 158 701 were written off in 2022. This write-off includes the following:

Table 7: Detail of Write-Offs

No	Type of Receivables	2022 (EUR)
1	Payroll Receivable Irrecoverable	143 412.07
2	Agency Sale Receivable: Lab Reference Material Invoices	14 590.00
3	Trade Receivables	699.23
	Total	158 701.30

Loss of Equipment

99. According to AIPS (ERP system of IAEA) records in 2022, there were 17 capitalized assets costing EUR 32 678 with a net book value of EUR 6 920 and 9 expensed type assets with acquisition cost amounting to EUR 6 058 which were declared lost.

Ex-Gratia Payments

100. No ex-gratia payments have been made during 2022.

RESPONSE TO PAST EXTERNAL AUDITORS' RECOMMENDATIONS

101. The response of Management indicating actions taken on past External Auditor's recommendations, is given at Annex I.

ACKNOWLEDGEMENT

102. We wish to record our appreciation for the cooperation and assistance extended by the Director-General and the staff of the International Atomic Energy Agency during our audit.

(signed)

Girish Chandra Murmu
Comptroller and Auditor General of India
31 March 2023

ANNEX I

Status of external audit recommendations

External Auditors' Audit Results	2011		2012		2014		2016		2017		2018		2019		2020		2021		Total
	FA	PA	FA	PA	FA	PA	FA	PA	FA	PA	FA	PA	FA	PA	FA	PA	FA	PA	FA* & PA**
Recommendations opened as of 1 Jan 2022	3	0	0	1	1	2	0	1	0	2	2	0	1	3	3	1	6	17	43
Recommendations implemented in 2022	0	0	0	1	0	0	0	0	0	2	0	0	1	0	0	0	3	7	14
Recommendations in progress as per 31 Dec 2022	3	0	0	0	1	2	0	1	0	0	2	0	0	3	3	1	3	10	29

* FA – Financial Audit ** PA – Performance Audit

Rec. No.	Reference to Report and Financial Period	Recommendations	Action Reported by the Management
1	2011	Introduce a Statement of Internal Control as part of the financial statements	The Risk Management Policy and the Risk management guidelines have been completed and the Risk Management Tool went live in 2022. A first Agency-wide exercise on the enterprise risk management process was carried out in Q4 2022, using the RM tool. All departments were requested to identify financial, operational risks and related controls in their specific area related to the Programme and Budget 2022/2023. A review of the system of internal controls with focus on financial reporting processes as a first step is scheduled for Q2 2023. The Management considers the recommendation to be In Progress.
2	2011	In connection with the issuance of an annual Statement of Internal Control, ensure processes are in place to review, document and assure the effectiveness of the internal control system.	The Risk Management Policy and the Risk management guidelines have been completed and the Risk Management Tool went live in 2022. A first Agency-wide exercise on the enterprise risk management process was carried out in Q4 2022, using the RM tool. All departments were requested to identify (financial/operational) risks and related controls in their specific area related to the Programme and Budget 2022/2023. A review of the system of internal controls with focus on financial reporting processes as a first step

Rec. No.	Reference to Report and Financial Period	Recommendations	Action Reported by the Management
			is scheduled for Q2 2023. The Management considers the recommendation to be In Progress
3	2011	In connection with the issuance of an annual Statement on Internal Control, accountability on the part of individual managers should be clear - this can be achieved by clear delegation of authority throughout the organization	The Risk Management Policy and the Risk management guidelines have been completed and the Risk Management Tool went live in 2022. A first Agency-wide exercise on the enterprise risk management process was carried out in Q4 2022, using the RM tool. All departments were requested to identify (financial/operational) risks and related controls in their specific area related to the Programme and Budget 2022/2023. A review of the system of internal controls with focus on financial reporting processes is scheduled for Q2 2023. Once finalized, this review will expand on elements related to the delegation of authority and accountability. The Management considers the recommendation to be In Progress.
4	2012	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 accreditation was granted in May 2022 based on the accreditation certificate issued by the Austrian Accreditation body. The Management considers the recommendation to be implemented.
5	2014	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 presented to Member States an update on the After Service Health Insurance (ASHI) liability in which the Secretariat updated the Member States on the implementation of several Cost Containment measures as a first step towards addressing the expected increase of the ASHI liability and its funding. The Secretariat is planning to finalize a proposal for a funding mechanism which will be presented to Member States. The Management considers the recommendation to be In Progress.
6	2014	13b) The Agency may frame explicit guidelines regarding elements constituting Best Value for Money (BVM) for different category of procurements. 13c) Changes to the extant provisions/structures may be simultaneously updated in the Administrative Manual after taking due approvals.	FR/AM revisions were in the process of obtaining the necessary clearances to be published. Updated FR/AM revisions will then be published. The Management considers the recommendation to be In Progress.

