The Agency's Financial Statements for 2020

IAEA
International Atomic Energy Agency
Atoms for Peace and Development

GC(65)/4

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THE AGENCY'S FINANCIAL STATEMENTS FOR 2020

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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 2020.

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/2021/5) and submits the following draft resolution for the consideration of the General Conference.

3. The Board takes note of the report of the External Auditor on the External Auditor's planned scope, timing and other information related to the audit of the Agency's Financial Statements for 2021 (Part VI of GOV/2021/5).

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 2020 and of the report of the Board of Governors thereon [*].

[*] GC(65)/4

[1] INFCIRC/8/Rev.4

Sixty fifth regular session

The Agency's Financial Statements For 2020

Contents

REPORT OF THE DIRECTOR GENERAL ON THE AGENCY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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 2020. 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. The outbreak of the COVID-19 pandemic in early 2020 became a global challenge and impacted the world economy in an unprecedent manner. However, the Agency continued to focus on the effective implementation of its programmatic activities. The Agency was quick to adjust to the unprecedented circumstances. The verification activities were not interrupted and there was a rapid response supporting Member States in addressing the pandemic during this period. Within this context, the following are some of the highlights of the 2020 financial year in perspective:

(i) The Regular Budget Fund (RBF) experienced a utilization rate of 97.1% during 2020. The increase in revenue from assessed contributions of €8.9 million (2.4%) is in line with the increase in the approved budget.

(ii) The increase in revenue from voluntary contributions is mainly due to an increase of €41.6 million in revenue of the Extrabudgetary Programme Fund and the Technical Cooperation Extrabudgetary Fund, partly offset by a decrease of €2.4 million in revenue of the Technical Cooperation Fund and extrabudgetary contributions for the Low Enriched Uranium (LEU) Bank. Member States and the private sector provided generous extrabudgetary funding totalling €26.3 million to support the Agency's COVID-19 activities.

(iii) Adverse impacts in the financial markets were the main driver for the decrease in investment revenue of €3.2 million and also for the depreciation of the USD vis à vis the Euro, leading to net losses of €19.6 million (€18.6 million thereof were unrealized, as the Agency's risk management strategy aims to hold its funds in the currencies of the expected disbursements).

(iv) International travel restrictions led to the suspension or postponing of all non-essential travel and face-to-face meetings. Due to these measures, total travel expenses decreased by €29.7 million and training by €33.5 million. However, it should be noted that Safeguards travel to carry out inspection work continued and the related expense increased by €2.9 million, whereby €1.9 million was due to the need to put in place charter flight contracts in order to overcome the lack of available standard commercial flights. The Agency worked closely with counterparts to reprioritize activities and reschedule planned events. Where possible, training and capacity building related events continued to be carried online, in that way also reaching a wider audience.

(v) Despite the challenges experienced with the disruptions in global logistics due to the COVID-19 pandemic, transfers to development counterparts experienced a considerable increase of €16.1 million, mainly driven by the delivery of COVID-19 related equipment and supplies in the largest technical cooperation operation in the Agency's history.

(vi) The total net surplus of the year increased by €45.5 million which is the reflection of the combined effects of the increase in total revenue by €48.1 million and the decrease in total expenses by €23.7 million reduced by the increase in net losses of €26.3 million.

(vii) The value of cash, cash equivalents and investments increased by €64.8 million. The increase was experienced across all Funds except for the IAEA LEU Bank.

(viii) The allowance for uncollected assessed contributions increased by €8.6 million which is the result of the increased amount of contributions in arrears. However, it should be noted that in 2020 the collection rate for assessed contributions was at 93% and voluntary contributions receivable decreased by €8.0 million.

(ix) Project inventories in-transit to counterparts increased by €25.7 million, almost 50% of which is related to procurement of COVID-19 related equipment and supplies which have been purchased but were pending delivery to recipient Member States as of the end of the reporting year.

(x) The pandemic also impacted the area of Property, Plant and Equipment, where there was a total reduction in terms of investments in tangible assets amounting to €18.3 million, this reflects both the decrease in purchases of equipment by €1.4 million and assets under construction by €17.6 million partly offset by an increase of €0.7 million in buildings and other assets. This increase is primarily related to the upgrade of the VIC premises in 2020 which includes the refurbishment of all entrances of the building complex in all towers, as well as accesses to these buildings from the car parks. An important milestone was achieved in the Renovation of the Nuclear Applications

Laboratories (ReNuAL) project, with the inauguration of the new Yukiya Amano Laboratories (YAL) building in June 2020. However, due to transport restrictions and limitations on the availability of construction supply chain resulting from the worldwide COVID-19 lockdowns, the implementation schedule of ReNuAL construction projects including testing and commissioning was deferred to 2021. Overall, there was a decrease in the net book value of Property, Plant and Equipment by €8.7 million (2.9%). Finally, there was also a net decrease of €1.5 million (2.4%) in the value of intangible assets, as the amortization expense more than offsets the additions during the year.

(xi) Adverse changes in financial markets also impacted the long-term discount rates, which contributed to changes in actuarial financial assumptions and were the key driver for the overall increase in obligations related to long-term employee benefits liabilities, in particular After-Service Health Insurance (ASHI), which increased by €39.9 million (13.0%) during 2020. The liabilities for staff annual leave increased by €9.5 million (35.7%) which is due mostly to the worldwide restrictions on international travel as a means to contain the pandemic, leading many staff to have larger accrued annual leave balances at year end.

(xii) The total net assets position experienced an increase of €4.8 million (0.9%) driven by the increase in total assets of €69.3 million which more than offsets the increase in total liabilities. However, it should be noted that the negative net assets position of the Regular Budget Fund worsened significantly: from a negative balance of €87.6 million as of end of 2019 to a negative balance of €145.5 million as of end of 2020, mainly due to the increase in ASHI liabilities.

Financial Performance

7. A summary of the Financial Performance by Fund for 2020 is shown in ***Table 1*** below.

Table 1*: Summary of Financial Performance by Fund for the year ended 31 December 2020*

(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/	386.1	6.1	86.2	36.6	117.9	1.6	-	(5.7)	628.8
Total Expenses	(419.1)	(2.6)	(48.6)	(20.6)	(60.6)	(1.0)	-	5.7	(546.9)
Net gains/(losses) b/	(1.0)	0.4	(4.2)	(2.9)	(7.4)	(4.5)	-	-	(19.6)
Net surplus/(deficit) for the year	**(34.0)**	**3.8**	**33.4**	**13.1**	**49.9**	**(3.9)**	**-**	**-**	**62.3**

a/ Total Revenue includes assessed, voluntary and other contributions; revenue from exchange transactions and interest revenue
b/ Includes realized and unrealized foreign exchange gains/(losses) and gains/(losses) on sale or disposal of property, plant and equipment

Revenue analysis

8. As shown in ***Table 2***, the Agency's total revenue increased by €48.1 million from €580.7 million in 2019 to €628.8 million in 2020, which is mainly due to the increase in revenue from voluntary and other contributions by €38.4 million and €4.4 million, respectively. The increase was partially offset by a decrease in investment revenue and revenue from exchange transactions of €3.2 million and €0.4 million, respectively.

Table 2*: Comparative Revenue Analysis*

(expressed in millions of euro)

Revenue	**2020**	**2019**	**Change**	**Change (%)**
Assessed contributions	377.4	368.5	8.9	2.4
Voluntary contributions	240.7	202.3	38.4	19.0
Other contributions	5.8	1.4	4.4	314.3
Revenue from exchange transactions	2.3	2.7	(0.4)	(14.8)
Investment revenue	2.6	5.8	(3.2)	(55.2)
Total Revenue	**628.8**	**580.7**	**48.1**	**8.3**

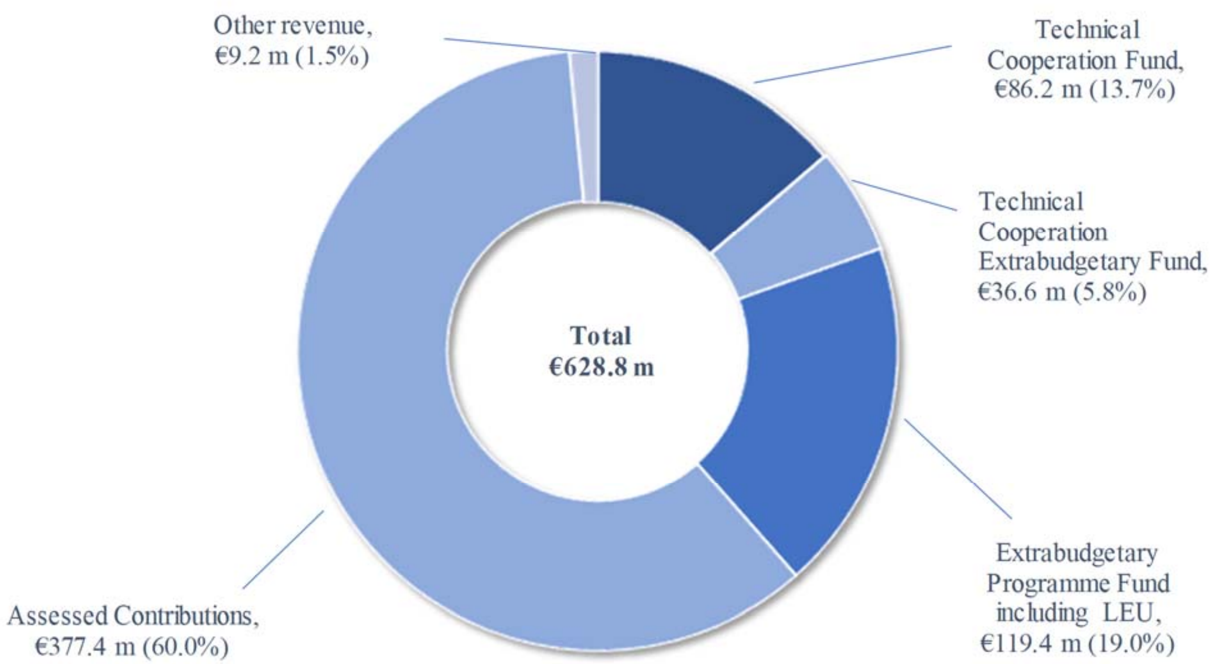
9. Similar to previous years and as depicted in ***Figure 1*** below, the majority of the Agency's revenue continued to be derived from assessed contributions (€377.4 million) and monetary voluntary contributions (€230.3 million). Voluntary contributions are comprised of contributions to the Technical

Cooperation Fund (TCF) and monetary extrabudgetary contributions to the Regular and Technical Cooperation Programmes as well as the IAEA LEU Bank. Voluntary contributions in ***Table 2*** above also include €10.4 million of in-kind contributions, primarily pertaining to the use of premises in Austria and Monaco, of which €8.1 million represents the in-kind contribution from the Government of Austria for the use of the Vienna International Centre (VIC). The decrease in voluntary in-kind contributions relates to the decrease in the value of equipment donated in 2020 compared to 2019.

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

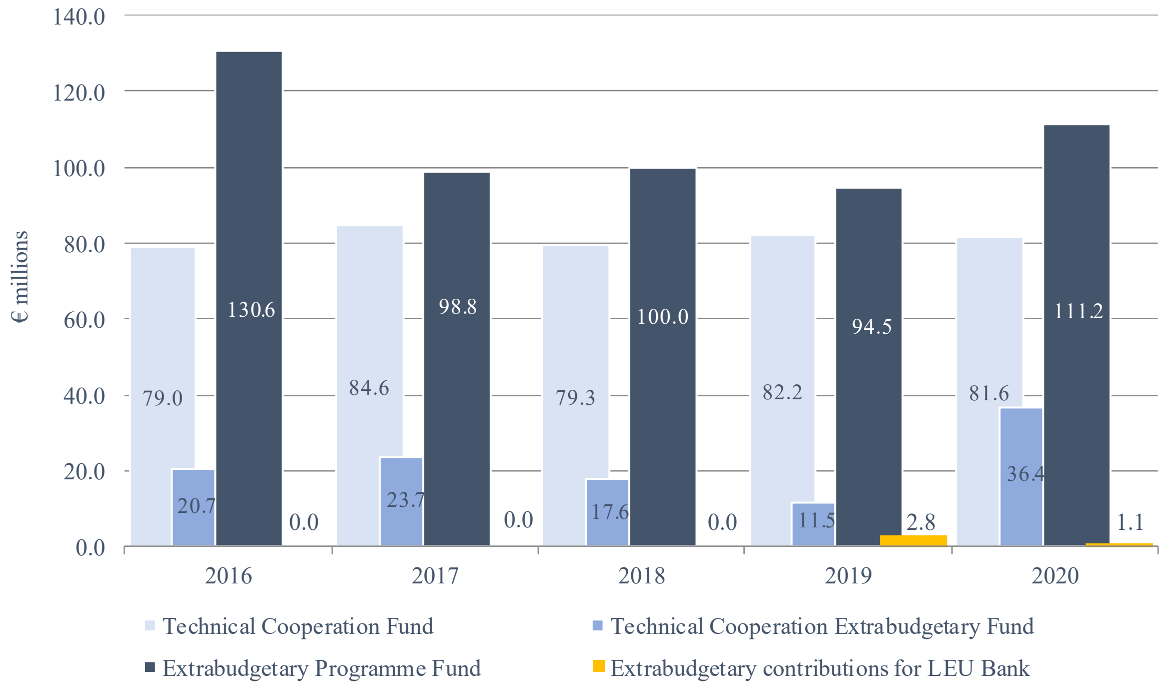
11. Investment revenue decreased by €3.2 million which is the result of lower USD interest rates as well as the depreciation of the US dollar vis-à-vis the euro.

Figure 1*: Composition of revenue for the period ended 31 December 2020*



12. ***Figure 2*** below displays the evolution of monetary voluntary contributions. The overall increase in revenue from voluntary monetary contributions from €191.0 million in 2019 to €230.3 million in 2020 resulted primarily from a €24.9 million increase in revenue from Technical Cooperation extrabudgetary contributions due to contributions towards the COVID-19 related assistance, which was partially offset by a €0.6 million decrease in revenue of the Technical Cooperation Fund due to a lower Rate of Attainment (RoA) against the 2020 TCF Target.

***Figure 2:** Evolution of monetary voluntary contributions*



Expense analysis

13. In 2020, total expenses were €546.9 million, denoting a decrease of €23.8 million (4.2%) compared to the previous year. An increase in expenses was experienced in the Regular Budget Fund (€10.9 million), Major Capital Investment Fund (€1.0 million) and Technical Cooperation Extrabudgetary Fund (€10.4 million), while the other Funds experienced a decrease in expenses as follows: Extrabudgetary Programme Fund (€17.8 million), Technical Cooperation Fund (€29.9 million), IAEA LEU Bank (€0.2 million), Trust Funds and Special Funds (€0.1 million).

Figure 3 below shows the breakdown of 2020 expenses by nature:

***Figure 3**: Expense analysis for the period ended 31 December 2020*

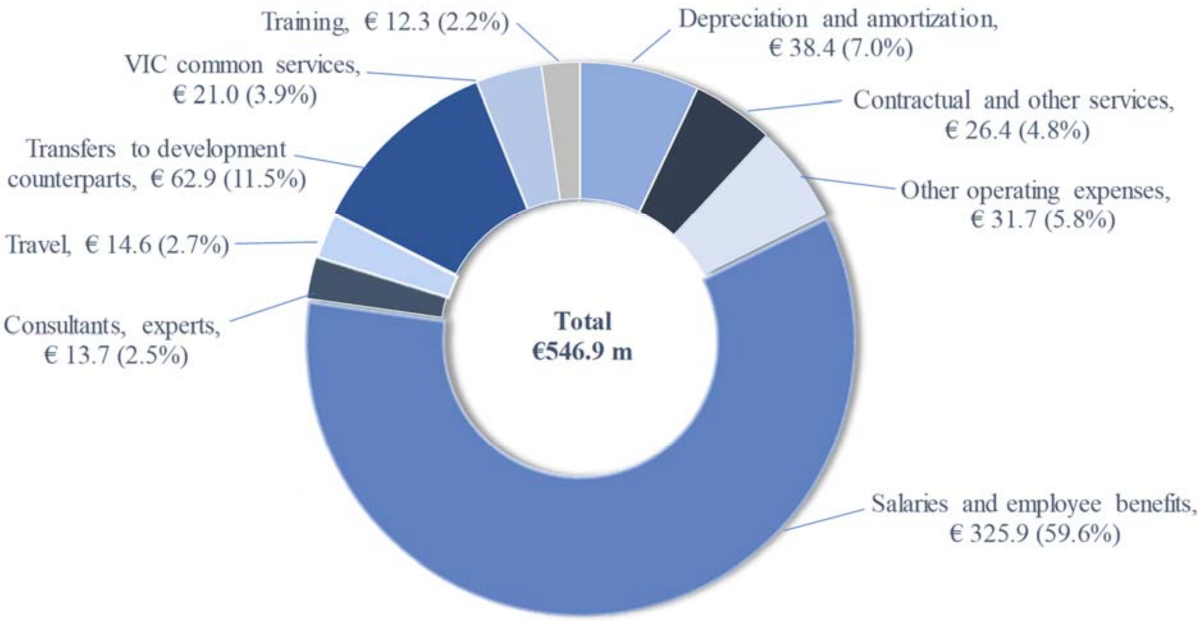


Table 3 below shows that, while expenses experienced a decrease in many different categories, in particular travel and training, these were partially offset by the increase in salaries and employee benefits and transfers to development counterparts.

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

Expenses	2020	2019	Change	Change (%)
Salaries and employee benefits	325.9	306.3	19.6	6.4
Consultants, experts	13.7	16.0	(2.3)	(14.6)
Travel	14.6	44.3	(29.7)	(67.0)
Transfers to development counterparts	62.9	46.8	16.1	34.3
Vienna International Centre common services	21.0	20.5	0.5	2.6
Training	12.3	45.8	(33.5)	(73.1)
Depreciation and amortization	38.4	38.1	0.3	0.7
Contractual and other services	26.4	28.0	(1.6)	(5.6)
Other operating expenses	31.7	24.8	6.9	27.8
Total expenses	**546.9**	**570.6**	**(23.7)**	**(4.2)**

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. During 2020, the related expense increased by 6.4% mainly due to the change in the professional staff salary scale, post adjustment and pensionable remuneration scale.

15. Travel costs experienced an overall decrease of €29.7 million (67.0%) and training decreased by €33.5 million (73.1%) resulting from the suspension or postponement of non-essential travel due to

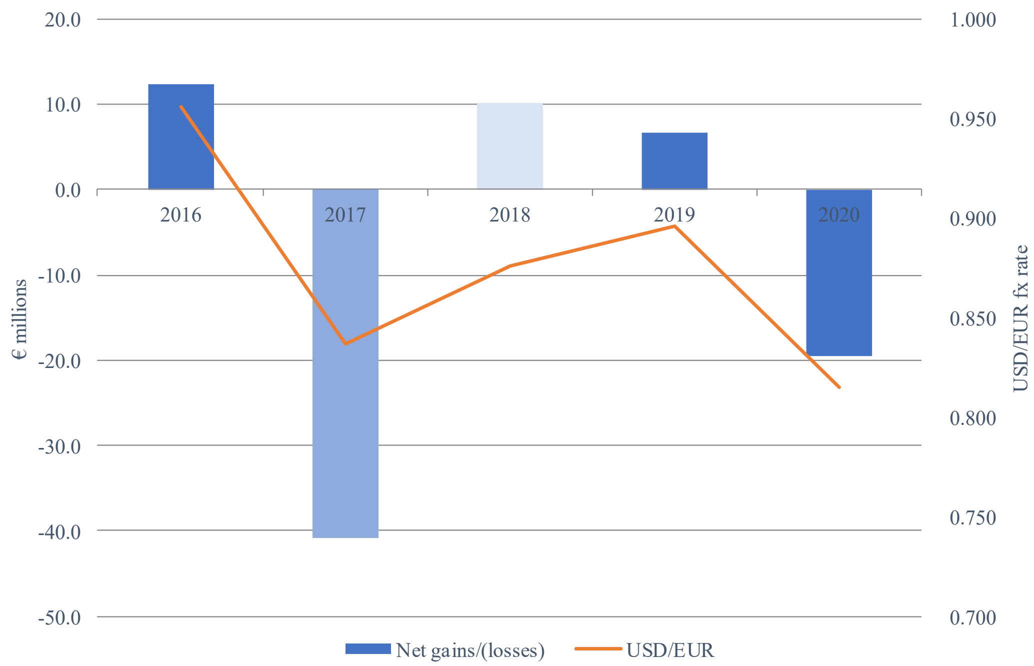
international travel restrictions. The increase in transfers to development counterparts of €16.1 million (34.3%) is driven by the delivery of equipment and supplies for the detection of COVID-19 to recipient Member States in 2020.

16. Consultant expenses, which relate to services rendered by experts and translators including fees and honorariums, experienced a decrease of €2.3 million (14.6%), while other operating expenses increased by €6.9 million (27.8%), mainly due to the increase in allowance for doubtful debts for the Regular Budget assessed contributions due to non-payment of assessed contributions in the last few years.

Net surplus/(deficit) of the year

17. The overall net surplus experienced in 2020 was €62.3 million, which was driven by revenue exceeding expense of €81.9 million and net loss of €19.6 million, primarily related to unrealized foreign exchange loss. The 2020 net surplus was €45.5 million higher than that of 2019, primarily due to the combined increase in total revenue and decrease in total expenses. Net foreign exchange loss was experienced in 2020, same as in 2017, due to the US dollar depreciating against the euro, while net foreign exchange gains were experienced in 2016, 2018 and 2019, resulting from the US dollar appreciation against the euro.

***Figure 4**: Evolution of Net gains/(losses)*



Budgetary performance

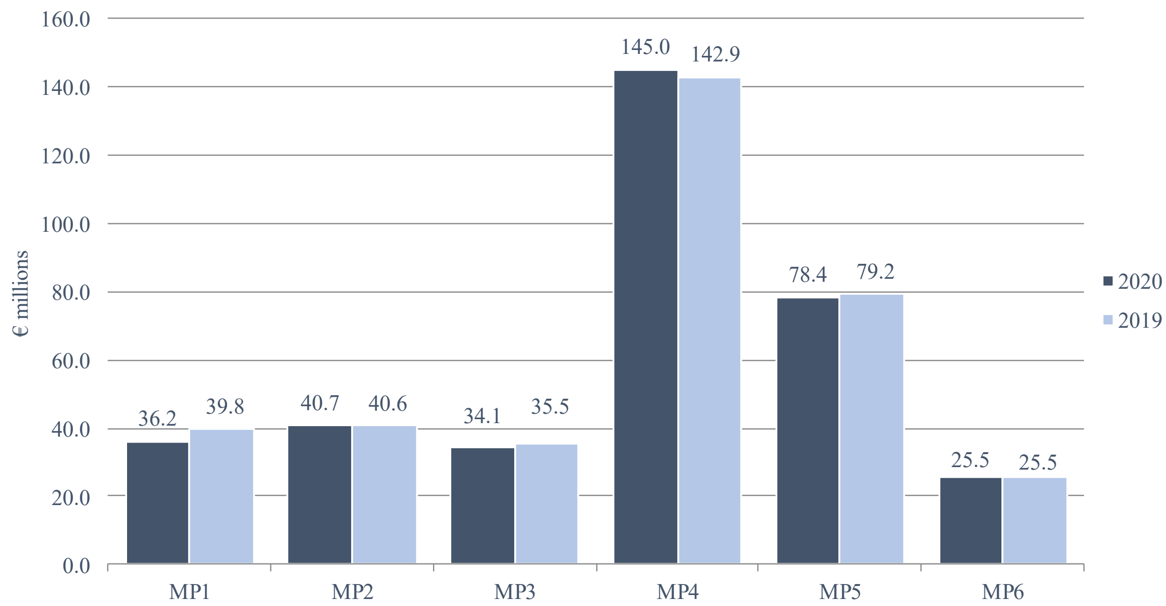
18. The Regular Budget of the Agency continues to be prepared on a modified cash basis and is presented in the financial statements as Statement V, Statement of Comparison of Budget and Actual Amounts. In order to facilitate a comparison between the budget and the financial statements that are prepared under IPSAS, reconciliation of the budget to the Cash Flow Statement is included in Note 39b to the financial statements.

19. The original operational portion of the Regular Budget appropriation for 2020 was approved for €380.6 million (€371.8 million in 2019) at an exchange rate of €1 = US $1. The final budget for the operational portion of the Regular Budget appropriation for 2020 was recalculated to €374.0 million at the UN average operational rate of exchange of €0.878 to US $1. There were no changes between the original capital portion of the Regular Budget appropriation and the final budget for 2020. As shown in Note 39a to the financial statements, there were no movements of the Regular Budget appropriations between Major Programmes.

20. Total operational Regular Budget expenditures, measured on a modified cash basis, were €363.2 million including €3.1 million reimbursable work for others. In 2019, these expenditures totalled €366.8 million.

Figure 5 shows a comparative analysis of 2019 and 2020 total expenditures by Major Programme on a budgetary basis.

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



21. The overall utilization rate of the operational portion of the Regular Budget in 2020 was 97.1%, highlighting the high level of utilization of available resources. ***Table 4*** shows the budgetary utilization by Major Programmes (MP).

***Table 4**: Regular Budget operational portion- budgetary utilization rates for 2020*

Major Programme	Utilization Rate Operational Portion	
	2020	2019
MP1 - Nuclear Power, Fuel Cycle and Nuclear Science	89.1%	99.9%
MP2 - Nuclear Techniques for Development and Environmental Protection	97.9%	100.0%
MP3 - Nuclear Safety and Security	94.1%	99.9%
MP4 - Nuclear Verification	99.4%	100.0%
MP5 - Policy, Management and Administration Services	97.6%	100.0%
MP6 - Management of Technical Cooperation for Development	97.2%	99.9%
Total Agency	**97.1%**	**100.0%**

22. For the capital portion of the Regular Budget, expenditures on the modified cash basis were €0.9 million out of a total €6.1 million in 2020.

Financial Position

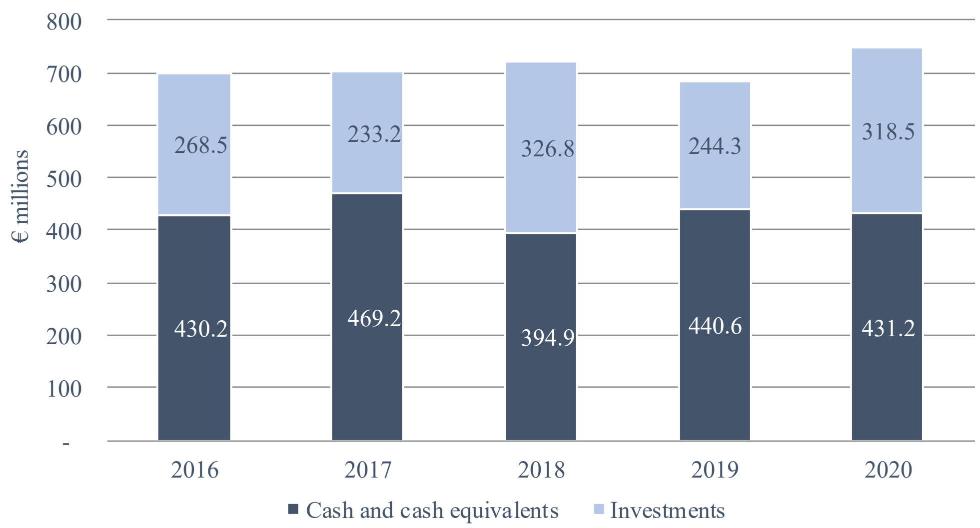
Cash, investments and liquidity analysis

23. In 2020, the cash, cash equivalents and investment balances increased by €64.8 million (9.5%) to €749.7 million at 31 December 2020. The increase was mainly driven by the increase in the balance of euro holdings (€61.3 million).

24. As at the end of 2020, 76.2% of the total cash, cash equivalents and investments were denominated in euro while 23.4% were denominated in US dollars and 0.4% in other currencies. Interest rates on euro denominated financial holdings remained near zero in 2020. However, much lower interest rates in US dollar denominated financial holdings due to the cuts in Federal Funds Rate that the Federal Reserve System (FED) did in response to the negative economic impact of the pandemic combined with the depreciation of the US dollar during 2020, negatively impacted the total investment revenue. Thus, the overall investment revenue achieved by the Agency decreased during 2020 by €3.2 million.

25. As can be seen in ***Figure 6*** below, the Agency shifted its holdings from investments to cash and cash equivalents over the past years. The reason for this shift was the continued inability to invest euro at positive interest rates. The trend of investing in instruments with 3 months or less (cash and cash equivalents) continued during 2020 as well.

Figure 6: Evolution of cash, cash equivalents and investments

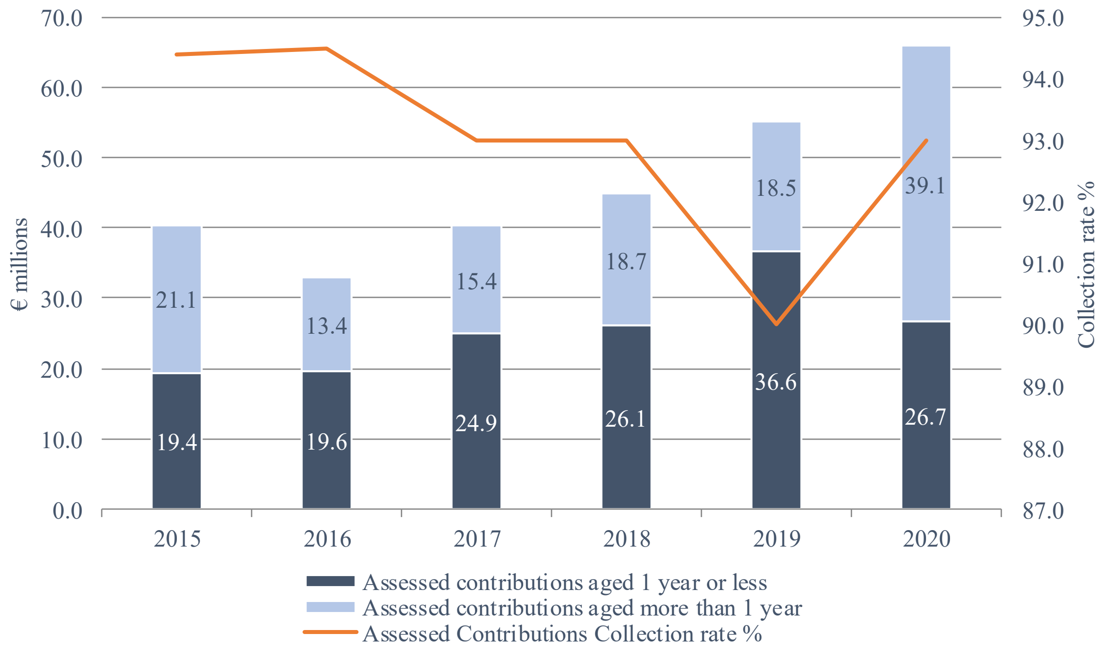


Accounts receivable

26. Overall, the total net receivables from non-exchange transactions decreased by €5.5 million to €55.5 million at 31 December 2020. The main components of this balance are receivables from assessed contributions (€47.5 million), voluntary contributions receivable (€6.5 million), and other receivables (€1.5 million).

27. The increase experienced in net assessed contributions receivable in 2020 is mainly driven by the increase in Regular Budget assessed contributions receivable, as depicted in ***Figure 7*** below. During 2020, the rate of collection of assessed contributions increased to 93%, in comparison to 90% last year. However, outstanding Regular Budget contributions for prior years increased by €20.6 million and amounted to €39.1 million. Total outstanding Regular Budget contributions from 2020 and prior years, which amounted to €65.8 million, represent 17.4% of the total Regular Budget assessment for 2020, and this may pose a liquidity risk to the Agency if not paid in a timely manner. Member States are reminded of the importance to the Agency's operations of paying their assessed contributions in full and on time.

Figure 7: Outstanding Assessed contributions receivable and rate of collection

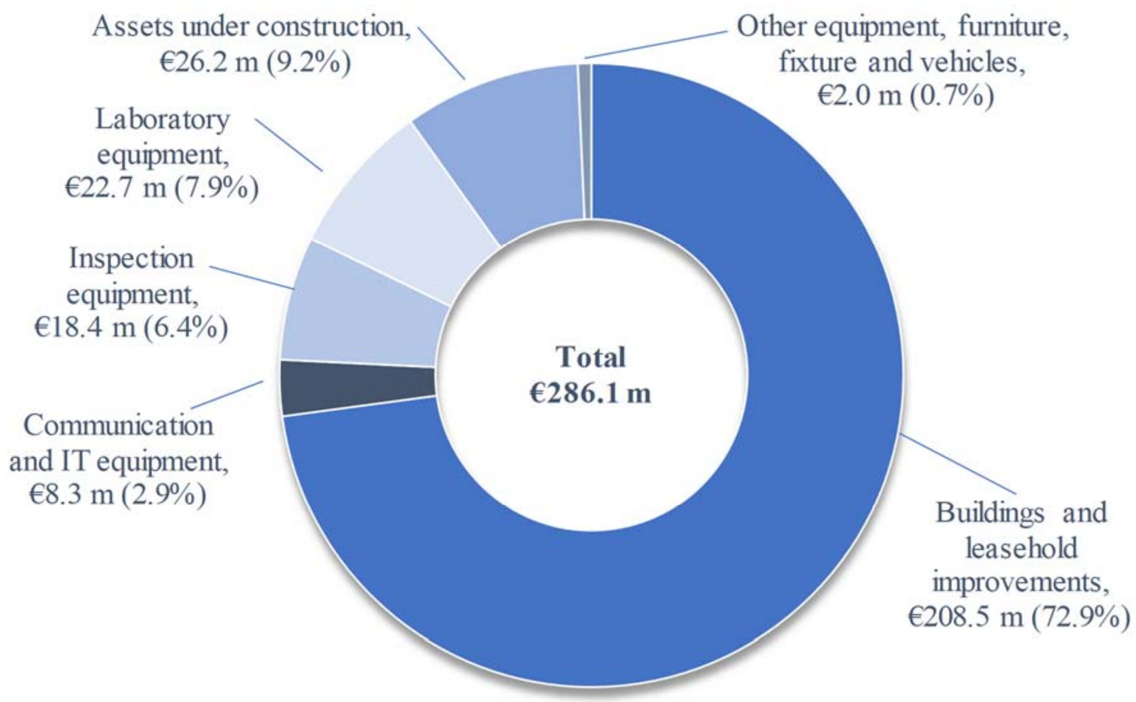


Long-term assets

Property, Plant and Equipment

28. As can be seen from ***Figure 8*** below, 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 2020



29. The total net book value of PP&E decreased by €8.7 million (2.9%). Among the factors contributing to this decrease are the following:

- The reduction in additions by €18.3 million, 96.1% of which relates to assets under construction. In 2020, only approximately 24.6% of the additions to PP&E amounting to €3.9 million relate to assets under construction which includes Buildings within the scope of the ReNuAL project (€2.3 million) as well as the Inspection Equipment, Laboratory Equipment and Other Equipment pending installation or assembly (€0.9 million).
- The remaining additions to PP&E during the year, amounting to €11.9 million, were experienced in all other asset categories, with the largest components in Communications and IT Equipment, Laboratory Equipment, Buildings and Leasehold Improvements and Inspection Equipment.
- These additions were offset by depreciation expense of €24.6 million.

Intangible Assets

30. As shown in ***Table 5*** below, the net carrying amount of Intangible Assets, essentially software purchased or internally developed, at 31 December 2020 was €58.8 million.

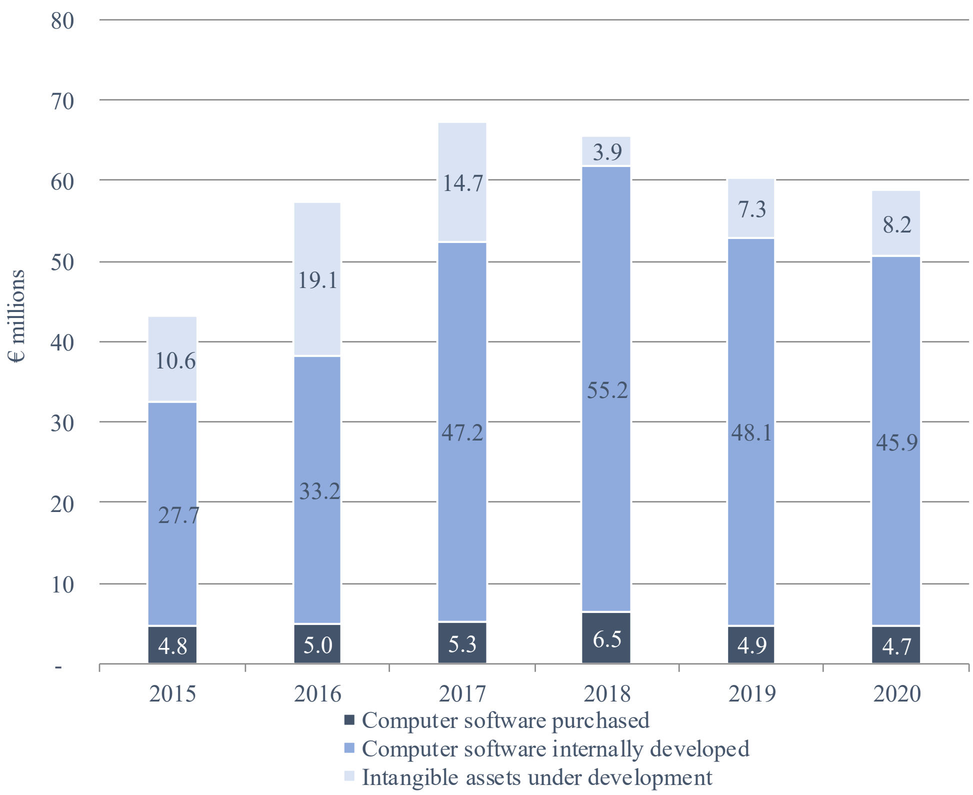
Table 5*: Comparative Analysis of Intangible Assets*

	(expressed in millions of euro)			
	2020	**2019**	**Change**	**%**
Intangible assets				
Computer software purchased	4.7	4.9	(0.2)	(4.1%)
Computer software internally developed	45.9	48.1	(2.2)	(4.6%)
Intangible assets under development	8.2	7.3	0.9	12.3%
Total Intangible Assets	**58.8**	**60.3**	**(1.5)**	**(2.5%)**

31. The principal driver for the decrease in the carrying value of Intangible Assets is the high level of amortization expense which more than offsets additions during the year. In 2020, total costs of €10.2 million were added to the value of internally developed software, of which €4.8 million relates to post-MOSAIC and €5.4 million relates to other internally developed software projects.

32. In connection with the above-mentioned projects, as shown in ***Figure 9*** below, the amount of intangible assets internally developed decreased by €2.2 million in comparison to the past year, while the amount of intangible assets still under development increased by €0.9 million.

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



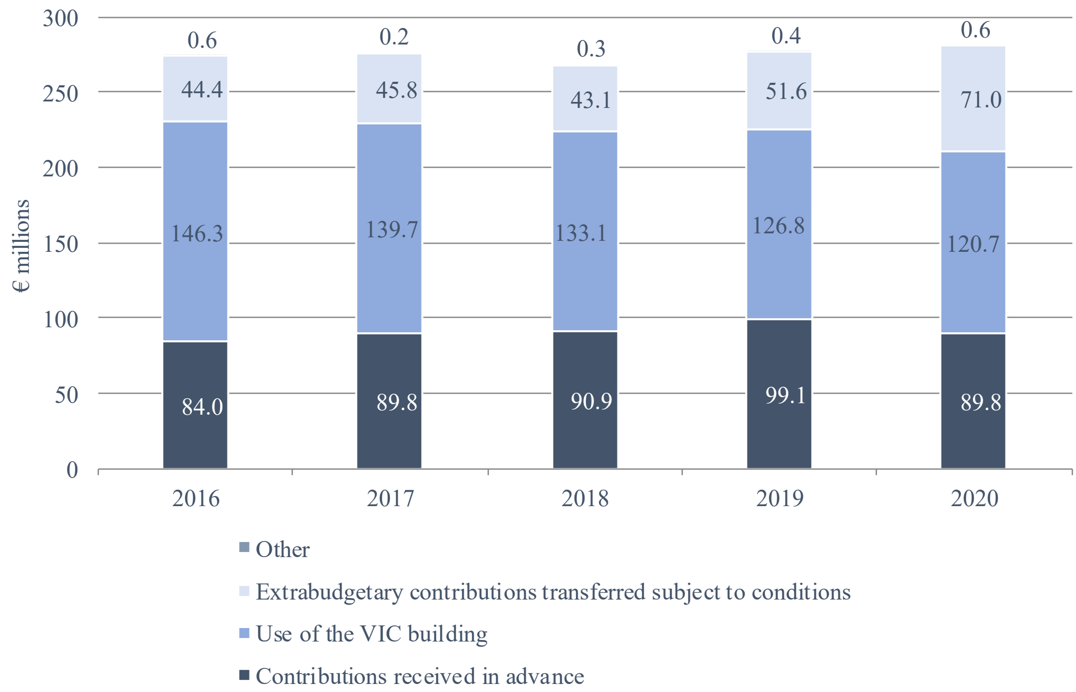
Deferred revenue

33. Since the 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.

34. Deferred revenue comprises two other major components. The larger of these two components is contributions received in advance, which relates to assessed contributions for 2021 paid in 2020 (€56.8 million), TCF and NPC contributions for 2021 paid in 2020 (€12.9 million and €0.2 million, respectively) and voluntary contributions received prior to the completion of formal acceptance by the Agency (€19.9 million). The total contributions received in advance decreased by €9.3 million, primarily related to assessed contributions and extrabudgetary contributions received in advance. The other component is contributions received subject to conditions, which amounted to €71.0 million in 2020, an increase from €51.6 million in 2019. These contributions will be recognized as revenue upon satisfaction of the related conditions in the agreements.