Rec. No.	Reference to Report and Financial Period	Recommendations	Action Reported by the Management
7	2014	37a) Classification and access control procedures may be strengthened and synchronised. 37b) Remote access security plans and identity management systems may be urgently finalised in view of their Agency wide applicability.	Classification and access control standards were done. The identity and access management solution will be kicked off in 2024. The Management considers the recommendation to be In Progress.
8	2016	The Agency should: -i. maintain coordination with related parties so as to facilitate that the issues concerning the Radiation Safety Technical Service Unit (RSTSU) are acted upon and that an optimal solution is identified by considering the results of the management review conducted by the Agency's Office of Internal Oversight Services (OIOS) in a timely manner; and(ii) maintain the quality-of-service design and delivery in the application of safety standards for the protection of health to the Agency's operations; and consider the human resource and financial implications of the forthcoming approval and entry into force of the new Radiation Safety and Security Regulations.	An eLearning basic course on radiation protection for occupationally exposed workers has been launched and is available in the Agency Learning Management System (LMS). The specific eLearning course for the Radiation Protection Officer is being initiated. Continuing training for the RPOs is being provided through the RPO Round Tables with ad hoc support as needed. Action on the other recommendations of the OIOS on RSTSU were still in process of implementation. The Management considers the recommendation to be In Progress.
9	2017	The Agency should: i. implement an interconnected Risk Management process at Agency-wide and project level to allow the Subprogramme management to improve its work plan by including therein operational risk identification, and risk mitigation planning in a visible and trackable manner; ii. analyse the results of the Review of Selected Management Systems in the Departments of NA and NE (a risk assessment pilot) and determine the next steps that could include implementing further operational risk mitigation for all Major Programmes.	RM Policy and Guidelines were finalized in 2022. The Management considers the recommendation to be implemented.

Rec. No.	Reference to Report and Financial Period	Recommendations	Action Reported by the Management
10	2017	The Agency should confirm a definite LG-SIMS replacement strategy in the near future, while coordinating the plan with relevant parties, as the lack of confirmed decision poses risks to SGAS's operation sustainability.	Instrument was delivered and Site Acceptance Testing completed. The Management considers the recommendation to be implemented.
11	2018	The Agency should i. strengthen its efforts to ensure that receivables are collected from the Member States including the use of payment plan agreement; and ii. consider its approach to funding the regular budget fund deficit, including considering the need to change an adequate level for the WCF to meet the Agency's needs.	Extra efforts were done including issuance of a liquidity protocol to address liquidity issues as well as inclusion of MS outstanding arrears in DG bilateral discussions on top of the regular follow up emails, letters, offer of payment plan etc. EA recommended to keep this open until current RB deficit has turned positive. The Management considers the recommendation to be In Progress.
12	2018	The Agency should enhance the monitoring system of the research contract to ensure that all reports have been submitted by researchers.	CRA Online system, where all contracts, payments and progress reports are administered, already contains a function of automated reminders to project officers and further to the institutes about progress reports or final reports due. Separate monitoring report was being developed by NACA and MTIT-BSS. Next step will be the finalization of the report. The Management considers the recommendation to be In Progress.
13	2019	The Agency should: a. Administer recruitment documents as mandated by AM II/11 as part of control to ensure that the experience and qualification of the selected consultant is appropriate to the complexity of the assignment; b. Comply consultant's condition of service in recruiting consultant specifically for the maximum total duration of aggregate engagements and the AM II/11 in connection to the calculation of consultant fee, specifically for translators; and c. Consider incorporating the DSA and travel clause in consultant's contract when the consultant needs to travel as required in the contract.	Actions defined are completed. The Management considers the recommendation to be Implemented.

Rec. No.	Reference to Report and Financial Period	Recommendations	Action Reported by the Management
14	2019	The Agency should further improve SPRICS by providing a dashboard feature enabling users to monitor and track the progress of MSSP's Tasks.	Once JPO on-boarded, dedicated project to be launched to extend capabilities of existing generic dashboards to enable, populate and launch individualized dashboards for all internal and external SPRICS users. JPO selected, offer pending with DG. April start anticipated to begin work The Management considers the recommendation to be In Progress.
15	2019	The Agency should: a. consider monitoring the implementation of recommendations resulting from the effectiveness of the evaluation process in a timely manner and measurably, based on established process; b. strengthen the collaboration between the effectiveness of evaluation activities and audit programmes, including assessments, in the SG Department so as to improve the effectiveness and efficiency in the evaluation function; and c. consider establishing procedure and guidelines to align the effectiveness of evaluation results across the SG Department to support effectiveness and efficiency of the evaluation process.	a. On this task, the internal work of SPC had been completed. The implementation of the last enhancement had an external dependency that needed to be approved departmentally due to priorities and budget constraints. The planned work on this task was mostly completed. A departmental decision was still waited for SGIS to add the dataset of SPC recommendations and findings to the State Issues Register in SLDC. b. During Q4 an SPC Evaluator was involved with finalizing an internal quality audit led by SGCP/CPD. A staff member from SGCP was participating in the last peer review of the cycle. This part was considered completed. SGCP and SPC needed to continue their cooperation using the established mechanisms. c. A concept paper describing effective evaluation at the State level was under development. The planned work on this task was almost completed. The concept paper needed to be finalized and presented to the DDG. The Management considers the recommendation to be In Progress.
16	2019	The Agency should expedite the development of a SG internal procedure for internal rotation with a clear articulation that staff members are subject to internal rotation after a period of time.	Rotation guidelines were revised and updated for the rotation process 2022/23. Formal procedures were now being updated in light of those revisions. Next step was to finalize procedure and guidelines covering Rotation Policy and Processes. The Management considers the recommendation to be In Progress.

Rec. No.	Reference to Report and Financial Period	Recommendations	Action Reported by the Management
17	2020	The Agency should enhance relevant internal controls to maintain: a. Proper classification of training and travel expenses; b. Cut-off accuracy of training and travel expenses; and c. Alignment of AM VII/5 to the actual practice of reporting of training activities and proper verification of training expenses.	As part of the 2022 year-end closure procedures, departments were instructed to submit claims and invoices pertaining to 2022 travel and training expenses by the cut-off date. To ensure recording of such expenses in the 2022 accounting period, accruals totaling about €950,000 had been posted prior to the 2022 Financial Statements cut-off date. As to the classification of training and travel expenses, the Agency will re-consider the need to introduce system restrictions based on analysis of sample of travel and training expenses for the recent years. The Management considers the recommendation to be In Progress.
18	2020	The Agency should enhance relevant internal controls to maintain the staff compliance on duty travel reporting.	Representatives being identified. A training session was ready to be provided by IT in Q1 2023. The Management considers the recommendation to be In Progress.
19	2020	The Agency should enhance Agency's internal controls related to contractual and other services, specifically on: a. Purchase Order alignment with Relevant Contracts/Blanket Purchase Agreements regarding dates, type of service and amount of purchase; b. Validity of the creation date and the delivery date of Purchase Orders; and c. Invoicing, including role and location of work as stipulated in the BPA.	The recommended process had been adopted and was being performed, becoming a standard practice for MTIT/AMS. The new ERP consultants POs were now aligned with the Relevant Contracts/Blanket Purchase Agreements as recommended by the auditors. The next step will be to formalize the process. The Management considers the recommendation to be In Progress.
20	2020	The Agency should consider developing the Thematic Plans for Lepidoptera and updating the existing Thematic Plans for Fruit Flies, Screwworm and Tsetse Flies by incorporating the recent research and development, and emerging major partner organizations.	The meeting to develop the thematic plan for Lepidoptera took place from 6-10 February 2023 and the update of the tsetse thematic plan was foreseen from 29 May to 2 June 2023. Meetings for updating the thematic plans for Fruit Flies and Screwworm were envisaged in 2024. Development of the thematic plan for Lepidoptera and update of the current thematic plans for Fruit Flies, Screwworm and Tsetse Flies by incorporating the recent advances on research and development, and field results, on the respective insect groups will be completed by Q4 2024 The Management considers the recommendation to be In Progress.