35. A comparison of 2016 through 2020 year-end balances by category of deferred revenue is shown in ***Figure 10*** below.

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



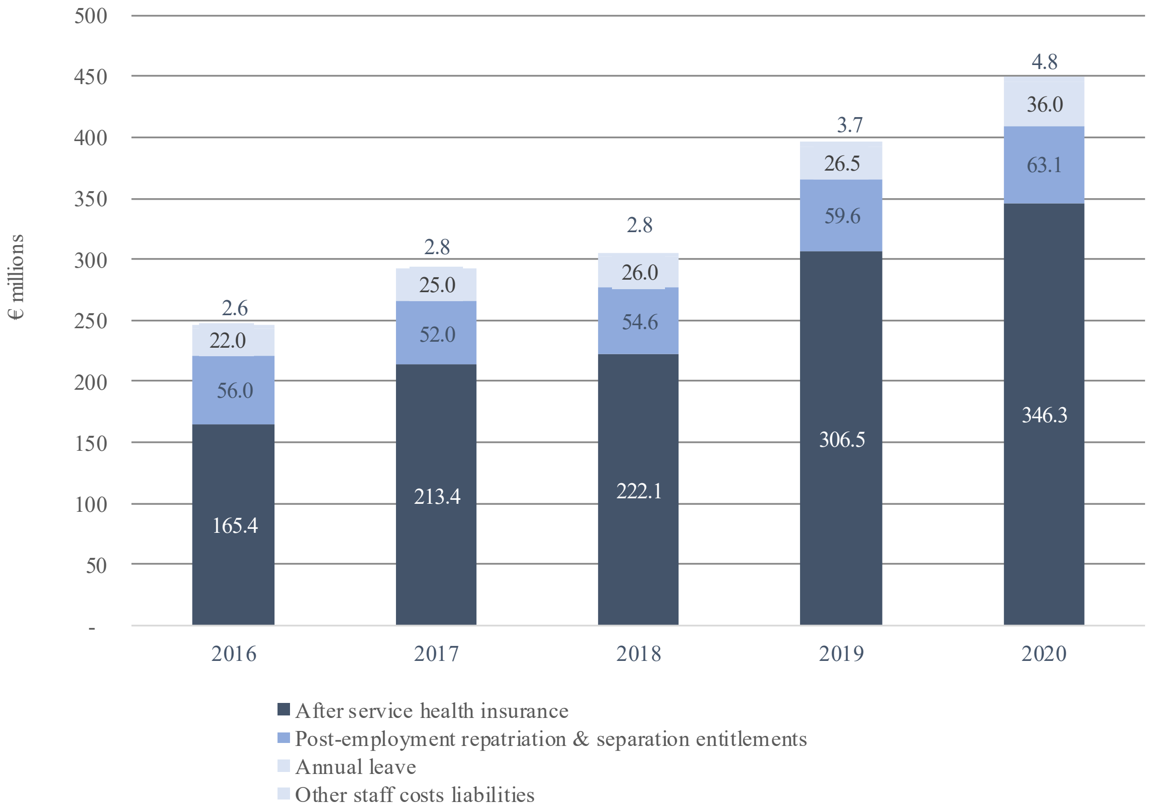
Employee benefits liabilities

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

37. The ASHI liability remains fully unfunded, which is an ongoing matter of concern.

38. The ASHI liability is very sensitive to changes in actuarial assumptions. In 2020, the decrease in long-term discount rate highly impacted this liability, which increased by €39.9 million (13.0%). As can be seen in ***Figure 11*** below, the other employee benefits liabilities also experienced an increase, again mainly driven by the decrease in discount rates. The restrictions on international travel due to the COVID-19 pandemic are the key reason for the increased staff annual leave balances at year end.

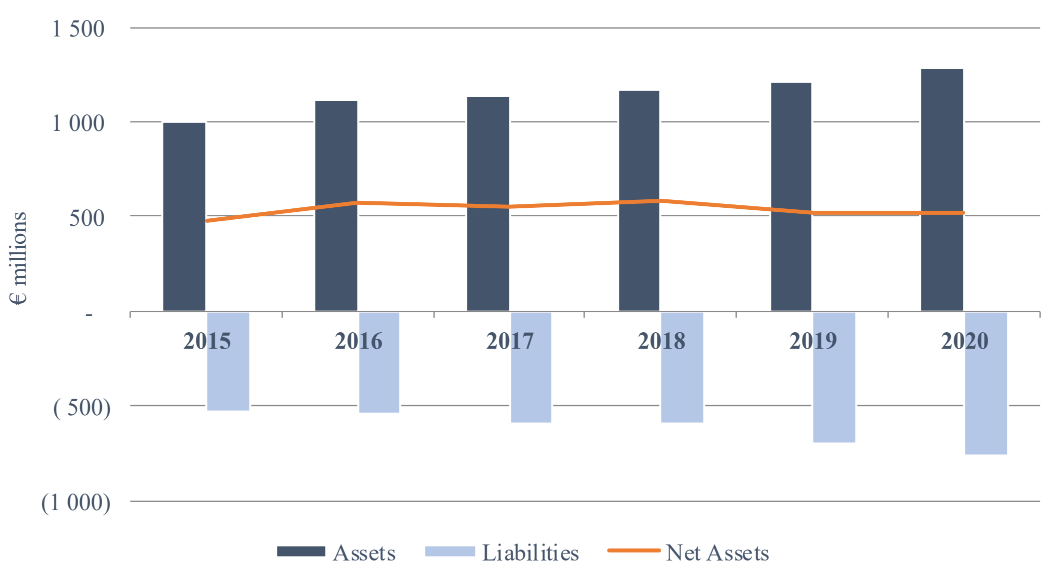
Figure 11: Evolution of the composition of the main employee benefits liabilities



Net assets/equity

39. Net assets represent the difference between an organization's assets and its liabilities, which is illustrated in ***Figure 12*** below. Despite a consistent increase in the Agency's liabilities over the years, the net assets have increased as the assets grew at a faster rate. In 2020, the Agency experienced an overall increase in net assets from €517.6 million to €522.4 million, which was primarily driven by the increase in assets in 2020 along with the increase of the net surplus of the year.

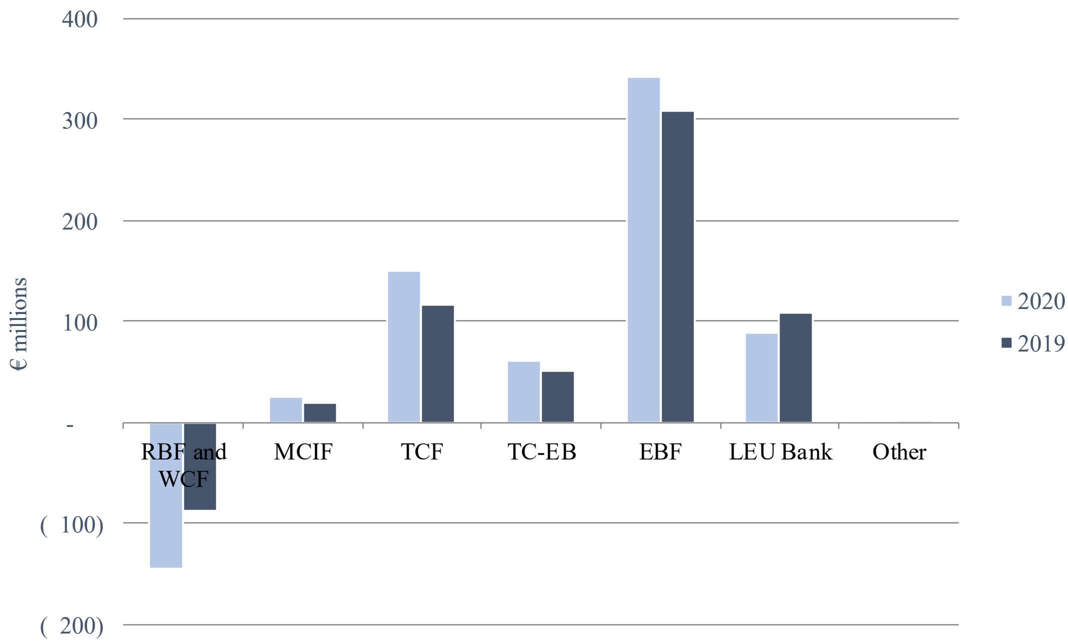
Figure 12: Evolution of Net Assets



40. ***Figure 13*** below shows the evolution of net assets by Fund. The main conclusions are as follows:

- The net assets of the Regular Budget Fund (RBF) decreased by €58.0 million, which amounted to a negative position of €145.5 million primarily due to the increase in the employee benefits liabilities, mainly ASHI and staff annual leave accruals.
- The net assets of the Technical Cooperation Fund (TCF) increased by €33.3 million to €150.3 million primarily resulting from the increase in investments and project inventories in transit to counterparts.
- The net assets of the Technical Cooperation Extrabudgetary Fund (TC-EB) increased by €10.8 million to €61.9 million in 2020 as a result of the increase in project inventories in transit to counterparts.
- The net assets of the Extrabudgetary Programme Fund (EBF) increased by €32.8 million to €341.6 million as a result of the net surplus of the year.
- The net assets of the Low Enriched Uranium (LEU) Bank decreased by €19.9 million to €88.1 million, which was driven by the net losses from foreign exchange revaluations and the transfer of unused funds at the donor's request.

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



Risk management

41. 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

42. The financial statements presented here show the Agency's overall financial health. The COVID-19 pandemic manifested itself in a variety of ways in the activity of the Agency during 2020. While in some instances there cannot be clear-cut systematic determination of the impact of COVID-19 on these financial statements as accounting and reporting systems are not intended or designed to report and trace specific widespread events such as those of a pandemic, we are able to determine broad trends and impacts on the financial position and performance of the Agency, as described above. While the Agency's overall financial health remains strong, there is a deterioration of the net asset position in the Regular Budget Fund 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 2020

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) TRISTAN BAUSWEIN, CFO
Director, Division of Budget and Finance

05 March 2021

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

Jakarta, 31 March 2021

Madam,

On behalf of the Audit Board of the Republic of Indonesia, I have the honour to transmit the Financial Statements of the International Atomic Energy Agency as at and for the year ended 31 December 2020 which were submitted to us by the Director General in accordance with Financial Regulation 11.03(a). We have audited these statements and have expressed our opinion thereon.

Further, in accordance with Financial Regulation 12.08, we have the honour to present our report on the Financial Statements of the Agency as at and for the year ended 31 December 2020.

Please accept the assurances of our highest consideration.

(signed)

Dr. Agung Firman Sampurna, CSFA., CFrA., CGCAE.

The Chair of the Audit Board of
the Republic of Indonesia
External Auditor

AUDIT OPINION

CERTIFICATE OF THE EXTERNAL AUDITOR ON THE FINANCIAL STATEMENTS OF THE INTERNATIONAL ATOMIC ENERGY AGENCY AS AT AND FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2020

To the General Conference of the International Atomic Energy Agency

Report on the Financial Statements

We have audited the accompanying Financial Statements of the International Atomic Energy Agency, which comprise the statement of financial position as at 31 December 2020, and the statement of financial performance, statement of changes in equity, statement of cash flow, statement of comparison of budget and actual amounts, statements of segment reporting by major programmes/funds for the year ended 31 December 2020 and notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the International Atomic Energy Agency as at 31 December 2020, and its financial performance, statement of changes in equity, statement of cash flow, statement of comparison of budget and actual amounts, statements of segment reporting by major programmes/funds for the year ended 31 December 2020 and notes to the financial statements, in accordance with International Public Sector Accounting Standards (IPSAS).

Report on Other Legal and Regulatory Requirements

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

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

(signed)

Dr. Agus Joko Pramono, CA., CPA
The Vice Chairman of the Audit Board of
the Republic of Indonesia
External Auditor

Jakarta, Indonesia
31 March 2021

Part II

Financial Statements

Financial Statements

Text of a Letter dated 05 March 2021 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 2020, 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 2020
(expressed in euro '000s)

	Note	31-12-2020	31-12-2019
ASSETS			
Current assets			
Cash and cash equivalents	4	431 208	440 651
Investments	5	318 528	244 304
Accounts receivable from non-exchange transactions	6, 7	55 451	57 851
Accounts receivable from exchange transactions	8	8 351	12 607
Advances and prepayments	9	21 486	23 264
Inventory	10	94 905	69 088
Total current assets		**929 929**	**847 765**
Non-current assets			
Accounts receivable from non-exchange transactions	6, 7	-	3 138
Advances and prepayments	9	7 073	6 692
Investment in common services entities	11	809	809
Property, plant & equipment	12	286 114	294 782
Intangible assets	13	58 803	60 261
Total non-current assets		**352 799**	**365 682**
TOTAL ASSETS		**1 282 728**	**1 213 447**
LIABILITIES			
Current liabilities			
Accounts payable	14	26 100	19 561
Deferred revenue	15	111 413	137 517
Employee benefit liabilities	16, 17	20 196	17 568
Other financial liabilities	18	108	129
Provisions	19	75	161
Total current liabilities		**157 892**	**174 936**
Non-current liabilities			
Deferred revenue	15	170 791	140 559
Employee benefit liabilities	16, 17	430 076	378 788
Other financial liabilities	18	304	304
Provisions	19	1 218	1 218
Total non-current liabilities		**602 389**	**520 869**
TOTAL LIABILITIES		**760 281**	**695 805**
NET ASSETS		**522 447**	**517 642**
Equity			
Fund balances	20, 21	583 733	572 002
Reserves	22	(61 286)	(54 360)
TOTAL EQUITY		**522 447**	**517 642**

The accompanying Notes are an integral part of these Statements.

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

STATEMENT II: STATEMENT OF FINANCIAL PERFORMANCE
For the year ended 31 December 2020
(expressed in euro '000s)

	Note	2020	2019
Revenue			
Assessed contributions	23	377 428	368 480
Voluntary contributions	24	240 745	202 313
Other contributions	25	5 790	1 437
Revenue from exchange transactions	26	2 246	2 732
Investment revenue	27	2 592	5 769
Total revenue		**628 801**	**580 731**
Expenses			
Salaries and employee benefits	28	325 851	306 335
Consultants, experts	29	13 704	16 046
Travel	30	14 644	44 277
Transfers to development counterparts	31	62 882	46 845
Vienna International Centre common services	32	20 985	20 458
Training	33	12 353	45 798
Depreciation and amortization	12, 13	38 372	38 127
Contractual and other services	34	26 365	27 973
Other operating expenses	35	31 737	24 799
Total expenses		**546 893**	**570 658**
Net gains/ (losses)	36	(19 591)	6 746
Net surplus/(deficit)		**62 317**	**16 819**
Expense analysis by Major Programme			
Nuclear Power, Fuel Cycle and Nuclear Science	38	50 457	64 132
Nuclear Techniques for Development and Environmental Protection	38	102 600	100 815
Nuclear Safety and Security	38	70 033	97 522
Nuclear Verification	38	187 949	180 846
Policy, Management and Administration a/	38	133 157	134 511
Expenses not directly charged to major programmes	38	8 361	503
Eliminations	38	(5 664)	(7 671)
Total expenses by Major Programme		**546 893**	**570 658**

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

The accompanying Notes are an integral part of these Statements.

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

STATEMENT III: STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020
(expressed in euro '000s)

	2020	2019
Equity at the beginning of the year	517 642	580 604
Actuarial gains/(losses) on employee benefit liabilities	(28 128)	(78 931)
Refunds/transfers of prior year voluntary contributions recognized directly in equity	(29 402)	(1 670)
Prior year adjustments	18	828
Net revenue recognized directly in equity	(57 512)	(79 773)
Net surplus/(deficit) for the year	62 317	16 819
Credits to Member States	-	(8)
Equity at the end of the year	**522 447**	**517 642**

The accompanying Notes are an integral part of these Statements.

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

STATEMENT IV: STATEMENT OF CASH FLOW
For the year ended 31 December 2020
(expressed in euro '000s)

	2020	2019
Cash flows from operating activities		
Net surplus/(deficit)	62 317	16 819
Refund of prior year voluntary contributions recognized in equity	(29 402)	(1 670)
Prior year adjustments	18	828
Depreciation and amortization	38 372	38 127
Amortization of deferred revenue on VIC depreciation	(6 948)	(7 360)
Impairment	(77)	91
Increase/(decrease) in allowance for undeliverable inventory in transit	820	(127)
Actuarial gains/(losses) on employee benefit liabilities	(28 128)	(78 931)
Increase/(decrease) in doubtful debts allowance	8 495	228
(Gains)/losses on disposal of PPE and Intangibles	23	(14)
Donated PPE and Inventory	(485)	(990)
Unrealized foreign-exchange (gains)/losses on cash, cash equivalents and investments	17 275	(5 582)
(Increase)/decrease in receivables	1 300	(16 688)
(Increase)/decrease in inventories	(26 652)	(58 322)
(Increase)/decrease in prepayments	1 396	2 807
Increase/(decrease) in deferred revenue	11 076	18 078
Increase/(decrease) in accounts payable	6 538	860
Increase/(decrease) in employee benefit liabilities	53 917	90 710
Increase/(decrease) in other liabilities and provisions	(106)	(47)
Net cash flows from operating activities	**109 749**	**(1 183)**
Cash flows from investing activities		
Purchase or construction of PPE and intangibles	(27 693)	(41 197)
Sale/(Decommissioning) of PPE and Intangibles	-	15
Investments	(87 278)	86 917
Net cash flows from investing activities	**(114 971)**	**45 735**
Cash flows from financing activities		
Credits to Member States	-	(8)
Net cash flows from financing activities	**-**	**(8)**
Net increase/(decrease) in cash and cash equivalents	(5 222)	44 544
Cash and cash equivalents at beginning of the period	440 651	394 920
Unrealized foreign-exchange gains/(losses) on cash and cash equivalents	(4 221)	1 187
Cash and cash equivalents and bank overdrafts at the end of the period	**431 208**	**440 651**

The accompanying Notes are an integral part of these Statements.

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

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

For the year ended 31 December 2020
(expressed in euro '000s)

	RB Current Year			
	Approved Budget	**Final Budget**	**Actuals (Expenditure)**	**Variance**
MP1-Nuclear Power, Fuel Cycle and Nuclear Science	41 413	40 649	36 214	4 435
MP2-Nuclear Techniques for Development and Environmental Protection	42 114	41 532	40 666	866
MP3-Nuclear Safety and Security	37 089	36 270	34 125	2 145
MP4-Nuclear Verification	148 709	145 855	145 025	830
MP5-Policy, Management and Administration Services	81 377	80 359	78 443	1 916
MP6-Management of Technical Cooperation for Development	26 731	26 250	25 520	730
Total Agency programmes	**377 433**	**370 915**	**359 993**	**10 922**
Reimbursable work for others	3 129	3 129	3 195	(66)
Total Regular Budget operational portion	**380 562**	**374 044**	**363 188**	**10 856**

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) TRISTAN BAUSWEIN, CFO
Director, Division of Budget and Finance

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

For the year ended 31 December 2020

(expressed in euro '000s)

	Approved Budget	Final Budget	Actuals (Expenditure)	Variance b/
MP2-Nuclear Techniques for Development and Environmental Protection	2 029	2 029	47	1 982
MP3-Nuclear Safety and Security	305	305	-	305
MP4-Nuclear Verification	1 017	1 017	-	1 017
MP5-Policy, Management and Administration Services	2 746	2 746	845	1 901
Total Regular Budget capital portion	**6 097**	**6 097**	**892**	**5 205**

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) TRISTAN BAUSWEIN, CFO
Director, Division of Budget and Finance

STATEMENT VI: STATEMENT OF SEGMENT REPORTING BY MAJOR PROGRAMME

For the year ended 31 December 2020
(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	36 827	30 665	45 632	128 121	85 113	(507)	-	325 851
Consultants, experts	2 651	3 171	3 334	524	4 024	-	-	13 704
Travel	950	935	2 792	9 585	382	-	-	14 644
Transfers to development counterparts	4 560	46 900	8 978	62	2 382	-	-	62 882
VIC common services	5	2	455	92	20 431	-	-	20 985
Training	1 040	5 963	2 130	650	2 570	-	-	12 353
Depreciation and amortization	1 317	3 349	2 101	22 288	9 317	-	-	38 372
Contractual and other services	484	1 706	484	12 202	11 488	1	-	26 365
Other operating expenses	2 623	9 909	4 127	14 425	(2 550)	8 867	(5 664)	31 737
Total expense	**50 457**	**102 600**	**70 033**	**187 949**	**133 157**	**8 361**	**(5 664)**	**546 893**
Assets								
Property, plant & equipment, and intangibles	**13 082**	**69 579**	**21 639**	**164 182**	**76 435**	**-**	**-**	**344 917**
Asset additions								
Property, plant & equipment, and intangibles	**1 025**	**4 503**	**1 742**	**14 181**	**6 736**	**-**	**-**	**28 187**

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) TRISTAN BAUSWEIN, CFO
Director, Division of Budget and Finance

COMPARATIVE STATEMENT VI: STATEMENT OF SEGMENT REPORTING BY MAJOR PROGRAMME

For the year ended 31 December 2019
(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	34 706	29 681	43 900	118 689	79 382	(23)	-	306 335
Consultants, experts	3 355	3 781	4 693	694	3 523	-	-	16 046
Travel	8 908	8 113	15 778	8 686	2 792	-	-	44 277
Transfers to development counterparts	5 967	30 352	9 263	25	1 238	-	-	46 845
VIC common services	27	27	21	219	20 164	-	-	20 458
Training	6 059	17 263	14 800	2 090	5 586	-	-	45 798
Depreciation and amortization	1 231	2 422	2 098	23 240	9 136	-	-	38 127
Contractual and other services	596	2 230	1 323	13 634	10 191	(1)	-	27 973
Other operating expenses	3 283	6 946	5 646	13 569	2 499	527	(7 671)	24 799
Total expense	**64 132**	**100 815**	**97 522**	**180 846**	**134 511**	**503**	**(7 671)**	**570 658**
Assets								
Property, plant & equipment, and intangibles	**13 378**	**68 442**	**21 999**	**172 305**	**78 919**	**-**	**-**	**355 043**
Asset additions								
Property, plant & equipment, and intangibles	**1 499**	**21 842**	**1 071**	**14 428**	**3 368**	**-**	**-**	**42 208**

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) TRISTAN BAUSWEIN, CFO
Director, Division of Budget and Finance

STATEMENT VIIa: STATEMENT OF SEGMENT REPORTING BY FUND - FINANCIAL POSITION
As at 31 December 2020
(expressed in euro '000s)

	Regular Budget		Technical Cooperation		Extrabudgetary		Other	
	Regular Budget Fund and Working Capital Fund	**Major Capital Investment Fund**	**Technical Cooperation Fund**	**Technical Cooperation Extrabudgetary Fund**	**Extrabudgetary Programme Fund**	**Low Enriched Uranium Bank**	**Trust Funds and Special Funds**	**Total**
Assets								
Cash and cash equivalents	61 023	25 183	82 079	37 582	219 264	4 905	1 172	431 208
Investments	3 260	-	59 060	23 040	188 343	44 825	-	318 528
Accounts receivable	52 395	441	3 795	248	4 011	2 912	-	63 802
Advances and prepayments	25 715	137	801	629	585	692	-	28 559
Inventory	510	-	26 331	12 411	576	55 055	22	94 905
Property, plant & equipment	286 111	-	-	-	-	3	-	286 114
Intangible assets	58 803	-	-	-	-	-	-	58 803
Investment in common service entities	809	-	-	-	-	-	-	809
Total assets	**488 626**	**25 761**	**172 066**	**73 910**	**412 779**	**108 392**	**1 194**	**1 282 728**
Liabilities								
Accounts payable	11 571	627	8 638	3 580	1 672	2	10	26 100
Deferred revenue	178 143	-	13 106	8 335	62 340	20 280	-	282 204
Employee benefit liabilities	444 375	224	-	15	5 657	1	-	450 272
Other financial liabilities	6	-	(21)	102	325	-	-	412
Provisions	75	-	-	-	1 218	-	-	1 293
Total liabilities	**634 170**	**851**	**21 723**	**12 032**	**71 212**	**20 283**	**10**	**760 281**
Net assets	**(145 544)**	**24 910**	**150 343**	**61 878**	**341 567**	**88 109**	**1 184**	**522 447**
Equity								
Fund balances	(11 319)	22 863	110 326	50 646	321 960	88 110	1 147	583 733
Reserves	(134 225)	2 047	40 017	11 232	19 607	(1)	37	(61 286)
Total equity	**(145 544)**	**24 910**	**150 343**	**61 878**	**341 567**	**88 109**	**1 184**	**522 447**

The accompanying Notes are an integral part of these Statements.

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

COMPARATIVE STATEMENT VIIa: STATEMENT OF SEGMENT REPORTING BY FUND - FINANCIAL POSITION
As at 31 December 2019
(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	33 756	18 908	96 245	28 589	191 601	70 409	1 143	440 651
Investments	30 000	-	25 824	22 400	166 080	-	-	244 304
Accounts receivable	53 807	438	2 648	363	13 423	2 917	-	73 596
Advances and prepayments	26 627	182	1 206	333	875	733	-	29 956
Inventory	426	-	10 627	2 523	457	55 055	-	69 088
Property, plant & equipment	294 777	-	-	-	-	5	-	294 782
Intangible assets	60 259	-	-	2	-	-	-	60 261
Investment in common service entities	809	-	-	-	-	-	-	809
Total assets	**500 461**	**19 528**	**136 550**	**54 210**	**372 436**	**129 119**	**1 143**	**1 213 447**
Liabilities								
Accounts payable	8 623	99	7 511	1 575	1 732	21	-	19 561
Deferred revenue	187 860	-	11 930	1 524	55 672	21 090	-	278 076
Employee benefit liabilities	391 333	223	-	18	4 781	1	-	396 356
Other financial liabilities	46	-	19	64	304	-	-	433
Provisions	161	-	-	-	1 218	-	-	1 379
Total liabilities	**588 023**	**322**	**19 460**	**3 181**	**63 707**	**21 112**	**-**	**695 805**
Net assets	**(87 562)**	**19 206**	**117 090**	**51 029**	**308 729**	**108 007**	**1 143**	**517 642**
Equity								
Fund balances	29 288	17 401	79 964	41 867	294 448	107 931	1 103	572 002
Reserves	(116 850)	1 805	37 126	9 162	14 281	76	40	(54 360)
Total equity	**(87 562)**	**19 206**	**117 090**	**51 029**	**308 729**	**108 007**	**1 143**	**517 642**

The accompanying Notes are an integral part of these Statements.

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

STATEMENT VIIb: STATEMENT OF SEGMENT REPORTING BY FUND - FINANCIAL PERFORMANCE
For the year ended 31 December 2020
(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	371 330	6 098	-	-	-	-	-	-	377 428
Voluntary monetary contributions	-	-	81 559	36 464	111 232	1 090	-	-	230 345
Voluntary in-kind contributions	10 400	-	-	-	-	-	-	-	10 400
Other contributions	1 674	-	4 116	-	-	-	-	-	5 790
Revenue from exchange transactions	2 210	-	36	-	-	-	-	-	2 246
Investment revenue	400	-	465	185	1 077	465	-	-	2 592
Internal revenue including programme support costs	114	-	-	-	5 550	-	-	(5 664)	-
Total revenue	**386 128**	**6 098**	**86 176**	**36 649**	**117 859**	**1 555**	**-**	**(5 664)**	**628 801**
Expenses									
Salaries and employee benefits	287 743	351	-	65	36 904	788	-	-	325 851
Consultants, experts	6 921	750	2 520	417	3 095	1	-	-	13 704
Travel	8 549	-	1 312	55	4 728	-	-	-	14 644
Transfers to development counterparts	6 223	-	34 486	17 327	4 889	-	(43)	-	62 882
VIC common services	20 599	-	-	-	386	-	-	-	20 985
Training	1 563	3	8 702	759	1 326	-	-	-	12 353
Depreciation and amortisation	38 368	-	-	2	-	2	-	-	38 372
Contractual and other services	21 542	1 603	28	-	3 167	11	14	-	26 365
Other operating expenses	27 632	(50)	1 553	2 020	6 123	123	-	(5 664)	31 737
Total expenses	**419 140**	**2 657**	**48 601**	**20 645**	**60 618**	**925**	**(29)**	**(5 664)**	**546 893**
Net gains/(losses)	(957)	400	(4 220)	(2 936)	(7 360)	(4 529)	11	-	(19 591)
Net surplus/(deficit)	**(33 969)**	**3 841**	**33 355**	**13 068**	**49 881**	**(3 899)**	**40**	**-**	**62 317**

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) TRISTAN BAUSWEIN, CFO
Director, Division of Budget and Finance

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

For the year ended 31 December 2019
(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	362 265	6 215	-	-	-	-	-	-	368 480
Voluntary monetary contributions	-	-	82 229	11 522	94 543	2 820	-	-	191 114
Voluntary in-kind contributions	11 199	-	-	-	-	-	-	-	11 199
Other contributions	1 296	-	141	-	-	-	-	-	1 437
Revenue from exchange transactions	2 646	-	81	5	-	-	-	-	2 732
Investment revenue	336	-	543	229	2 343	2 318	-	-	5 769
Internal revenue including programme support costs	1 507	-	-	(2)	6 166	-	-	(7 671)	-
Total revenue	**379 249**	**6 215**	**82 994**	**11 754**	**103 052**	**5 138**	**-**	**(7 671)**	**580 731**
Expenses									
Salaries and employee benefits	271 372	44	-	185	33 904	830	-	-	306 335
Consultants, experts	7 772	199	4 247	584	3 229	15	-	-	16 046
Travel	18 310	-	12 642	1 107	12 149	69	-	-	44 277
Transfers to development counterparts	7 088	-	29 142	3 634	6 902	53	26	-	46 845
VIC common services	20 417	-	1	-	40	-	-	-	20 458
Training	3 396	49	30 727	4 050	7 575	1	-	-	45 798
Depreciation and amortisation	37 977	52	-	20	74	2	2	-	38 127
Contractual and other services	22 423	826	31	7	4 673	13	-	-	27 973
Other operating expenses	19 472	486	1 674	681	9 903	185	69	(7 671)	24 799
Total expenses	**408 227**	**1 656**	**78 464**	**10 268**	**78 449**	**1 168**	**97**	**(7 671)**	**570 658**
Net gains/(losses)	445	(105)	530	640	1 947	3 291	(2)	-	6 746
Net surplus/(deficit)	**(28 533)**	**4 454**	**5 060**	**2 126**	**26 550**	**7 261**	**(99)**	**-**	**16 819**

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) TRISTAN BAUSWEIN, CFO
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 recognised 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 2020 and 2019
Fair value through surplus or deficit	None at 31 December 2020 and 2019

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 capitalized. Currently, such inventories are comprised of batteries and cables. Other minor inventory items centrally managed or held in decentralized locations are not capitalized due to the immateriality of such balances.

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 2020, the Agency has 2 802 participants in the UNJSPF, which was 2.13% of overall 131 597 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 recognised upon the acceptance of a pledge, provided the contribution does not impose conditions on the Agency. Alternatively, it is recognised 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

Goods-in-kind

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 2020 is 54.105% (54.873% for 2019).

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:	Joint Operation - Proportionate consolidation of Agency's share of revenue, expenses, assets and liabilities.	The following Joint Operations:
• The parties are bound by a binding arrangement which gives them joint control. • Activities require unanimous consent among the parties with joint control.	Joint Venture – Equity method accounting.	- 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)
There are two types of joint arrangements: - Joint Operations - Joint Ventures		
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 reactors and their fuel cycles, including Small and Medium-sized or Modular Reactors (SMRs), 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' involvement; the advancement of nuclear sciences, including in the areas of nuclear fusion, accelerator applications and nuclear instrumentation; and for the development and provision of validated nuclear, atomic and molecular data.

> *(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 inspections 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.

<u>Regular Budget</u>

(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.

<u>Technical Cooperation</u>

(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.

<u>Extrabudgetary</u>

(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.

<u>Other</u>

(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)	
	31-12-2020	31-12-2019
Cash in current accounts at bank and on hand	216 160	220 923
Cash in call accounts	180 003	170 000
Term deposits with original maturities of 3 months or less	35 045	49 728
Total cash and cash equivalents	**431 208**	**440 651**

89. The decrease of €9.443 million (or 2.1%) in total cash and cash equivalents was mainly due to the shift from Term deposits with original maturities of 3 months or less into Term deposits with original maturities between 3 and 12 months (refer to Note 5) in order to take advantage of higher rates for longer deposits. The decline in total cash and cash equivalent was partially offset by the increase in funds placed in call accounts to allow the Agency to obtain zero or positive interest rate in the euro holdings.

90. Some cash is held in currencies which are legally restricted or not readily convertible to euro. As at 31 December 2020, the euro equivalent of these currencies was €1.738 million (€1.684 million at 31 December 2019), based on the respective United Nations Operational Rates of Exchange.

NOTE 5: Investments

	(expressed in euro '000s)	
	31-12-2020	31-12-2019
Term deposits with original maturities between 3 and 12 months	318 528	244 304
Total investments	**318 528**	**244 304**

91. The increase of €74.224 million (or 30.4%) in total investments was mainly caused by the increase in longer time deposits especially in euros to take advantage of higher rates for longer time deposits in euros that were presented during certain periods in 2020.

NOTE 6: Accounts receivable from non-exchange transactions

	(expressed in euro '000s)	
	31-12-2020	31-12-2019
Assessed contributions receivable		
Regular Budget	65 804	55 198
Working Capital Fund	37	4
Allowance for doubtful accounts	(18 295)	(9 707)
Net assessed contributions receivable	47 546	45 495
Voluntary contributions receivable		
Extrabudgetary	3 763	12 421
Technical cooperation Fund	2 709	2 034
Allowance for doubtful accounts	(24)	(27)
Net voluntary contributions receivable	6 448	14 428
Other receivables		
Assessed programme costs	682	751
National participation costs	886	494
Safeguard agreements receivable	572	572
Allowance for doubtful accounts	(683)	(751)
Net other receivables	1 457	1 066
Total net accounts receivable from non-exchange transactions	**55 451**	**60 989**
Composition of accounts receivable from non-exchange transactions		
Current	55 451	57 851
Non-current	-	3 138
Total net accounts receivable from non-exchange transactions	**55 451**	**60 989**

92. The net assessed contributions receivable increased during the year by €2.051 million to €47.546 million. This was due to an increase in outstanding assessed contributions receivable primarily relating to the prior years from a major contributor. The decrease in net voluntary contributions receivable during the year by €7.980 million, is primarily due to the increase in the collection in 2020 of a number of significant contributions pledged and accepted in 2020 and prior years. The amount of extrabudgetary voluntary contributions receivable is shown net of €0.516 million which represents advance allotment. The details of outstanding contributions by Member States and other donors provided in Annex A3 include this advance allotment. The increase of allowance for doubtful accounts in assessed contributions is mainly due to one member state that has no voting right in the last 5 years and with significant assessed contribution receivables.

NOTE 7: Non-Exchange receivable information

Allowance for doubtful debts

(expressed in euro'000s)

	2020						2019					
	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												
<u>*Assessed contributions receivable*</u>												
Regular Budget	9 707	8 588				18 295	9 398	309				9 707
Related to assessed contributions receivable	9 707	8 588	-	-	-	18 295	9 398	309	-	-	-	9 707
<u>*Voluntary contributions receivable*</u>												
Technical Cooperation Fund	27	-	(3)	-	-	24	26	-	1	-	-	27
Extrabudgetary	-	-	-	-	-	-	-	-	-	-	-	-
Related to voluntary contributions receivable	27	-	(3)	-	-	24	26	-	1	-	-	27
<u>*Other receivables*</u>												
Assessed programme costs							862	-	20	-	(131)	751
National Participation Costs	751	-	(68)	-	-	683	-	-	-	-	-	-
Related to other receivables	751	-	(68)	-	-	683	862	-	20	-	(131)	751
Total related to receivables from non-exchange transactions	**10 485**	**8 588**	**(71)**	**-**	**-**	**19 002**	**10 286**	**309**	**21**	**-**	**(131)**	**10 485**

Ageing of receivables

(expressed in euro'000s)

	As at 31 December 2020					As at 31 December 2019				
		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	65 804	26 715	27 802	4 433	6 854	55 198	36 666	9 389	4 393	4 750
Working Capital Fund	37	33	-	-	4	4	-	-		4
Total assessed contributions receivable	65 841	26 748	27 802	4 433	6 858	55 202	36 666	9 389	4 393	4 754
Voluntary contributions receivable										
Extrabudgetary	3 763	2 678	254	815	16	12 421	6 483	5 024	896	18
Technical Cooperation Fund	2 709	1 311	1 344	8	46	2 034	1 221	755	9	49
Total voluntary contributions receivable	6 472	3 990	388	2 032	62	14 455	7 704	5 779	905	67
Other receivables										
Assessed programme costs	682	-	-	-	682	751				751
National participation costs	886	562	195	89	40	494	49	300	66	79
Safeguards agreements contributions	572	572				572	572	-	-	-
Total other receivables	2 140	1 134	195	89	722	1 817	621	300	66	830
Total receivables from non-exchange transactions	**74 453**	**31 872**	**28 385**	**6 554**	**7 642**	**71 474**	**44 991**	**15 468**	**5 364**	**5 651**

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 2020, there are no receivables for which payment plans have been negotiated (€0.00 million as at 31 December 2019).

95. The status of outstanding contributions as at 31 December 2020 by Member States and other donors is provided in Annex A3.

NOTE 8: Accounts receivable from exchange transactions

	(expressed in euro '000s)	
	31-12-2020	**31-12-2019**
Accounts receivable – Value Added Tax refunds	5 264	8 655
Accounts receivable – income tax refunds	939	1 283
Accounts receivable – others	2 326	2 871
Allowance for doubtful accounts	(178)	(202)
Total net accounts receivable from exchange transactions	**8 351**	**12 607**

96. All accounts receivable from exchange transactions as at 31 December 2020 and 2019 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 2020 and 2019:

	(expressed in euro '000s)	
	2020	**2019**
Opening balance as on 1 January	202	172
Doubtful debt expense during the year	27	54
Doubtful debt expense reversed	(51)	(24)
Closing balance as on 31 December	**178**	**202**

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

	(expressed in euro '000s)	
	31-12-2020	31-12-2019
Outstanding for:		
Less than 1 year	4 909	12 208
1 - 3 years	3 219	279
3 - 5 years	248	322
More than 5 years	153	-
Gross carrying value	**8 529**	**12 809**

NOTE 9: Advances and prepayments

	(expressed in euro '000s)	
	31-12-2020	31-12-2019
Vienna International Centre common services	15 691	14 804
Other international organizations	634	333
Staff	6 865	7 686
Travel	60	768
Other	5 309	6 363
Total advances and prepayments	**28 559**	**29 956**
Advances and prepayments composition		
Current	21 486	23 264
Non-current	7 073	6 692
Total advances and prepayments	**28 559**	**29 956**

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. Travel and other advances related to prepayments to suppliers.

NOTE 10: Inventory

	(expressed in euro '000s)	
	31-12-2020	31-12-2019
Project inventories in-transit to counterparts	39 353	13 607
LEU inventory	55 055	55 055
Safeguards spare parts and maintenance materials	395	381
Printing supplies	102	45
Total inventory	**94 905**	**69 088**

101. Inventory in transit marks an increase of €25.746 million in comparison to 2019. As also noted in Transfers to Development Counterparts (Note 31), close to 50% of the increase comes as

a result of COVID-19 related assistance, i.e. shipments that were in transit as of year-end, at the time of the production of the financial statements.

102. The Technical Cooperation Programme accounts for €38.742 million (98%) of the inventories in transit as at 31 December 2020, a 195% increase from last year (€13.150 million (97%) in 2019). There was no donated inventory received in 2020. 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 €2.047 million (€ 1.213 million in 2019), of which €1.125 million relates to goods which have been in transit for more than 12 months with 50% allowance and €0.922 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, €13.153 million refer to COVID-19 related equipment and supplies.

103. 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 2020 were calculated at €1 154.18 per kgU and €289.19 per kgU, for enrichment assays of 4.95% and 1.6%, respectively. Hence, in 2020, 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.

104. 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 2020 was approximately €0.124 million (€0.154 million in 2019).

105. Total inventory expense for 2020 and 2019 was as follows:

	(expressed in euro '000s)	
	2020	**2019**
Project inventories distributed to development counterparts	50 565	32 219
Safeguards spare parts and maintenance materials	72	15
Printing supplies	62	96
Change in allowance for inventory in transit	835	(126)
Total inventory expense	**51 534**	**32 204**

106. 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).

107. During 2020, the change in the allowance created for goods in-transit amounts to €0.835 million. There were impairments amounting to €0.014 million recorded in 2020 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)	
	31-12-2020	31-12-2019
Investment in Commissary	809	809
Total investment in common services entities	**809**	**809**

108. 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

2020

(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 2020	393 677	4 621	37 131	86 750	57 739	1 464	3 220	23 555	608 157
Additions [a]	2 943	259	4 128	1 227	3 332	45	15	3 900	15 849
Disposals	-	(7)	(1 754)	(6 867)	(314)	(33)	(97)	-	(9 072)
Other Adjustments	-	-	(553)	2 107	(1 577)	-	(3)	-	(26)
Assets under Construction Capitalized	369	-	234	594	22	-	-	(1 219)	-
Cost at 31 December 2020	**396 989**	**4 873**	**39 186**	**83 811**	**59 202**	**1 476**	**3 135**	**26 236**	**614 908**
Accumulated depreciation at 1 January 2020	176 995	3 021	28 449	66 522	34 240	1 094	2 899	-	313 220
Depreciation	11 516	287	4 522	4 394	3 468	171	223	-	24 581
Disposals	-	(7)	(1 731)	(6 839)	(296)	(33)	(96)	-	(9 002)
Other Adjustments	-	-	(411)	1 333	(877)	-	(74)	-	(29)
Accumulated depreciation 31 December 2020	**188 511**	**3 301**	**30 829**	**65 410**	**36 535**	**1 232**	**2 952**	**-**	**328 770**
Accumulated impairment at 1 January 2020	5	97	37	14	2	-	-	-	155
Impairment	-	-	1	3	10	-	-	-	14
Disposals	-	-	(23)	(5)	(6)	-	-	-	(34)
Other Adjustments [b]	-	(97)	(1)	(12)	(1)	-	-	-	(111)
Accumulated impairment 31 December 2020	**5**	**-**	**14**	**-**	**5**	**-**	**-**	**-**	**24**
Net carrying amount 31 December 2020	**208 473**	**1 572**	**8 343**	**18 401**	**22 662**	**244**	**183**	**26 236**	**286 114**

[a] Includes impairment reversals

2019

(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 2019	367 373	4 413	37 860	84 999	50 645	1 508	3 120	34 146	584 064
Additions	2 344	224	3 575	1 599	4 855	41	28	21 457	34 123
Disposals	(35)	(16)	(5 851)	(3 329)	(683)	(85)	(31)	-	(10 030)
Other Adjustments	-	-	54	(6)	(51)	-	3	-	-
Assets under Construction Capitalized	23 995	-	1 493	3 487	2 973	-	100	(32 048)	-
Cost at 31 December 2019	**393 677**	**4 621**	**37 131**	**86 750**	**57 739**	**1 464**	**3 220**	**23 555**	**608 157**
Accumulated depreciation at 1 January 2019	164 747	2 812	29 296	65 920	31 975	959	2 811	-	298 520
Depreciation	12 282	225	4 949	3 945	2 952	204	119	-	24 676
Disposals	(34)	(16)	(5 849)	(3 321)	(656)	(69)	(31)	-	(9 976)
Other Adjustments	-	-	53	(22)	(31)	-	-	-	-
Accumulated depreciation 31 December 2019	**176 995**	**3 021**	**28 449**	**66 522**	**34 240**	**1 094**	**2 899**	**-**	**313 220**
Accumulated impairment at 1 January 2019	5	97	2	5	2	-	-	-	111
Impairment	-	-	38	12	28	-	-	-	78
Disposals	-	-	(3)	(3)	(28)	-	-	-	(34)
Other Adjustments [a]	-	-	-	-	-	-	-	-	-
Accumulated impairment 31 December 2019	**5**	**97**	**37**	**14**	**2**	**-**	**-**	**-**	**155**
Net carrying amount 31 December 2019	**216 677**	**1 503**	**8 645**	**20 214**	**23 497**	**370**	**321**	**23 555**	**294 782**

[a] Includes impairment reversals

109. For the PP&E projects with a value greater than €0.500 million, their values and their status as construction in progress (CIP) as at 31 December 2020 are as follows:

Construction in progress

- *Renovation of the Nuclear Applications Laboratories (ReNuAL/ReNuAL+)* (*€22.208 million* CIP and *€21.517 million* already 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 final commissioning of the IPCL was completed in October 2019 and the building is now fully in service. The final fit-out for the YAL is complete and the acceptance of the building is expected to be finished by the second quarter of 2021. The Dosimetry Bunker to support the new Linear Accelerator is fully in service. The main infrastructure required to service the new ReNuAL buildings is now all complete (€20.750 million CIP in 2019).

- *Energy Centre (€1.466 million CIP and €4.280 million already placed in service)*. The Energy Centre that services the environmental condition needs for both the Insect Pest Control Laboratory (IPCL) and the Yukiya Amano Laboratories (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 in October 2019 and is now in service. The construction works on Phase 2 is complete and is currently under review for establishing the list of defects. The acceptance of the building is expected in first quarter of 2021 (€0.756 million CIP in 2019).

- *Renovation of the Nuclear Applications Laboratories 2 (ReNuAL 2) (€0.194 million CIP).* ReNuAL 2 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. ReNuAL 2 will consist of the construction and commissioning of a new building (FML 2) for the remaining 3 laboratories, namely, the Plant Breeding and Genetics Laboratory (PBGL), the Nuclear Science and Instrumentation Laboratory (NSIL), and the Terrestrial Environment Laboratory (TEL), and will provide a refurbished and enhanced space for the Dosimetry Laboratory in the existing Nuclear Applications (NA) building. The project will also include new greenhouses to replace the existing ones as well as any upgrade to the site infrastructure to service these new buildings. ReNuAL 2 will be a €34.500 million capital project, depending on the split between the Agency's Regular Budget and Extrabudgetary sources.

- *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 2020 due to uncertainties about the deadline for construction and commissioning of the facility. The start of operation is now 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).

110. In 2020, physical verification of assets in the VIC and Seibersdorf continued. The Safeguards Asset verification results for the cycle 2019-2020 show that 71% of the total Agency-owned SG assets recorded in AIPS were verified. In 2020, 66% of the 42,014 new Radio Frequency Identification (RFID) tags installed on all MT assets at the VIC and Seibersdorf in 2019 have been reconciled with the asset register, and a sample asset verification was performed where among the 325 selected assets, 98% were verified. In addition, impairments due to damage, obsolescence or loss were recognized. The total impairment loss for 2020 amounted to €0.014 million (€0.078 million in 2019).

111. Efforts to dispose of old inactive equipment which were fully depreciated continued, resulting in the retirement of assets with an aggregate original cost of €8.520 million this year. The gross value of fully depreciated items of property, plant and equipment which remain in use as of 31 December 2020, including components of the VIC building, amounted to €90.296 million (€89.735 million in 2019).

112. Contributions in-kind of specialized laboratory equipment amounting to €0.485 million were received in 2020 related to three partnership agreements consummated with non-traditional donors in 2020 and one from 2019. From the total amount, €0.214 million relates to Isotope Ratio Mass Spectrometer, an equipment that supports the activities of the Food and Environmental Protection Laboratory in the area of food authenticity and traceability research, while €0.133 million relates to the equipment from MetaSystems for the purpose of applied research and development activities on biological dosimetry. A Controlled Atmosphere Temperature Treatment System (CATTS) that was donated in 2019 remains uninstalled as at 31 December 2020 due to COVID-19 restrictions.

NOTE 13: Intangible assets

2020

	Computer Software Purchased	Computer Software Internally Developed	Intangible Assets Under Development	Total Intangible Assets
	(expressed in euro '000s)			
Cost at 1 January 2020	16 491	91 301	7 308	**115 100**
Additions	1 514	4 068	6 756	**12 338**
Disposals	(228)	-	-	**(228)**
Other Adjustments	26	-	-	**26**
Assets under Construction Capitalized	298	5 561	(5 859)	**-**
Cost at 31 December 2020	**18 101**	**100 930**	**8 205**	**127 236**
Accumulated amortization at 1 January 2020	11 624	43 203	-	**54 827**
Amortization	1 947	11 844	-	**13 791**
Other Adjustments	(205)	-	-	**(205)**
Disposal	20	-	-	**20**
Accumulated amortization at 31 December 2020	**13 386**	**55 047**	**-**	**68 433**
Accumulated impairment at 1 January 2020	12	-	-	**12**
Disposals	(12)	-	-	**(12)**
Accumulated impairment at 31 December 2020	**-**	**-**	**-**	**-**
Net carrying amount at 31 December 2020	**4 715**	**45 883**	**8 205**	**58 803**

2019

	Computer Software Purchased	Computer Software Internally Developed	Intangible Assets Under Development	Total Intangible Assets
	(expressed in euro '000s)			
Cost at 1 January 2019	16 209	87 346	3 918	**107 473**
Additions	330	2 314	5 441	**8 085**
Disposals	(315)	(143)	-	**(458)**
Assets under Construction Capitalized	267	1 784	(2 051)	**-**
Cost at 31 December 2019	**16 491**	**91 301**	**7 308**	**115 100**
Accumulated amortization at 1 January 2019	9 665	32 168	-	**41 833**
Amortization	2 273	11 178	-	**13 451**
Disposal	(314)	(143)	-	**(457)**
Accumulated amortization at 31 December 2019	**11 624**	**43 203**	**-**	**54 827**
Accumulated impairment at 1 January 2019	-	-	-	**-**
Impairment	13	-	-	**13**
Disposals	(1)	-	-	**(1)**
Accumulated impairment at 31 December 2019	**12**	**-**	**-**	**12**
Net carrying amount at 31 December 2019	**4 855**	**48 098**	**7 308**	**60 261**

113. 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 2020, there were seventeen enhancements to the MOSAIC project, three thereof with a value over €0.500 million are completed referring to the new phase of the Upgrade to Safeguards Field Reporting and Evaluation (SAFIRE), Upgrade to Safeguards Equipment Management System (SEQUOIA) and Upgrade to State Declaration Portal (SDP) projects.

114. Other projects with a value greater than €0.500 million, their values and their completion status (complete, partly complete or construction in progress (CIP)) as at 31 December 2020 are as follows:

Completed in 2020

Four projects with a value greater than €0.500 million were completed in 2020.

- Upgrade to Safeguards Field Reporting and Evaluation (SAFIRE) (*€1.860 million*). Key enhancements delivered for 2020 included: i) the integration of SAFIRE Complementary Access (CA) Reports and Evaluation Reports (Part 2) with the State Issues Register in the State-Level Data Configurator (SLDC), to enable tracking of anomalies and discrepancies, and the performance of follow-up actions; ii) the ability for inspectors to use CA Reports to plan their activities in specific locations using geographic maps provided by the Geographic Data Integration (GDI) service; iii) a new user interface for the SAFIRE home page, including CA Reports, in compliance with modern user interface guidelines; and iv) the review and approval workflow for CA Reports was extended to include the Office of the DDG of the Department of Safeguards (€0.937 million CIP in 2019).

- Upgrade to Statistical Evaluation Platform for Safeguards (STEPS) (*€1.468 million*). The STEPS application benefited from a number of new features that deliver efficiencies in the management of data related to Material Balance Period evaluation. For example, users may now tag particular types of data with properties of the measured items, and stratify the data based on these tags. This achieves i) streamlined analytical work, ii) improvements to evaluator efficiency, iii) improvements to business continuity, and iv) facilitation of better knowledge retention and transfer. The Verification Measurement Performance Evaluation (VMPE) core module was added to STEPS to support measurement related to statistical evaluation. Major business functions, specifically, Material Balance Evaluation and analysis of operator-inspector paired data, were made available within the STEPS application (€0.806 million CIP in 2019).

- Upgrade to Safeguards Equipment Management System (SEQUOIA) (*€0.874 million*). SEQUOIA provides a comprehensive asset tracking, management, and monitoring system for the Department of Safeguards. It supports the management of the operational lifecycle of safeguards equipment and other safeguards assets, enhances control over the inventory of such equipment, improves timeliness in confirming the veracity of safeguards equipment deployed in the field, and supports the logistics associated with verification activities. During 2020, a substantial number of new features and enhancements were added. In particular, mobile enabled features allow for increased agility and responsiveness. Key new features include Equipment Write-off Workflow, Equipment Clearance Workflow, Equipment Physical Inventory Mobile, Equipment Radiation Monitoring Laboratory (ERML) mobile prototype, Integrated Life Cycle Management of Safeguards Assets (ILSA) dashboards, Change Equipment Number, Warehouse Database, Self Equipment Transfer, Tracking of contractor equipment usage, and support of 4 Digits equipment. Enhancements were made to Batch Transactions, Shipment module, Instrument System Templates, and Authorized Instruments Information System (AIIS) v3 integration, to deliver greater streamlining and improved usability.

- Upgrade to State Declaration Portal (SDP) (*€0.733 million*). The SDP provides a web-based system to support secure, bi-directional information exchange between States or Regional Authorities (SRAs) and the Department of Safeguards. In 2020, the project's key priorities were i) Centralized Automated System for Correlated Analysis and Data Evaluation (CASCADE) integration, and ii) mailbox declarations. Features and enhancements for external users were added, including the ability to provide feedback on the status of submitted files, and more granular access through the introduction of groups. Internally, improved workflows for incoming and outgoing items were achieved, for example, through the introduction of digital signatures for outgoing documents, better organization of incoming items, increased range of 'submission types', and the addition of a new workflow.

Construction in Progress

- Centralized Automated System for Correlated Analysis and Data Evaluation (CASCADE) (*€1.024 million CIP*). CASCADE is an integrated tool that will assist IAEA inspectors by enabling them to perform data review and verification tasks with greater efficiency. CASCADE will provide numerous new capabilities including the ability to: i) integrate Non-Destructive Assay (NDA) instruments-, electronic seals -, and image data; ii) perform automatic data processing, analysis, evaluation, and verification; iii) integrate available facility operator data; and iv) automatically produce reports to support verification of operator declarations and related reporting on safeguards verification activities. It is intended that CASCADE will provide a fully integrated view of the 'end-to-end' verification process for further review by the Inspectorate. CASCADE has as its foundation the Integrated Review and Analysis Package (IRAP) and Next Generation Surveillance Review (NGSR) software tools. Consequently, CASCADE will provide the IAEA with a new, streamlined IT capability to replace the vast array of legacy software that currently supports the facility operator declaration verification process. CASCADE will also expand the features of IRAP and NGSR to support cases where an automatic verification may be needed, and provide the facility operator with "proceed" or "hold messages" for processes where it is not practical to have an inspector available on site. This CASCADE component is called NRTS (Near Real Time System). Key achievements delivered in the CASCADE project in 2020 included i) configuration to evaluate 16 facilities (through IRAP configuration), and ii) the in-production deployment of the NRTS component for the Ukrainian ISF2 facility.

- The Hana Smart Management System (*€0.702 million CIP*). The HANA project delivers an easy-to-use system that provides Safeguards staff with a new capacity to efficiently manage and work with documents through performant search options, links between document, and electronic workflows. Document types within the Environmental Sampling Reports and Document Manager application were analyzed, and their metadata frameworks and workflows were defined in collaboration with the Division of Concepts and Planning (SGCP). Proofs of concept with complete workflows were accomplished for Environmental Sampling Reports handling and Procedure handling.

- The Technical Assistance Review System (TARS) (*€0.556 million CIP*). The TARS project delivers an IT tool for use by the Division of Information Management (SGIM) to assist in the efficient review of technical assistance projects and activities provided by the IAEA to Member States. Release 2 of TARS which was delivered in 2020 provides new capabilities and features relating to the following aspects of technical cooperation: i) purchase orders and requisitions, ii) events, iii) project life cycle support, and iv) data migration. The software also introduces an initial State Analysis and search functionality. Release 3 of TARS is scheduled for completion in 2021. The release will deliver new IT capabilities and features including: i) a State Analysis capability that will enable SGIM to analyze all technical cooperation projects, procurement, and activities by State and within a specified reporting period, ii) the migration of Technical Cooperation Review System (TCRS) data, and iii) a TARS dashboard that will provide users with the ability to readily monitor open work items and view statistics.

115. The total net value of intangible assets decreased by €1.458 million due to a high level of amortization expense which more than offsets additions during the year.

116. Thirty-four new projects were initiated in 2020, with aggregate costs amounting to €5.862 million (in 2019, 36 projects amounting to €5.434 million). Of these 34 projects, 19 with aggregate costs of €4.068 million were completed, while the other 15 projects remain as construction in progress. Of the 36 internally developed projects initiated prior to 2020, 5 were retired and 18 were completed, leaving 13 projects as construction in progress. Therefore, a total of 28 projects constituting intangible assets under development as at 31 December 2020 will continue in 2021.

117. No impairments of internally developed intangible assets were recorded in 2020.

NOTE 14: Accounts payable

	(expressed in euro '000s)	
	31-12-2020	**31-12-2019**
Accruals	20 503	15 867
Staff	285	244
Other payables	5 312	3 450
Total accounts payables	**26 100**	**19 561**

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

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

NOTE 15: Deferred revenue

	(expressed in euro '000s)	
	31-12-2020	31-12-2019
Contributions received in advance	89 846	99 108
Extrabudgetary contributions transferred subject to conditions	71 025	51 646
Other	597	446
Premises deferred	120 736	126 876
Total deferred revenue	**282 204**	**278 076**
Deferred revenue composition		
Current	111 413	137 517
Non-current	170 791	140 559
Total deferred revenue	**282 204**	**278 076**

120. 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.

121. 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 2020 by €9.262 million.

122. At the end of 2020, contributions received subject to conditions increased by €19.379 million. Out of the total balance of contributions received subject to conditions, 54.97% was received from two non-Member State donors. In addition, an amount of €6.359 million of the total amount relates to the TC project providing COVID-19 assistance to Member States. 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 €35.050 million, have been classified as current. Final and progress reports for these contributions are expected to be submitted during 2021, and the respective revenue recognition will be based on the approval of such reports by the donor.

123. Details of contributions received in advance and extrabudgetary contributions transferred subject to conditions as of 31 December 2020 are provided in Annex A4.

NOTE 16: Employee benefits liabilities

	(expressed in euro '000s)	
	31-12-2020	31-12-2019
After-Service Health Insurance	346 347	306 483
Post-employment repatriation and separation entitlements	63 116	59 640
Annual leave	35 995	26 528
Health Insurance Premium reserve account - staff contributions	1 364	983
Other staff costs	3 450	2 722
Total staff related liabilities	**450 272**	**396 356**
Composition of employee benefits liabilities		
Current	20 196	17 568
Non-current	430 076	378 788
Total employee benefits liabilities	**450 272**	**396 356**

124. 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).

125. Liabilities for annual leave have been calculated based upon the actual number of unused leave days as at year end. The increase in these liabilities is related to larger accrued leave balances due to worldwide restrictions on travel arising from the COVID-19 pandemic.

126. 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 2020 due to the decrease in actual payments remitted to CIGNA in respect of SMIP members by 18.1%.

127. Liabilities for other staff costs as at 31 December 2020 consisted mainly of home leave accruals amounting to €2.701 million (€1.900 million as at 31 December 2019) and accruals for compensatory time-off amounting to €0.621 million (€0.694 million as at 31 December 2019). The increase in the accruals for home leave is again the reflection of the imposed restrictions on travel.

128. As at 31 December 2020, the ASHI and post-employment repatriation benefit obligations, as well as the annual leave liability, were entirely unfunded. Nearly all of these liabilities, which total €445.458 million at 31 December 2020 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 2020.

NOTE 17: Post-employment related plans

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

130. 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.

131. 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

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

133. 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 2020:

Parameter	31-12-2020	31-12-2019
Discount rate	ASHI: 0.73% Other post-employment entitlements: repatriation entitlements 0.16%; End of Service allowance 0.28% Market yields on high quality euro corporate bonds at the reporting date (estimated duration: ASHI: 24.4 years; Other post-employment entitlements: 6.5 to 9.1 years depending on entitlement)	ASHI: 1.28% Other post-employment entitlements: repatriation entitlements 0.53%; End of Service allowance 0.72% Market yields on high quality euro corporate bonds at the reporting date (estimated duration: ASHI: 23.3 years; Other post-employment entitlements: 6 to 9 years depending on entitlement)
Expected rate of salary increase	**Professional and Higher Staff** 2.70 % for ASHI, 3.31% for other post-employment **General Staff** 2.93%	**Professional and Higher Staff** 2.72% for ASHI, 3.02% for other post-employment **General Staff** 2.90%
Expected rate of medical cost increase	2.93% – 3.36% (range for the various insurance plans)	2.90% – 3.35% (range for the various insurance plans)
Expected rate of travel costs increase	1.40%	1.80%
Expected rate of shipping cost increase	1.40%	1.80%

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

ASHI	(expressed in euro '000s) 31-12-2020	31-12-2019
Movement in defined benefit obligation		
Opening defined benefit obligation	306 483	222 121
Expense for the period		
Current service cost	11 802	7 776
Interest cost	3 895	4 554
Benefits paid	(4 139)	(4 168)
Transfers in/out	(40)	361
Actuarial losses/(gains) recognized in net assets:		
Actuarial (Gain)/Loss due to Experience Adjustments	2 662	294
Actuarial (Gain)/Loss due to Demographic Assumption Changes	(12 196)	17 871
Actuarial (Gain)/Loss due to Financial Assumption Changes	37 880	57 672
Closing defined benefit obligation	**346 347**	**306 483**

Other Post-employment benefits	(expressed in euro '000s) 31-12-2020	31-12-2019
Movement in defined benefit obligation		
Opening defined benefit obligation	59 640	54 649
Expense for the period		
Current service cost	6 849	6 245
Interest cost	341	659
Past service cost		
Benefits paid	(3 524)	(5 029)
Transfers in/out	28	23
Actuarial losses/(gains) recognized in net assets:		
Actuarial (Gain)/Loss due to Experience Adjustments	(2 233)	166
Actuarial (Gain)/Loss due to Demographic Assumption Changes	-	(16)
Actuarial (Gain)/Loss due to Financial Assumption Changes	2 015	2 943
Closing defined benefit obligation	**63 116**	**59 640**
of which		
Repatriation entitlements	32 421	31 464
End of Service Allowance	30 695	28 176
	63 116	**59 640**

135. Within the ASHI liability closing defined benefit obligation, €142.579 million represents the liability towards former staff members and their dependents (€135.359 million in 2019) and €203.768 million represents the accrual towards active staff and their dependents (€171.124 million in 2019).

136. 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.

137. The ASHI liability is highly sensitive to changes in financial assumptions. During 2020, adverse changes in the financial markets have impacted the applicable discount rate, which decreased from 1.28% to 0.73%, this was the key driver behind the increase of €41.663 million in the ASHI liability. This increase was slightly offset by the effects of the change in the mortality tables in use in the United Nations System as well as the decreased health insurance premiums.

138. As at 31 December 2020, the ASHI and post-employment repatriation benefit obligations were entirely unfunded. Therefore, the present value of funded obligations and the fair value of plan assets are nil.

Sensitivity analysis

139. 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%	(70 738)	(4 109)
	-1%	98 217	4 721
Effect of salary increase rate change on defined benefit obligation	+1%	(7 790)	4 207
	-1%	8 486	(3 724)
Effect of turnover rate change on defined benefit obligation	+1%	(8 065)	(85)
	-1%	8 932	91
Effect of changes in full retirement age on defined benefit obligation	+1 year	(1 855)	(76)
	-1 year	1 694	22
	Full retirement at 65	(4 847)	81
Effect of change in expected rate of medical costs increase on:			
*current service cost component of liability	+1%	4 624	n/a
	-1%	(3 212)	n/a
*interest cost component of liability	+1%	997	n/a
	-1%	(748)	n/a
*total defined benefit obligation	+1%	92 290	n/a
	-1%	(68 536)	n/a
Effect of changes in life expectancy on defined benefit obligation	+1 year	18 973	n/a
	-1 year	(18 612)	n/a
Effect of changes in shipping and travel costs on total defined benefit obligation	+1%	n/a	474
	-1%	n/a	(432)

140. 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.

141. 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.

142. 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.

143. The Agency's best estimate of benefits payments expected to be made for the next 12 months for ASHI plans is €4.530 million, and for post-employment repatriation and separation entitlements is €8.101 million.

144. 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.

145. 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)				
	2020	**2019**	**2018**	**2017**	**2016**
Defined benefit obligation	346 347	306 483	222 121	213 413	165 422
Plan assets at fair value	-	-	-	-	-
Surplus/(deficit)	(346 347)	(306 483)	(222 121)	(213 413)	(165 422)
Remeasurement losses/(gains) due to experience adjustments	2 662	294	(451)	36 226	(28 585)
Remeasurement due to experience adjustments as a percentage of defined benefit obligation	0.77%	0.10%	(0.20%)	16.97%	(17.28%)

Other post-employment benefits

	(expressed in euro '000s)				
	2020	**2019**	**2018**	**2017**	**2016**
Defined benefit obligation	63 116	59 640	54 649	51 989	55 991
Plan assets at fair value	-	-	-	-	-
Surplus/(deficit)	(63 116)	(59 640)	(54 649)	(51 989)	(55 991)
Remeasurement losses/(gains) due to experience adjustments	(2 233)	166	1 277	(4 265)	3 600
Remeasurement due to experience adjustments as a percentage of defined benefit obligation	(3.54%)	0.28%	2%	(8.20%)	6.43%

United Nations Joint Staff Pension Fund

146. 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.

147. 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.

148. The latest actuarial valuation for the Fund was completed as of 31 December 2019. A roll forward of the participation data as of 31 December 2019 to 31 December 2020 will be used by the Fund for its 2020 financial statements.

149. The actuarial valuation as of 31 December 2019 resulted in a funded ratio of actuarial assets to actuarial liabilities, assuming no future pension adjustments, of 144.4% (139.2% in the 2017 valuation). The funded ratio was 107.1% (102.7% in the 2017 valuation) when the current system of pension adjustments was taken into account.

150. After assessing the actuarial sufficiency of the Fund, the Consulting Actuary concluded that there was no requirement, as of 31 December 2019, 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.

151. 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 (2017, 2018 and 2019) amounted to US $220.325 million, of which 66.39% was contributed by the Agency.

152. During 2020, contributions paid to the Fund amounted to €70.913 million (€68.353 million in 2019). Expected contributions due in 2021 are approximately €68.545 million.

153. 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.

154. 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)	
	31-12-2020	31-12-2019
Deposits received	304	304
Others	108	129
Total financial liabilities	**412**	**433**
Composition of financial liabilities		
Current	108	129
Non-current	304	304
Total financial liabilities	**412**	**433**

155. As at 31 December 2020, 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)	
	31-12-2020	31-12-2019
Provision for ILOAT cases	75	161
Provision for asset disposal and site restoration	1 218	1 218
Total provisions	**1 293**	**1 379**
Composition of provisions		
Current	75	161
Non-current	1 218	1 218
Total provisions	**1 293**	**1 379**

156. 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).

157. As at 31 December 2020, 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 €0.075 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 favour of current or former staff members.

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	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Opening Balance	29 288	29 018	17 401	16 887	79 964	88 808	41 867	45 609	294 448	270 162	107 931	77 425	1 103	1 204	572 002	529 113
Transfers to / (from) fund balances	(6 638)	28 803	1 621	(3 940)	(2 993)	(13 904)	(4 289)	(5 868)	(22 369)	(2 264)	(15 922)	23 245	4	(2)	(50 586)	26 070
Net surplus/ (deficit)	(33 969)	(28 533)	3 841	4 454	33 355	5 060	13 068	2 126	49 881	26 550	(3 899)	7 261	40	(99)	62 317	16 819
Closing balance	(11 319)	29 288	22 863	17 401	110 326	79 964	50 646	41 867	321 960	294 448	88 110	107 931	1 147	1 103	583 733	572 002
Included in fund balances are individual funds with specific purposes:																
Working Capital Fund	15 189	15 204	-	-	-	-	-	-	-	-	-	-	-	-	15 189	15 204
Nuclear Security Fund	-	-	-	-	-	-	-	-	102 757	88 312	-	-	-	-	102 757	88 312
Programme Support Cost Sub-fund	-	-	-	-	-	-	-	-	2 172	3 117	-	-	-	-	2 172	3 117
Research Institute Trust Fund	-	-	-	-	-	-	-	-	-	-	-	-	312	357	312	357
Equipment Replacement Fund	-	-	-	-	-	-	-	-	-	-	-	-	836	748	836	748

158. 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.

159. 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).

160. 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.

161. 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).

162. 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)

	2020						2019					
	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	15 204	-	-	-	(15)	15 189	15 201	-	-	-	3	15 204
Nuclear Security Fund	88 312	32 917	783	(15 474)	(3 781)	102 757	81 405	27 763	1 238	(23 302)	1 208	88 312
Programme Support Cost Sub-Fund	3 117	5 551	(140)	(6 536)	180	2 172	4 721	6 168	(428)	(7 299)	(45)	3 117
Research Institute Trust Fund	357	-	3	30	(78)	312	433	-	(2)	(94)	20	357
Equipment Replacement Fund	748	-	-	-	88	836	771	-	-	-	(23)	748

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	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Opening balance	(116 850)	(33 632)	1 805	5 709	37 126	23 329	9 162	3 843	14 281	28 884	76	23 320	40	38	(54 360)	51 491
Transfers to/(from)	(17 375)	(83 218)	242	(3 904)	2 891	13 797	2 070	5 319	5 326	(14 603)	(77)	(23 244)	(3)	2	(6 926)	(105 851)
Closing balance	(134 225)	(116 850)	2 047	1 805	40 017	37 126	11 232	9 162	19 607	14 281	(1)	76	37	40	(61 286)	(54 360)
Movements in reserves comprise:																
Health insurance premium reserve opening balance	992	992		-		-		-		-		-		-	992	992
Transfers to/(from)	467	-		-		-		-		-		-		-	467	-
Health Insurance premium reserve closing balance	1 459	992		-		-		-		-		-		-	1 459	992
Commitments opening balance	20 300	21 078	1 881	5 779	37 126	23 329	9 171	3 852	14 737	29 222	80	23 324	40	38	83 335	106 622
Transfers to/(from)	(580)	(778)	243	(3 898)	2 891	13 797	2 070	5 319	5 269	(14 485)	(77)	(23 244)	(3)	2	9 813	(23 287)
Commitments closing balance	19 720	20 300	2 124	1 881	40 017	37 126	11 241	9 171	20 006	14 737	3	80	37	40	93 148	83 335
Cash surplus/(deficit) reserve opening balance	53	61		-		-		-		-		-		-	53	61
Transfers to/(from)	12	4		-		-		-		-		-		-	12	4
Credit to Member States	(12)	(12)		-		-		-		-		-		-	(12)	(12)
Cash surplus/(deficit) reserve closing balance	53	53		-		-		-		-		-		-	53	53
Post employment related plans revaluation reserve opening balance	(138 195)	(59 388)	(76)	(70)		-	(9)	(9)	(456)	(338)	(4)	(4)		-	(138 740)	(59 809)
Actuarial gains/(losses) recognized through equity	(28 184)	(78 807)	(1)	(6)		-	-	-	57	(118)	-	-		-	(28 128)	(78 931)
Reserve for actuarial gains/losses on employee benefit liabilities closing balance	(166 379)	(138 195)	(77)	(76)		-	(9)	(9)	(399)	(456)	(4)	(4)		-	(166 868)	(138 740)
Reserve for carry-over of unobligated appropriations opening balance	-	3 625		-		-		-		-		-		-	-	3 625
Transfers to/(from)	10 922	(3 624)		-		-		-		-		-		-	10 922	(3 624)
Reserve for carry-over of unobligated appropriations closing balance	10 922	-		-		-		-		-		-		-	10 922	-

163. The reserves decreased by €6.926 million in 2020 primarily due to an increase in the committed funds for open contracts for goods and services as well as the transfer to the reserve for carry over of unobligated appropriations from fund balances which was partially offset by an increase in actuarial loss on employee benefits liabilities.

164. The health insurance premium reserve represents the Agency's share of the funds related to health insurance premiums. The reserve increased during 2020 due to the decrease in actual payments remitted to CIGNA in respect of SMIP members by 18.1% (no change in 2019).

165. Commitments represent committed funds for open contracts for goods and services which have not been received by the Agency. During 2020, such future commitments increased by €9.813 million (€23.287 million decrease in 2019). This increase is shown as a transfer from Fund balances to 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.

166. The cash surplus reserve opening balances represent the accumulated cash surplus for prior years amounting to €0.053 million.

167. 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 2020, a total of €28.128 million actuarial loss (€78.931 million on actuarial loss in 2019) was recorded (refer to Note 17). This actuarial loss is mainly due to a change in the actuary assumptions relating to the decrease in discount rate and changes in the mortality rates.

NOTE 23: Assessed contributions

	(expressed in euro '000s)	
	2020	**2019**
Operational Assessment	371 330	362 265
Capital Assessment	6 098	6 215
Total assessed contributions	**377 428**	**368 480**

168. 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.

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

NOTE 24: Voluntary contributions

	(expressed in euro '000s)	
	2020	**2019**
Voluntary monetary contributions		
Technical Cooperation Fund	81 559	82 229
Technical Cooperation Fund Extrabudgetary Fund	36 464	11 522
Extrabudgetary Programme Fund	111 232	94 542
Extrabudgetary contributions LEU Bank	1 090	2 820
Total voluntary monetary contributions	**230 345**	**191 113**
Voluntary in-kind contributions		
Lease of premises - Building VIC	6 949	7 360
Lease of premises - building other	1 331	1 359
Lease of premises - land VIC	1 172	1 053
Lease of premises - land other	463	438
Equipment	485	990
Total voluntary in-kind contributions	**10 400**	**11 200**
Total voluntary contributions	**240 745**	**202 313**

170. 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.

171. 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 2020 and 2019, such refunds and transfers amounted to €29.402 million and €1.670 million respectively. In accordance with the Agency’s accounting policy for such refunds, these amounts were recognized as direct adjustments to equity.

172. In-kind contributions primarily comprise of the use of the Vienna International Centre (VIC) as a donated asset (€8.121 million) as well as the donated right to use of the land, buildings and related utilities in Agency’s other locations including Seibersdorf, Monaco and Fukushima (€1.794 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.

173. Other in-kind contributions received by the Agency include goods that qualify as PP&E, intangibles and project inventories for counterparts. In 2020, the Agency received a donation of 9 assets of specialized laboratory equipment at fair market value of €0.485 million. Revenue is recognized for these contributions if the cost of the donated goods can be reliably measured and the goods have been transferred to the control of the Agency.

174. 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, particularly noteworthy is 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)	
	2020	**2019**
National Participation Cost	4 115	141
Safeguards agreements	1 143	1 143
Other Contributions	532	153
Total other contributions	**5 790**	**1 437**

175. Revenue from NPCs is recognized when the projects comprising the Technical Cooperation national programme have been approved by the TACC and the amounts become due to the Agency, which is generally on 1 January following the TACC meeting. Since a majority of the projects are approved as of the first year of the biennium, NPC revenue is generally higher in that year compared to the second year of the biennium. As such, 2020, being the first year of the biennium, had higher NPC revenue compared to 2019. Revenue under the heading 'Safeguards agreements' reflects amounts recoverable in the Regular Budget under certain safeguards agreements. Other contributions represent the drawdown 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)	
	2020	2019
Revenue from sale of goods / use of entity's assets		
Publications	470	487
Laboratory reference materials	251	304
	721	**791**
Revenue from jointly financed services		
Medical	859	816
Printing	350	372
	1 209	**1 188**
Other miscellaneous revenue	316	753
Total revenue from exchange transactions	**2 246**	**2 732**

176. Included in the revenue from publications is an amount of €0.438 million relating to the use of Agency's assets by other parties, specifically derived from the publication and distribution of the Nuclear Fusion Journal.

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

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

NOTE 27: Investment revenue

	(expressed in euro '000s)	
	2020	2019
Term deposits	2 178	5 298
Discounted notes	-	201
Call accounts and others	414	270
Total investment revenue	**2 592**	**5 769**

179. The decrease of €3.177 million (or 55.1%) in the total investment revenue was mainly the result of much lower interest earned on US dollar term deposits during 2020 in comparison to 2019. This sizable decline in US dollar interest rates was due to the cuts in the Federal Funds Rate that the Federal Reserve System (FED) did in response to the negative economic impact of the COVID-19 pandemic. Also, the depreciation of the US dollar during 2020 negatively impacted the total investment revenue as lower euro equivalent interest revenue credits were accrued during the year.

180. Statement VIIb provides details of the total investment revenue recognized in 2020 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)	
	2020	**2019**
Professional staff		
Salaries	151 733	143 693
Common staff costs: contributions to UNJSPF and other pension schemes	36 117	34 664
Common staff costs: other	47 058	41 790
Total professional staff	**234 908**	**220 147**
General services staff		
Salaries	58 627	57 741
Common staff costs: contributions to UNJSPF and other pension schemes	11 844	11 610
Common staff costs: other	20 472	16 837
Total general services staff	**90 943**	**86 188**
Total salaries and employee benefits	**325 851**	**306 335**

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

182. In 2020, the increase in total salaries and employee benefits was mainly driven by the revisions to the General and Professional staff salary scales, post adjustment classification and pensionable remuneration scale which took place in 2020.

NOTE 29: Consultants, experts

	(expressed in euro '000s)	
	2020	**2019**
Consultants and experts	12 884	14 962
Translators	748	944
Conference clerks	72	140
Total	**13 704**	**16 046**

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

NOTE 30: Travel

	(expressed in euro '000s)	
	2020	2019
Duty travel staff		
Safeguards inspection and equipment maintenance	8 936	6 037
Duty travel staff	1 968	11 892
Total staff travel	**10 904**	**17 929**
Non-staff travel		
Consultants, experts and meeting participants	2 588	15 392
For technical cooperation projects	908	9 088
Other non-staff	244	1 868
Total non-staff travel	**3 740**	**26 348**
Total travel expenses	**14 644**	**44 277**

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

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

186. Due to the COVID-19 pandemic, the Agency cancelled or postponed all non-essential travel, which is the main reason for the significant decrease in total travel expenses during 2020. The increase in safeguards inspection and equipment maintenance was caused by increased expenses related to the COVID-19 pandemic, such as the need to put in place charter flight contracts in order to overcome the lack of available standard commercial flights, mandatory stays in quarantine, PCR tests, and Critical Mission Travel Allowances.

NOTE 31: Transfers to development counterparts

	(expressed in euro '000s)	
	2020	2019
Project inventories distributed to development counterparts	50 565	32 219
Services to development counterparts	5 444	5 543
Research and technical contracts	4 724	6 395
International Centre for Theoretical Physics funding	2 094	2 204
Other grants	55	484
Total transfers to development counterparts	**62 882**	**46 845**

187. Project inventories are items purchased for counterparts which are held for distribution in the ordinary course of operations. 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.

188. The increase in project inventories distributed to development counterparts of €18.346 million is primarily the result of COVID-19 related assistance (accounting for 61% of the increase) in the form of packages of equipment and materials comprising of COVID-19 detection equipment together with reagents and laboratory consumables, as well as biosafety cabinets and equipment for sampling, testing, quality control and personal protection for the safe analysis of samples. Additionally, the increase can be explained by the shifting of planned equipment purchases from 2021 to 2020 that was done to make up for the limited possibilities of implementing human resources capacity building activities in Member States. Please also see Note 10 for the value of inventories still in transit as of end of 2020.

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

NOTE 32: Vienna International Centre common services

	(expressed in euro '000s)	
	2020	2019
Buildings management services	12 112	11 481
Security services	7 603	7 990
Conference services	1 270	987
Total Vienna International Centre common services	**20 985**	**20 458**

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

NOTE 33: Training

	(expressed in euro '000s)	
	2020	2019
Training of development counterparts	11 606	43 484
Training - staff	747	2 314
Total training	**12 353**	**45 798**

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

192. The suspension or postponing of all non-essential travel and face-to-face meetings was the key driver for the decrease in total training costs. It should be noted that deliverables related to training and capacity building were mostly carried out online.