Rec. No.	Reference to Report and Financial Period	Recommendations	Action Reported by the Management
21	2021	The Agency should implement relevant measures to ensure that the information of assets in Agency-Wide Information for Programme Support (AIPS) is accurate, including through physical verification to clarify the custodian and actual location of each asset in the Department of Management Asset Book.	By the end of 2022, 79.75% of assets were physically verified. 20.25% of assets still need to be checked. Asset records are updated immediately after the checks for all asset categories except for Furniture. Location update for Furniture is still in progress. Physical verification of remaining 20.25% of assets not checked in 2022 will be completed in 2023. Location update for Furniture will be completed in 2023. Management considers this recommendation to be In Progress.
22	2021	The Agency should enhance the awareness of the asset custodian to initiate the disposal of the fully depreciated assets which are considered obsolete by reporting these to the relevant officials mentioned in the Administrative Manual**.**	There was already a process established with the Safeguards department that ensured a regular review of the existing assets and to timely initiate the disposal of obsolete assets. Hence, all SG related fully depreciated assets were confirmed to be still in use. For MT book which comprises of assets from Departments other than Safeguards, an email was sent out to the custodians of fully depreciated assets for confirmation of status where about 38% responded as of end of 2022. Since these fully depreciated assets were also covered in the MT Physical Verification exercise, the respective status were checked and assets identified as due for disposal will be handled accordingly. Since awareness about fully depreciated assets had been initiated either through the physical verification process of both SG and MT Asset Team or the email sent to MT custodians, reporting on obsolete assets and the subsequent disposal will be handled as part of the on-going Asset Management process. Management considers this recommendation to be implemented.
23	2021	The Agency should consider documenting in an accounting decision the classification of the residual amount of the insurance premium surplus.	A draft which justifies the classification of the residual amount of the insurance premium surplus was being finalized. Management considers this recommendation to be In Progress.

Rec. No.	Reference to Report and Financial Period	Recommendations	Action Reported by the Management
24	2021	The Agency should consider the inclusion of the policy on the application of the ASHI EB Sub-Fund in the Administrative Manual.	Consultations with other UN organizations had taken place to be able to draft a policy that documents the mechanism of charging and using the ASHI Extrabudgetary Fund while taking into account the funding target. An initial document was being drafted. The policy on the application of the ASHI EB Sub-Fund will be finalized by end of Q3 2023. Management considers this recommendation to be in Progress.
25	2021	Enhance its budgeting process with appropriate cost classification, embodiment of shifts in priorities and situation in annual budget estimates, and the reflection of the previous years' actual expenditures to prevent under-budgeting in consultancy services.	MTBF had started providing Departments with monthly budget and expenditure reports that also indicated details on consultants. In addition, the Departments, the Director General's Office and the DDG-MT were provided with quarterly budget an expenditure reports that among others also indicate details on consultants, including the utilization rates for the last few years. Monthly reports that provide the overview of the current utilization of consultants. Quarterly reports also provide the trend for the last three years. Management considers this recommendation to be implemented.
26	2021	The Agency should explore ways to expedite the final closure of projects and enhance the monitoring on the "pending closure" projects including providing regular reports on the justification for which projects remained pending.	A Project Status Dashboard Report was designed and distributed to Regional Directors. The Dashboard will be distributed on an ongoing basis. Management considers this recommendation to be implemented.
27	2021	The Agency should consider enhance its existing guidelines for local purchases, by harmonizing it in the Administrative manual and including the condition in which the local purchase should be implemented, without compromising the effective and efficient implementation of TC activities.	Efforts to streamline guidelines for local purchases will be done upon the completion of ongoing changes to the AM in relation to Events. AM changes were in circulation for clearance by relevant parties. The next step will be to draft, coordinate and promulgate changes to the AM in relation to local purchases pending the application of ongoing changes to the AM. Management considers the recommendation to be In Progress.
28	2021	The Agency should enhance its financial control on TC budgeting and implementation process including the harmonization of	Discussions with MTBF on the harmonization of expenditure types mapping took place. Change in presentation to Financial Statements were to be undertaken

Rec. No.	Reference to Report and Financial Period	Recommendations	Action Reported by the Management
		expenditure types, standardization of budget reporting, and establishment of monitoring tool for additional budget and its utilization.	as part of the 2022 FS. Revisit some budgeting processes as part of the PCMF upgrade. The next step will be to review budgeting and AIPS upload procedures The Management considers the recommendation to be In Progress.
29	2021	The Agency should consider introducing a procedure to monitor the validity of the AIPS generic user role by assigning an end date for the generic user role created, when the end date is known.	Started the elaboration of the procedure. Draft procedure had been elaborated by MTIT and was being sent to MTHR. Upon the MTHR feedback and acceptance, the procedure will be finalized and issued by the end of Q2 2023. The Management considers the recommendation to be In Progress.
30	2021	The Agency should advise MTHR to clarify the term of “rosters mechanism” in the governing documents.	The roster guideline will be developed but no changes on the AM were foreseen. SOP for consultancies was further enhanced to elaborate the roster mechanism. Management considers this recommendation to be implemented.
31	2021	The Agency should consider developing a guideline/Standard Procedures for non-staff recruitment process excluding contingent workers so as to further improve the understanding of the process leading to an increase in efficiency.	1st training delivered. The training materials and SOP for this topic were developed. Second training for this year took place in October and the training materials were to be posted on the InSite (under "Managing the Agency"). Management considers this recommendation to be implemented.
32	2021	The Agency should consider evaluating the possibility of introducing past performance evaluations into the review process of non-staff candidates that have previously worked for the Agency, whilst also taking into account the cost and benefit from such a process.	Access granted to AAs and AOs and managers with access to self-service non-staff (CR implemented). Management considers this recommendation to be implemented.
33	2021	The Agency should consider establishing departmental action plans, including review elements, to better implement CKM.	The RBM coordination group approved a new process for departments to develop and implement departmental action plans. Management considers this recommendation to be implemented.
34	2021	The Agency should consider optimizing and integrating the available ICT tools and templates of knowledge transfer and make these available across the organization to improve the user experience	Departments submitted available tools and templates to DGO, and these were uploaded as part of the knowledge management section of the Managers Handbook which was accessible across the organization. Management considers this recommendation to be implemented.

Rec. No.	Reference to Report and Financial Period	Recommendations	Action Reported by the Management
35	2021	The Agency should consider establishing a process to oversee, and to assure the quality of, the departmental CKM process.	Programme Coordinators had been tasked with overseeing and quality assuring the departmental CKM process. RBM CG approved that progress made and lessons learned will be reported on annual basis. Management considers this recommendation to be implemented.
36	2021	The Agency should consider establishing an element or indicator of CKM measurability when reporting on the assessment of project outputs.	Departments finalised departmental action plans including a performance indicator as relevant. Management considers this recommendation to be implemented.
37	2021	The Agency should enhance, where appropriate, the PCMF functionality to provide the tracking functionality, repository, and capturing version control for all stages of project design review process.	Expression of Interest stage was completed, and 7 qualified companies were identified. At the GC66, a side event was held with a view to mobilise resource for implementation. Some informal announcements were made but no funding had materialized to date. Management considers the recommendation to be In Progress.
38	2021	The Agency should add value in QR through the provision of recommendations or suggestions of immediate corrective action that need to be taken for "low" rated project design in the early stage of the implementation phase.	Timeline and focus of QR updated in Guidelines to Member States. Lessons learned from QR of previous cycles being analysed to feed into TCP 2024-2025 process. Started planning of first Quality Enhancement exercise to take place in February/March 2023, including recruitment of 7 external reviewers. Management considers the recommendation to be In Progress.
39	2021	The Agency should consider establishing a differentiated framework for the quality assurance process by taking into consideration the complexity, size and other defined attributes of the projects.	Lessons learned from QR of previous cycles being analysed to feed into TCP 2023-2024 process. Differentiated review of flagship initiative projects and regional TC projects being considered. Management considers the recommendation to be In Progress.