NOTE 34: Contractual and other services

	(expressed in euro '000s)	
	2020	2019
Information technology contractual services	8 769	10 231
Scientific and technical contractual services	2 390	1 706
Other institutional contractual services	3 531	3 148
Building services and security non-VIC	4 481	5 125
Equipment and software maintenance	7 194	7 763
Total contractual and other services	**26 365**	**27 973**

193. Information technology contractual services are comprised of expenses for support of the Agency's information systems, including AIPS and other support services.

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

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

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

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

NOTE 35: Other operating expenses

	(expressed in euro '000s)	
	2020	2019
Supplies and materials	6 887	6 691
Purchase of minor equipment and software	5 333	5 272
Communication and transport	1 321	2 794
Leased equipment	884	916
Lease of premises	3 699	3 010
Impairment of intangibles	-	13
Representation and hospitality	281	689
Printing supplies, Safeguards spare parts and maintenance materials inventory consumption	134	111
Reference material inventory expense	-	3
Increase/(decrease) in provisions and allowances	9 442	167
Other operating expenses	3 030	3 361
Other miscellaneous expenses	726	1 772
Total other operating expenses	**31 737**	**24 799**

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

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

200. 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.

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

202. The increase in provisions and allowances relates to the increase in arrears of receivables from assessed contributions, please refer to Note 6.

203. 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)	
	2020	2019
Unrealized foreign exchange gains/(losses)	(18 612)	6 094
Realized foreign exchange gains/(losses)	(956)	638
Gains/(losses) on sale or disposal of property, plant & equipment	(23)	14
Total gains/(losses)	**(19 591)**	**6 746**

204. Net realized foreign exchange losses in 2020 were significant due to the conversion of US dollars into euro at non-favorable market exchange rates. Unrealized foreign exchange losses

mostly reflect the depreciation 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

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

206. Assessed contributions from Member States are the major source of revenue for the Joint Division. A total of €12 million of the assessed budget funding of the Joint Division was provided by the Agency and a total of US $3.6 million was provided by FAO. Any extra budgetary funds that are made available to either FAO or IAEA for the purpose of the Joint Division are reported in the financial statements of the respective organization. In fact, the Agency received extrabudgetary funds amounting to €4.849 million in 2020 in regards of the operation of joint division. IAEA and FAO also recognize their respective shares of expenses related to the Joint Division. Staff costs are one of the major components of the Joint Division expenses. The Agency spent €7.371 million on staff costs and related employee benefits and €4.628 million on non-staff costs during 2020. The Joint Division 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 Division 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 2020, FAO employed 10 staff at professional level and funded 20 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 during 2021. 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. About 127 Member States 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)

207. 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.

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

	(expressed in euro '000s)	
ICTP Summary Financial Information	**31-12- 2020 (provisional)**	**31-12- 2019 (final)**
Revenue	26 283	27 769
Expense	24 250	27 777
Net surplus/(deficit)	2 033	(8)
Assets current	17 453	13 634
Assets non-current	1 006	1 066
Liabilities current	13 250	11 846
Liabilities non-current	15 474	13 742
Equity	(10 265)	(10 888)

The Vienna International Centre

Vienna International Centre land and buildings

209. 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.

210. 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

211. 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 (54.105% for 2020).

212. 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	**31-12-2020 (provisional)**	**31-12-2019 (final)**
Revenue	4 951	4 770
Expense	6 499	2 335
Net surplus/(deficit)	(1 548)	2 435
Assets current	15 344	15 272
Assets non-current	-	-
Liabilities current	2 244	624
Liabilities non-current	-	-
Equity	13 100	14 468

213. The Agency provided funding to MRRF in an amount of €1.340 million in 2020 and €1.309 million in 2019. 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

214. 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.

215. 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.

216. 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

217. 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.

218. 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.

219. 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

220. 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.

221. 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 2020, the total amount of such post-employment and other long-term employee benefits for the staff of the Commissary was €13.290 million (€12.227 million in 2019).

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

	(expressed in euro '000s)	
Commissary Summary Financial Information	**31-12-2020 (provisional)**	**31-12-2019 (final)**
Revenue	20 890	29 002
Expense	22 860	28 761
Net surplus/(deficit)	(1 970)	241
Asset current	15 546	16 870
Asset non-current	1 301	1 441
Liabilities current	924	815
Liabilities non-current	14 590	13 585
Equity	1 333	3 911

Catering service

223. 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

2020

For the period ending 31 December 2020
(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	40 281	44 654	38 777	167 530	119 513	8 385	-	419 140
Property, Plant, Equipment and intangibles	13 079	69 579	21 639	164 182	76 435	-	-	344 914
Additions to Property, Plant, Equipment and Intangibles	1 025	4 503	1 742	14 181	6 736	-	-	28 187
Major Capital Investment Fund	-	-	-	-	-	-	-	-
Expense	2	434	2	212	2 007	-	-	2 657
Property, Plant, Equipment and intangibles	-	-	-	-	-	-	-	-
Additions to Property, Plant, Equipment and Intangibles	-	-	1	-	-	-	-	-
Technical Cooperation Fund	-	-	-	-	-	-	-	-
Expense	2 814	34 967	6 095	-	4 723	2	-	48 601
Property, Plant, Equipment and intangibles	-	-	-	-	-	-	-	-
Additions to Property, Plant, Equipment and Intangibles	-	-	-	-	-	-	-	-
Technical Cooperation Extrabudgetary Fund	-	-	-	-	-	-	-	-
Expense	457	18 155	1 609	-	424	-	-	20 645
Property, Plant, Equipment and intangibles	-	-	-	-	-	-	-	-
Additions to Property, Plant, Equipment and Intangibles	-	-	-	-	-	-	-	-
Extrabudgetary Programme Fund	-	-	-	-	-	-	-	-
Expense	5 977	4 447	23 522	20 207	6 491	(26)	-	60 618
Property, Plant, Equipment and intangibles	-	-	-	-	-	-	-	-
Additions to Property, Plant, Equipment and Intangibles	-	-	-	-	-	-	-	-
Low Enriched Uranium Bank	-	-	-	-	-	-	-	-
Expense	926	-	-	-	(1)	-	-	925
Property, Plant, Equipment and intangibles	3	-	-	-	-	-	-	3
Additions to Property, Plant, Equipment and Intangibles	-	-	-	-	-	-	-	-
Trust Funds and Special Funds	-	-	-	-	-	-	-	-
Expense	-	(57)	28	-	-	-	-	(29)
Property, Plant, Equipment and intangibles	-	-	-	-	-	-	-	-
Additions to Property, Plant, Equipment and Intangibles	-	-	-	-	-	-	-	-
Inter-fund elimination of un-allocated shared services expenses	-	-	-	-	-	-	(5 664)	(5 664)
Total Expense	**50 457**	**102 600**	**70 033**	**187 949**	**133 157**	**8 361**	**(5 664)**	**546 893**
Total PP&E and Intangibles	**13 082**	**69 579**	**21 639**	**164 182**	**76 435**	**-**	**-**	**344 917**
Total Additions to PP&E and Intangibles	**1 025**	**4 503**	**1 742**	**14 181**	**6 736**	**-**	**-**	**28 187**

a/ Includes Management of Technical Cooperation for Development.

2019

For the period ending 31 December 2019
(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	43 225	45 988	39 970	161 845	116 677	522	-	408 227
Property, Plant, Equipment and intangibles	13 373	68 442	21 997	172 305	78 919	-	-	355 036
Additions to Property, Plant, Equipment and Intangibles	1 499	21 818	1 067	14 382	3 317	-	-	42 083
Major Capital Investment Fund	-	-	-	-	-	-	-	-
Expense	-	(346)	24	329	1 649	-	-	1 656
Property, Plant, Equipment and intangibles	-	-	-	-	-	-	-	-
Additions to Property, Plant, Equipment and Intangibles	-	-	1	-	51	-	-	52
Technical Cooperation Fund	-	-	-	-	-	-	-	-
Expense	8 751	44 271	17 336	-	8 237	(131)	-	78 464
Property, Plant, Equipment and intangibles	-	-	-	-	-	-	-	-
Additions to Property, Plant, Equipment and Intangibles	-	-	-	-	-	-	-	-
Technical Cooperation Extrabudgetary Fund	-	-	-	-	-	-	-	-
Expense	2 059	4 776	2 543	-	890	-	-	10 268
Property, Plant, Equipment and intangibles	-	-	2	-	-	-	-	2
Additions to Property, Plant, Equipment and Intangibles	-	-	-	-	-	-	-	-
Extrabudgetary Programme Fund	-	-	-	-	-	-	-	-
Expense	8 907	6 074	37 626	18 672	7 058	112	-	78 449
Property, Plant, Equipment and intangibles	-	-	-	-	-	-	-	-
Additions to Property, Plant, Equipment and Intangibles	-	24	3	46	-	-	-	73
Low Enriched Uranium Bank	-	-	-	-	-	-	-	-
Expense	1 171	-	-	-	(3)	-	-	1 168
Property, Plant, Equipment and intangibles	5	-	-	-	-	-	-	5
Additions to Property, Plant, Equipment and Intangibles	-	-	-	-	-	-	-	-
Trust Funds and Special Funds	-	-	-	-	-	-	-	-
Expense	19	52	23	-	3	-	-	97
Property, Plant, Equipment and intangibles	-	-	-	-	-	-	-	-
Additions to Property, Plant, Equipment and Intangibles	-	-	-	-	-	-	-	-
Inter-fund elimination of un-allocated shared services expenses	-	-	-	-	-	-	(7 671)	(7 671)
Total Expense	**64 132**	**100 815**	**97 522**	**180 846**	**134 511**	**503**	**(7 671)**	**570 658**
Total PP&E and Intangibles	**13 378**	**68 442**	**21 999**	**172 305**	**78 919**	-	-	**355 043**
Total Additions to PP&E and Intangibles	**1 499**	**21 842**	**1 071**	**14 428**	**3 368**	-	-	**42 208**

a/ Includes Management of Technical Cooperation for Development.

NOTE 39: Budget

224. 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

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

225. 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)

226. 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 2020. 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.

227. The table below illustrates the revaluation of the 2020 Regular Budget appropriations for 2020. 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
MP1 - Nuclear Power, Fuel Cycle and Nuclear Science	41 413	40 649	(764)
MP2 - Nuclear Techniques for Development and Environmental Protection	42 114	41 532	(582)
MP3 - Nuclear Safety and Security	37 089	36 270	(819)
MP4 - Nuclear Verification	148 709	145 855	(2 854)
MP5 - Policy, Management and Administration Services	81 377	80 359	(1 018)
(MP6 - Management of Technical Cooperation for Development	26 731	26 250	(481)
Total Agency Programmes	**377 433**	**370 915**	**(6 518)**
Reimbursable Work for Others	3 129	3 129	-
Total Regular Budget fund operational portion	**380 562**	**374 044**	**(6 518)**

a/ General Conference Resolutions GC(63)/RES/3 of September 2019 - original budget at $1/€1.

b/ Original Budget revalued at the United Nations operational average rate of exchange of €0.878 to $1 in 2020.

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

228. 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.

229. 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 2020 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/	10 922	-	-
Basis Difference	13 316	-	-
Presentation Difference	-	2 514	-
Entity Difference	85 511	(117 485)	-
Actual Amount in the Statement of Cash Flows	**109 749**	**(114 971)**	**-**

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.

230. **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.

231. **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.

232. **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.

233. **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

234. Excluding reimbursable work for others amounting to €3.129 million, the Agency expended €360.885 million (obligations plus actuals) from the 2020 Regular Budget, including capital portion. The operational Regular Budget expenditure amounted to €359.993 million out of an adjusted budget of €370.915 million representing an implementation rate of 97.06% and thus, leaving an unencumbered balance of €10.922 million.

235. Under the 2020 capital portion of the Regular Budget, €0.892 million were expended (obligations plus actuals) out of a budgeted amount of €6.097 million, representing an implementation rate of 14.63% and thus, leaving an unencumbered balance of €5.205 million to be carried over for the same approved projects. The unencumbered balances will continue to be used as follows:

- €1.982 million for the Renovation of the Nuclear Application Laboratory – ReNuAL+ (Major Programme 2)
- €0.305 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)
- €1.901 million for IT Infrastructure and Information Security Investment and Seibersdorf Infrastructure and Common Facilities (Major Programme 5)

NOTE 39d: Major Capital Investment Fund (MCIF)

236. 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.

237. 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.

238. 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.

239. 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.

240. The following table presents the financial status of the MCIF at the end of the 2020 financial year.

Comparison of budget and actual amounts a/

(expressed in euro '000s)	
Resources:	
Opening balance 1 January 2020 b/	26 842
2020 Regular Budget Capital Portion c/	6 097
Total resources	**32 939**
Expenditure:	
MP2-Nuclear Techniques for Development and Environmental Protection	523
MP3 - Nuclear Safety and Security	61
MP4-Nuclear Verification	105
MP5-Policy, Management and Administration	5 292
Total expenditure during 2020	**5 981**
Available Resources at 31 December 2020	**26 958**
Allocation of Available Resources at 31 December 2020	
Allocated to Major Programmes	12 031
Unallocated	14 927

a/ The accounting basis and the budget basis are different. This note is prepared on the modified cash basis.
b/ Agency Financial Statements GC(64)/4 dated September 2020
c/ General Conference Resolution GC(63)/RES/3 of September 2019

NOTE 40: Related parties

Key management personnel

241. 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).

242. 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
2020	8*	1 297	395	332	2024	31	-
2019	9*	1 228	518	379	2125	9	-

* Due to the passing away of the previous Director General in July 2019, an Acting Director General was appointed until the new Director General took office in December 2019. The Acting Director General separated in Jan 2020. At any point of time during 2020 there were not more than 7 key management personnel.

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

244. 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

245. 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.

246. 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

247. 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.

248. 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. As would be expected, credit rating agencies put a number of banks on negative outlook watch and downgraded some due to the more difficult operating and economic conditions, low interest rate environment and likely deteriorating loan asset quality concerns. The Agency is actively monitoring all ratings for the investment holdings and investment counterparties.

249. However, 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 during the COVID-19 pandemic 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 equivalents and investments	Carrying value and percentage of cash equivalents and investments (expressed in euro '000s)			
Credit quality a/	31-12-2020		31-12-2019	
	Carrying value	Percentage	Carrying value	Percentage
AAA	88 835	11.85%	4 928	0.72%
AA+	-	-	-	-
AA	7 906	1.05%	-	-
AA-	88 163	11.76%	150 382	21.99%
A+	198 995	26.54%	120 016	17.55%
A	82 294	10.98%	227 340	33.24%
A-	90 000	12.00%	5 974	0.87%
BBB+	191 939	25.60%	174 312	22.38%
non-rated	1 605	0.21%	1 703	0.25%
Total	**749 736**	**100%**	**684 955 b/**	**100%**

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

b/ 76.2% of the balance as at 31 December 2020 was denominated in euros, 23.4% was denominated in US dollars and 0.4% in other currencies (74.4%, 25.2% and 0.3%, respectively as at 31 December 2019).

Currency risk management

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

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

252. 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, deposits and other investment currency denominations

(expressed in euro '000s)

	Euros	US dollars	Illiquid currencies	Others	Total
As at 31-12-2020	571 228	175 431	1 738	1 339	749 736
As at 31-12-2019	509 881	172 823	1 605	646	684 955

253. The increase of €64.781 million (9.46%) in total cash, cash equivalents and investments as at 31 December 2020, as compared to the balance as at 31 December 2019, was mainly driven by the increase in the balance of euro holdings (€61.347 million).

Liquidity risk management

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

255. 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. The Agency was closely monitoring the liquidity of the Regular Budget, there were some delays in collecting Member States contributions which were caused by the COVID-19 pandemic, and although the WCF was not used during the year, delays in collecting receivables related to contributions of prior years caused a calculated cash deficit for 2019, which had not happened since 2012 (please refer to Annex 5). Also, 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

256. The Agency's financial liabilities were approximately 58.8% of its financial assets as at 31 December 2020, against 55.1% as at 31 December 2019. This higher percentage is mainly due to a significant 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 5.7% of its short-term financial assets as at 31 December 2020 (5% as at 31 December 2019).

257. As at 31 December 2020, the weighted average period to maturity of the Agency's cash and cash equivalents and investment holdings for euro and US dollar was 51 days and 71 days, respectively (18 days and 93 days, respectively at 31 December 2019).

Interest rate risk management

258. 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.

259. 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 2020, the Agency earned an average rate of 0.09% per annum on its euro cash and investments (0.10% per annum in 2019) and an average rate of 1.13% per annum on its US dollar cash and investments (2.42% per annum in 2019). 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

260. Commitments include purchase orders and service contracts that are not delivered as at end of the reporting period. As at 31 December 2020, the Agency had commitments of €93.148 million (€83.335 million as at 31 December 2019). The details of commitments by funding source are provided below:

(expressed in euro '000s)

Fund Group	31-12-2020	31-12-2019
Regular Budget Fund and Working Capital Fund	19 720	20 300
Major Capital Investment Fund	2 124	1 881
Technical Cooperation Fund	40 017	37 126
Technical Cooperation Extrabudgetary Fund	11 241	9 172
Extrabudgetary Programme Fund	20 006	14 736
Low Enriched Uranium Bank	3	80
Trust Funds and Special Funds	37	40
Total commitments	**93 148**	**83 335**

Capital commitments

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

(expressed in euro '000s)

	31-12-2020	31-12-2019
Scientific and Technical Equipment	13 312	5 686
Construction Contracts	2 090	1 660
Communications & IT Equipment	793	1 413
Software	389	446
Security & Safety Equipment	58	127
Furniture and Fixtures	13	103
Vehicles	-	-
Total capital commitments	**16 655**	**9 435**

Operating lease commitments

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

	(expressed in euro '000s)	
	31-12-2020	**31-12-2019**
Office facility operating leases	2 805	3 221
Other leases	659	1 759
Total operating lease commitments	**3 464**	**4 980**
Operating lease commitments by term		
Less than one year	1 049	1 114
One to five years	1 069	2 372
Over five years	1 346	1 494
Total operating lease commitments	**3 464**	**4 980**

263. Office facility operating lease commitments pertain to the Agency's offices, primarily in New York, Ontario, Geneva, Rio de Janeiro and Tokyo. The value of future lease commitments is lower in 2020 as compared to 2019 mainly due to near future expiry of the accommodation lease in Tokyo.

264. Other leases primarily represent the rental of office equipment such as photocopiers, book binding and printing equipment. The decrease in the value of these commitments is primarily due to near future expiry of leases for book binding and printing systems equipment.

NOTE 43: Contingent liabilities and contingent assets

Contingent liabilities

265. As at 31 December 2020, 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 €0.360 million.

266. The Agency has contingent liabilities amounting to €13.290 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 2019, 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.

267. 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.

268. 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

269. The Agency's contingent assets, totaling €24.641 million, consist primarily of pledges where the amount of the pledge is based on an estimate for which funds have not been received (€9.492 million), pledges received that have not yet been formally accepted by the Agency (€3.633 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 (€11.516 million).

NOTE 44: Events after the reporting date

270. The Agency's reporting date is 31 December 2020. The financial statements were authorized for issuance by the Director General on 5 March 2021.

271. The functional currency of the Agency is the euro and foreign currency transactions and monetary assets and liabilities are converted using the UNORE (Refer to Note 2). As at 31 December 2020, the IAEA had CUP 1.84 million which was equivalent to €1.50 million at the 2020 year-end closing rate. However, with the devaluation of the CUP, like in any other currency, the IAEA will experience a foreign exchange loss of approximately €1.44 million in 2021. The devaluation officially takes effect as of 1 January 2021, making it a non-adjusting subsequent event.

272. 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

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

Part IV

Annexes to the Financial Statements

ANNEX A1:

LIST OF ACRONYMS

AIPS	Agency-wide Information System for Programme Support
AIIS	Authorized Instruments Information System
ASHI	After - Service Health Insurance
BMS	Buildings Management Services
CASCADE	Central Automated System for Correlated Analysis and Data Evaluation
CATTS	Controlled Atmosphere Temperature Treatment System
CA	Complementary Access
COVID-19	Coronavirus disease 2019
CFE	Cost - Free Experts
CIP	Construction in Progress
CTBTO	Preparatory Commission for the Comprehensive Nuclear-Test-Ban Treaty Organization
CUP	Cuban Peso
DBO	Defined Benefit Obligation
ERML	Equipment Radiation Monitoring Laboratory
FAO	Food and Agriculture Organization
FAR	Field Activity Reporting
FED	Federal Reserve System
FML	Flexible Modular Laboratory
GC	General Conference
GDI	Geographic Data Integration
HANA	The Hana Smart Management System
IAEA	International Atomic Energy Agency
IAS	International Accounting Standards
ICT	Information and Communication Technology
ICTP	International Centre for Theoretical Physics
IFRS	International Financial Reporting Standards
ILSA	Integrated Life Cycle Management of Safeguards Assets
ILO	International Labour Organization
ILOAT	International Labour Organization Administrative Tribunal
INPRO	International Project on Innovative Nuclear Reactors and Fuel Cycles
IPSAS	International Public Sector Accounting Standards
IPCL	Insect Pest Control Laboratory
IRAP	Integrated Review and Analysis Package
IT	Information Technology
JMOX	Japan Mixed Oxide Fuel Fabrication Plant
KgU	Kilograms of Uranium
LEU	Low Enriched Uranium

ANNEX A1 (continued)

LIST OF ACRONYMS

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
NA	Nuclear Applications
NDA	Non-Destructive Assay
NGSR	Next Generation Surveillance Review
NSIL	Nuclear Science and Instrumentation Laboratory
NML	Nuclear Material Laboratory
NPCs	National Participation Costs
NRTS	Near Real Time System
NSF	Nuclear Security Fund
PBGL	Plant Breeding and Genetics Laboratory
PP&E	Property, plant and equipment
ReNuAL	Renovation of the Nuclear Applications Laboratories
RBF	Regular Budget Fund
RFID	Radio Frequency Identification
SAFIRE	Safeguards Field Reporting and Evaluation
SDP	State Declaration Portal
SEQUOIA	Safeguards Equipment Management System
SGIM	Department of Safeguards, Division of Information Management
SGCP	Safeguards Division of Concepts and Planning
SLDC	State-Level Data Configurator
STEPS	Statistical Evaluation Platform for Safeguards
TARS	Technical Assistance Review System
TACC	Technical Assistance and Cooperation Committee
TCF	Technical Cooperation Fund
TCRS	Technical Cooperation Review System
TEL	Terrestrial Environment Laboratory
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
VMPE	Verification Measurement Performance Evaluation
WCF	Working Capital Fund
YAL	Yukiya Amano Laboratories

ANNEX A2

REVENUE FROM CONTRIBUTIONS
FOR THE PERIOD ENDING 31 DECEMBER 2020
(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	23 945	6 164	-	-	-	30 109
Albania	28 807	7 045	49 527	-	65 000	150 379
Algeria	478 928	117 121	47 372	-	65 000	708 421
Angola	34 207	9 000	-	-	2 226	45 433
Antigua and Barbuda	7 549	-	9 986	-	-	17 535
Argentina	3 321 341	774 937	87 827	-	-	4 184 105
Armenia	25 207	6 164	-	-	-	31 371
Australia	8 135 532	1 873 057	-	-	56 250	10 064 839
Austria	2 489 997	573 277	-	-	-	3 063 274
Azerbaijan	169 245	41 389	41 808	-	-	252 442
Bahamas	64 163	-	11 608	-	-	75 771
Bahrain	181 165	42 269	26 386	-	-	249 820
Bangladesh	34 207	8 806	-	-	-	43 013
Barbados	26 419	-	9 771	-	-	36 190
Belarus	169 245	41 389	26 273	1 219	-	238 126
Belgium	3 021 655	695 682	-	738 086	50 000	4 505 423
Belize	3 601	881	28 010	-	-	32 492
Benin	10 263	2 642	-	-	253 726	266 630
Bolivia, Plurinational State of	54 014	13 209	32 981	-	-	100 204
Bosnia and Herzegovina	39 611	9 687	36 705	-	50 000	136 003
Botswana	46 812	11 448	74 721	-	10 179	143 160
Brazil	10 707 549	-	78 703	-	75 000	10 861 252
Brunei Darussalam	90 581	-	24 125	-	-	114 706
Bulgaria	158 441	38 747	34 992	-	10 000	242 180
Burkina Faso	10 263	2 642	-	-	2 380	15 285
Burundi	3 421	881	-	-	-	4 302
Cambodia	20 524	5 284	-	-	-	25 808
Cameroon	43 212	29 205	64 989	-	138 725	276 131
Canada	10 063 272	2 316 885	-	4 247 144	3 268 401	19 895 702
Central African Republic	3 421	-	-	-	-	3 421
Chad	13 683	3 522	-	-	-	17 205
Chile	1 479 505	-	77 379	6 160	9 060	1 572 104
China	41 598 294	10 172 806	84 929	1 381 561	71 272	53 308 862
Colombia	997 467	-	54 996	-	-	1 052 463
Congo	22 645	5 284	21 353	-	-	49 282

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	216 058	52 837	54 170	-	-	323 065
Côte d'Ivoire	43 213	10 567	48 837	-	-	102 617
Croatia	266 471	65 165	19 161	-	-	350 797
Cuba	277 275	62 720	75 557	-	-	415 552
Cyprus	133 873	30 821	25 446	16 000	-	206 140
Czech Republic	1 128 500	263 302	10 668	-	91 408	1 493 878
Democratic Republic of the Congo	34 207	8 806	-	-	2 226	45 239
Denmark	2 038 666	469 365	-	120 968	-	2 628 999
Djibouti	3 421	1 579	-	-	-	5 000
Dominica	3 774	-	6 016	-	-	9 790
Dominican Republic	183 650	-	20 407	-	-	204 057
Ecuador	277 275	-	58 556	-	-	335 831
Egypt	644 572	157 629	56 390	-	112 751	971 342
El Salvador	39 611	-	40 205	-	-	79 816
Eritrea	3 421	881	-	-	1 050	5 352
Estonia	133 236	32 583	20 968	20 000	20 000	226 787
Eswatini	7 549	1 761	26 212	-	-	35 522
Ethiopia	34 207	17 318	-	-	2 209	53 734
Fiji	11 323	-	31 301	-	-	42 624
Finland	1 549 080	356 647	-	215 000	200 000	2 320 727
France	16 294 013	3 751 399	-	2 801 794	100 000	22 947 206
Gabon	52 840	27 586	23 484	-	-	103 910
Georgia	28 807	7 045	6 194	-	80 000	122 046
Germany	22 413 818	5 160 374	-	5 292 000	500 000	33 366 192
Ghana	50 415	12 329	45 385	-	-	108 129
Greece	1 328 536	166 837	-	-	-	1 495 373
Grenada	3 774	-	8 189	-	-	11 963
Guatemala	126 034	30 821	59 418	-	-	216 273
Guyana	7 549	1 761	8 683	-	-	17 993
Haiti	10 263	-	-	-	-	10 263
Holy See	3 824	1 896	-	-	-	5 720
Honduras	32 408	-	43 051	-	-	75 459
Hungary	747 301	174 361	7 007	582 135	20 000	1 530 804
Iceland	103 267	-	-	24 100	-	127 367
India	2 887 971	706 249	-	-	-	3 594 220

ANNEX A2 (continued)

Donors	Regular Budget (RB)	Technical Cooperation Fund (TCF)	National Participation Costs (NPCs)	Extrabudgetary (EB) a/		Total
				EB RB	EB TC	
Indonesia	1 879 702	229 839	47 510	34 659	-	2 191 710
Iran, Islamic Republic of	1 379 168	337 274	39 645	-	-	1 756 087
Iraq	446 520	37 951	54 400	-	-	538 871
Ireland	1 365 486	157 189	-	20 000	-	1 542 675
Israel	1 801 524	311 076	34 801	-	-	2 147 401
Italy	12 170 785	2 802 101	-	134 000	-	15 106 886
Jamaica	28 807	-	50 641	-	-	79 448
Japan	31 520 862	7 257 106	-	10 553 432	5 489 218	54 820 618
Jordan	72 019	17 612	53 026	-	380 250	522 907
Kazakhstan	615 764	150 584	72 768	85 000	-	924 116
Kenya	82 823	28 630	63 518	-	-	174 971
Korea, Republic of	8 231 641	1 920 610	-	2 702 526	313 771	13 168 548
Kuwait	925 624	213 108	32 539	-	-	1 171 271
Kyrgyzstan	7 202	1 761	40 863	-	-	49 826
Lao People's Democratic Republic	17 103	2 500	-	-	-	19 603
Latvia	162 044	39 627	11 405	-	-	213 076
Lebanon	162 043	39 627	52 486	-	-	254 156
Lesotho	3 421	881	-	-	1 046	5 348
Liberia	3 421	-	-	-	-	3 421
Libya	109 453	67 807	39 603	-	446 976	663 839
Liechtenstein	34 419	7 925	-	-	-	42 344
Lithuania	244 866	59 881	24 621	-	-	329 368
Luxembourg	244 798	56 359	-	-	-	301 157
Madagascar	13 683	3 522	-	-	-	17 205
Malawi	6 841	1 761	-	-	630	9 232
Malaysia	1 237 953	288 840	46 033	-	10 000	1 582 826
Mali	13 683	3 522	-	-	1 030	18 235
Malta	60 388	14 090	23 087	-	429 500	527 065
Marshall Islands	3 601	-	7 394	-	-	10 995
Mauritania	6 841	-	-	-	-	6 841
Mauritius	39 611	9 687	33 696	-	14 347	97 341
Mexico	4 691 393	-	77 487	-	1 046 222	5 815 102
Monaco	42 076	9 687	-	280 921	40 000	372 684
Mongolia	18 004	4 403	81 379	-	-	103 786
Montenegro	14 405	3 522	18 534	5 000	-	41 461

ANNEX A2 (continued)

Donors	Regular Budget (RB)	Technical Cooperation Fund (TCF)	National Participation Costs (NPCs)	Extrabudgetary (EB) a/		Total
				EB RB	EB TC	
Morocco	190 851	46 672	59 419	3 734	481 716	782 391
Mozambique	13 683	3 447	-	-	-	17 130
Myanmar	34 207	8 806	-	-	-	43 013
Namibia	32 408	7 925	35 318	-	4 619	80 270
Nepal	23 946	6 164	-	-	-	30 110
Netherlands	4 991 473	1 149 196	-	450 000	1 600 170	8 190 838
New Zealand	1 070 966	-	-	-	-	1 070 966
Nicaragua	17 103	4 403	31 641	-	-	53 147
Niger	6 841	1 761	-	-	-	8 602
Nigeria	867 832	212 227	50 019	-	-	1 130 078
North Macedonia	25 207	6 164	29 139	-	-	60 510
Norway	2 773 046	638 442	-	531 722	-	3 943 210
Oman	418 942	97 748	27 309	-	-	543 999
Pakistan	399 707	97 748	53 955	-	74 713	626 123
Palau	3 774	-	18 845	-	-	22 619
Panama	154 841	28 811	26 891	-	-	210 543
Papua New Guinea	37 743	-	8 160	-	-	45 903
Paraguay	54 015	13 209	61 260	8 000	-	136 484
Peru	525 740	-	66 789	-	-	592 529
Philippines	709 389	173 480	46 349	5 268	4 550	939 036
Poland	2 779 941	679 831	40 955	70 000	-	3 570 727
Portugal	1 271 922	296 766	19 571	20 000	20 000	1 628 259
Qatar	1 036 546	238 645	14 153	-	-	1 289 344
Republic of Moldova	10 803	2 642	99 793	-	-	113 238
Romania	684 183	167 316	30 404	-	-	881 903
Russian Federation	8 850 788	2 037 732	614	1 255 109	945 000	13 089 243
Rwanda	10 263	2 642	-	-	2 588	15 493
Saint Lucia	3 774	-	-	-	-	3 774
Saint Vincent and the Grenadines	3 774	-	7 697	-	-	11 471
San Marino	7 549	-	-	-	32 866	40 415
Saudi Arabia	4 257 354	993 226	19 635	-	-	5 270 215
Senegal	23 946	6 164	-	-	14 796	44 906
Serbia	97 226	23 776	33 799	-	197 500	352 301
Seychelles	7 549	-	29 784	-	2 380	39 713
Sierra Leone	3 421	-	-	-	-	3 421

ANNEX A2 (continued)

Donors	Regular Budget (RB)	Technical Cooperation Fund (TCF)	National Participation Costs (NPCs)	Extrabudgetary (EB) a/		Total
				EB RB	EB TC	
Singapore	1 786 221	411 425	14 848	-	-	2 212 494
Slovakia	529 342	129 450	17 257	10 000	-	686 049
Slovenia	279 216	64 285	12 028	35 000	-	390 529
South Africa	943 451	230 720	75 415	82 000	223 234	1 554 820
Spain	7 898 392	1 818 460	-	859 840	-	10 576 692
Sri Lanka	151 240	36 986	78 486	-	-	266 712
Sudan	34 207	17 423	-	-	30 000	81 630
Sweden	3 335 301	767 892	-	563 108	-	4 666 301
Switzerland	4 237 976	975 716	-	442 000	-	5 655 692
Syrian Arab Republic	39 611	9 687	40 612	-	-	89 910
Tajikistan	14 405	-	64 053	-	-	78 458
Thailand	1 062 283	259 780	47 949	-	-	1 370 012
Togo	6 841	1 761	-	-	-	8 602
Trinidad and Tobago	143 422	-	8 482	-	-	151 904
Tunisia	86 422	21 135	38 769	-	15 250	161 576
Turkey	4 749 666	1 161 525	13 014	-	-	5 924 205
Turkmenistan	120 777	-	52 473	-	-	173 250
Uganda	27 366	7 045	-	-	-	34 411
Ukraine	198 053	48 434	74 417	-	-	320 904
United Arab Emirates	2 268 158	522 202	29 875	-	-	2 820 235
United Kingdom of Great Britain and Northern Ireland	16 810 369	3 870 281	-	3 665 463	561 798	24 907 911
United Republic of Tanzania	34 207	10 067	-	-	-	44 274
United States of America	95 622 108	21 615 499	-	72 721 508	18 499 356	208 458 471
Uruguay	317 037	65 485	38 672	-	-	421 194
Uzbekistan	111 629	27 299	53 976	-	-	192 904
Vanuatu	3 421	-	-	-	-	3 421
Venezuela, Bolivarian Republic of	2 520 673	-	24 961	-	-	2 545 634
Viet Nam	253 135	65 165	55 495	-	-	373 795
Yemen	34 207	-	-	-	-	34 207
Zambia	30 787	8 000	-	-	-	38 787
Zimbabwe	18 004	7 850	37 791	-	-	63 645
Sub-total	**377 425 052**	**81 559 059**	**4 115 254**	**109 984 458**	**36 140 387**	**609 224 209**

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						
Comoros	3 396	-	-	-	-	3 396
Sub-total	**3 396**	-	-	-	-	**3 396**
III. Other Donors						
European Commission	-	-	-	1 763 618	131 136	1 894 754
International Organizations	-	-	-	368 579	56 050	424 629
Other Sources	-	-	-	205 340	136 850	342 190
Sub-total	-	-	-	**2 337 537**	**324 036**	**2 661 573**
GRAND TOTAL	**377 428 448**	**81 559 059**	**4 115 254**	**112 321 995**	**36 464 423**	**611 889 179**

a/ Excludes refunds

ANNEX A3

STATUS OF OUTSTANDING CONTRIBUTIONS FOR THE PERIOD ENDING 31 DECEMBER 2020
(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	-	28 849	-	-	-	-	-	28 849
Albania	-	-	-	20 929	-	-	-	20 929
Algeria	-	54 973	-	-	-	-	65 000	119 973
Angola	-	-	-	-	-	-	-	-
Antigua and Barbuda	-	12 362	-	11 292	-	-	-	23 654
Argentina	3 346	5 846 030	2 073 809	-	-	-	-	7 923 185
Armenia	-	-	-	-	-	-	-	-
Australia	-	-	-	-	-	-	-	-
Austria	-	-	-	-	-	-	-	-
Azerbaijan	-	-	-	-	-	-	-	-
Bahamas	-	-	-	-	-	-	-	-
Bahrain	-	-	-	-	-	-	-	-
Bangladesh	-	-	-	-	-	-	-	-
Barbados	-	101 631	-	14 698	-	-	-	116 329
Belarus	-	-	-	-	-	-	-	-
Belgium	-	-	-	-	-	-	-	-
Belize	-	3 147	-	8 831	-	-	-	11 978
Benin	-	10 146	811	-	-	-	-	10 957
Bolivia, Plurinational State of	-	58 160	202	32 832	226 634	-	-	317 827
Bosnia and Herzegovina	-	193 431	-	-	-	-	-	193 431
Botswana	-	-	-	5 840	-	-	-	5 840
Brazil	-	23 853 887	-	-	-	-	-	23 853 887
Brunei Darussalam	-	-	-	-	-	-	-	-
Bulgaria	-	-	-	-	-	-	-	-
Burkina Faso	-	-	-	-	-	-	-	-
Burundi	-	13 099	881	-	-	-	-	13 980
Cambodia	-	-	-	-	-	-	-	-
Cameroon	-	179 247	-	-	-	-	-	179 247
Canada	-	-	-	-	-	-	-	-
Central African Republic	-	12 131	-	-	-	-	-	12 131
Chad	-	28 876	4 522	-	-	-	-	33 398
Chile	1 217	2 865 870	-	33 550	-	-	-	2 900 637
China	-	-	-	-	-	-	-	-
Colombia	-	3 166 556	-	-	-	-	-	3 166 556
Congo	152	104 107	10 284	140	-	-	-	114 683
Costa Rica	2 281	213 594	-	9 713	-	-	-	225 588
Côte d'Ivoire	-	94 376	8 322	12 420	-	-	-	115 118
Croatia	-	-	-	-	-	-	-	-
Cuba	-	697 764	-	41 388	-	-	-	739 152
Cyprus	-	-	-	-	-	-	-	-

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	304	60 097	-	-	-	-	-	60 401
Denmark	-	-	-	-	-	-	-	-
Djibouti	-	390	-	-	-	-	-	390
Dominica	-	-	-	2 449	-	-	-	2 449
Dominican Republic	4 259	2 316 208	-	-	166 759	-	-	2 487 226
Ecuador	-	307 069	-	7 069	-	-	-	314 138
Egypt	-	-	-	-	-	-	-	-
El Salvador	-	97 581	-	31 879	10 141	-	-	139 601
Eritrea	-	-	-	-	-	-	-	-
Estonia	-	-	-	-	-	-	-	-
Eswatini	-	2 838	1 761	6 780	-	-	-	11 379
Ethiopia	-	66 667	-	-	-	-	-	66 667
Fiji	-	33 106	2 585	16 270	-	-	-	51 961
Finland	-	-	-	-	-	-	-	-
France	-	-	-	-	-	-	-	-
Gabon	-	463 610	-	19 137	-	-	-	482 747
Georgia	-	-	-	-	-	-	-	-
Germany	-	-	-	-	-	-	-	-
Ghana	-	49 686	12 329	32 521	-	-	-	94 536
Greece	-	-	-	-	-	-	-	-
Grenada	152	11 036	-	8 189	-	-	-	19 377
Guatemala	-	-	-	45 409	-	-	-	45 409
Guyana	-	-	-	-	-	-	-	-
Haiti	-	11 586	-	-	-	-	-	11 586
Holy See	-	-	-	-	-	-	-	-
Honduras	-	22 266	-	3 146	-	-	-	25 412
Hungary	-	-	-	-	-	-	-	-
Iceland	-	-	-	-	-	-	-	-
India	-	-	-	-	-	-	-	-
Indonesia	-	5 627	-	-	-	-	-	5 627
Iran, Islamic Republic of	-	2 920 832	-	-	-	-	-	2 920 832
Iraq	-	437 528	-	-	-	-	-	437 528
Ireland	-	5 324	-	-	-	-	-	5 324
Israel	-	-	-	-	-	-	-	-
Italy	-	-	-	-	-	90 000	-	90 000
Jamaica	-	28 326	-	12 443	-	-	-	40 769
Japan	-	-	-	-	-	1 507 344	-	1 507 344
Jordan	-	120 580	-	-	-	-	-	120 580
Kazakhstan	-	-	-	-	-	-	-	-
Kenya	-	-	-	-	-	-	-	-
Korea, Republic of	-	-	-	-	-	236 350	-	236 350
Kuwait	-	-	745	-	-	-	-	745
Kyrgyzstan	-	-	-	26 698	-	-	-	26 698
Lao People's Democratic Republic	-	305	-	-	-	-	-	305

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	-	163 229	1 714	-	-	-	-	164 943
Lesotho	-	3 599	881	-	-	-	-	4 480
Liberia	-	203 430	-	-	-	-	-	203 430
Libya	-	977 595	-	-	-	-	-	977 595
Liechtenstein	-	-	-	-	-	-	-	-
Lithuania	-	-	-	-	-	-	-	-
Luxembourg	-	-	-	-	-	-	-	-
Madagascar	-	-	-	-	-	-	-	-
Malawi	-	-	-	-	-	-	-	-
Malaysia	-	-	-	-	-	-	-	-
Mali	-	-	1 433	-	-	-	-	1 433
Malta	-	152	-	-	-	-	-	152
Marshall Islands	-	12 258	-	5 656	-	-	-	17 914
Mauritania	-	7 179	630	-	-	-	-	7 809
Mauritius	-	-	-	16 585	-	-	-	16 585
Mexico	-	1 317 884	-	-	-	-	-	1 317 884
Monaco	-	-	-	-	-	-	-	-
Mongolia	-	-	-	-	-	-	-	-
Montenegro	-	-	-	-	-	-	-	-
Morocco	-	152	-	-	-	-	-	152
Mozambique	-	26 059	6 894	-	-	-	-	32 953
Myanmar	-	-	-	-	-	-	-	-
Namibia	-	-	-	-	-	-	-	-
Nepal	152	23 674	-	-	-	-	-	23 826
Netherlands	-	-	-	-	-	-	-	-
New Zealand	-	-	-	-	-	-	-	-
Nicaragua	-	-	-	-	-	-	-	-
Niger	-	-	-	-	-	-	-	-
Nigeria	-	1 010 856	-	-	-	-	-	1 010 856
North Macedonia	-	-	-	-	-	-	-	-
Norway	-	-	-	-	-	-	-	-
Oman	-	-	-	-	-	-	-	-
Pakistan	-	-	-	-	-	-	-	-
Palau	-	-	-	89	-	-	-	89
Panama	-	210 298	-	4 806	-	-	-	215 104
Papua New Guinea	913	51 912	-	18 094	-	-	-	70 919
Paraguay	-	142 380	20 661	4 533	60 521	-	-	228 095
Peru	-	324 870	-	-	-	-	-	324 870
Philippines	-	-	-	-	-	-	-	-
Poland	-	-	-	-	-	-	-	-
Portugal	-	-	-	9 817	-	-	-	9 817
Qatar	-	-	-	-	-	-	-	-
Republic of Moldova	-	-	-	-	-	-	-	-
Romania	-	248 200	-	67 792	42 298	-	-	358 290

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	-	-	-	-	-	815 000	-	815 000
Rwanda	-	-	-	-	-	-	-	-
Saint Lucia	-	6 018	-	-	-	-	-	6 018
Saint Vincent and the Grenadines	-	12 564	-	3 833	-	-	-	16 397
San Marino	-	-	-	-	-	-	-	-
Saudi Arabia	-	-	-	-	-	-	-	-
Senegal	-	-	-	-	-	-	-	-
Serbia	-	-	-	-	-	-	-	-
Seychelles	152	7 462	-	4 497	-	-	-	12 111
Sierra Leone	-	7 125	-	-	-	-	-	7 125
Singapore	-	-	-	-	-	-	-	-
Slovakia	-	-	-	-	-	-	-	-
Slovenia	-	-	-	1 305	-	-	-	1 305
South Africa	-	-	-	2 483	-	-	-	2 483
Spain	-	-	350 000	-	-	179 920	-	529 920
Sri Lanka	-	235 791	62 836	10 603	144 178	-	-	453 408
Sudan	-	102 169	-	-	-	81 500	30 000	213 669
Sweden	-	-	-	-	-	-	-	-
Switzerland	-	-	-	-	-	160 000	-	160 000
Syrian Arab Republic	-	61 588	9 687	11 631	-	-	-	82 906
Tajikistan	-	-	-	-	-	-	-	-
Thailand	-	-	-	-	-	-	-	-
Togo	-	4 425	-	-	-	-	-	4 425
Trinidad and Tobago	761	378 285	-	17 088	-	-	-	396 134
Tunisia	-	-	-	-	-	-	-	-
Turkey	-	-	-	-	-	-	-	-
Turkmenistan	-	110 423	-	52 473	-	-	-	162 896
Uganda	-	-	-	-	-	-	-	-
Ukraine	-	-	-	-	-	-	-	-
United Arab Emirates	-	1 825	-	-	-	-	-	1 825
United Kingdom of Great Britain and Northern Ireland	-	15 362	-	-	-	-	-	15 362
United Republic of Tanzania	-	31 991	10 067	-	-	-	-	42 058
United States of America	-	204 382	-	-	-	-	-	204 382
Uruguay	-	290 279	65 485	-	-	-	-	355 764
Uzbekistan	-	-	-	94 875	-	-	-	94 875
Vanuatu	-	12 847	-	-				12 847
Venezuela, Bolivarian Republic of	22 967	14 623 061	-	71 959	-	-	-	14 717 987
Viet Nam	-	-	-	21 092				21 092
Yemen	-	224 694	29 126	-	-	-	-	253 820
Zambia	-	62 595	8 000	-	-	-	-	70 595
Zimbabwe	153	56 228	1 209	63 650	-	-	-	121 240
Sub-total	**36 809**	**65 671 741**	**2 684 874**	**886 484**	**650 530**	**3 070 114**	**95 000**	**73 095 552**

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								
Comoros	152	3 382	-	-	-	-	-	3 534
Sub-total	**152**	**3 382**	**-**	**-**	**-**	**-**	**-**	**3 534**
III. Former Member States								
Korea, Democratic People's Republic of	-	128 576	24 153	-	32 365	-	-	185 094
Other Sources	-	-	-	-	-	-	-	-
Sub-total	**-**	**128 576**	**24 153**	**-**	**32 365**	**-**	**-**	**185 094**
IV. Other Donors								
European Commission	-	-	-	-	-	826 595	139 397	965 992
International Organizations	-	-	-	-	-	121 500	-	121 500
Other Sources	-	-	-	-	-	26 300	-	26 300
Sub-total	**-**	**-**	**-**	**-**	**-**	**974 395**	**139 397**	**1 113 792**
GRAND TOTAL	**36 961**	**65 803 699**	**2 709 027**	**886 484**	**682 895**	**4 044 509**	**234 397**	**74 397 972**

ANNEX A4

STATUS OF DEFERRED REVENUE
FOR THE PERIOD ENDING 31 DECEMBER 2020
(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)		Total contributions received in advance	EB RB	EB TC	Total EB contributions transferred with conditions
				EB RB	EB TC				
i. Member States									
Albania	29 399	-	-	-	-	29 399	-	-	-
Algeria	-	-	101	-	-	101	-	-	-
Armenia	25 704	6 269	6 006	-	-	37 979	-	-	-
Australia	8 188 755	1 904 899	-	-	-	10 093 654	-	-	-
Austria	310 499	331 663	-	-	-	642 162	-	-	-
Azerbaijan	-	-	1 673	-	-	1 673	-	-	-
Bahamas	8 113	15 225	-	-	-	23 338	-	-	-
Bahrain	13 696	42 988	-	-	-	56 684	-	-	-
Bangladesh	34 765	8 956	-	-	-	43 721	-	-	-
Belarus	1 064	-	-	-	-	1 064	-	-	-
Belgium	3 043 810	-	-	-	-	3 043 810	-	-	-
Botswana	5 611	-	-	-	-	5 611	-	-	-
Brunei Darussalam	69 622	-	-	-	-	69 622	-	-	-
Bulgaria	161 978	39 406	-	-	-	201 384	-	-	-
Burkina Faso	305	-	-	-	-	305	-	-	-
Cambodia	3 357	-	-	-	-	3 357	-	-	-
Cameroon	-	10 747	-	-	3 695	14 442	-	-	-
Canada	10 153 602	2 356 271	-	-	-	12 509 873	27 911 198	-	27 911 198
China	-	27 849	14 177	-	4 250	46 276	-	-	-
Colombia	-	-	2 884	-	-	2 884	-	-	-
Costa Rica	-	1 050	-	-	-	1 050	-	-	-
Cyprus	912	-	-	-	-	912	-	-	-
Czech Republic	1 141 887	267 778	-	-	-	1 409 665	-	-	-
Djibouti	-	896	-	-	-	896	-	-	-
Egypt	684 502	160 309	-	-	-	844 811	-	-	-
Eritrea	3 485	896	-	-	-	4 381	-	-	-
Estonia	136 209	33 136	-	-	-	169 345	-	-	-
Ethiopia	-	8 956	-	-	-	8 956	-	-	-
Finland	5 171	-	-	-	-	5 171	-	-	-
France	64 531	-	-	584 000	-	648 531	-	-	-
Guatemala	1 478	-	-	-	-	1 478	-	-	-
Guyana	9 338	-	-	-	-	9 338	-	-	-
Holy See	3 811	1 815	-	-	-	5 626	-	-	-
Hungary	754 448	177 325	-	-	-	931 773	-	-	-
Iceland	103 930	-	-	-	-	103 930	-	-	-
Iran, Islamic Republic of	-	-	2 491	-	-	2 491	-	-	-
Iraq	-	20 513	-	-	-	20 513	-	-	-
Italy	64 491	-	-	-	-	64 491	-	-	-
Japan	163 204	-	-	1 873 582	475 381	2 512 167	-	-	-
Kazakhstan	629 877	153 144	7 895	-	-	790 916	-	-	-
Kenya	86 062	20 598	-	-	-	106 660	-	-	-
Korea, Republic of	-	-	-	516 032	60 431	576 463	-	-	-
Kuwait	4 867	-	-	912 000	-	916 867	-	-	-
Latvia	166 045	40 301	18 773	-	-	225 119	-	-	-
Lebanon	-	-	109	-	-	109	-	-	-

ANNEX A4 (continued)

Donors	Contributions received in advance: Regular Budget (RB)	Technical Cooperation Fund (TCF)	National Participation Costs (NPCs)	Extrabudgetary (EB): EB RB	Extrabudgetary (EB): EB TC	Total contributions received in advance	Extrabudgetary contributions transferred subject to conditions: EB RB	EB TC	Total EB contributions transferred with conditions
Lithuania	249 823	60 899	4 953	-	-	315 675	-	-	-
Madagascar	-	57	-	-	-	57	-	-	-
Malawi	4 092	-	-	-	-	4 092	-	-	-
Malta	-	14 329	7 535	-	-	21 864	-	-	-
Mauritius	-	9 851	-	-	-	9 851	-	-	-
Mongolia	-	1 045	-	-	-	1 045	-	-	-
Montenegro	25 112	-	12 049	-	-	37 161	-	-	-
Morocco	-	-	20 182	-	-	20 182	-	-	-
Namibia	2 141	-	-	-	-	2 141	-	-	-
Netherlands	5 041 160	1 168 732	-	-	-	6 209 892	-	-	-
New Zealand	1 075 529	-	-	-	-	1 075 529	-	-	-
Nicaragua	4 258	-	-	-	-	4 258	-	-	-
Niger	-	1 791	-	-	-	1 791	-	-	-
Norway	13 993	-	-	-	-	13 993	-	2 065 433	2 065 433
Pakistan	-	17 265	52 157	-	-	69 422	-	-	-
Palau	9 183	-	-	-	-	9 183	-	-	-
Peru	-	5 697	-	-	-	5 697	-	-	-
Poland	5 628	-	-	-	-	5 628	-	-	-
Portugal	6 084	-	-	-	-	6 084	-	-	-
Qatar	-	238 645	10 162	-	-	248 807	-	-	-
Republic of Moldova	2 143	-	-	-	-	2 143	-	-	-
Rwanda	6 460	-	-	-	-	6 460	-	-	-
San Marino	612	-	-	-	-	612	-	-	-
Saudi Arabia	4 298 661	1 010 194	-	-	-	5 308 855	-	-	-
Senegal	-	7 886	-	-	-	7 886	-	-	-
Serbia	608	-	3 401	-	-	4 009	-	-	-
Singapore	1 793 833	418 236	-	-	-	2 212 069	-	-	-
Slovakia	541 869	131 650	101	-	-	673 620	-	-	-
Slovenia	390 122	65 377	-	-	-	455 499	-	-	-
South Africa	26 770	-	-	-	148 823	175 593	-	-	-
Spain	43 500	150 000	-	150 000	-	343 500	-	-	-
Sudan	-	108	-	-	-	108	-	-	-
Sweden	7 301	-	-	-	-	7 301	1 331 074	672 102	2 003 176
Tajikistan	-	-	9 561	-	-	9 561	-	-	-
Thailand	188 378	-	-	-	-	188 378	-	-	-
Tunisia	8 214	-	-	-	-	8 214	-	-	-
Turkey	-	-	10 904	-	-	10 904	-	-	-
Uganda	6 237	-	-	-	-	6 237	-	-	-
Ukraine	6 692	-	-	-	-	6 692	-	-	-
United Arab Emirates	-	-	3 328	-	-	3 328	-	-	-
United Kingdom of Great Britain and Northern Ireland	16 897 366	3 936 073	-	-	-	20 833 439	-	-	-
United States of America	-	-	-	14 921 294	47 007	14 968 301	-	-	-
Uzbekistan	79 681	28 731	20 150	-	-	128 562	-	-	-

ANNEX A4 (continued)

Donors	Contributions received in advance						Extrabudgetary contributions transferred subject to conditions		
				Extrabudgetary (EB)					
	Regular Budget (RB)	Technical Cooperation Fund (TCF)	National Participation Costs (NPCs)	EB RB	EB TC	Total contributions received in advance	EB RB	EB TC	Total EB contributions transferred with conditions
Sub-total	**56 809 976**	**12 897 556**	**208 591**	**18 956 908**	**739 587**	**89 612 617**	**29 242 272**	**2 737 535**	**31 979 807**
ii. Other Donors									
European Commission	-	-	-	-	-	-	34 187 526	754 566	34 942 093
International Organizations	-	-	-	231 196	-	231 196	-	-	-
Other Sources	-	-	-	2 000	-	2 000	-	4 102 732	4 102 732
Sub-total	-	-	-	**233 196**	-	**233 196**	**34 187 526**	**4 857 298**	**39 044 825**
GRAND TOTAL	**56 809 976**	**12 897 556**	**208 591**	**19 190 104**	**739 587**	**89 845 813**	**63 429 798**	**7 594 833**	**71 024 631**

ANNEX A5

REGULAR BUDGET FUND
STATUS OF CASH SURPLUS
As at 31 December 2020
(expressed in euro)

Calculation of provisional cash surplus/(deficit) for 2020	
Receipts	348 398 241
Disbursements	332 950 151
Excess (shortfall) of receipts over disbursements	15 448 090
Unliquidated obligations	(26 985 588)
Transfer of 2020 RB unobligated balances	(10 857 249)
Provisional 2020 cash deficit	**(22 394 747)**

Calculation of final cash surplus for 2019	
Prior year provisonal cash deficit	(32 470 742)
Receipt of:	
Contributions all prior years	15 792 326
Savings on liquidation of prior year's obligations	1 856 291
Miscellaneous income	1 046 045
Final cash surplus/(deficit) for 2019	**(13 776 080)**
Prior years cash surpluses a/	**53 401**
Total cash surpluses/(deficit)	**(13 722 679)**

a/ Withheld pending receipt of contributions.

ANNEX A6

STATEMENT OF INVESTMENTS AS AT 31 DECEMBER 2020
(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
Commercial	Call account	90 003	0.00		
Commercial	Call account	90 000	0.00		
Commercial	Time Deposit	50 000	0.01	2020-01-07	2021-01-07
Commercial	Time Deposit	5 000	0.20	2020-03-20	2021-03-22
Commercial	Time Deposit	10 000	0.20	2020-03-20	2021-03-22
Commercial	Time Deposit	15 000	0.10	2020-03-23	2021-03-23
Commercial	Time Deposit	10 000	0.42	2020-03-27	2021-03-29
Commercial	Time Deposit	30 000	0.00	2020-04-09	2021-04-01
Commercial	Time Deposit	30 000	0.25	2020-05-06	2021-05-06
Commercial	Time Deposit	7 100	0.00	2020-10-08	2021-06-11
Commercial	Time Deposit	11 000	0.00	2020-10-07	2021-10-07
Commercial	Time Deposit	8 000	0.00	2020-10-08	2021-10-08
Commercial	Time Deposit	5 100	0.00	2020-10-14	2021-10-14
Total Euro Denominated Cash Equivalents and Investments		**361 203**			
Euro Denominated Cash Equivalents and Investments as Percent of Total					**68%**

US Dollar Denominated Cash Equivalents and Investments (Euro equivalent)

Type of Issuer	Type of Instrument	Carrying Value	Yield per annum (%)	Original Investment date	Maturity date
Supranational	Time Deposit	32 600	0.12	2020-12-29	2021-01-08
Supranational	Time Deposit	28 525	0.21	2020-07-29	2021-01-29
Supranational	Time Deposit	4 075	0.19	2020-09-30	2021-01-29
Supranational	Time Deposit	16 300	0.23	2020-07-09	2021-04-09
Supranational	Time Deposit	3 260	0.19	2020-12-07	2021-07-30
Supranational	Time Deposit	4 075	0.18	2020-11-02	2021-07-30
Commercial	Time Deposit	8 150	0.44	2020-06-26	2021-06-28
Commercial	Time Deposit	8 150	1.29	2020-04-09	2021-04-01
Commercial	Time Deposit	8 150	1.29	2020-04-13	2021-04-01
Commercial	Time Deposit	4 075	1.47	2020-04-01	2021-04-01
Commercial	Time Deposit	2 445	0.31	2020-10-16	2021-01-07
Commercial	Time Deposit	1 630	0.28	2020-10-13	2021-01-29
Commercial	Time Deposit	4 075	0.31	2020-10-16	2021-01-29
Commercial	Time Deposit	3 260	0.83	2020-05-01	2021-02-01
Commercial	Time Deposit	5 705	0.32	2020-10-16	2021-02-26
Commercial	Time Deposit	12 225	0.47	2020-06-26	2021-03-26
Commercial	Time Deposit	6 520	0.41	2020-09-03	2021-06-03
Commercial	Time Deposit	4 890	0.40	2020-09-10	2021-06-10
Commercial	Time Deposit	3 668	0.22	2020-11-16	2021-07-30
Commercial	Time Deposit	3 260	0.28	2020-10-05	2021-01-29
Commercial	Time Deposit	7 335	0.36	2020-08-13	2021-02-12
Total US Dollar Denominated Cash Equivalents and Investments		**172 373**			
US Dollar Denominated Cash Equivalents and Investments as Percent of Total					**32%**
Total Euro Equivalent Cash		**533 576**			

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 2020

**The Audit Board of
the Republic of Indonesia**

Audit Report
on the International Atomic Energy Agency (IAEA)

in respect of

Financial Matters of Financial Audit Results
and
Performance Audit on Management of Sustainable Intensification of Livestock Production Systems, Sustainable Control of Major Insect Pests, Radioisotope Production and Radiation Technology, and Incident and Emergency Preparedness and Response

2020

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EXECUTIVE SUMMARY

The Importance of This Audit

During 2020, the IAEA generated a revenue of €628.8 million and recognized expenses amounting to €546.9 million, as well as managed assets and liabilities amounting to €1 282.7 million and €760.3 million, respectively. Out of these, Major Programmes of Nuclear Techniques for Development and Environmental Protection; and Nuclear Safety and Security incurred respectively €102.6 million and €70 million of expenses (18.76% and 12.80%).

Accordingly, the Audit Board of the Republic of Indonesia (BPK) presents this report as a result of the audit on the Agency's financial statements as at and for the period ended 31 December 2020.

BPK also conducted a performance audit on selected key areas in terms of Result-Based Management, namely Sustainable Intensification of Livestock Production Systems, Sustainable Control of Major Insect Pests, Radioisotope Production and Radiation Technology, and Incident and Emergency Preparedness and Response.

In conducting the financial statements and performance audits, we were guided by the International Standards on Auditing (ISA) and the International Standards of Supreme Audit Institutions (ISSAI), respectively. During the pandemic, we adhered to these standards in implementing the audit procedures to collect the audit evidence remotely.

Audit Objectives

The financial audit objective was to provide the Agency with an independent assurance that the financial statements as a whole are free from material misstatement, whether due to fraud or errors; and in accordance with the International Public Sector Accounting Standards (IPSAS).

With respect to the performance audit, the objective was to assess the management effectiveness of the aforementioned key areas so as to improve IAEA's service to Member States.

Financial Audit Overview

In our opinion, the financial statements of the International Atomic Energy Agency (IAEA) present fairly, in all material respects, the financial position as at 31 December 2020 and its financial performance and cashflows for the year then ended in accordance with IPSAS.

We acknowledged the Agency's efforts to collect the assessed contributions that are mandatory from Member States. Further, we believe that the Agency should address the concern over the cash deficit in the Regular Budget which could affect the Agency's functions and its financial sustainability. Thus, we reiterate our recommendation to encourage the Agency to improve the collectability of the assessed contributions.

Performance Audit Summary

It is appreciated that the Agency effectively managed such key areas, among others, by increasing Member States' capability in diagnosing and controlling transboundary and zoonotic diseases; having longstanding capabilities of Sterilized Insect Techniques; and addressing their priority needs that covered the use of radioisotopes and radiation in human health. It is worth noting that there are also scopes which require further attention to enhance the service to Member States.

In terms of Emergency Preparedness and Response (EPR), the Agency should further intensify its outreach efforts and collaborate with relevant stakeholders in promoting the EPR Information Management System (EPRIMS) which is beneficial for sharing the information on issues, challenges and knowledge on solutions to enhance national capabilities, and global understanding of EPR; as well as in encouraging Member States to establish a country coordinator and complete their self-assessment to optimize such benefits. Additionally, the Agency should continue to promote and encourage Member States to implement the full cycle of Emergency Preparedness Review (EPREV) as such review is capable of comprehensively addressing national EPR arrangements for nuclear or radiological emergencies irrespective of the initiating cause.

In the event of emergency situation other than nuclear or radiological incident or emergency which also occurred in the aforementioned key areas, the Agency should consider harmonizing the current practice in responding to Member States requests regarding the emergency situation assistance and appropriately formalizing it into an agency-wide standard operating procedure to streamline the current process. Furthermore, the detailed content of all audit observations can be found in the body of this report.

INTRODUCTION

1. By appointment of the General Conference, the Audit Board of the Republic of Indonesia (BPK) has been entrusted with the responsibility of auditing the Agency's financial statements for the financial years 2019 to 2020 in accordance with Financial Regulations 12.01 (Article XII) and the Additional Terms of Reference governing the External Audit set out in the Annex to these Regulations. BPK 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, the Specialized Agencies and the International Atomic Energy Agency. During the pandemic, we adhered to these standards although encountering new challenges in conducting audits. Therefore, we attempted to mitigate the audit risk by implementing the audit procedures through virtual remote access to collect the audit evidence.

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 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 2020. This includes the correctness of year-end balances of all IAEA funds as detailed in IAEA accounts. In addition, the ISSAI provide guidance on the conduct of performance audits. The audit objective of the performance audit was to assess the management effectiveness of Sustainable Intensification of Livestock Production Systems, Sustainable Control of Major Insect Pests, Radioisotope Production and Radiation Technology, and Incident and Emergency Preparedness and Response, as well as emergency response in non-radiological or non-nuclear situations so as to improve IAEA's service to Member States.

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

5. The selection of subprogrammes and/or programmes to be examined involved the application of a number of factors which included level of alignment with priorities described in the Programme and Budget 2016-2017 and 2018-2019 (the Blue Book), the Agency's synergies, efficiency-related concerns, budget significance, risks to management, previous audits, potential impacts, current management's considerations, and confidential nature of subject matters. As a result, we selected the Subrogramme of Sustainable Intensification of Livestock Production Systems, the Subprogramme of Sustainable Control of Major Insect Pests, the Programme of Radioisotope Production and Radiation Technology, and the Programme of Incident and Emergency Preparedness and Response. There was also an issue raised about emergency response at the request of Member States in non-radiological or non-nuclear situations.

6. The purpose of this Audit Report is to communicate the audit result to the Agency and those charged with governance, as well as other stakeholders. Important findings arising from the audit procedures performed were, after detailed discussions with the responsible management, conveyed through Management Letters. 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

7. 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 its mandate in an improved manner. The adoption of IPSAS represents a best management practice and is expected to lead to greater harmonization in the presentation of financial statements between UN system organizations and better comparability of financial statements with other international organizations and national governments. Financial statements prepared in accordance with IPSAS provide greater insight into the actual assets, liabilities, revenues and expenses of the Agency. This is the ninth year since the adoption of IPSAS by the Agency in 2011.

Fund Accounting and Segment Reporting

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

Budgetary Performance

9. The Programme and Budget of the Agency focuses on 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 attained the rates of budget implementation of 97.10% and 14.63%, respectively, in these components.

Summary of Financial Performance

10. The Regular Budget Group, including the Regular Budget Fund, Working Capital Fund and Major Capital Investment Fund (RBF, WCF and MCIF, respectively) experienced an IPSAS basis net deficit of €30.13 million in 2020. The Technical Cooperation Fund (TCF) recorded a net surplus of €33.36 million which is higher compared to 2019. The Extrabudgetary Fund (EBF) and Technical Cooperation Extrabudgetary Fund (TC-EB) recorded a net surplus of €49.88 million and €13.07 million, respectively, in 2020. The deficit realized in the LEU Bank Fund (LEU) amounted to €3.90 million in 2020.

Revenue Analysis

11. Total revenue in 2020 was €628.80 million, which represented a 8.28% increase as compared to 2019 (€580.73 million). The increase was mainly due to the increase in assessed contribution, voluntary contribution and other contributions by €8.95 million, €38.43 million, and €4.35 million, respectively. The increase was partially offset by a decrease in revenue from exchange transaction and investment revenue of €0.49 million and €3.18 million, respectively.

Expense Analysis

12. There was 4.17% decrease in expenses in 2020 (€546.89 million) as compared to 2019 (€570.66 million). Salaries and employee benefits (€325.85 million) accounted for 59.58% of the Agency's expenses and has shown an increase of €19.52 million from 2019. The second largest component was transfers to development counterparts (€62.88 million) which represented 11.50% of the expenses in 2020. Travel (€14.64 million) had shown a decrease of €29.63 million from 2019. Other operating expenses at €31.74 million had shown an increase of €6.94 million as compared to 2019.

Financial Position

13. The overall financial position of the Agency continues to be quite healthy as at 31 December 2020. This financial health can be seen in the following key indicators:

- The overall net assets value, calculated as total assets less total liabilities, is €522.45 million;
- The value of current assets is approximately almost six times the value of current liabilities. This signifies that the Agency has sufficient resources to cover its liabilities expected to come due in the upcoming 12 months.

14. As at 31 December 2020, the total cash, cash equivalents and investments represent 58.45% of the Agency's total assets. This signifies that the Agency's liquid assets are sufficient to meet the Agency's requirements.

15. The significant areas of change in the Agency's financial position in 2020 from 2019 are the following:

- Current assets increased by €82.16 million mainly due to the increase in the overall amount of cash, cash equivalents and investments;
- Non-current assets decreased by €12.88 million related primarily to Property, Plant, & Equipment, in particular related to capitalized assets under construction; and
- Total liabilities increased by €64.48 million mainly due to the increase in the Agency's employee benefits liabilities amounting to € 53.92 million

16. In 2020, the Agency experienced an overall increase in net assets, from €517.64 million to €522.45 million, which was primarily driven by the increase in total assets of €69.28 million which more than offsets the increase in total liabilities of €64.48 million.

Cash, Cash Equivalents and Investments Balances

17. In 2020, the cash, cash equivalents and investments balances increased by €64.78 million (9.46%) to €749.74 million as at 31 December 2020. The increase was mainly driven by the 2020 increase in the balance of euro holdings (€61.35 million).

18. As at the end of 2020, 76.2% of the total cash, cash equivalents and investments were denominated in euro while 23.4% were denominated in US dollars and 0.41% in other currencies. In 2020, interest rates on euro denominated financial holdings remained near zero. However, much lower interest rates in US dollar denominated financial holdings as a result of the Federal Reserve Bank (FED) funds rate cuts in reaction to the negative economic impact of the pandemic, as well as the depreciation of the US dollar during 2020, had a negative impact on the total investment revenue. As a result, the overall investment revenue achieved by the Agency decreased by €3.18 million in 2020.

Accounts Receivables

19. Overall, the total net receivables from non-exchange transactions decreased by €5.54 million to €55.45 million at 31 December 2020. The main components of this balance are receivables from assessed contributions (€47.55 million), voluntary contributions receivable (€6.45 million), and other receivables (€1.46 million).

20. The increase experienced in net assessed contributions receivable in 2020 is primarily driven by the increase in Regular Budget assessed contributions receivable. The rate of collection of assessed contributions increased from 90% to 93% in 2020. The outstanding Regular Budget contributions for prior years is increased by €20.6 million to €39.1 million. The €65.80 million of total outstanding Regular Budget contributions from 2020 and prior years represent 17.4% of the Reguler Budget assessment for 2020.

Property, Plant and Equipment

21. Buildings and Leasehold Improvements continue to account for the largest component of the net book value of Property, Plant and Equipment (PP&E).

22. In 2020, the total net book value of PP&E decreased by €8.67 million (2.94%). Among the factors contributing to this decrease are the following:

23. The reduction in additions by €18.27 million, 96.1% of which relates to assets under construction. In 2020, only approximately 24.6% of the additions to PP&E amounting to €3.90 million relate to assets under construction which includes Buildings within the scope of the ReNuAL project (€2.3 million) as well as the Inspection Equipment, Laboratory Equipment and Other Equipment pending installation or assembly (€0.9 million).

24. The remaining additions to PP&E during the year, amounting to €11.95 million, were experienced in all other asset categories, with the largest components in Communications and IT Equipment, Laboratory Equipment, Buildings and Leasehold Improvements and Inspection Equipment.

25. These additions were offset by the depreciation expense of €24.58 million.

26. As at 31 December 2020, the balance of PP&E under construction was primarily comprised of €22.2 million related to the ReNuAL project.

Intangible Assets

27. The net carrying amount of Intangible Assets at 31 December 2020 was €58.80 million which decreased from €60.26 million in 2019. The principal driver for the decrease in the carrying value of Intangible Assets is the high level of amortization expense which more than offsets additions during the year. During 2020, total costs of €10.16 million were added to the value of internally developed

software, of which €4.83 million relates to post-MOSAIC and €5.34 million relates to other internally developed software projects.

Risk Management

28. 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.

Financial Ratios

29. The Agency's financial ratios for the last four years are described in Table 1 below.

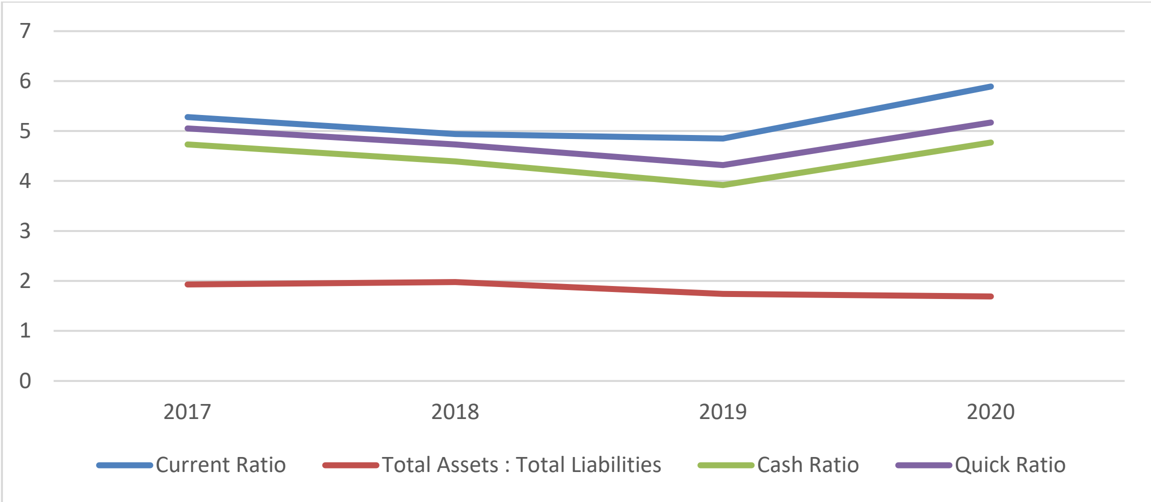
Table 1. Financial Ratios from 2017-2020

No	Financial Ratios	31 December 2020	31 December 2019	31 December 2018	31 December 2017
1	**Current Ratio** Current Assets : Current Liabilities	5.89	4.85	4.94	5.28
2	**Total Assets : Total Liabilities** Assets : Liabilities	1.69	1.74	1.98	1.93
3	**Cash Ratio** Cash + short-term investments: current liabilities	4.75	3.92	4.39	4.73
4	**Quick Ratio** Cash + short-term investments + accounts receivable : current liabilities	5.15	4.32	4.73	5.05

30. Based on Table 1, the Agency's financial ratios from 2017-2019 showed a declining trend. However in 2020, the trend is slightly better because the operational cost has decreased during the pandemic. The current ratio increased by 1.04 point from 2019, while the other two ratios, namely, cash ratio, and quick ratio, increased by 0.85 point from last year. Only total assets: total liabilities ratio decreased by 0.05 point compared to last year.

31. Figure 1 below clearly depicts the decreasing trend from 2017-2019 and upward trend in 2020 in the Agency's financial ratios, which are all safe and sound.

Figure 1. Trend of Financial Ratios from 2017-2020



AUDIT OPINION

32. 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 2020. Audit of the financial statements for the financial year 2020 revealed no weaknesses or errors which we considered material to the accuracy, completeness and validity of the financial statements as whole. Accordingly, we have placed an unqualified opinion on the Agency's financial statements for the financial year ended 31 December 2020.

DETAILED AUDIT FINDINGS

I. FINANCIAL MATTERS

A. Cash Deficit

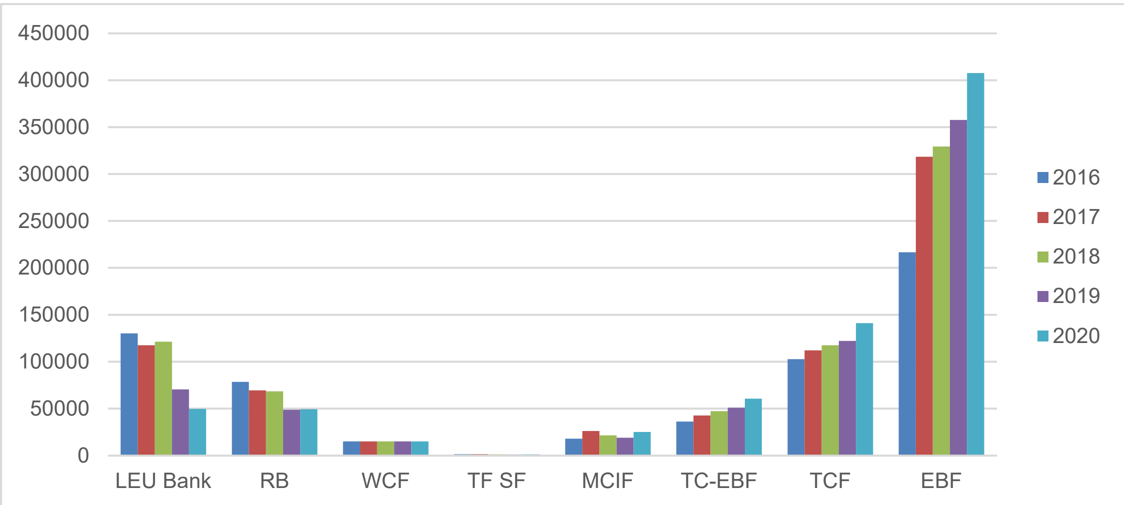
33. The Financial Statements show that the Agency has cash and cash equivalents (CCE) and short-term investments at 31 December 2020 amounting to €749.74 million. This is classified among several funds, as follows:

Table 2. Proportion of CCE and Short-Term Investment by Fund in 2020

Fund Name	Balance
Low Enriched Uranium Bank (LEU Bank)	49 730 138
Regular Budget (RB)	49 131 875
Working Capital Fund (WCF)	15 151 594
Trust Funds and Special Funds (TF SF)	1 172 257
Major Capital Investment Fund (MCIF)	25 182 710
Technical Cooperation Extra-budgetary Fund (TC EBF)	60 621 751
Technical Cooperation Fund (TCF)	141 138 865
Extra-budgetary Programme Fund (EBF)	407 606 521
Total	**749 735 711**

34. We observed that over the last five years, the overall CCE and short-term investments of the IAEA has increased. However, if we group the accounts by fund, the Regular Budget Fund and LEU Bank has declined over the same period, as shown in the following Figure 2.

Figure 2. CCE and Investment 2016-2020



35. The decline in LEU Bank was attributed to the transfer of unused funds at the donor's request and the fact that no contribution was expected to be received for this fund after the completion of the purchase of LEU in 2019. The decline in the RB Fund was due to the uncollectible prior years' Assessed Contributions.

36. The CCE and Investment for RB comprised of cash from the Regular Budget, cash from advanced contributions to the RB Fund, and cash in Major Repair and Replacement Fund (MRRF). The cash from

advanced contributions to the RB Fund represents cash received in advance and is intended to be disbursed for activities in the following year and therefore classified as deferred revenue. The cash in the MRRF is the Agency's portion in a joint fund between the Vienna Based Organizations and the Austrian Government, and cannot be used directly for the Agency's operational activities. If we deduct the advanced contributions to the RB Fund and cash in MRRF, the actual cash balance in RB is negative €15.52 million, as shown in the Table 3 below:

Table 3. Calculation of Cash Deficit in Regular Budget in 2020

Description	Balance
CCE and Investment Ending Balance 2020 in Regular Budget	**49 131 875**
Deduct: Cash in MRRF 2020	(7 837 236)
Deferred Revenue 2020	(56 809 976)
Actual Ending Balance for CCE and Investment in Regular Budget	**(15 515 337)**

37. The negative amount of Cash and Cash Equivalent and-Short Term Investment at the end of 2020 shows that the Agency relied on the advanced contributions to support its operational activities during 2020. It means that the Agency has used 2021 funds in 2020 amounting to €15.52 million. Moreover, the actual amount of the Regular Budget as of 31 December 2020 may not be sufficient to finance short term account payables related to Regular Budget which amounted to €29.16 million. This has commonly been the case and as long as the Agency is a going concern, the impact of this situation in the liquidity risk of the Agency is considered minimal.

38. We raised the issue of the deficit in the Regular Budget in our previous audit and recommended that the Agency strengthen its efforts in collecting cash from Member States that had not paid their assessed contributions. We also recommended that the Agency consider its approach to fund the Regular Budget, including the need to adjust the Working Capital Fund. Hence, we encourage the Agency to expedite its action related to the follow up of the recommendation.

Regular Budget Cash Surplus (Deficit) Trend

39. The 2020 Status of Cash Surplus in the Regular Budget Fund shows that the Calculated Final Cash Deficit for 2019 was €13.78 million. This is the first final cash deficit in the last 5 years. The final cash surplus (deficit) in the Regular Budget Fund from 2015 to 2019, as disclosed in the financial statements, are described in Table 4 below:

Table 4. Trend of Cash Deficit in Regular Budget (2015 – 2019)

	2015	2016	2017	2018	2019
Provisional Cash Surplus (Deficit)	(18 820 852)	(18 123 405)	(23 008 309)	(23 587 329)	(32 470 742)
Contributions all prior years	26 475 479	17 000 972	21 181 426	25 655 764	15 792 326
Savings on all liquidation of prior year's obligation	2 014 613	2 334 529	2 306 769	1 704 374	1 856 291
Misc. Income	401 121	562 951	957 895	909 325	1 046 045
Unobligated balance	-	71 904	-	17 137	-
Final Cash Surplus (deficit) before transferred to MCIF	**10 070 361**	**1 846 951**	**1 437 781**	**4 699 271**	**(13 776 080)**

Note: The final cash surplus (deficit) for 2020 is not shown because it will be calculated in the next financial year.

40. The table above shows the unusual condition for the final cash deficit for 2019. The Agency has always faced a provisional cash deficit every year since 2015 due to a large amount of unliquidated obligations. This provisional cash deficit will be offset in the subsequent year with the receipt of prior

year contributions and additional revenue from the prior year. However, this was not the case in 2020 because the Agency was only able to collect €15.79 million from the outstanding prior year contributions, while the provisional cash deficit was €32.47 million. As a result, the Agency had a calculated final cash deficit of €13.78 million in its 2019 Regular Budget Fund.

41. The calculated final cash deficit in the Regular Budget Fund in 2019 contributes to the aforementioned cash condition in 2020.