Rec. No.	Reference to Report and Financial Period	Recommendations	Action Reported by the Management
40	2021	The Agency should (a) consider, given the available resources, updating the format of e-PPAR and PAR accordingly to enable the assessment of the TC Quality Criteria in the monitoring and evaluation phase; and (b) consider establishing guidelines to conduct quality assessment process in the monitoring and evaluation phase of TC Cycle.	Undertaken a review of data reported through PPARs and other systems, to categorize and analyse according to TC Quality Criteria. Management considers the recommendation to be In Progress.
41	2021	The Agency should (a) consider evaluating the needs of identifying risks associated with input level of a TC Project and, if appropriate, incorporating this into internal project management tools/approaches; (b) intensify the outreach effort in promoting the use of e-learning in the PCMF, specifically the Risk Management in Technical Cooperation Projects; and (c) Consider the need for enhanced TC project management tools which support PMOs and other relevant stakeholders in the daily management of Agency resources and relevant tasks to ensure the timeliness, relevance and quality of the IAEA inputs and more frequent monitoring of progress status at the project output level, by improving and integrating the existing IT platform.	Updated TC project design templates to emphasize risks associated with input delivery and provided direct links to e-learning. Review of risk management aspects planned to be substantial component of upcoming Quality Enhancement exercise. Management considers the recommendation to be In Progress.
42	2021	The Agency should consider the need for enhanced TC project management tools which support PMOs and other relevant stakeholders in the daily management of Agency resources and relevant tasks to ensure the timeliness, relevance and quality of the IAEA inputs and more frequent monitoring of progress status at the project output level, by improving and integrating the existing IT platform.	Undertaken an expression of interest market research exercise to seek interested companies to work on PCMF upgrade. Management considers the recommendation to be In Progress.

Rec. No.	Reference to Report and Financial Period	Recommendations	Action Reported by the Management
43	2021	The Agency should: a. identify and seek opportunities to utilize relevant information systems, databases, and other sources of information, managed within the Agency's technical department, to provide a formal and evidence-based tool to contribute to monitoring and quantitatively evaluating the outcomes of TC projects in the related thematic area to be identified during the design phase; and b. consider a suitable information gathering method, such as the conduct of a regular survey to relevant stakeholders in related TC project countries, as a project monitoring tool at the aggregate level after project closure.	Updated TC project design templates to highlight opportunities in design phase to use relevant Agency information systems and databases in log frame indicators. The use of surveys for project monitoring was being assessed in the context of the drafting of a comprehensive monitoring framework. Sample results matrices with typical outcomes, outputs and indicators both at the CPF programme and the project level had been developed for each TC thematic area and TC Field of Activity to facilitate the preparation of CPFs and enhance the quality of the TCP. The results matrices will contribute to an improved quality of the TCP, as well as improved monitoring and evaluation, and reporting. This action was linked to the TCP 2024-2025 project design process and to the comprehensive monitoring framework. Management considers the recommendation to be In Progress.