Uncertainty during the Pandemic

42. We are of the opinion that the COVID-19 pandemic may affect the collectability of assessed contributions in the future. This would then likely increase the deficit. The Financial Situation Report for Quarter IV 2020 mentions that the number of Member States (MS) who have not paid assessed contributions is 55, an increase of 14 as compared to 41 MS in 2019.

43. The Financial Situation Report emphasizes the liquidity risk as the current cash balance in the Regular Budget Fund is sufficient only to cover estimated cash outflow needs of two months of 2021. It adds that even with the use of the Working Capital Fund, the cash balance would only cover approximately an additional half a month of 2021.

44. In addition, the Agency also deals with an increasing number of MS without voting rights, as a result of the failure to pay assessed contribution in the last two years. As of December 2020, the number of MS without voting rights has risen to 18. This is in contrast with 2019 where the number of MS without voting rights had reduced to eight in comparison to the year before. One factor that has contributed to this increase in the number of MS without voting rights was the change in 2019 of the base rate in the UN which took effect in the IAEA's 2020 assessment scale.

45. Based on the description from the paragraph above, we strongly reiterate our previous recommendation for the Agency to strengthen its efforts to ensure that receivables are collected from the Member States.

B. Cash and Cash Equivalent

46. The Financial Statements indicate that the Agency has cash in a non-convertible currency amounting to an equivalent of €1.50 million. The bank account where this amount is held was mainly designated for the implementation of Technical Cooperation (TC) related activities in one particular country. We observed that that there was one cash receipt for the account in the general ledger in 2020 amounting to an equivalent to €0.06 million. However, we observed that there was no cash disbursements from this account during the same period. Further, the Cash Management Module in the Agency-Wide Information System for Programme Support (AIPS) shows that the Agency has not used the funds from this bank account since 2010.

47. The Agency has stated that in the past it had disbursed cash from this bank account to pay expenses for local TC projects. However, since 2011, the Agency has stopped disbursing funds from this bank account as the actual value of that currency was approximately 25 times lower than its recorded rate. Since then, the AIPS system has been used by the Agency.

48. In our 2016 Audit Report, we raised the issue of a lack of bank statements from this bank and recommended that the Agency request regular bank statements from this bank. In 2020, this bank had sent only one bank statement, dated 3 August 2020, which included the cash receipt related to

contributions to the Technical Cooperation Fund (TCF) on 15 July 2020. The Agency has informed us that it will be contacting the bank to rectify this situation.

49. We also noted that the non-convertible currency held by the Agency was devalued on 1 January 2021. The Agency disclosed in Note 44 (Events after the reporting date) within the financial statements that it will experience a loss of approximately €1.44 million in 2021 as a result of this. Hence, we are of the opinion that the Agency should provide further analysis as to the impact of this devaluation to the Agency's future operations.

Recommendation 1 We recommend that the Agency provide an analysis on the impact of the devaluation to the Agency's operation, including the future cash disbursement plan of the non-convertible currency.
The Agency agreed with the recommendation.

C. Property Plant and Equipment

50. The Financial Statements disclose Property, Plant, and Equipment (PP&E) of the Agency in the amount of €286.11 million as at 31 December 2020. PP&E is considered as non-cash generating assets and stated at historical cost less accumulated depreciation and any recognized impairment loss. The statements further disclose that depreciation is charged using the straight-line method in order to allocate the cost of assets over their estimated useful lives. In addition, the financial statements disclose that the Agency classifies its PP&E into eight major classes with estimated the useful life assigned to each class as follows:

Table 5. Asset Class Based on Useful Life

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

51. We observed the register of assets contained 29 998 assets which had been fully depreciated but were still in use. Our analysis of each major class of asset identified that the proportion of fully depreciated assets compared to the total count of assets for that class shows that the proportion of assets fully depreciated ranges from 0.93% to 76.89% of the total assets in each major category. Fully depreciated assets represent a significant proportion of several classes, namely Other Equipment (76.89%), Vehicles (61.29%), and Inspection Equipment (50.56%), respectively. The details on the proportion of fully depreciated assets in relation to total assets can be described in Table 6 below:

Table 6. Proportion of Fully Depreciated Assets

Asset Class	Count		Percentage on Count		Initial Cost		Net Book Value	
	Fully Depreciated	Other	Fully Depreciated	Other	Fully Depreciated	Other	Fully Depreciated	Other
Buildings	209	818	20.35%	79.65%	4 164 901.00	101 925 724.69	-	76 328 055.26
Comm & IT Equipment	10440	9992	51.10%	48.90%	21 206 888.54	17 978 846.48	-	8 344 361.99
Furniture & Fixture	13 888	14 658	48.65%	51.35%	1 849 892.90	3 023 051.96	-	1 571 756.34
Inspection Equipment	4 463	4 365	50.56%	49.44%	43 735 125.44	40 076 202.49	-	18 410 936.60
Laboratory	786	1 699	31.63%	68.37%	13 186 902.75	46 014 693.21	-	22 663 428.43
Leasehold IMP	1	106	0.93%	99.07%	25 923.24	13 183 498.43	-	10 385 353.03
Other Equipment	173	52	76.89%	23.11%	2 755 286.21	379 968.40	-	186 251.46
Vehicles	38	24	61.29%	38.71%	638 241.51	838 422.07	-	243 881.92
	29 998	**31 714**	**48.61%**	**51.39%**	**87 563 161.59**	**223 420 407.73**	**-**	**138 134 025.03**

52. In addition, our analysis of the average age of assets within each major category of PPE shows that current useful life assumption of three classes, namely Vehicles, Inspection Equipment, and Other Equipment, is lower than the average age of assets within those categories. Therefore, we are of the opinion that the Agency should review the useful life of assets within those categories. Detail on the comparison of the average age of those major categories is provided in Table 7 below:

Table 7. Comparison of Average Age of Assets

Asset Class	Actual average age (at 31 December 2020)	IAEA Useful Life (Years)
Vehicles	10.32	5
Inspection Equipment	9.10	8
Other Equipment	8.86	5

53. IPSAS 17 provides that the residual value and the useful life of an asset shall be reviewed at least at each annual reporting date and, if expectations differ from previous estimates, the change shall be accounted for as a change in an accounting estimate. We noted that the Agency has conducted an annual review, however, no adjustment was made to the useful life of the PPE under the categories of Vehicles, Inspection Equipment, and Other Equipment.

54. The Agency has asserted that the estimate for those major classes was reasonable given the different location and condition of assets within those classes. Hence, the Agency considers that no adjustment should be taken in 2020. The Agency also points out that assigning a longer useful life for those assets may lead to complexity in asset replacements in the future.

55. We noted a similar issue had previously been raised by the Office of Internal Oversight Services (OIOS) in the audit report No. IA2016001. Specifically, OIOS recommended that the Directors of the Division of General Services (DIR-MTGS) and Division of Technical and Scientific Services (DIR-SGTS) devote efforts to 'clean up' the fully depreciated assets in their respective asset registers, by

ensuring that those that need to be written off are appropriately eliminated from the records and the physical assets disposed of.

56. With reference to the fully depreciated assets that are still in-use, OIOS recommended that DIR-MTGS and DIR-SGTS, in consultation with the Director of Division of Finance (DIR-MTBF), undertake an estimated useful life review of specific classes of assets. The Agency had implemented this recommendation as a result of a review in 2017 with a change to the useful life of Inspection Equipment and Laboratory Equipment to 8 and 11 years, respectively. An annual review continued after this which has led to the closure of the recommendation by OIOS.

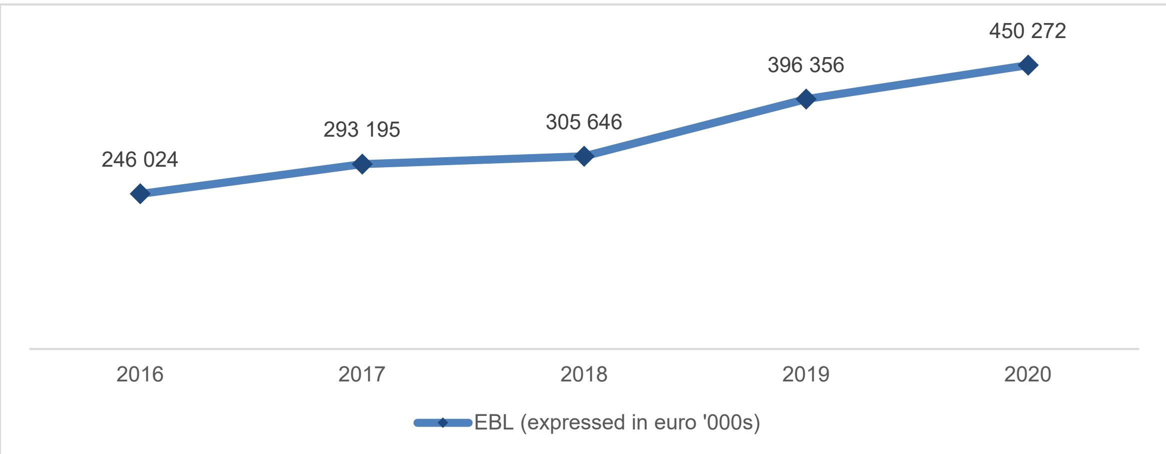
Recommendation 2 We recommend that the Agency review the estimated useful life of vehicles, inspection equipment, and other equipment and provide the related analysis leading to the decision to either retain or adjust the estimated useful life.
The Agency agreed with the recommendation.

D. Employee Benefit Liabilities

57. The Financial Statements show that the Agency has Employee Benefit Liabilities (EBL) amounting to €450.27 million as at 31 December 2020. These liabilities consist of After-Service Health Insurance (ASHI), post-employment repatriation and separation entitlements, staff contributions to health insurance premium reserve account, annual leave, and liabilities for other staff costs. This was an increase of €53.92 million, or 13.6%, in comparison to 2019.

58. We observed a gradual upward trend of these liabilities over the last five years, as indicated in Figure 3 below:

Figure 3. Employee Benefit Liabilities Uptrend



59. We further observed and identified the following issues.

EBL Funding Mechanism

60. Until the end of audit, the Agency had not developed an appropriate funding plan for ASHI, post-employment repatriation benefit obligations, as well as the annual leave liability, which exposed the Agency to the risk of inadequate funding. This issue was raised in the 2014 and 2017 audit reports, in which the External Auditor recommended the Agency consider implementing a long-term funding strategy for these employee benefits liabilities. In order to implement the recommendation, in 2019 the Agency presented a proposal to Member States to create an ASHI reserve and to address the long-term funding issue by an additional annually assessed contribution in the amount of €5 million. However, Member States did not approve the proposal and requested the Agency provide alternative funding mechanisms, cost containment measures, and an update of the progress of the ASHI funding in the UN. To date, no funding strategy has been approved to address this issue.

61. In 2020, the Agency provided Member States with an update of funding options as well as developments within the UN and information on cost containment,and highlighted that the Agency is one of the few UN organizations that does not have a reserve or funding. Member States however have not agreed to begin funding ASHI and continue to request the IAEA to provide updates. Additionally, in 2020, the Director-General approved the creation of an ASHI Extrabudgetary Sub-Fund and a charge of 4% to the salary expenditure to address the funding of ASHI for staff funded by Extrabudgetary contributions. This will decrease the ASHI liability burden on the Regular Budget and is expected to be implemented as of 1 July 2021.

62. Considering the upward trend of these liabilities, we encourage the Agency to expedite the follow-up action on this previous recommendation in relation to the implementation of a long-term funding strategy.

Staff Contributions Towards Health Insurance Premium Reserve Account

63. In 2020, the EBL includes reserve accounts for staff contributions towards the Health Insurance Premium Reserve Account amounting to €1.36 million. This increased by 38.66% in comparison to the previous year. The Notes to the 2020 Financial Statements describes that the account refers to employees' share of the funds held related to CIGNA health insurance premiums. The Agency has asserted that the current year increase resulted from the rate differential between the Supplementary Medical Insurance Plan (SMIP) premium remitted to CIGNA and the SMIP premium received from employees.

64. In practice, the health insurance premium rates are approved by the Director-General based on the recommendation of the Joint Advisory Committee (JAC) Sub-Committee on Health and Life Insurance. The difference between the approved rates and CIGNA actual rates will then determine the movement within the reserve account. The current health insurance scheme is regulated in the Administrative Manual II, Section 7. However, this manual does not stipulate the management of the reserve account. We further observed that the Agency has not established a formal guideline on the operations of the reserve account, including the decision-making process.

Recommendation 3

We recommend that the Agency update the Administrative Manual to include the purpose of the Health Insurance Premium Reserve Account and the decision-making process.

The Agency agreed with the recommendation.

E. Settling-in Grant

65. The 2020 Financial Statements disclose that the Agency has spent €3.0 million for settling-in grant. Based on Staff Regulation 9.03, staff members whose travel upon appointment or reassignment has been authorized by the Agency may receive a settling-in grant in accordance with the rules promulgated by the Director-General.

66. The settling-in grant consists of two portions:

- The daily subsistence allowance (DSA), which shall be calculated at the prevailing rate on the date of arrival applicable to the duty station, and 50% of that amount for the staff member's eligible spouse and dependent child or children, and shall be paid for a period of 30 days after arrival at the duty station, and
- A lump sum equal to one month's net base salary plus post adjustment at the staff member's grade and step.

67. We examined the management of the settling-in grant and identified an incorrect DSA calculation that used a rate of 115% for staff members in higher categories. The higher rate of DSA is no longer relevant as it had been amended based on SEC/DIR/286 - *Staff Travel Rules and Procedures*, issued in January 2019. The incorrect rate resulted in an overpayment of settling-in grant amounting to €0.01 million. The Agency has proceeded with the recovery of the overpayment by applying salary deductions over several months from February 2021.

Recommendation 4

We recommend that the Agency continue its efforts to recover the overpayment.

The Agency agreed with the recommendation.

F. Consultant and Experts

68. The Financial Statements show that the Agency has spent €13.70 million for Consultants and Experts. This amount reflects the expenses incurred to pay consultants and experts engaged by the Agency under the Special Service Agreement (SSA). Administrative Manual (AM) II, Section 11, *Personnel Other than Staff Members*, provides that the authority to engage personnel and to determine the terms and conditions of their engagement has been delegated to the Director, Division of Human Resources (DIR-MTHR).

69. We examined a sample of contracts for Consultants and Experts and identified the following deficiencies:

Documentation of the Selection Process

70. An observation on the selection process for 11 consultants identified that the Agency had failed to document the process of recruitment for 6 consultants/experts with total paid fees of €0.12 million. This included the justification for the selection of these consultants of which is required by Para. 9 of AM II/11. We are of the view that documentation of the selection process is important to maintain accountability of the process and ensure that the recruitment of consultants/experts was conducted in a fair and transparent manner.

71. We previously raised this issue in 2019 for 3 contracts with paid fees amounting to €0.30 million and recommended the Agency to administer recruitment documents as mandated by AM II/11 as part of the internal controls to ensure that the experience and qualifications of the selected consultant were commensurate with the complexity of the assignment. Hence, we reiterate our previous recommendation on this matter.

Personal History Form (PHF)

72. As mentioned in the AMII/11, a PHF is required to ensure that the experience and qualifications of the selected consultant is appropriate to meet the complexity of the assignment. A sample review of 11 contracts for consultancies has shown that the Agency had documented PHF for the selected consultants and not all of them. From the review, we identified 6 contracts with paid fees of €0.11 million where PHFs of all candidates were not documented. This was inconsistent with Para. 9 of AM II/11 which requires the Agency to document online the PHF of candidates for consultancies or written justification for the selection. In 2019, we raised this issue for four contracts with total paid fees of €0.60 million and recommended the Agency to administer recruitment documents as mandated by AM II/11 as part of the internal controls. Hence, we reiterate our previous recommendation on this matter.

Minimum years of experience

73. Para. 28 of AM II/11 classifies the grade of consultants based on the range of fees and minimum years of experience. The Manual stipulates that range of fees for consultants within a grade should be aligned with minimum years of experience in the relevant work. Nevertheless, a review of 46 sampled candidates identified that the Agency had not complied with this requirement with three contracts with total paid fees amounting to €0.04 million not including the required minimum years of experience within the contract requirements. Moreover, we found one contract with total paid fees amounting to €0.01 million which determined the required minimum years of experience lower than the requirement as indicated in Para. 28 of AM II/11.

74. In addition, we also noted that for one contract with total paid fees of €0.01 million, the Agency had determined a grade inconsistent with the consultant grade stipulated in the Manual.

75. We are of the opinion that the information of minimum years of experience for the consultant is important to align the required qualification needed with the complexity and remuneration level for the designated work.

Daily Subsistence Allowance and Travel Cost

76. In a previous audit report, we raised an issue as to the daily subsistence allowance (DSA) and travel cost for non-locally engaged consultants and recommended the Agency consider incorporating the DSA and travel clause within the contract for consultants when the consultant is required to travel under the terms of the contract.

77. For 2020, we found that the Agency had not included DSA and travel costs within the contracts issued prior to March 2020 for two non-locally recruited consultants, which is required in Para. 32(a) of AM II/11. The incorporation of the DSA and travel clauses within these contracts is important to ensure that the non-locally engaged consultants could claim the relevant remuneration. This issue was also raised in 2019 for three contracts. To date the Agency is yet to action on these recommendations. Hence, we encourage the Agency to expedite action to consider incorporating the DSA and travel clause into consultants contracts when the consultant is required to travel as required under the terms of the contract.

Contractual Arrangement

78. According to the Para. 28 of AM II/ 11, the basis of consultant fee is 'per day', not per contract or per 1 000 words. Nevertheless, we identified that from a sample of 46 contracts, one contract had the payment basis of per 1 000 words and two contracts had a payment basis of per contract. These three contracts were not in accordance with the AM requirement.

79. In particular, the manual mentions that the remuneration is determined according to the level of their expertise and the complexity of the assignment, with the following ranges:

Range 1: €150 - €250/day

Range 2: €250 - €400/day

Range 3: €400 - €600/day.

80. We are of the opinion that the differences in the standard rate of payment within similar type of expertise/consultancies prevents the Agency from properly comparing the workload and the rate of remuneration between translators which is necessary for analysis of efficiency.

Recommendation 5

We recommend that the Agency enhance its internal controls related to the consultancy services, more specifically on:

a. Compliance with the required minimum years of experience

b. The basis for the translator's fee payment in the contract

The Agency agreed with the recommendation.

Performance Measurement

81. In 2018, we raised an issue as to the performance measurement of consultants and recommended the Agency enhance its efforts to explore the possibility of developing an electronic process or system to track the performance level.

82. In 2020, we observed that in the performance management of 11 consultants and experts, there was no standard form available for their respective performance reports and those reports varied both in form and content. We are of the view that a performance management system is critical for consultant administration as the basis of the payment for the fee is the based on the approval of the Hiring Manager on the satisfactory completion of consultant's service.

83. The Agency is currently planning to review AMII/11 in order to explore if the performance module can be used to track consultants' performance. Therefore, we encourage the Agency to expedite follow up actions related to the previous recommendation.

G. Travel and Training Expenses

84. As disclosed in the 2020 Financial Statements, the Agency has spent €14.64 million for Travel expenses and €12.53 million for Training expenses. Based on our examination, we found several deficiencies in internal controls related to both accounts which are described below:

Travel Cancellation

Non-refundable Ticket Cost

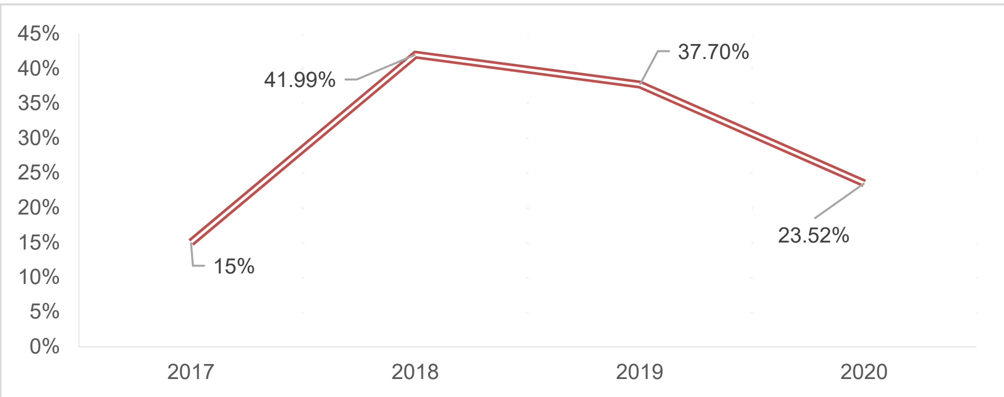
85. In 2020, the Agency has processed travel for 9 567 travellers, representing both staff and non-staff, through Travel Request and Claim (TRAC). The Agency has also paid €4.93 million through the Agency's Travel Management Company (TMC), for arranging the mode of transportation for travellers including air tickets issuance.

86. Based on AM II/9 – *Staff Travel Procedures*, any changes made after the TRAC has been approved and prior to the departure must be resubmitted for re-approval to the authorizing official. After commencement of the travel, any changes must be reflected and approved on the travel claim. In the event of a postponement or cancellation of the travel, booking cancellations and/or ticket refunds should be made in the travel system with notification to the TMC. Furthermore, postponement, cancellation or other changes in travel that require TRAC cancellation and/or recovery of any advance payment made to the travelling staff member must be done within the travel system.

87. We examined all cancelled travel within TRAC in 2020 and identified 1 662 trips which were cancelled after the air tickets were issued. Those cancelled trips included travel with a TRAC status of "cancelled" and "offer-received". A TRAC status of "cancelled" refers to travel which is declared cancelled by the arranger of the travel. Whereas a TRAC with the status of "offer received" refers to travel which has ended as the traveller received the travel option offer from TMC. Further examination of TRAC with status of "offer received" shows that several travel arrangers had failed to update the status of TRAC to "cancelled" even though the travellers had failed to conduct the travel.

88. The Agency has spent €1.44 million for travel and training expenses, including the TMC fee, in 2020 for 1 169 tickets for cancelled trips. The Agency had received refunds of €1.10 million, which represents 76.48% of ticket costs. Hence, the cancelled travel has costed the Agency an amount of €0.34 million or 23.52% of cancelled ticket cost. We observed that the cancelled travel was mostly attributed to COVID-19, event cancellation, event postponement, and other reasons. The percentage decreased from 2019 but was still higher than that of 2017, as shown in the graph below.

Figure 4. Percentage of Non-Refundable Cancelled Travel Costs



89. The Agency has stated that it will incur cancellation costs as its policy is not to always purchase refundable tickets for every trip as it is more cost effective to purchase non-refundable tickets for some trips and incur cancellation costs in the event trips are cancelled.

90. We raised this issue in previous year audits and recommended that the Agency document the reason for cancellation for duty travel and make these available upon request. Since July 2020, the Agency has deployed additional steps to be filled within the TRAC in case of travel cancellation. The

feature requires the traveller to specify the reason of the cancellation into 10 categories (COVID-19, event cancellation, event postponement, medical reason, non-participation, not implemented, no show, personal reason, travel clearance issue, and other reason).

Offer Received

91. Within TRAC, the feature as to the cancellation reason is only available on travel with a TRAC status of "cancelled". A manual review on cancelled travel with TRAC status of "offer received" is required to obtain information as to the cancellation reason. We observed that TRAC with status of "offer received" related to non-staff travellers of which are not required to be settled by the travel arranger, as stipulated in AM II/9 Appendix C *Standards of Travel for Non-Staff Members*. Hence, the current system fails to capture updates on non-staff travel following the purchase of airline ticket.

92. As of 31 December 2020, we identified at least 128 TRACs with a total cost of €0.13 million that were cancelled despite having a status of "offer-received" within their TRAC . These were subsequently settled by the Agency during the course of the audit. Nevertheless, we still identified 33 TRAC numbers, with total cost of €0.03 million,that remained with an "offer-received" status as at 31 December 2020. We are of the view that a regular update on Non-Staff travel is important to maintain the accuracy of information in the TRAC.

Recommendation 6

We recommend that the Agency improve the internal controls related to travel and training expenses cancellation by:

a. Implementing an annual review on cancellation reason available in AIPS in order to enhance internal controls in ticket issuance to minimize future cancellation cost; and

b. Incorporating regular updates for any changes in the approved travels for Non-Staff to maintain the accuracy of information within the Travel Management System.

The Agency agreed with the recommendation.

DSA and Allowance

93. Based on our an analysis of cancelled travel in 2020, we identified 460 instances of cancelled travel within training and travel expense and found that allowances amounting to €0.74 million were paid, and of which €0.26 million, or 35.41%, had not been recovered as of the reporting date.

94. This issue was also raised in 2017 and 2018 with the recommendation to ensure that the lump sums paid to the participants were recovered.

Recommendation 7

We recommend that the Agency continue to monitor the status of cancelled non-staff travel and explore available options to recover outstanding allowances in an efficient and effective manner.

The Agency agreed with the recommendation.

Account Classification and Cut-Off

Account Classification

95. Analysis of the general ledger identified several TRACs were assigned to both travel and training expenses. In particular, we identified at least 39 TRACs amounting to €0.08 million that were recorded in Travel expense and Training expense. The related accounting entries should be clarified as both expenses are different in nature. IPSAS 1 Para. 45 emphasizes the importance of classification of expense based on the nature by mentioning "*Each material class of similar items shall be presented separately in the financial statements. Items of a dissimilar nature or function shall be presented separately, unless they are immaterial*".

96. The Agency stated that it will ascertain the reasons as to why these TRACs have both expenditure codes and perform further analysis to find out the extent of any corrections needed. Given that the total amount is €0.08 million, the Agency does not consider this amount to be material (€27.0 million total expenditure in 2020) for it to pursue at this stage. After the review, the Agency will ascertain if any system restrictions should be put in place in 2021 to ensure that the expense classification is done correctly.

Cut-Off

97. We observed cut-off procedures for training and travel expenses and identified 320 transactions amounting to €0.31 million which refer to previous year transactions. In particular, these relate to travel which occurred in 2017 to 2019. Such practice is not aligned with the IAEA IPSAS Policy Decision Document: *Expenses, Provision, Contingent Liabilities, and Contingent Assets* which determines that the present obligation from past event arises on the date the travel is initiated. The policy also mentions that a round trip ticket should be recognized even if the return leg of the trip is in the following year. The Agency mentions that such practice occurred mainly due to the supplier invoices received and travel claims settled after the year-end cut-off date.

98. We identified that the Agency has control over information of travel and training initiated during the year in TRAC. However, we have noted that the Agency relies on the submission of invoices and other travel documents from the other counterparts (travellers or training providers), confirmation of department, and travel claims settlement by staff in determining the expense. We are of the opinion that the Agency should incorporate an annual review to mitigate the risk of incorrect cut-off for both expenses.

Reporting Requirements

Training

99. We examined a sample of 8 training events with total cost of €0.2 million and noted that the Agency had conducted verification on invoices and attendance list, commonly known as "final account" of the training events.

100. Nevertheless, we found room for improvement in this area as we noted that AMVII/5 - *Training Activities* does not regulate the procedures of final accounts preparation, verification, and settlement. In regard to the reporting training activities, AMVII/5 sets forth that the Scientific Secretary should submit:

- a concise report to the Director-General within two months of completion of the training which includes a financial analysis of planned versus actual costs and documentation of any deviations; and

- a list of the paid participants with their signatures confirming receipt of payment to MTBF within two months of the conclusion of the training. In case any participants that had received allowances failed to attend the training, the AMVII/5 assigns the responsibility of recovery of funds paid to the Scientific Secretary.

101. Moreover, we also consider that monitoring of the relevant report on the Agency level could be improved as we noted that two final accounts for EVT1900101 and EVT1902950 were submitted more than two months after the event. We also identified the absence of two final accounts for EVT1906956 and EVT1907633, which ended on 1 February 2020 and 28 February 2020, respectively. The Agency mentioned that EVT1906956 does not need a final account as the payments were made directly to the participants, whereas for EVT1907633 the Agency counterpart could not submit the final account due to COVID-19. In addition, the Agency considers that the monitoring for the submission of the "final account" at the Agency level to be labor intensive and time-consuming so the Agency relies on the compliance of the Scientific Secretary in submitting the final account.

102. In addition, we also found that the supporting documents for related expenses vary where some expenses can be referred to invoices whereas others referred to list of attendance and cash requests from the Agency's counterparts.

103. We are of the opinion that the travel reporting mechanism in the AM VII/5 and actual practice should be aligned and should provide clarity on the Agency-wide monitoring and documentation of expenses.

Recommendation 8

We recommend that the Agency 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.

The Agency agreed with the recommendation.

H. Duty Travel Reports

104. We examined the Oracle Business Intelligence Enterprise Edition (OBIEE) dashboard on travel in AIPS and found that 142 staff members, with a total travel cost of €0.41 million, had not submitted their travel reports in a timely manner as of 31 December 2020. In particular, we noted that 7 travel reports were late for 30-60 days, 8 travel reports for 60-90 days, and 127 travel reports for more than 90 days.

105. The submission of the travel report is pursuant to Para. 82 of AM II/9 by which the traveller upon return from duty travel should normally submit a travel report to his/her immediate supervisor within 30 days on the results of his/her activities away from his/her duty station. This requirement does not apply to Staff Council representatives travelling on Staff Council business and Safeguards inspectors travelling for inspection purposes.

106. The Manual further mentions that a first warning will be sent automatically to a staff member who fails to submit a travel report to his/her immediate supervisor within 30 days, a second warning within 60 days and a third warning within 90 days after completion of the duty travel (with a copy to

the staff member). The Agency asserted that it had sent reminders to travellers on 30, 60, and 90 days after completion of the travel, but had not taken further action after this. Hence, the reminder notifications sent did not achieve the intended results.

Recommendation 9 We recommend that the Agency enhance relevant internal controls to maintain the staff compliance on duty travel reporting.
The Agency agreed with the recommendation.

I. Project Inventories In-Transit to Counterparts

107. The Financial Statements disclose that the Agency has spent €62.88 million on Transfers to Development Counterparts (TDCP) with a total of Project Inventories in Transit (PIT) amounting to €39.35 million. TDCP relates to project inventories that are delivered to the beneficiaries in the recipient country, whereas PIT indicates the amount of project inventories which have not been delivered as at the year-end.

108. We noted that since 2011, the IAEA has established a contract with a Global Freight Forwarder (GFF), aimed to improve the efficiency in the delivery of goods procured for the Technical Cooperation (TC) Department. The Statement of Work (SoW) of the contract mentions that after the relevant stakeholders (i.e., the suppliers, ministries in the recipient country, United Nations Development Programme (UNDP), or other counterparts) provide the greenlight, the GFF is required to dispatch the goods within the time limit of 24 hours to 10 working days after the date of collection, depending on the transport types and emergency status. The goods may be shipped directly or transit in the GFF's or Supplier's warehouse, once all required procedures have been completed.

Project Inventories in-transit for more than 1 year

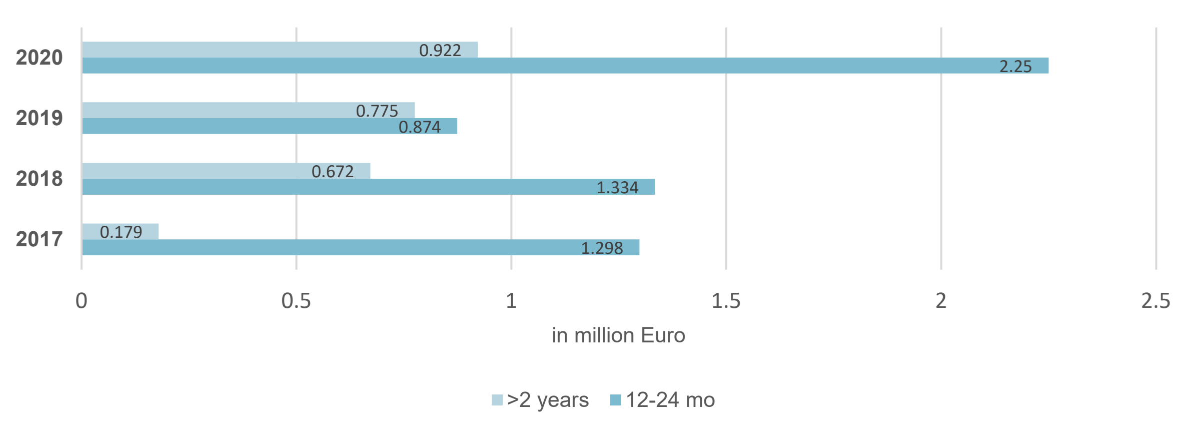
109. The 2020 quarterly report of the GFF to the IAEA indicates that the average storage duration of goods ranged from 2 to 85 days, depending on the area of origin or location. However, details of project inventories in transit as of 31 December 2020 shows that project inventories amounting to €3.17 million remained in transit for more than one year.

110. Additionally, we found that €1.86 million in goods in transit for over a year were behind originally planned schedules, with the related projects planned for completion in 2019 and 2020, and the remaining €1.32 million to be completed by 2021. Project schedules may be extended due to project exigencies, and some related projects have been extended to 2021. Project Management Officers (PMO) of a number of projects that were sampled identified delays due to the global pandemic that affected the greenlight process and flights. Project officers also added that in a specific country, it can take approximately 300 days for the greenlight to be given. The GFF report also stated that some issues that may have contributed to the delays include: waiting for greenlight approval, shipments not ready, goods being rejected, and awaiting permits or customs clearance.

Highest amount for 2020 Project Inventories in-transit 2020 for the last four years

111. We also identified that the COVID-19 pandemic had affected deliveries with the number of project inventories in transit in 2020 the highest it has been in the last four years. Analysis of trend of the deliveries shows that the number of PIT for more than two years has steadily increased from €0.18 million in 2017 to €0.92 million in 2020. Further, PIT for 12 – 24 months has doubled from €1.29 million in 2017 to €2.25 million in 2020.

Figure 5. Trend of Project in Transit Deliveries 2017 - 2020



112. The GFF mentions that the delay mostly occurred due to the absence of permission from recipient countries and lockdowns and restrictions caused by COVID-19. Control over the delivery of TC goods is a shared responsibility and while PMOs, Technical Officers, and Buyers have a role, in most of situations the control is with the GFF and the Counterpart. In particular, the recipient country bears the responsibility for the acceptance, which is indicated by greenlight status.

113. OIOS had conducted an audit on the GFF and recommended the Agency to strengthen the GFF post-award monitoring mechanisms to ensure compliance with, and relevance of, contractual requirements. In the implementation of the recommendation, the Agency has introduced a number of actions, inter alia, requiring more resources to be allocated to the GFF team, introducing a new type of reports that provides specific information for monitoring and establishing better instructions for related parties that are responsible to acquire greenlight and to accept delivery at local site.

114. We are of the opinion that the delay of goods delivery could hinder the progress of relevant TC projects, albeit very often this comes as a result of events outside of IAEA control. Moreover, such practices could also lead to the obsolescence or defects of the procured goods prior to their use. Several deliveries even failed to be delivered despite the fact that relevant TC projects had already ended.

Recommendation 10

We recommend that the Agency implement measures to prevent delays of the delivery of goods under the TC programme by:

a. Incorporating regular updates on the customs clearance requirements of recipient country as part of the project management activities, including at the project planning phase and throughout implementation to prevent delays in the delivery; and

b. Strengthening the inventory-in-transit reporting within the year-end closure process by actively seeking the feedback of responsible parties on issue that prevent timely deliveries to the recipient country.

The Agency agreed with the recommendation.

J. Contractual and Other Services

115. The Financial Statements disclose that the IAEA has spent €8.77 million on information technology contracts, which includes an AIPS-related contract involving an external third party.

116. We examined 48 invoices amounted to €0.83 million from 10 Purchase Orders (POs) referring to two Blanket Purchase Agreements (BPAs) and identified the following areas for improvement.

The Availability of Scope of Work

117. We identified seven POs that amounted to €0.73 million, of which €0.62 million had been paid in 2020 without specific reference to relevant BPA as they reflected engagements based on the standard staff augmentation model utilized by the AIPS team.

118. Financial Rule number 110.42 letter (a) states that contracts or purchases from a single contractor in an aggregate amount of the equivalent of €3 000 or more shall be effected by written contracts or written Purchase Orders (POs) which may be transmitted in electronic form and which shall specify in detail: (i) In the case of goods —the exact description of the goods, the quantity required, the price of each article and the currency, the conditions of shipping and delivery and the terms of payment; and (ii) In the case of services other than those of staff members —the nature of the services, the period covered the conditions of fulfilment and the amount, the currency and terms of payment.

119. We noted that most of the POs with non-specific scopes of work relate to daily operational work from the contractors engaged via a staff augmentation model. Recently, MTPS instituted some improvements on the amount of data required in a PO. We learned that the other three sampled POs dated on 7 April 2020, 24 June 2020, and 25 October 2020 have been more specific as they already provide details as to working hours, number of contractors, and specified rates of contractors' fees.

Service Delivery Period

120. We identified 34 invoices, amounted to €0.59 million, of which the delivery of service exceeded the date of delivery as stipulated in the POs. Conversely, we also identified three invoices that amounted to €0.09 million of which the delivery of work was prior to the creation of the PO. Those invoices indicate insufficient control over the creation of the PO and following payment of contractor services.

121. The Agency has asserted that delivery of work prior to the PO date or after the date of delivery stipulated in POs occurred due to change of priorities/needs which resulted in a difference between the forecast and actual need of contractors' services. In particular, if the amount billed for contractors' service during the period of the PO exceeded the amount of the PO, then another PO will be created to settle the deficit. Moreover, the Agency has explained that the date of delivery in the PO is set to a default value in iProc when the Purchase Requisition is created. Ideally, this should be changed when raising a requisition, but it seems that this has been left to the default value.

122. We are of the view that PO creation and the delivery date should be complied with since it is an official document used in case of any disputes occurred. Furthermore, in circumstances of revision required, the Agency should take Para. 81 of Administrative Manual (AM) VI/1 into account as it enables revision/amendment of orders, including follow-up of late deliveries, after the relevant approval process.

Verification for Contractors' Invoices

Designated Roles

123. We examined 32 invoices, amounted to €0.60 million and related to BPA No. 201810400, between the IAEA and Provider Z, and identified that 30 invoices amounted to €0.54 million which do not provide information on the role of IT Experts in the service. Such information is necessary to determine the relevant rate of payment as stipulated in BPA, in which various roles of IT experts and rate are classified. In addition, two invoices, 3240100177 and 3240100178, mentions a Sr Technical Consultant and Principal Functional Consultant, which is has no reference in the BPA.

Location of Work

124. We examined 16 invoices, amounted to €0.23 million related to BPA No. 201810495, between the IAEA and Provider J, and identified that the invoices mention the role of the experts as stipulated in the BPA, including Functional Expert Principal Onsite, Functional Expert Principal, QA Expert, Technical Architect, Technical Expert, and Technical Expert Sr. However, the invoices did not consistently mention the location of the personnel (on-site, off-shore, or near-shore) which is necessary to determine the amount of fees to be paid to the IT experts.

Recommendation 11

We recommend that the Agency enhance its 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 Agency agreed with the recommendation.

K. AIPS Change Request Management

125. As the Agency's Enterprise Resource Planning (ERP) Software, AIPS continues to experience the need for changes in order to accommodate new and changing business requirements. We examined the change management process for AIPS and identified several opportunities for improvement.

Open AIPS Change Request

126. We inspected the Change Request Detail Report and identified that the change requests open for AIPS as at 31 December 2020 was 240 of which had significantly reduced from 448 at 31 December 2019. This indicates an improvement in change management. The Agency advised that such a decrease was attained through close cooperation with the business owners from departments which includes funding discussion and review on open change request backlogs.

127. Analysis of the open change request for AIPS has identified that as at 31 December 2020, 120 of 240 open change requests refer to those initiated prior to 2019.

128. The Agency further advised that those change requests that remained open for over a year is a result of many of the requests being submitted without the requestor providing the funding required to

deliver these. The requestors chose instead to compete for access to a fixed amount of AIPS operational funding devoted to delivering minor change requests. As this funding is limited, a backlog developed and remains to this day.

129. We raised the issue on those requests in previous audit reports and recommended the Agency establish a formal guideline for the curating, reviewing, and verifying process of the change request backlog for all AIPS business domains. In addition, we raised an issue last year on the lack of metrics to monitor the throughput of the AIPS Change Request backlog. In response, the Agency confirmed that a revised process to address last year's findings is on track for implementation in 2021.

130. We encourage the Agency to expedite their implementation of the new AIPS Change Request Management process based on our previous recommendation.

AIPS Change Request Procedures

131. The Change Management Guide, which applies to all improvements in the Agency's systems, separates the change management process for AIPS and Non-AIPS changes. The guide regulates the workflow for an AIPS Change Request to four types of changes, namely normal, pre-approved standard, emergency, and development process. Various stakeholders are identified within the process, including the requestor, business SME, business approver, AIPS Management System (AMS) functional lead, and AMS Section Head. The guide acknowledges the importance of AMS Section Head as it mentions that all types of AIPS changes are subject to his approval.

132. Although the guide has provided the relevant workflow for an AIPS Change Request, it has not provided clear roles and responsibilities of each stakeholder mentioned in the workflow. The guide also does not include time limits for each process to prevent a backlog in the system.

133. We are of the opinion that clear guidelines on such matters, including documentation of meetings related to AIPS change request, the necessity of a budget provision, and the establishment of maximum valid period for the change request is necessary to maintain relevant, continuous and sustainable IT resources management.

AIPS Change Request Reporting

134. The Agency has not established clear guidelines on the reporting mechanism for AIPS change requests. In practice, the Agency maintains a Change Request Details Report which provides information related to the progress of change request completion. In particular, the reports include Number, Item Description, Status, and the level of severity of the change request. Nevertheless, the report has not included other necessary information such as the amount of resource required and the specific purchase orders related to the request and which is important to disclose a streamlined and comprehensive information on the change request completion, more specifically for the change request valued above €25 000, which is the Agency's threshold for internally developed intangible assets.

135. We noted that the Agency has drafted the revised AIPS Change Request Management process, which is expected to be available in 2021, by continuously looking for feedback from relevant stakeholders. Therefore, we believe that inclusion of guidelines on the topics mentioned above will improve the accountability of the management.

Recommendation 12

We recommend that the Agency develop an Agencywide guidelines on AIPS Change Request Management by incorporating:

a. segregation of duties;

b. review from relevant stakeholders;

c. timeline on AIPS Change submission and approval; and

d. standardized reporting mechanism on the total input, the resource used, and the output of AIPS Change Request Process with a threshold of €25 000.

The Agency agreed with the recommendation.

L. Coordinated Research Agreements

136. The Financial Statements show that the Agency has spent €4.7 million on the Programme of Coordinated Research Activities (CRA Programme). Administrative Manual IX, Section 6 (AM IX/6) describes CRA as a programme that is designed to stimulate and coordinate research in selected nuclear fields by scientists in Member States. Para. 15 of AM IX/6 stipulates that the Agency may proceed with payment to the research institute following the submission of annual progress reports and a final report. Such a report is later reviewed and evaluated by the Agency.

137. Para. 20 of AM IX/6 references that the Agency maintains records of the progress and final reports, and informs and reminds those concerned when such reports are due. Para. 15 of AM IX/6 mentions that the Agency normally splits the total contract amount into instalments, whereas the first payment, is paid upon signing of the contract, whereas subsequent instalments will be paid subject to the Agency's review of the progress reports and the final report.

138. In 2018, we raised an issue on research contract management and recommended that the Agency enhance itsmonitoring system of the research contract to ensure that all reports have been submitted by researchers.

139. To implement this recommendation, the Agency has developed specific features in the new CRA Online system in 2019. The new system has more elements, including the mandatory field of report due date, which should be filled during the evaluation process by the project manager. The due date of the report indicates that the next progress report or final report should be received for evaluation by the project manager. The Agency explained that the system already generates automated reminders to project managers when the reports are due, so the project managers can follow up with Chief Scientific Investigators. An additional feature to generate exception reports for any overdue reports will be available in the near future. However, this report is still in development and will be implemented in mid-2021.

140. In order to identify the research contracts with outstanding reports, the Agency is currently required to extract the report manually from the CRA database. The extraction result shows that there are 120 contracts with outstanding progress/final reports at 31 December 2020. The total payments made for these contracts as of 31 December 2020 was €0.5 million.

141. The Agency has examined a sample of research contracts included above and found that several counterparts have not sent their reports despite reminders having been sent. The Agency requires more

time to manually examine each research contract as some contracts may have different conditions or justifications on why the submission of the reports was delayed, especially during the current pandemic.

142. We acknowledge the Agency's progress in improving the CRA Online system and the plan to finalize the tracking report in 2021 and reiterate our previous recommendation. Hence, we encourage the Agency to expedite its action related to the follow up of the recommendation, including ascertaining the validity of the research contracts for which the progress report remained as outstanding.

II. SUSTAINABLE INTENSIFICATION OF LIVESTOCK PRODUCTION SYSTEMS

BACKGROUND

143. Animal diseases that potentially spread across the borders (transboundary animal diseases) or transfer from animal to human (zoonotic diseases) bring a significant impact on public health and human welfare. The early detection and diagnosis of transboundary and zoonotic diseases will institute timely response to prevent further spread of the diseases. Under the Joint FAO/IAEA Division, Sustainable Intensification of Livestock Production Systems Subprogramme has the objective to increase Member States' capability in diagnosing and controlling transboundary and zoonotic diseases by applying nuclear and nuclear-derived techniques. To achieve this objective, the subprogramme conducts capacity-building and knowledge transfer initiatives to support Member States by establishing a network of veterinary laboratory and introducing the iVetNet as a web-based platform to share information.

144. The establishment of the iVetNet platform was introduced through a Coordinated Research Project (CRP) Code 32032, Veterinary Diagnostic Laboratory Network (VETLAB Network) to prevent and control Transboundary Animal Diseases (TADs). The objective of this project is to integrate and harmonize standard procedures of nuclear and nuclear-derived techniques for early detection of animal and zoonotic diseases. The iVetNet serves as a platform for veterinary's laboratories and authorities to share integrated information of guidelines and procedures on diagnosing transboundary animal and zoonotic diseases. By participating in the iVetNet platform, Member States may have access to validated techniques and procedures, thus enhancing their capacity in responding to transboundary and zoonotic diseases. Furthermore, it allows Member States to receive support from otherparticipated institutions during an emergency disease outbreak.

145. Our audit scope covered the subprogramme planning, monitoring and evaluation from 2016 to 2019. The principal researchable question for the subprogramme was: "Does the Agency have an effective management of Sustainable Intensification of Livestock Production Systems to provide service to Member States?" and cascaded into the following three researchable questions:

- Has the Agency sufficiently planned their results-based management?
- Has the Agency adequately monitored the implementation of designed results-based management?
- To what extent does the Agency have continuous evaluation process to improve the quality of its service to Member States?

146. The Agency has developed systems and processes to carry out the subprogramme management effectively. However, there are also areas requiring further attention to enhance the services to Member States.

AUDIT FINDINGS

147. The iVetNet platform contains information regarding veterinary institutions, parameter information, and capacity building events. In the institution information feature, a registered veterinary institution will provide data on general information of the institution, staff's details (education, competence, training), parameters performed by the institution, techniques developed and implemented in the institution, laboratory reviews, and laboratory infrastructure. Veterinary institutions may share their techniques with other users by choosing the "mark as global' option. Those techniques will be evaluated by subprogramme before uploaded in the parameter information feature. This feature will help users to find recommended/reference procedures for defined parameters. The iVetNet platform also presents information on events of capacity-building activities implemented by the Agency.

148. Member States (national laboratories and national authorities) need to register before gaining access to the iVetNet platform. There are three types of authorization to access the platform, which is as director/quality manager, regular user, and global user. Each type of authorization has a different level of access. Registered Member States will be granted two different types of authorization, the director/quality manager of an institution who has access to all institution data in the platform and the regular users who can only access their personal data and the data that has been assigned to them.

A. Expanding the VETLAB Through Promoting the Establishment of the VETLAB Network

149. The VETLAB network is an association of veterinary laboratories, established by the Agency, to improve regional and national laboratories' diagnostic capacities and to strengthen the collaboration among those laboratories. This network is dedicated to assists Member States in building their capabilities in detecting and controlling transboundary animal and zoonotic diseases. Currently, the VETLAB network supports 45 participating countries in Africa and 19 in Asia.

150. As the VETLAB network facilitates knowledge and experience sharing in the implementation of standards, diagnostic procedures and approaches, and up to date laboratory technologies, it enables the participating laboratories to develop emergency preparedness and response to animal disease threats. By providing a platform that allows each participating laboratory to support each other to deal with animal diseases, Member States will able to respond rapidly to animal and zoonotic diseases. Taking into account the benefits of the VETLAB network, the Agency may need to consider expanding this network to cover more regions besides Asia and Africa.

Recommendation 13

We recommend the Agency consider to expand the establishment of the VETLAB network to other regions through intensive outreach efforts.

The Agency agreed with the recommendation.

B. Optimizing the Utilization of iVetNet

Building Member States' Awareness of the iVetNet Benefits

151. The iVetNet as a dedicated database for information-sharing and data storage was activated in 2017. As of October 2020, there were 1,493 veterinary institutions in 198 countries registered in iVetNet

platform. However, there were only 163 veterinary institutions in 51 countries recorded as active users of the iVetNet platform.

152. Regarding this matter, the Management mentioned that they had conducted several efforts to promote the utilization of the iVetNet. To encourage active participation from Member States, the subprogramme has communicated the benefits of iVetNet utilization through emailing veterinary institutions, introducing iVetNet in the newsletter, and presenting iVetNet in several events of the Veterinary Diagnostic Laboratory (VETLAB) network. Since the VETLAB network currently only supports 64 Member States in Africa and Asia, the intensive approaches to encourage the utilization of iVetNet are only limited to those several laboratories.

153. Additionally, the Agency has recently launched the Zoonotic Disease Integrated Action (ZODIAC) initiative, which is another Subprogramme's capacity-building activity in cooperation with World Health Organization (WHO) and World Organization for Animal Health (OIE), aiming to strengthen Member States’ capabilities to respond to the zoonotic disease outbreaks. The iVetNet will also serve as the database and dissemination platform for ZODIAC initiatives. As ZODIAC initiatives will support a larger number of Member States compared to the VETLAB network, the subprogramme section can utilize this network to encourage active participation of Member States in the iVetNet platform.

154. Considering the benefit of global network and exchange of validated techniques and procedures stored in the integrated platform of iVetNet for Member States, we are of the opinion that by expanding outreach efforts to other capacity building networks, the dissemination of the benefits of iVetNet will increase, thus encouraging the participation of Member States in utilizing the iVetNet.

Providing Monitoring Feature for the Implementation and Maintenance of ISO 17025 in the Veterinary Laboratory

155. Another purpose of establishing the iVetNet platform is to encourage Member States to implement and maintain the requirements of ISO 17025, the international standard for competency testing and calibration laboratories. All attributes of veterinary institution data (staff competency information, quality control/quality assurance of techniques and procedures, laboratory equipment, and infrastructure) that are collected and stored on iVetNet cover the technical part of ISO 17025. The iVetNet platform currently relies on national veterinary laboratory and national authority voluntary contributions and sharing of information and does not have any monitoring features to produce a progress report on the implementation and maintenance of ISO 17025 requirements for participating institutions.

156. Providing the ISO 17025 monitoring feature on the iVetNet will help Member States to observe their progress towards achieving ISO 17025 accreditation and also encourage them to actively participate in uploading their data on the iVetNet. Accordingly, for the Agency, the monitoring feature will assist them in determining the member state's priority needs in implementing ISO 17025 that require the Agency supports.

The Need of User Guidelines to Assist iVetNet Users

157. To assist the iVetNet users to become familiar with the functionality of the system, the Agency has conducted training courses on the use of the iVetNet information platform. In 2019, the Agency organized a training course for 35 participants from 29 Member States in Africa. In this training course, the participants practiced the procedures for using the iVetNet platform and provided inputs for the iVetNet improvements. While training courses will help to guide participants in understanding the iVetNet procedures, however, it may not reach all potential audiences.

158. The Agency needs to develop a comprehensive user guideline that contains all essential information for the user to utilize all the features available in the system. The guideline needs to provide a description of the iVetNet functions and capabilities as well as step-by-step procedures on the use of the iVetNet. We are of the opinion that developing user guidelines will improve the user's familiarity with the system as well as the usability of all features available in the iVetNet.

Recommendation 14

We recommend the Agency:

a. intensify the outreach efforts for promoting the utilization of iVetNet through the Agency's capacity-building networks, including the ZODIAC initiatives;

b. consider to explore the enhancement of iVetNet through providing additional feature for monitoring the progress of ISO 17025 implementation and maintenance; and

c. consider developing user guidelines to improve the usability of all available features in the iVetNet

The Agency agreed with the recommendation.

III. SUSTAINABLE CONTROL OF MAJOR INSECT PESTS

BACKGROUND

159. The undertakings of Sustainable Control of Major Insect Pests Subprogramme under the Joint FAO/IAEA Division of Nuclear Techniques in Food and Agriculture include assisting FAO and IAEA Member States in implementing environmental-friendly and sustainable methods to control major insect pests. In order to promote effective accomplishment of its objectives, the SP collaborates with major organizations or strategic collaborators for the diffusion and sharing knowledge in between contracting parties. In the field of Sterilized Insect Techniques (SIT), the Agency has longstanding capabilities and successes and through the extensive research and application of SIT, the Agency has been able to assist Member States (MS) in controlling major insect pests in their territory.

160. Our audit scope covered the subprogramme planning, monitoring and evaluation from 2016 to 2019. The principal researchable question for the subprogramme was: "Does the Agency have an effective management of Sustainable Control of Major Insect Pests to provide service to Member States?" and cascaded into the following three researchable questions:

- Has the Agency sufficiently planned their results-based management?
- Has the Agency adequately monitored the implementation of designed results-based management?
- To what extent does the Agency have continuous evaluation process to improve the quality of its service to Member States?

161. The Agency has developed systems and processes to support the subprogramme management effectively. However, there are also areas requiring further attention to enhance the services to Member States.

AUDIT FINDINGS

162. The external auditors noted a number of commendable practices from the Subprogramme. Among these, we identified that the Subprogramme has implemented the result-based management, the project plan to develop and disseminate the Subprogramme's outputs as well as the monitoring process have been in place. Moreover, the project assessment result has been used as lessons learned for further improvement. Based on document analysis and discussion with focal points, we identified some areas where improvements could be made, as explained below:

A. Developing and Updating the Thematic Plans for SIT application

163. The Sustainable Control of Major Insect Pests Subprogramme identified Plant Pests (Fruit Flies and Lepidoptera), Mosquitoes, Livestock Pests (Screwworm and Tsetse Flies) as five major insect pests suitable for Sterile Insect Technique (SIT) application.

164. Presently the Subprogramme has published four thematic plans for the application of SIT on Fruit Flies, Screwworm, Mosquitoes and Tsetse. The thematic plans in general are being used to provide strategic guidance in the effective implementation of the SIT for related insect pests. The external auditor observes that from five major insect pests, the Sub Programme does not have a thematic plan published for Lepidoptera. The focal points confirm this statement and argue that they can still effectively implement the SIT application without the existence of such Thematic Plans. Furthermore, they explain that there are a long list of published guidelines which have been used as reference in the implementation of SIT.

165. Nonetheless, we are in the view of having thematic plans will be beneficial for the Sub Programme, as the plans will help inter alia: review best practices and experiences of SIT implementation, identify stakeholders/end-users common objectives, outlines implementation strategy, seek synergies with partner organizations and identify knowledge gaps and future role of the IAEA, all of which will enhance the current and future project implementation. Considering the importance of SIT effective implementation for MS to help control Lepidoptera and in addition to the aforementioned benefits of having thematic plans, We believe that such Thematic Plans will further improve the implementation of SIT in the field of Lepidoptera

166. Document analysis also shows that the Thematic Plans for Fruit Flies, Screwworm and Tsetse Flies were published since 1998, 1999, and 2001 and have not been updated since their publications. In the consideration of the research development of SIT in the related fields from 1998 until now, the External Auditor believe that such plans should be considered to be updated with the current research achievements. Furthermore, the Thematic Plans should also identify the emerging major organizations for partnership possibility in order to improve the synergies in expanding the knowledge base and capabilities for SIT. Discussion with focal points indicates that there was some significant development in the SIT research that could be incorporated, and possible emerging major partner organizations could also be identified in the Thematic Plans.

Recommendation 15

We recommend the Agency 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 Agency agreed with the recommendation.

B. Improving the Cooperation with Major Organizations and Strategic Collaborators on Research and Implementation of SIT Through Formalizing the Partnership with Practical Arrangements

167. The thematic plans for Fruit Flies, Screwworm, Mosquitoes and Tsetse Flies highlights the importance of such partnerships and have identified numerous strategic collaborators such as SENASA-ARG, United States Department of Agriculture (USDA), The Panama-United States Commision for the Eradication and Prevention of Screwworm (COEG), Pan American Health Organization (PAHO) and Pan African Tsetse and Trypanosomosis Eradication Campaign (PATTEC) as some of many candidates for collaboration.

168. Discussions with the focal points show that currently the SP has three active agreements, one agreement are in the process of renewal and one collaboration is in the drafting process. They explain that these Practical Arrangements stimulate an effective coordination between the Agency and the organizations.

169. The discussions further reveal that presently the SP is engaging in numerous informal collaborations with many organizations across the world. The SP explains that to some degree, these collaborations, albeit informal, can still give necessary support to the Agency. They emphasize that considering the large number of the informal collaborations, it seems impractical to formalize them all with practical arrangements. Moreover, they assert that the SP should only seek formal agreement with organizations that could provide great benefits for both parties, however, to a certain extent, they agree that the number of formal collaborations could be improved.

170. Formalizing pivotal collaboration will help both parties identify among other things: the scopes and objectives of the collaboration. Regarding this subject, the Guidance on Preparation and Clearance of Practical Arrangements (Pas) and Memoranda of Understanding (MoU) of the SP stated that MoU and PAs are non-binding legal instruments used by the Agency to set forth a framework for non-exclusive cooperation in various areas of Agency's work. Both instruments do not give rise to legal or financial obligations. We believe having such agreement will ascertain that the SP is able to stipulate the necessary support as an expected deliverable by the partner organization. Considering the benefits of such arrangements, we are of the opinion that such Practical Arrangement with major organizations will further improve the collaborations so as to support the SP to effectively achieve its objective.

Recommendation 16

We recommend the Agency seek an opportunity to formalize the collaboration with major organizations and strategic collaborators, while taking into considerations the benefits of such Practical Arrangement for both parties.

The Agency agreed with the recommendation.

IV. RADIOISOTOPE PRODUCTION AND RADIATION TECHNOLOGY

BACKGROUND

171. The Resolutions and Other Decisions of the General Conference GC (63)/RES/DEC (2019) indicated that the Secretariat would continue addressing Member States' priority needs that cover the use of radioisotopes and radiation in human health, including through improving access and quality, as well as the use of cyclotrons, research reactors, and accelerators for affordable radiopharmaceuticals production. To carry out the Agency's commitment to strengthening the Member State's capability in producing radioisotope products and applying radiation technology in health care and industrial development, the Radioisotope Production and Radiation Technology (RPRT) Section conducts knowledge dissemination activities by maintaining the cyclotron database. The database presents the technical, utilization and administrative information of cyclotron[1] operating in Member States. This database has become the interest of Member States since the application of cyclotron technology in the health care sector, particularly for imaging procedures, will result in improved diagnosis and treatment of diseases.

172. The establishment of online cyclotron database aimed to build a knowledge-sharing platform among the Member States. The updated database will provide information to support the Member States in developing strategy regarding the implementation cyclotron technology for radioisotope production. It also helps Member States identify facilities with similar cyclotron model for better interaction and experience sharing, before purchase or during the operation. Furthermore, the database will provide data to professional societies for evaluation and foreseeing the current and future trends in radioisotope and radiopharmaceutical production. As an updated cyclotron database is essential to support Member States to gain the utmost benefit of the knowledge sharing of cyclotron utilization, especially in the health sector, an improvement in cyclotron database management is required.

173. Our audit scope covered the subprogramme planning, monitoring and evaluation from 2016 to 2019. The principal researchable question for the subprogramme was: "Does the Agency have an effective management of Radioisotope Production and Radiation Technology to provide service to Member States?" and cascaded into the following three researchable questions:

- Has the Agency sufficiently planned their results-based management?
- Has the Agency adequately monitored the implementation of designed results-based management?
- To what extent does the Agency have continuous evaluation process to improve the quality of its service to Member States?

174. The Agency has developed systems and processes to support the subprogramme management effectively. However, there are also areas requiring further attention to enhance the services to Member States.

[1] A cyclotron is a particle accelerator that produces radioactive isotopes for medical application and other purposes, such as research and development (The Saskatchewan Centre for Cyclotron Sciences)

AUDIT FINDINGS

STRENGTHENING THE CYCLOTRON DATABASE MANAGEMENT

175. The Agency developed the first cyclotron database in 1983 in the form of hardcopy publication of Directory of Cyclotrons used for Radionuclide Production in Member States. Later in 1998, 2001, 2006 and 2008, RPRT section updated the hardcopy of cyclotron database. Following an increasing number of Member States interested in the cyclotron technology and demand for an updated database, the Agency initiated the development f the online cyclotron database in 2015. The Agency compiled the accumulation of cyclotron data with the support of external consultants. Since the major source of cyclotron data is the manufacturing companies, the RPRT section contacted all the big companies in the field to update the data. The current version of online cyclotron database was launched in September 2018 and contains a worldwide cyclotron map and database spreadsheet with filters based on certain fields such as country, city, type of facility and manufacturer. As of October 2020, by compiling the previous data and updating data from companies and Member States, the database has listed 1,279 cyclotrons in 95 Member States. This presents an increase of 90.61% cyclotrons compared to the 2009 cyclotron directory.

A. Building Member States' Awareness to Actively Participate in Updating the Cyclotron Database

176. In addition to data sources from cyclotron manufacturers, data sources provided by the Member States are significant in updating and validating cyclotron information presented in the database. The data source from the company mainly contains general information regarding model of cyclotron (product capacity), the buyer and time of purchased. Whereas the data source from member state will provide more details year of installation, related to the facilities where the cyclotron is installed, installation status, and utilization of cyclotron. There is a diverse level of data details in the cyclotron database, since information details of provided cyclotron data depends on the member state's decision.

177. After receiving data from cyclotron manufacturer, RPRT section will crosscheck the data against the data from Member States to ensure the update and validity of cyclotron data on the database. However, in the case that only one data source is available, namely only from the manufacturer, RPRT section would tentatively put the information on the database solely based on the available source while waiting for confirmation from the Member States. This might sometimes cause the presented data do not reflect the actual condition.

178. Based on the data from RPRT section, since the launching of the online cyclotron database on September 2018 up to now, there have been around 201 updates on the existing data and new entries received. Those updates were provided by the users in Member States or collected by RPRT section from the facility's websites. Analysis of the information in the cyclotron database spreadsheet showed that from 1,279 cyclotrons in 95 Member States that are listed in the database, only 641 cyclotrons (in 81 MS) have information of the facilities and only 107 of 641 cyclotrons (in 41 MS) that have detail on the facility's website, while the rest 638 cyclotrons do not have any information regarding the facilities. There are still a number of cyclotrons in those 95 Member States that have not been listed in the database. This data reveals the need for the Agency to improve their collaboration with Agency's counterpart in Member States or Member States' authority who provides clearance for cyclotron installation (if available) in order to obtain updated data regularly.

179. We are of the opinion that by developing a comprehensive outreach strategy to raise the awareness of Member States of their significant contribution to the development of the database will improve the

quality of information presented in the cyclotron database. Hence, a regular update from the Member States will eventually improve the timeliness of data availability for Member States.

B. Seeking Opportunities to Strengthen Collaboration with Cyclotron Manufacturing Companies

180. In the current online cyclotron database, there are 23 cyclotron manufacturers on the list of manufacturers, which several of them are no longer producing cyclotrons. In addition, there are a number of non-international cyclotron manufacturers not yet included in the list of manufacturer's in the database. While the data from cyclotron manufacturer considers as the major source for updating the database, the Agency is currently only contacting them once a year since they are voluntarily providing the cyclotron data for the Agency.

181. Due to those challenges, we are of the opinion that the Agency needs to strengthen the collaboration with cyclotron manufacturers by formalizing the current collaboration to maintain their continued support in providing cyclotron data. Furthermore, the Agency needs to collect the list of non-international manufacturers with the support from Member States to seek for potential collaboration to enrich the cyclotron database.

C. The Need of Presenting More Information on the Cyclotron Database

182. As the users of cyclotron database (member state's authority or professional community) might use the information in the cyclotron database to develop strategies and evaluate current and future trends in the implementation of cyclotron technology for radioisotope and radiopharmaceutical production, there is a need for some additional information that might be beneficial for the users as follow.

1. The latest update of cyclotron

   By having the information on the latest update, the users can select the most updated information to support their strategy development and serves as monitoring tool for the RPRT section as the data manager regarding the needs to approach certain Member States that have not updated the data for number of years.

2. Status of data validation

   Since not all of the information provided in the cyclotron database is the result of data validation between data from manufacturer and member state, the user needs to know which data that based on reconciling information (manufacturer and member state) or which data that are only based on one source of information. This will help the user to select their preferable information to be utilized.

3. Installation status

   One of the benefits of the cyclotron database is to initiate product network in the case of discontinuation/shutdown or manufacturer go off business. If a member state has installed cyclotron from company that no longer exists, by using the cyclotron database the member state can contact other member state that have the same machine but no longer operate, to get the spare part or an in-house solution for problems of a cyclotron. Considering this benefit, the database needs to provide information of cyclotron installation status and maintain the list of uninstalled cyclotrons for a certain period to serve the purpose of product network.

Recommendation 17
We recommend the Agency: a. intensify the outreach efforts to improve member state's awareness to regularly update the validated data of cyclotrons; b. consider formalizing current collaboration and seeking the opportunity to establish new collaboration with cyclotron manufacturers to obtain sustainable data support; c. further improve the cyclotron database by providing more information in the database to present more informative manner to meet Member States' needs.
The Agency agreed with the recommendation.

V. INCIDENT AND EMERGENCY PREPAREDNESS AND RESPONSE

BACKGROUND

183. The Agency plays a central role in the international arrangements and mechanisms for nuclear and radiological Emergency Preparedness and Response (EPR). The Agency's involvement is based on the Agency's Statute and two main conventions which were formed in the aftermath of the Chernobyl accident in September 1986: the Convention on Early Notification of a Nuclear Accident, and the Convention on Assistance in the Case of a Nuclear Accident or Radiological Emergency.

184. Within this framework, the Agency supports the application of EPR at the national and international level through Incident and Emergency Centre (IEC). IEC is the focal point in EPR for nuclear and radiological emergencies (regardless of the triggering event).

185. Our audit covered the planning, monitoring, and evaluation activities of IEC as an integrated process within the Department of Safety and Security. The principal researchable question for this audit particularly in regard to IEC was: "Has the Agency effectively performed as the global focal point for international preparedness and response to nuclear or radiological emergencies?" and cascaded into the following two researchable questions:

- To what extent does the IEC effectively fulfil its roles and responsibilities for emergency preparedness by supporting Member States in the development of adequate capability for a timely and effective response in a nuclear or radiological emergency?
- To what extent does the IEC effectively fulfil its roles during a nuclear or radiological incident or emergency, through the implementation of Incident and Emergency System?

186. The audit focused on the incident and emergency preparedness activities. IEC has developed systems and processes to support their roles as global focal points for international preparedness and response to nuclear or radiological emergencies effectively. However, there are also areas requiring further attention to enhance the services to Member States.

AUDIT FINDINGS

A. Enhancing the Process for Member States Self-Assessment of Emergency Preparedness and Response Arrangements

187. To assist the Member States in completing their self-assessment of emergency preparedness and promoting the coordination of international emergency arrangements, in 2015 the IEC developed the Emergency Preparedness and Response Information Management System (EPRIMS). EPRIMS is an interactive, web-based tool enabling Member States to perform a self-assessment of their EPR arrangements and, at their discretion, share information on the results with IAEA and other MS. It allows the Agency to directly collect information from countries through their designated contact points about EPR arrangements status within a country regarding the recommendations outlined in the IAEA safety standards.

Promoting the Utilization of EPRIMS

188. Since 2015, in each General Conference Resolution document, the Agency always promotes the benefits of EPRIMS, as well as encourages Member States to utilize EPRIMS by nominating country coordinators and completing their self-assessment. Member States are invited to nominate one or more Country Coordinators. Currently, from 172 Member States, 123 Member States have appointed their Country Coordinators with a total of 459 users, and 49 countries are pending appointing Country Coordinators.

189. When Member States decide to use EPRIMS, they must also set performance indicators (PI) for completing their self-assessment exercise. Out of 31 Member States who have completed their self-assessment, 20 have met average PI above 3. From 83 Member States that have submitted their self-assessment in the last five years, only eight have submitted three or more times in that span. For those Member States with incomplete data, IEC assists workshops to facilitate Member States in completing the self-assessment on EPRIMS. There have been five EPRIMS workshops since 2018 with 103 participants from 50 Member States in three TC regional projects, with only Latin America and the Caribbean region not having access.

190. The overall information above shows that, compared to the total number of Member States, the number of Member States with completed self-assessment is low. Out of all Member States, 20 Member States considered themselves in compliance with relevant requirements in IAEA Safety Standards. EPRIMS is beneficial for the Member States and the Agency as it serves as a media for MS to share the information on issues, challenges and knowledge on solutions to enhance national capabilities, as well as to promote global understanding. Considering the benefits of EPRIMS, the Agency needs to intensify their outreach activity in promoting the utilization of EPRIMS by further increasing additional support to be provided to the Member States for benefiting from EPRIMS, encouraging participation in the system for countries pending of doing so, and continuing to improve Member States capabilities in the use of the system through TC regional workshops.

Expanding information on EPRIMS within Nuclear Safety Review Report

191. The Nuclear Safety Review document reflects the global trends and the Agency's activities undertaken in an individual year. This report provides information on the progress and improvement of the Agency program in the area of nuclear safety. It is also a media for the Agency to promote and encourage MS to be actively involved in Agency events.

192. However, information on the statistic of the Country Coordinator appointment, the number of pending completion of self-assessment, and figures on compliance with safety standards requirements are absent. Considering this, IEC agrees that more qualitative information concerning trends identified in EPRIMS would be useful.

Recommendation 18

We recommend that the Agency:

a. further intensify its outreach efforts and, if appropriate, collaborate with relevant stakeholders in promoting the EPRIMS utilization and encouraging Member States to establish a country coordinator and complete their self-assessment; as well as encouraging the Member States already using the system to further share their information with other Member States;

b. provide more qualitative information in the Nuclear Safety Review Report on trends and insights on EPR drawn from the information contained in the system.

The Agency agreed with the recommendation.

B. Building Member States' Awareness on the Importance of Emergency Preparedness Review (EPREV) and the Recommendation Implementation

193. EPREV is a peer review service of the IAEA to conduct an appraisal of the host Member States' EPR arrangements against the Agency's safety standards to support the country in improving its ability to respond to nuclear and radiological emergencies, regardless of the cause. EPREV service, conducted upon request, is the only mechanism to review the consistency of the Member States' national EPR arrangements against requirements of IAEA Safety Standards Series General Safety Requirement (GSR) Part 7. To be able to host an EPREV mission, a Member State must first complete all 25 self-assessment modules on EPRIMS, which will provide one relevant basis for the review team to review the national EPR arrangements during an EPREV mission.

194. EPREV activity will start when a Member State sends a request for an EPREV mission. Before accepting the request, the Secretariat will analyze the level of maturity of Member States' information on EPRIMS, to determine whether EPREV is suitable to provide support to the country or if another kind of support from the Agency is most suitable. The team members will read and assess Member States' self-assessment and other information as indicated in EPREV Guidelines from the perspective of IAEA safety standards in EPR. The Agency does not interfere with the process, but verifies during the EPREV Follow Up mission how recommendations and suggestions have been addressed and whether adequate actions have been implemented.

195. The EPREV service started to launch in 1999, up to now there are 48 missions have been conducted in 43 Member States. Compared to the total number of Agency's Member States, the number of Member States which benefited from EPREV Missions conducted, especially EPREV Missions reviewing GSR Part 7, is still low.

196. Member States are encouraged to have a full cycle of EPREV since the implementation of the recommendations and suggestions will only be assessed and validated through EPREV follow-up mission. Progress on the implementation will be reflected in the EPREV follow-up report. Findings that are not closed in the EPREV Follow Up will be considered open and Member States can request support from the IAEA to implement appropriate actions.

Recommendation 19

We recommend that the Agency:

a. continue and further enhance the outreach effort to promote and encourage Member States to implement the full cycle of EPREV, since it is the only peer-review service to comprehensively address national EPR arrangements for nuclear or radiological emergencies irrespective of the initiating cause;

b. continue verifying the implementation of actions to address findings resulted from EPREV missions through EPREV follow up missions and further encourage EPREV hosts to request in due course the EPREV follow up missions.

The Agency agreed with the recommendation.

C. The Harmonization of General Safety Requirement Part 7 and its Associated Guidelines

197. The IAEA publishes Safety Standards which provide the fundamental principles, requirements and recommendations to ensure nuclear safety. As a complement to the Safety Standards, the Agency also publishes other publications such as Safety Reports, Accident Reports, EPR Series, TECDOC Series, etc.

198. In 2015, the IAEA Secretariat issued the revision of General Safety Requirement No. GS-R-2 as General Safety Requirement Part 7 (GSR Part 7) which encompasses 26 requirements for an adequate level of preparedness and response for a nuclear or radiological emergency irrespective of the initiating cause. Since its publication in 2015, Member States have been utilizing the GSR part 7 and its safety guide in developing their national emergency response arrangements. GSR Part 7, does not distinguish Response and Preparedness functional requirements, has no extensive cross-references and has improved consistency in terminology. Notwithstanding, GSR Part 7 introduces several changes from its predecessor including revised terminology, revised concepts and new or strengthened concepts.

199. Before the publication of GSR Part 7, guidance on how to implement the requirements in GS-R-2 was provided by Safety Guides GS-G-2.1 and GSG-2. Both are still being used as a reference material in spite of GS-R-2 has been replaced by GSR Part 7 since 2015. Even though more Safety Guides have been published or are close to publication, the publication of GSR Part 7 ensues the review of the pertinency of associated Safety Guides such as GS-G-2.1 and GSG-2.

200. According to the Road Map of Priorities in SS Development, the revision of both Safety Guides was expected to take 5 years from the start of a draft safety standard to its publication. The revised version of GS-G-2.1 and GSG-2, which are expected to be published in 2021 and 2024, are long-overdue documents, given the publication of GSR Part 7 in 2015. The transition period between the publication of GSR Part 7 in 2015 and the review and revision of the associated Safety Guides should be minimized, since the Safety Guides are intended to provide guidance to Member States on how to implement the GSR Part 7. Meanwhile, EPReSC has been focusing on other documents as well, such as GSG-11, GSG-14 and SSG-65, which provide valuable guidance to MSs on implementation of a number of the GSR Part 7 requirements.

201. The information uploaded to EPRIMS indicates that some Member States are increasingly interested in adjusting their EPR arrangements based on GSR Part 7, however, the data also shows that the Member States national arrangements still need to be improved.

202. Considering the long and complex process of developing Safety Standards and other publications, we believe that in the case of Safety Standards revision, especially Safety Requirements, the Agency, in its role of provision of Secretariat's support to EPReSC and Commission of Safety Standards, should bring to their attention the need for subsequent revision of the associated Safety Guides and other publications. We consider that the planning of the subsequent safety guides revision needs to be improved.

Recommendation 20

We recommend that the Agency:

a. continue developing safety guides and EPR series documents based on GSR Part 7 with the aim to harmonize the provided guidance, and expedite the publication process of such guidelines so as to support the MS utilization of these guidelines for further improving their national EPR arrangements;

b. consider seeking opportunities to shorten duration of time for developing safety guides after publication of the relevant safety requirement.

The Agency agreed with the recommendation.

VI. MEMBER STATES REQUEST FOR EMERGENCY ASSISTANCE IN THE EVENT OF EMERGENCY SITUATION OTHER THAN NUCLEAR OR RADIOLOGICAL INCIDENT OR EMERGENCY

BACKGROUND

203. In response to nuclear and radiological emergencies irrespective of the initiating cause, the Agency has well defined response roles, which are based on its Statute and the relevant Conventions. The Convention on Early Notification of a Nuclear Accident (Early Notification Convention) and the Convention on Assistance in the Case of a Nuclear Accident or Radiological Emergency (Assistance Convention) are the primary legal instruments that establish an international framework to facilitate the exchange of information and the prompt provision of assistance in the event of a nuclear or radiological emergency, with the aim of mitigating any consequences.

204. These are supplemented by a number of mechanisms and practical arrangements established by the Secretariat, the Agency's policy making organs, and the meetings of competent authorities under the Early Notification and Assistance Conventions. Together, these instruments establish the IAEA emergency preparedness and response (EPR) framework for nuclear and radiological incidents and emergencies.

205. Besides a nuclear or radiological incident or emergency, the Agency also received requests of assistance from Member States that relate to other emergency situations. In the last five years, subprogrammes of Sustainable Intensification of Livestock Production Systems, Sustainable Control of Major Insect Pests, and programme Radioisotope Production and Radiation Technology received 6, 12, and 5 such requests from Member States respectively.

206. Our audit scope covered the planning, monitoring and evaluation of the event from 2016 to 2019. The principal researchable question was: "Does the Agency have an effective management of Member States Request for Emergency Assistance in the Event of Emergency Situation other than Nuclear or

Radiological Incident or Emergency to provide service to Member States?" and cascaded into the following three researchable questions:

- Has the Agency sufficiently planned their results-based management?
- Has the Agency adequately monitored the implementation of designed results-based management?
- To what extent does the Agency have continuous evaluation process to improve the quality of its service to Member States?

207. The Agency has developed systems and processes effectively to support the management of Member States Request for Emergency Assistance in the Event of Emergency Situation other than Nuclear or Radiological Incident or Emergency. However, there are also areas requiring further attention to enhance the services to Member States.

AUDIT FINDINGS

Harmonizing Agency Procedures in Responding to Member States Request for Emergency Assistance in the Event of an Emergency Situation Other Than a Nuclear or Radiological Incident or Emergency

208. In response to nuclear and radiological emergencies irrespective of the initiating cause, the Agency implements its response roles through the Incident and Emergency Centre (IEC), which was established in 2005 to address an increased use of nuclear applications coupled with heightened concerns over the malicious use of nuclear or radioactive materials, to formalize in one integrated focal point all existing emergency response arrangements and fulfilling Member States requests. The IEC serves as the Agency's 24/7 focal point for EPR and as custodian of the Agency's Incident and Emergency System (IES). Activities of the IEC are performed within the Incident and Emergency Preparedness and Response Programme (3.1).

209. Management of Programme 3.1. explained that activities to provide assistance upon request are funded from the regular budget. In some specific cases (e.g. medical treatment of radiation injury were performed in the "assisting State"), the "accident State" can provide funds to finance this assistance or the "assisting State" or another Member State will provide funding. When teams of experts from Member States registered in the Response and Assistance Network (RANET) participate in the Agency's assistance mission, those Member States may provide an in-kind contribution.

210. Besides a nuclear or radiological incident or emergency, the Agency also received requests of assistance from Member States that relate to other emergency situations. Interviews with key staff from subprogrammes of Sustainable Intensification of Livestock Production Systems (2.1.2), Sustainable Control of Major Insect Pests (2.1.4), and the Radioisotope Production and Radiation Technology Programme (2.5) shows that at least there have been five or twelve assistance requests from Member States over the last five years that relate to such emergency situations. To some extent, these requests have been delivered by the Agency using mainly Technical Cooperation or The Extrabudgetary Fund. However, we observe that the current practice in responding to Member States requests and parameters to determine emergency situation are not standardized.

211. The managers of subprogrammes 2.1.2, 2.1.4 and programme 2.5 acknowledged the need for harmonization and, to some extent, formalization of agency procedures in terms of:

1) channel of communication between Member States and the Agency in the event of an emergency situation other than a nuclear or radiological incident or emergency;

2) internal protocol to respond to the request of the Member States related to the emergency situation in Member States in the event of an emergency situation other than a nuclear or radiological incident or emergency;
3) criteria of emergency situation assessment in the event of an emergency situation other than a nuclear or radiological incident or emergency; and
4) funding mechanism, including what funds to use in responding Member States' requests in the event of an emergency situation other than a nuclear or radiological incident or emergency.

212. We are of the opinion that harmonization and formalization of certain standard operating procedures to respond to Member States' requests related to emergency situation(s) in the event of an emergency situation other than a nuclear or radiological incident or emergency can help the Agency streamline the current process, so as to improve the assistance to resolve emergency situations in Member States. The Agency may also take into consideration the established procedures in IEC.

Recommendation 21

We recommend the Agency, bearing in mind the importance of flexibility and adaptability in responding to emergency situation requests, consider harmonizing the current practice in responding to Member States requests regarding emergency situation assistance in the event of emergency situation other than nuclear or radiological incident or emergency and, if appropriate, formalizing it into an agency wide standard operating procedure.

The Agency agreed with the recommendation.