ANNEX II

List of application platforms

Business Critical Application / Platform	Client interface	Frontend Technology	Backend Technology	Recovery option for Frontend	Recovery option for Backend	RTO	RPO
Base critical services (Authentication, DNS, etc.)	(Services served through TCP/IP standard protocols)		Microsoft Active Directory	(N/A)	Seibersdorf	5 Minutes	30 Minutes
Office automation	https://nomad.iaea.org	Citrix VDI (Nomad)	Office 365	Redundant Site in Azure Cloud	SaaS offered with an SLA of 99,9% uptime[3].	15 Minutes	
Email			Exchange Online				
Intranet			SharePoint Online				
Personal and shared document storage			Microsoft OneDrive				
AIPS			AIPS infrastructure in Geneva		Redundant site in UNICC Geneva		
Email on authorized mobile devices	iOS devices and related apps		VMWare AirWatch Mobile Device Management	(N/A)	Azure Cloud DC		
Information access through authorized mobile devices			VMWare Workspace ONE (App Tunnel)				
Privileged Access Management	Web browser, standard OS login screens or prompts		CyberArk	(N/A)	Redundant infrastructure in Seibersdorf	10 Minutes	
File-based Classification and Encryption (FiCE)	Desktop application + Web browser		Seclore	(N/A)	Redundant infrastructure in Seibersdorf	15 Minutes	
SWIFT	AIPS + Web browser		SWIFT	(NA)	Redundant infrastructure in Seibersdorf	15 Minutes	

LIST OF ABBREVIATIONS

A/CPPNM	Amendment to the Convention on the Physical Protection of Nuclear Material
ASHI	After-Service Health Insurance Plans
AR	Accounts Receivables
AFSs	Annual Financial Statements
AIPS	Agency Wide Information for Programme Support
AIPS-CMS	AIPS Change Management Section
BIS	Bank for International Settlements
CDS	Credit default swap
CCE	Cash and Cash Equivalents
CR	Condition Report
CTR	Section for Safeguards Training, Division of Concept and Planning, Department of Safeguards
CISG	Central Information Security Group
CISO	Chief Information Security Officer
COBIT	Control Objectives for Information and Related Technologies
CMDB	Configuration Management Database
DIR-MTIT	Director of the Division of Information Technology
DDG-MT	Deputy Director General, Head of the Department of Management
DDG-SG	Deputy Director General, Head of the Department of Safeguards
DICO	Departmental Information Classification Officer
DLP	Data Loss Prevention
DIR-SGTS	Director- Division of Technical and Scientific Services, Department of Safeguards
ECB	European Central Bank
EOSA	End of Service Allowance
EBF	Extra budgetary Programme Fund
ERML	Equipment Radiation Monitoring Laboratory
FED	Federal Reserve System
FI	Financial Instruction
FiCE	File Based Classification and Encryption
HQM	Equipment Handling, Radiation Safety and Quality Management Team
HICPs	Harmonised Indices of Consumer Prices
IC	Investment Committee
ICG	ISMS Coordination Group

ISRA	Information Security Risk Assessment
ISMSCG	Information Security Management System Coordination Group
ISRAP	Information Security Risk Assessment Policy
ISMS	Information Security Management System
LEU	Low Enriched Uranium
MM	Money Market
MTBF	Division of Budget and Finance, Department of Management
MTPS	Office of Procurement Services, Department of Management
MCIF	Main Capital Investment Fund
MTHR	Division of Human Resources
NSF	Nuclear Security Fund
NSNS	Division of Nuclear Security
NCAs	Nonconformities and corrective action
NDA	Non-Destructive Assay
OEW	Occupationally Exposed Worker
ORMS	Organizational Resilience Management System
PBRU	Programme, Budget and Reporting Unit
PPM	Programme Project Management
PAM	Performance and Asset Management team
PPE	Property, Plant and Equipment
RBF	Regular Budget Fund
ReNuAL2	Renovation of the Nuclear Applications Laboratories 2
SEQUOIA	Safeguards Equipment Management System
SGCP	Division of Concepts and Planning, Department of Safeguards
SGTS	Division of Technical and Scientific Services, Department of Safeguards
SIR	Safeguards Implementation Report
SMT	Service Management Tool
SDAP	System Development and Acquisition Policy
SG and NSNS ISMS	Safeguards and Nuclear Security Information Security Management System
SSA	Special Service Agreement
TED	TED is an acronym formed from T-Bill and ED, the ticker symbol for the Eurodollar futures contract
TRAC	Travel Requests and Claims
TC-EB	Technical Cooperation Extrabudgetary Fund

TCF	Technical Cooperation Fund
TVT	Section for Verification Technologies, Division of Technical and Scientific Services
UMS	Unattended Monitoring Systems
UAT	User Acceptance Test
VMP	Vulnerability Management Procedure
VIC	Vienna International Centre

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