OTHER MATTERS

Cases of Fraud and Presumptive Fraud

213. The Management reported to us that although areas for improvement in internal controls exist, the Office of Internal Oversight Services (OIOS) in 2020 investigated two allegations of fraud within the Agency during 2020:

a) The first allegation was related to a staff member who was alleged to have claimed and received unjustified repatriation entitlements. The investigation revealed that the allegations were without substance; and

b) The second allegation was related to a non-declaration of a potential conflict of interest in procurement. While the investigation has not been administratively finalized in 2020, the preliminary report has revealed no financial impact or losses to the Agency.

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

Table 8. Cases of fraud or presumptive fraud reported in IAEA

Period ended	Cases of Fraud			Cases of Presumptive Fraud		
	Number of Cases	Amounts (Euro)	Position as of 31 December 2020	Number of Cases	Amounts (Euro)	Position as of 31 December 2020
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	-

Period ended	Cases of Fraud			Cases of Presumptive Fraud		
	Number of Cases	Amounts (Euro)	Position as of 31 December 2020	Number of Cases	Amounts (Euro)	Position as of 31 December 2020
31 December 2020	0	0.00	-	2	0.00	-

Source: Information provided by management and OIOS

Write-offs

215. Receivables amounting to €58 701.83 were written off in 2020. This write-off includes the following:

Table 9. Detail of Write-Offs

No	Type of Receivables	2020
1	Payroll Receivable Irrecoverable	24 740.87
2	Refund of VAT	674.07
3	Agency Publication Sales Receivable	21.94
4	Agency Laboratory Sales Receivable	33 155.00
5	Private Long-Distance Calls Charge Irrecoverable	109.95
	Total	**58 701.83**

Loss Equipment

216. According to AIPS records in 2020, there were six capitalized assets costing €49 273.62 with net book value of €179.61 and 2 expensed type assets with acquisition cost amounting to €1 355.00 which were declared lost.

Ex-Gratia Payments

217. No ex-gratia payments have been made during 2020.

RESPONSE TO PAST EXTERNAL AUDITORS' RECOMMENDATION

218. Response of Management indicating action taken on the past External Auditor's recommendations is given in Annex I.

ACKNOWLEDGEMENT

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

(signed)

Dr. Agus Joko Pramono, CA., CPA

The Vice Chairman of the Audit Board of the Republic of Indonesia

External Auditor

Jakarta, Indonesia

31 March 2021

ANNEX I

Response of the Management Indicating Action Taken on Past External Auditor's Recommendations

Table 10. Recommendations and Follow Up

External Auditors' Audit Results	2011		2012		2013		2014		2015		2016		2017		2018		2019		Total
	FA	PA	FA	PA	FA	PA	FA	PA	FA	PA	FA	PA	FA	PA	FA	PA	FA	PA	FA* & PA**
Recommendations open as of 1 Jan 2020	3	0	0	2	0	1	1	4	0	2	2	6	3	2	5	3	6	11	51
Recommendations implemented in 2020	0	0	0	0	0	0	0	1	0	1	1	4	3	0	2	1	2	2	17
Recommendations in progress as per 31 Dec 2020	3	0	0	2	0	1	1	3	0	1	1	2	0	2	3	2	4	9	34

* FA – Financial Audit

** PA – Performance Audit

Key Audit Recommendations		Management Response
Rec. No.	**Description**	
Audit Report for The Year 2019		
Financial Issues		
1	The Agency should consider option to terminate payment for former staff members' liability to third parties regarding their share of AMIP premium, especially for those who have outstanding balance for more than 2 years.	Due to shifting work priorities, the implementation of the recommendation has been postponed to 2021. The Management considers the recommendation to be in Progress.
2	The Agency should develop written guidelines on write-off of receivables deemed irrecoverable including: a. The investigation of related parties responsible for the loss; b. Documentation of efforts taken to collect the receivables prior to write-off.	Written guidelines on write-off of receivables deemed irrecoverable are documented. Additional guidelines are in the process of being documented. The Management considers the recommendation to be in Progress
3	The Agency should: a. Update Administrative Manual to support the practice of advance payment and settlement of education grant. b. Remind the education grant recipients who have not claimed	a. In October 2020, The Agency has amended Staff Rules 5.04.1 and 5.04.2 in (AM.II/1 — Staff Regulations and Staff Rules) on the education grant and related benefits. b. The Agency again reminded education grant recipients to settle outstanding advances.

<table>
<tr><th colspan="2">Key Audit Recommendations</th><th rowspan="2">Management Response</th></tr>
<tr><th>Rec. No.</th><th>Description</th></tr>
<tr><td></td><td>and settled the long outstanding advances.</td><td>The Management considers the recommendation to be Implemented.</td></tr>
<tr><td>4</td><td>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.</td><td>The project on consultancy will cover the scope of the recommendation. MTHR will review the AM.II/11, Annex 2 and the current practices to address the observations.

The Management considers the recommendation to be in Progress.</td></tr>
<tr><td>5</td><td>The Agency should continue to implement measures to reduce the use of LVP for purchasing capital non-expandable assets and improve related internal monitoring controls or revisit the procedures stipulated in Part VI, Section 4 of the Administrative Manual (AM. VI/4) on the procurement of these items via LVP.</td><td>The initial approach to allow LVP Buyers (with AM change) to select asset related item (e.g. furniture) in their LVP responsibility so they can immediately be captured as assets is not technically feasible because the LVP iProcurement page can only be used for non-catalogue based procurement.
Hence, a new approach was identified which consists of the following which are currently in development phase by AMS (CR 105637).
(1) OBIEE Report which displays transactions with potential asset purchase by searching description using approved keywords.
(2) Alert Notification which notifies LVP Buyers and other stakeholders immediately when a suspected case of asset PO is raised using LVP.
(3) Link to the asset guidelines be made available in the LVP screen.

The Management considers the recommendation to be Implemented.</td></tr>
<tr><td>6</td><td>The Agency should:
a. perform a KPI measurement for AIPS changes, including measuring the KPIs for backlogged change requests, as suggested by ITIL v3, and
b. document a formal guideline for curating, reviewing, and verifying process of the change request backlog for all AIPS business domains.</td><td>Initial draft of the AIPS change management process is underway - including KPIs to measure process effectiveness.

Remaining steps:
• Complete proposed change management process
• Engage stakeholders to get their buy in for the new process.
The Management considers the recommendation to be in Progress.</td></tr>
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<table>
<tr><th colspan="2">Key Audit Recommendations</th><th rowspan="2">Management Response</th></tr>
<tr><th>Rec. No.</th><th>Description</th></tr>
<tr><td colspan="3">Safeguards' Supporting Activities</td></tr>
<tr><td>7</td><td>Th Agency should continue, and if appropriate, enhance the collaboration with relevant stakeholders that are actively involved in efforts to promote safeguards agreements so as to improve the overall safeguards outreach outcome with regards to conclusion of safeguards agreements and APs and amendments to original SQPs.</td><td>In February 2020, the Secretariat participated in an AP friends meeting and provided more than 10 participating Member States with an update on its activities in promoting the conclusion of CSA and AP and amendments to SQP. It also held periodic coordination meetings with a number of Member States who are involved in safeguards outreach activities. At these meetings, the Secretariat underlined the importance of reinforced co-ordination between Member States and the Secretariat in their effort to promote the conclusion of these safeguards' instruments.
No further steps are required to enhance collaboration with relevant stakeholders that are actively involved in efforts to promote safeguards agreements and protocols.

The Management considers the recommendation to be Implemented.</td></tr>
<tr><td>8</td><td>The Agency should:
a. start formalizing the requirement for a Sample Logistics refresher course appropriately; and
b. identify potential courses needed to enhance the inspector's competencies and formulate the need for mandatory refresher course(s) accordingly.</td><td>The Sample Logistic Refresher Training is included in the Safeguards Training Programme and portal as required training. Presently we offer refresher training in a number of areas; it is up to the staff and their management to determine whether it is needed for staff development.
CTR will consult with operations to determine any additional courses that should be required. This will be done via a survey and a meeting follow up.

The Management considers the recommendation to be in Progress.</td></tr>
<tr><td>9</td><td>The Agency should:
a. Evaluate the need for ICAS training by inspectors returning to the Agency relevant to their experience and the length of time away from the Agency; and
b. Consider establishing the maximum length of time away from the Agency before the returning inspector would need to re-take the ICAS.</td><td>A Kirkpatrick level 3 evaluation of past ICAS offerings has been initiated.
Upon completion of the evaluation, CTR will work with SPC and operations to discuss formalizing a requirement for retraining.

The Management considers the recommendation to be in Progress.</td></tr>
<tr><td>10</td><td>The Agency should advise the Department of Safeguards to explore the possibility of enhancements to Safeguards IT Monitoring tools to provide more comprehensive data for the basis of staff training needs analysis and coordinate with MTHR to accommodate the needs of the SG Department into the Learning Management System.</td><td>CTR-SGIS is working with Human Resources (HR) to advise on the implementation of the learning management system that the Agency has procured for staff. This involves weekly meetings with MTIT, MTHR and the provider.
Completion is scheduled for 2021. There are many interdependencies as it is an Agency wide project.

The Management considers the recommendation to be in Progress.</td></tr>
</table>

Key Audit Recommendations		Management Response
Rec. No.	**Description**	
11	The Agency should further improve SPRICS by providing a dashboard feature enabling users to monitor and track the progress of MSSP's Tasks.	Planning phase has been completed and design phase has started. Remaining steps: • Develop, user test, and release to production site; • Update and improve feature as appropriate. The Management considers the recommendation to be in Progress.
12	The Agency should expedite the process of solving the aforementioned IT technical issue by, inter alia, improving the TALEO, the AIPS, the Designation database and their interface system to ensure that the CVs established by the system are complete, accurate and ready to use.	The process of solving the IT technical issue related to the inspector CV data quality, correctness and completeness is ongoing. Although the progress had been affected by COVID-19, it should be noted that one of the identified issues had been resolved, which was related to the "Institution" field in the TALEO. An interface had been established between AIPS, TALEO and Global/GLB (database for institutions), which allows candidates to select the relevant educational institution from the drop-down list instead of manual input. Planned improvements: - Inaccurate data entered in TALEO by Candidates - Interface TALEO to AIPS does not transfer some data such as Education details - Interface AIPS to Global does not expose future dated external and internal SG data for CV - Updates in Previous Employment - Synchronization between Designation Database and AIPS (related to staff 'middle name' box). The Management considers the recommendation to be Implemented.
13	The Agency should perform a comprehensive evaluation and analysis of the Safeguards Documents Manager System utilization and explore enhancements that could be made to the Document Manager System based on the evaluation results.	Document Manager is currently on maintenance mode. User support and other necessary updates are continued, however, no further enhancements/features are being added. There is a large overlap to the current Document Manager and existing IT project called HANA (Smart Document Management for SG), led by SGIS in consultation with the SGCP. The HANA project will be replacing the Document Manager functionality: • Document control for all document types • Meta data configuration • Integration between QMS components and with Microsoft Office • Intuitive filtering and data security • Change request and revision control

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		• Smart business rules for document review and approval HANA will take over Document Manager. Hence no further analysis needed regarding to improvements to the DM. The Management considers the recommendation to be in Progress.
14	The Agency should: a. consider establishing a categorization for the late submission issues and its impact towards drawing safeguards conclusions by taking into account the type of safeguards agreement, complexity of the State's nuclear activities and facilities, type of declarations and reports, reasons for delay and frequency of delay; b. provide more information in the SIR on the detailed status and observe improvement regarding the timely submission of State declarations; c. intensify its outreach efforts and, if appropriate, collaborate with relevant stakeholders in promoting the SDP utilization and encouraging States to establish an SSAC; and d. provide statistics in the SIR on the usage of SDP and its benefits.	a. The SER template now includes tables of considerations when drawing SG conclusions. This has an explicit requirement to consider whether declarations and reports have been provided on time and are sufficiently accurate to permit effective safeguards to be implemented. b. Statistics on the timeliness of reports and declarations were provided in the 2019 SIR in Paragraphs 91 to 93, Fact box 9 and Figures 3A and 3B. c. In 2020, 33 new Member States began the enrolment process for the State Declarations Portal (SDP), with 22 completing the process and now submitting and receiving information through the SDP. Outreach for SDP includes an ongoing effort of reaching out to known contacts at State Authorities and Permanent Missions to increase awareness and begin the process of onboarding. This outreach effort predominately consists of emailing but also includes telephone calls as well as online demonstrations. Outreach also includes supporting users (now ~220) at SRAs whenever required. Due to circumstances in 2020, face-to-face contact, e.g. at General Conference and Regional Training, was not possible. However, this had little impact on the adoption of SDP, which is following the trendline since launch in 2017. The Agency launched in 2020 a new initiative to further support States in their efforts to strengthen and sustain the effectiveness of their SSAC/SRAs. The Comprehensive Capacity-Building Initiative for SSACs and SRAs (COMPASS) consolidates previous efforts in this regard, as reported in 2019, and builds on the Agency's existing support to provide States with an optimized assistance package tailored to their specific needs. Six States, including three States with SQPs, were selected in 2020 to take part in COMPASS' pilot phase through to 2022. For each of these six States, the Agency and the States' designated officials identified the areas that would benefit the most from customized assistance with a view to strengthening and sustaining the effectiveness of their SSACs and SRAs. The Agency will continue to work with these States to implement the assistance packages that were developed jointly as a result of the aforementioned assessment and will monitor progress in close cooperation with each State involved. Costs associated with the implementation of COMPASS are covered mainly through the use of extrabudgetary resources.

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<tr><th colspan="2">Key Audit Recommendations</th><th rowspan="2">Management Response</th></tr>
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<tr><td></td><td></td><td>Remaining steps:
a. The description of the process for state evaluation and drawing conclusions is under preparation by SGCP as part of the Strategic Plan (V.2.7 and V.2.8)

b. More information will be provided in the 2020 SIR concerning the detailed status and improvement regarding the timely submissions of State declarations.

d. Statistics on the usage of SDP and its benefits will be included in the 2020 SIR.

The Management considers the recommendation to be in Progress.</td></tr>
<tr><td>15</td><td>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.</td><td>a. SPC started to compile a dataset that tracks the recommendations resulting from the effectiveness of the evaluation process and their status.
b. SPC evaluators already take part of departmental internal quality audits. In addition, one SGCP staff member has joined the SPC initiative on performance indicators.
c. Procedures are being drafted regarding effectiveness at location level and effectiveness at the State level.
Remaining steps:
a. Finalize the dataset of recommendations and maintain it on a regular basis.
b. Continue enhancing the SGCP/SPC cooperation.
c. Finalize the procedures on effectiveness evaluation.

The Management considers the recommendation to be in Progress.</td></tr>
<tr><td>16</td><td>The Agency should consider assessing the investment for hiring and preparing a newly recruited inspector to be a competent inspector and analyzing the possible cost-efficiency for longer term contracts for SG inspectors and other key technical professional staff to provide a solid basis for extension proposals.</td><td>Policy regarding long-term contracts is not within the authority of the Department of Safeguards - this is an issue to be considered at an Agency and Board level.
With regards to general cost-efficiency of the process: The Department has maximized efficiencies with regards to Inspector recruitment by implementing bulk recruitment exercises for P3 and P4 and this has now been extended to P5 Inspectors. This means that, instead of running separate recruitment exercises for each vacancy, all vacancies (and projected vacancies) are covered by one recruitment exercise.

The Management considers the recommendation to be in Progress.</td></tr>
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17	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.	The Department has reviewed the existing internal Departmental Planning procedure document SG-PL-1072. Procedures covering Rotation Policy and Process within the document have been extracted and steps are underway to create a separate procedure document which will modernize the text and update the rotation procedures. The Management considers the recommendation to be in Progress.
Audit Report for The Year 2018		
Financial Issues		
1	The Agency should develop its corporate anti-fraud policy as it supports the Agency's commitment to promoting an organizational culture that does not tolerate fraud and places an emphasis on accountability and integrity.	The Agency's Anti-Fraud Policy was issued on 8 June 2020; AM. I/22. The Management considers the recommendation to be Implemented.
5	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.	ii. The issue of the adequate level of the WCF was brought to the attention of Member States through the Agency' Draft Budget Update for 2021 (GOV/2020/1) issued in January 2020. The following information was shared with Member States as part of the document: "In 2018 and 2019, the Agency used the WCF in the last months of the year, owing to late receipt of assessed contributions from Member States. The Secretariat has consistently held the opinion that a WCF level equivalent to one month's expenditure would be appropriate. Currently, the average monthly expenditure from the Regular Budget exceeds the level of the WCF, which constitutes a significant risk to the Agency." "Member States are hereby informed of the risk insufficient funds in the WCF pose to the Agency. Furthermore, the External Auditors made a recommendation in 2018 to consider a change to the level of the WCF to meet the Agency's needs." The issue was discussed at the informal meeting of the Programme and Budget Committee on 5 February 2020 when Member States gave their feedback on the noted issue. At the Programme and Budget Committee meeting in May 2020, several Member States expressed concerns regarding the level of WCF. The EU noted with concern the risks entailed in having less than one month of average Regular Budget expenditure in the Working Capital Fund. In that connection, it urged all Member States to pay their Regular Budget contributions in full and on time. The UK noted with concern the low balance of the Working Capital Fund and called on all Member States to pay their assessed contributions in full and on time. The UK also noted that the Secretariat should continue to diversify the Fund's

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		sources of funding by enhancing links with non-traditional donors. ii. The Secretariat will continue to consult Member States to find a solution to this situation. The Management considers the recommendation to be in Progress.
6	The Agency should continue its efforts to remind the education grant recipients to claim and settle the long outstanding advances.	The Agency again reminded education grant recipients to settle outstanding advances. The Management considers the recommendation to be Implemented.
8	The Agency should enhance its efforts to explore the possibility of developing an electronic process or system to track the performance level.	A new LMS system is targeted to launch in December 2020. Once it is successfully implemented, a review will be undertaken to explore if its performance module can be used to track also consultants' performance. Alternate solution for documenting consultants' performance is being sought as part of clearance process. MTHR to develop a performance assessment form to be completed by the manager before the final payment is made. The Management considers the recommendation to be in Progress.
10	The Agency should enhance the monitoring system of the research contract to ensure that all reports have been submitted by researchers.	Due to COVID-19, the release of the last CRA Online (CRA IT System in transition) was postponed. It is therefore envisaged that the monitoring report may be developed only after the release. Final release of CRA Online is planned for January 2021, and thereafter, design of the adequate report to help NACA perform the monitoring and follow up function over the open items. The Management considers the recommendation to be in Progress.
Management of the Agency Procurement		
12	The Agency should: i. formulate a more accurate AIPS default need-by date of a procurement by utilizing the available data on the current average duration of the procurement process and delivery time; and ii. encourage, through MTPS, requestors to identify in the requisition justifiable circumstances that would grant	i. A more accurate AIPS default need-by date has been implemented (from 90 days to 120 days) as an average turn-around time for HQ and field procurements. ii. Relevant Tip available in the TC requisition checklist and in the AIPS Requisition creation pages. The Management considers the recommendation to be Implemented.

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	consideration of a realistic earlier or later need-by date.	
15	The Agency should require MTPS to develop a system to record suppliers' performance in a more comprehensive manner and to maintain a supplier performance database to monitor and facilitate the evaluation of the supplier's performance.	A related SOP for consistent monitoring of KPIs and suppliers' performance has been implemented. For TC procurement standard suppliers' assessment has been introduced in the PO templates for "Proof of delivery" and "Certification of Completion of Services" which are part of all TC POs. Feasibility of a solution in AIPS was explored in coordination with MTIT to enhance consistent performance monitoring and tracking in AIPS. MTIT advised that the 2021 Oracle upgrade may provide a standard solution; the Oracle upgrade gap analysis exercise started in Q4-2020 and demos and results will be presented in the first part of 2021 to MTPS for potential solutions. MTIT will present demos and results of the gap analysis for the 2021 Oracle upgrade to consider potential solutions in AIPS. The Management considers the recommendation to be in Progress.
Management of the Agency Publication		
23	The Agency should i. clearly communicate to all relevant stakeholders, with supporting documentation, the parameters taken into account when prioritizing manuscripts and assigning work within the Publishing Section; ii. continue to identify initiatives and develop strategies for efficiency improvement throughout the whole process of publications management particularly related to the editing process; and iii. address the under-resourced editing services at the high level of the Agency management.	i) The prioritization process list has been posted on the Publishing pages on InSite and additional training has been developed. ii) Process review is ongoing but discussions with Technical Departments continue. iii) Recruitment of additional resource is in progress. Remaining steps: ii) initial agreed steps were implemented in Q3/Q4 2020 with further steps to be implemented in 2021. iii) recruitment of additional resource in final stage - appointments to start Q1 2021. The Management considers the recommendation to be in Progress.
Audit Report for The Year 2017		
Financial Issues		
1	The Agency should establish written guidelines regarding management of imprest fund/petty cash as a control to ensure that the replenishment of petty cash is conducted on a timely basis, and	The last imprest bank account at Tokyo Regional Office was closed in Q4 2020. The Management considers the recommendation to be Implemented.

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	only for transactions within the related accounting period.	
5	The Agency should: a. consider reviewing all outstanding former staff members' debts to ensure that collection efforts are current. If the debts are deemed uncollectible, then the Agency's write-off policy should be followed; and b. explore ways to reduce the uncertainty of obtaining reimbursements of former staff members under AMIP.	The Agency has re-assessed the bank direct debit solution and has decided not to proceed with this option due to set-up costs involved. Instead, Recommendation 1 from the Audit Report for 2019 has been agreed and is planned for implementation. The Management considers the recommendation to be Implemented.
6	The Agency should: a. document the cancellation reasons for duty travel and make them available upon request; and b. ensure that the lump sums paid to the remaining meeting participants are recovered.	The AIPS Change Request to capture the cancellation reason was implemented in Q2 2020. The Management considers the recommendation to be Implemented.
Spent Fuel		
8	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.	Efforts continued to revise the Agency risk management system through updating its Risk Management Guidelines and processes. During the period, progress was made in identifying a new IT solution which would support the new risk management system. In March 2020, Hyperion Next Generation Project Steering Committee decided to select a Hyperion Cloud solution of which Risk Management would be part together with Programme Narrative. Remaining steps: (1) the finalization and approval of the revised RM Policy and Guidelines; (2) the development and pilot testing of a new IT solution; and (3) training. The Management considers the recommendation to be in Progress.
Safeguards Analytical Laboratories		
13	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.	Procurement plan has been completed, tender released, and one offer accepted. Contract negotiation is underway with the supplier. € 5.2 M in EB has been received. If PSC is applied back to the project, the amount unfunded is € 1.3 M. The project is effectively 100% funded. The contract has been signed with the supplier for the procurement of the

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<tr><td></td><td></td><td>new LG-SIMS instrument, including installation, training, spare parts and maintenance services.

The Management considers the recommendation to be in Progress.</td></tr>
<tr><td colspan="3">Technical Cooperation</td></tr>
<tr><td colspan="3">Audit Report for The Year 2016</td></tr>
<tr><td colspan="3">Financial Issues</td></tr>
<tr><td>1</td><td>The Agency should amend the 2012 Agency's Policy Manual and Administrative Manual, Part VI, Section 2, Paragraph 8 to reflect the approved changes in useful lives of PPE and intangible assets.</td><td>The proposed text for the Administrative Manual update is pending final formal approval.

The Management considers the recommendation to be in Progress.</td></tr>
<tr><td>2</td><td>The Agency should:
i. incorporate risks mitigation in employing third party service providers in the Agency-level governance; and
ii. consider performing tests to ensure that all findings related to weaknesses in AIPS application and database level from previous audits have been appropriately addressed.</td><td>The UNICC remains an important partner for the IAEA and its performance has been strong. The IAEA mitigates the risk of its dependency on UNICC through frequent interactions (regular reports and meetings) and as follows:
• The IAEA Director, Division of Information Technology / Chief Information Officer (DIR-MTIT/CIO) is member of the UNICC Management Committee. In that role, DIR-MTIT/CIO has an influential role on the direction of the UNICC and can gain attention to any issues. In fact, DIR-MTIT/CIO in partnership with several other UN Agency CIOs has driven some key shifts in the focus and approach of the UNICC. The following are two important examples:
a. The UNICC is now shifting many of its resources to lower cost locations (primarily Valencia, Spain) in order to reduce costs and tap into a highly skilled and competitive labor market.
b. The UNICC has now established an Audit Sub-Committee of the UNICC Management Committee and DIR-MTIT/CIO will serve on this Sub-Committee. In this role, DIR-MTIT/CIO will have the opportunity to review the UNICC's audit reports.
• The Agency contributes to the audit plan for the UNICC, including upon request by IAEA OIOS.
• The Agency has access to a financial management dashboard that provides up-to-date information on expenditures by project, with drill-down capability.
• The AMS Technical Lead and System Administrator have a weekly operational review conference call with the UNICC Technical Account Manager and counterparts.
• The AMS Technical Lead and the IAEA CISO have a quarterly security meeting with the UNICC Security Team.
• The AMS Section Head and Technical Lead have periodical financial and service performance review meetings with regards to the AIPS hosting services.

NOTE: The Agency relies on the UNICC as a managed</td></tr>
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		service provider and therefore does not agree that it should "keep the data of UNICC's staff that work on and access the Agency's instance". ii) MTIT closed all Penetration Testing findings with UNICC registered before 2019 – as noted in the following audits: • IA2013004 – ORACLE/AIPS Security Review of Oracle Configurations and Databases • IA2015007 – AIPS Information Security The Management considers the recommendation to be Implemented.
Nuclear Information		
8	The Agency to seek sufficient resources to further improve existing collaboration and increase the number of members. This should include: (i) finalizing the INLN Practical Arrangement initiative; (ii) increasing the outreach and promotion of activities while improving efficiency and sustainability in maintaining the commitment of members so as to steer the INLN towards a distributed and coordinated nuclear library community; and (iii) improving the INLN directory through consultation among members so as to provide a single point of access to nuclear information services	Due to financial and human constraints, as well as due to COVID-19 changed priorities and orientation to basically fully electronic cooperation among the libraries, the INLN will go under the regular inter-library loan activities not requiring additional legal regulatory guidance. The Management considers the recommendation to be Implemented.
9	The Agency should: (i) enhance internal coordination and collaboration among information and document owners by introducing formal guidelines and their implementation. Such improved collaboration could increase the Agency's available information resources in term of quality and quantity through a single access point; and (ii) consider revising the Definition of Membership Arrangements for INIS No. GOV/INF/2000/21, so as to strengthen the responsibilities of INIS members in fulfilling their obligations, particularly bearing in mind the ongoing advances in information technology and nuclear information.	Draft of the Agreement/Practical Arrangement has been prepared and needs to go through the process of internal clearances. The Management considers the recommendation to be in Progress.

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Radiation Safety and Monitoring		
19	The Agency: (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.	Recommendation 2: Application to re-classify the P3 position submitted for consideration in the 2022/23 P&B. Decision pending. Remaining steps: Recommendation 1: -The short-term Laboratory Assistant position has been converted from 50% to 80% FT. Intention to regularize investigated as part of 2022/23 P&B but not possible under zero-real-growth directive. Will be re-visited for 2024/25 P&B. Services are being maintained adequately in the interim. Recommendation 6: After preparation and consideration of the proposal to include RSTSU as a Corporate Shared Service, the Department decided not to proceed in the 2022/23 P&B under zero-real-growth directive in order to ensure sufficient resourcing of the service. Will be re-visited for 2024/25 P&B. Recommendation 7: SLA for TC was brought to an advanced draft state and actions were applied to implementing remaining barriers regarding financing and software changes required to implement use of the RSTSU client portal for TC. Work is complete and it is expected that the SLA will be finalized in early 2021. The SLA for TC has been updated and sign off is anticipated in early 2021. The SLA for SGAS was updated and completed. The Department wide SLA remains under revision. Work on this has been on hold through COVID-19 period and will be resumed in 2021. Recommendation 8: Work is underway and a plan and outline has been reviewed widely with RPOs from all Departments. Efforts on this training package will become a focus following launch of the Basic OEW training in early 2021. Continuing training for RPOs is being provided through the RPO Roundtables with ad hoc support as needed. The Management considers the recommendation to be in Progress.
General Services		
20	The Agency facilitate an evaluation with the goal of reducing the use of hard copy documentation and streamline digital documentation by enhancing the use of electronic correspondence whenever and wherever feasible, initiating	Since 2016, MTGS has invested in streamlining the existing digitization services: Agency correspondence has become fully digital, with only digital copies distributed to departments. Furthermore, we continue to support other MT services with digital conversion (MTBF, MTGS Commissary, Staff Association and others) and we currently offer 2 types of digitization services: on demand to business units/Archives and on

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	digitization programmes to make hard copy records retrievable, and reducing internal paper correspondence. In this regard, the Agency should use the results of such an evaluation to enhance and accelerate the innovation stage for developing paperless correspondence if the report shows that potential cost efficiencies at the operational level can be achieved.	demand to external requestors, researchers (see 2 SOPs attached). Moreover, in 2019 ARMS completed a major project with SGAS (TOR available on request), and a mass digitization is planned with OLA (project documentation available upon request). The Management considers the recommendation to be Implemented.
21	The Agency use the cost efficiencies gained, in respect of the Recommendation 20, to improve the records services by focusing on Records Management Advisory Services that would minimize the workload at the archival stage. Furthermore, proper records management services, using Generally Accepted Recordkeeping Principles, for all of the Agency's records should start with an inventory of records, and an evaluation of the current retention policies and their revision, along with the Agency File Plan.	In January 2020 the recommendation was implemented, we have an established Records Advisory Service, SOP approved, workplan for the year of regular visit to Records Offices and monitoring of the compliance. The Management considers the recommendation to be Implemented.
22	The Agency explores the opportunity to build its capacities in digital archives management and preservation. This could include establishing a digital repository for long-term preservation, an electronic catalogue for retrieval purposes, and introducing an archival management system to make the archival life cycle more transparent and better documented.	The archival management system and electronic catalogue for retrieval purposes have both been implemented. Archives staff use these systems for acquisitions, transfers, storage control and archival description. The electronic catalogue is now available for research and retrieval by internal users (but not yet published externally). The solution allows the management of the digitized files and the maintenance of technical and descriptive metadata. The Management considers the recommendation to be Implemented.
Audit Report for The Year 2015		
Programme on Nuclear Sciences		
24	The Agency may consider putting in place mechanism to ensure adherence to the timeframe for publication of CRP reports.	The recruitment of P3 Programme and Publication Officer is under the responsibility of Department of Nuclear Energy. With some delays in the process due to COVID-19 pandemic the main steps of this recruitment have been finalized (two-levels of interviews conducted). Currently the reference checks are being undertaken prior to recommendation for appointment be circulated.

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		The recruitment of the P2 position (financed 50% by NE) falls under the responsibility of MTCD. The recruitment has been completed in summer 2020. Due to pandemic situation there have been delays related to starting date for the hired person. The successful candidate will assume her duties on February 1, 2021. The Management considers the recommendation to be Implemented.
30	The Agency may monitor gender participation in each task undertaken within the sub programmes.	Project Team and Governance Structure of the MSCFP established. #IAEA women initiative has been launched (NE Department's women P-staff stories on the IAEA website). Outreach efforts on gender have been strengthened (example: 2020 DER Challenge reached 50% parity). Women quotes reached the target. Gender Implementation Plan for 2020 was implemented, report was passed to MTHR. Proposals for relevant actions in 2021 have been elaborated. Remaining steps: Gender Implementation Plan for 2021 to be approved and implemented, implementation being monitored and reported. The Management considers the recommendation to be in Progress.
Audit Report for The Year 2014		
Financial Issues		
3	The Agency may consider the implementation of a long-term funding strategy for meeting the employee liabilities adequately over a period of time.	In 2020 the Agency presented to Member Stages alternative funding mechanisms, cost containment measures and an update of the progress of the ASHI funding in the UN System. The Agency also carried out a survey among different UN System organizations regarding funding of ASHI for extrabudgetary positions- several organizations have implemented such charge which varies between 3% and 9.95%, being the average 6%. Starting in July 2021 the Agency has plans to introduce an ASHI extrabudgetary charge of 4%. This 4% charge is justified as it represents the 'service cost' as per the actuaries' calculations. The 'service cost' is used by many other UN Organizations as reference in the determination of the appropriate reference parameter in determining the salary charge in such context and given the particular demographics of each Organization. The Management considers the recommendation to be in Progress.

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Procurements of Safeguards Department		
13	b) The Agency may frame explicit guidelines regarding elements constituting Best Value for Money (BVM) for different category of procurements. c) Changes to the extant provisions/structures may be simultaneously updated in the Administrative Manual after taking due approvals.	Initial draft revisions to the Financial Rules have been finalized. The review of other parts of the procurement framework was postponed to 2021 due to limited resources and high priorities with C-19 procurement project. Remaining steps: Finalize revisions to the Financial Rules and other parts of the procurement framework. The Management considers the recommendation to be in Progress.
Safety of Nuclear Installations		
Information Technology		
32	b) To improve internal control system in MTIT, there may be an explicit guideline specifying authority levels for approval of ICT procedures, their classification, process of communication to relevant staff, periodicity of updating and methodical storing	The Process Asset Library has been established. The policies in the Admin Manual have been inventoried along with the manner in which compliance is enforced. The Process Management Process has been approved. The Management considers the recommendation to be Implemented.
34	Information Security Policy may be updated to make it comprehensive and current in tune with the present day IT operating environment and in line with the requirements of ISO 27000 series standards adopted by the Agency.	The changes to the Admin Manual for the ISMS are going through clearance. Remaining steps: • Get ISMS approval The Management considers the recommendation to be in Progress.
37	a) Classification and access control procedures may be strengthened and synchronized. b) Remote access security plans and identity management systems may be urgently finalized in view of their Agency wide applicability.	The changes to the Admin Manual for the ISMS are going through clearance. Remaining steps: • Get ISMS approval The Management considers the recommendation to be in Progress.
Audit Report for The Year 2013		
Human Resource Management Issues		
11	(i) Consultants may be engaged only in those areas where Agency has no or limited expertise and knowledge; or to supplement staff resources for specific projects.	The Agency has incorporated a knowledge transfer step into the separation clearance process. A project on reviewing the consultancy contract and procedure has been established and led by the office of DDG-MT office. Remaining steps:

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	(ii) A provision for knowledge transfer may be added so that the Agency is not dependent on particular consultants repetitively or for a longer duration. The need for appropriate succession management and knowledge transfer to the regular staff of the Agency should also be assessed and suitable measures taken. (iii) Engaging former staff and retirees as consultants may be reviewed with the goal of ensuring that thorough succession planning is put in place so that the departure of a regular staff member does not leave a skill gap in the Agency. The Management may ensure that staff who are approaching retirement complete their assignments before retiring, to reduce the need for consultants. (iv) Upper age limit of consultants should be strictly adhered to except in rare cases with the approval of Director General.	Electronic separation process - including knowledge transfer requirement to be extended to Consultants in 2021. This process requires knowledge transfer element is being considered as part of consultant's separation. Until clearance of the knowledge management task is received, the release of the final payment will not be processed. MTHR to revise the current in an AM or issue STA/NOT to obligate the departments to develop specific procedures to ensure knowledge transfer upon separation. MTHR to develop guidelines on how to knowledge transfer should take place. The Management considers the recommendation to be in Progress.
Audit Report for The Year 2012		
Laboratory Activities at Seibersdorf and Monaco		
45	NAEL needs to revise the action plan that had emerged from the internal gap analysis of June 2010 and fix fresh milestones in line with the goal of obtaining accreditation by the second quarter of 2014.	The internal processes required for obtaining the accreditation (Quality Management System, procedures) have been established. The Austrian Accreditation body was approached multiple times since Dec 2017 to provide a date for the External Audit required as a basis for the accreditation. An answer had been promised by Nov 2019, but was received only in Feb 2020, more than two years after the official request for accreditation was submitted. In February 2020, the Austrian Accreditation Body proposed the date for a first External Audit to NAEL for the end of March/early April 2020 in Seibersdorf (TEL), followed by a further audit in Monaco (RML) in June 2020. Because of the COVID-19 shutdown the Austrian Accreditation Body postponed all activities scheduled during those months. Remaining steps: In September 2020, a new date for the necessary External Audit was proposed for end Nov/Dec 2020 at Seibersdorf. Due to the second lockdown in Austria, these dates were not possible to keep. In January 2021 after end of the recent restrictions (up to 6 January 2021) the Austrian Accreditation body will be contacted again to agree on a new date for the External Audit, preferentially in Q1 or latest in Q2 of 2021. Afterwards, depending on the findings in the External Audit Report

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		and having successfully addressed any discovered non-conformities according to relevant ISO standards, the accreditation may be granted. Therefore, the Target Implementation date is shifted to 2021 Q3, allowing to account for still existing uncertainty in future situation. The Management considers the recommendation to be in Progress.
53	The identified short-term solution of solidification of liquid wastes may be pursued by the SGAS with prescribed timelines. As a long-term solution, efforts must continue for seeking support of Member States for disposal of the radioactive waste produced by the NML.	The project is fully funded. Testing of the muffle furnace for converting the Pu to an oxide form (stabilization) has been completed. A new thermogravimetric analyzer was delivered on 03 June 2020 and accepted for use. All packaging equipment has been received. The RFP for shipping services was issued on 30 April 2020. The technical and commercial evaluation was reviewed by the IAEA Procurement Review Committee in July 2020. Remaining steps: The U.S. Department of Energy (DOE) transferred 2 M $ to the IAEA to cover the shipment costs. The shipment contract is in place and has no expiration date. The draft contract between the IAEA and the U.S. DOE is currently under review with the Office of Legal Affairs. A technical visit by U.S. experts to Seibersdorf to train IAEA staff on the packaging has been postponed two times due to COVID-19. Due to COVID-19, the target date for completion of the project has been adjusted to December 2021. The Management considers the recommendation to be in Progress.
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Financial Issues		
6	Introduce a Statement of Internal Control: Introduce a Statement of Internal Control as part of the financial statements.	MTBF continues to keep abreast of lessons learned in the UN system regarding the issuance of the Statement of Internal Controls and the importance of understanding that the exercise goes beyond finance and in order for the Organization to leverage on the real benefits from the issuance of the SIC it is necessary first to demonstrate to both internal stakeholders and the auditors that the Agency has robust, documented, systems of accountability, risk management and internal controls in place. During 2020 an important step was taken towards the enhancement of the control environment at the Agency with the issuance of the Anti-Fraud policy. Also, the Risk Management policy and guidelines are being revised. Further steps were taken towards the development of a new Risk Management IT tool within the Hyperion Next Generation system.

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		Remaining steps: Following the issuance of the Anti-fraud policy, it is planned to issue a fraud awareness survey in 2021, to identify training needs and gaps. Parallel to this, the new Risk Management IT tool will also be rolled-out, with planned workshops and training in risk management and further awareness regarding the enhancements in the areas of internal controls. The internal control framework will be updated and cross-referenced to the Risk Management Guidelines. The Management considers the recommendation to be in Progress.
7	In connection with the issuance of an annual Statement on Internal Control, ensure processes are in place to review, document and assure the effectiveness of the internal control system.	Continued co-ordination between MTBF and the Risk Management Group and respective discussions will pave the way forward for the enhancements in the internal controls. This will allow the Agency to see the entire process of Risk and related Internal Control in one process. There will be ongoing monitoring regarding the roll-out of the RM tool to ensure that the Agency and key stakeholders can have the entire scope of Risk and related internal controls in one process. The previous RM system will be decommissioned, and risks and controls will be validated using the new system and risk categories. The revised RM Guidelines will further clarify definitions of relevant terms related to RM, will provide a catalogue of risk categories and sub-categories and internal control types so that a common approach to terminology can be used across the house. A comprehensive training and communication plan will be developed for the introduction of the new RM system. The Management considers the recommendation to be in Progress.
8	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 Manager's handbook continues to prove to be a key element regarding the establishment of a culture of accountability in the Agency and is complementary to the Accountability framework. This handbook was developed by the Department of Management together with the advisory function of the OIOS. The main purpose was to address the documentary fragmentation and diversity related to the main responsibilities assigned to managers and the challenges associated with retrieving the relevant guidance. This handbook also serves as a conceptual framework linked to the Agency's Management systems, e.g. Results Based Management, Risk Management and Internal controls as well as performance management. It provides managers with an easy access to an intuitive map of their responsibilities and to source documents they need to discharge responsibilities. It is planned to leverage the handbook by integrating it with Management Development activities. Finally, it should be seen as a starting point for a continuous improvement

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		journey of linking accountability with authority, updating the Admin Manual to incorporate the Delegation of Authority and its specific applications. The roll-out and training regarding the Anti-Fraud policy will further ensure that accountability is expanded beyond managerial responsibility. Remaining steps: Definition of a timeline regarding the update of the notion of Delegation of Authority (DoA) within the Admin Manual. The Management considers the recommendation to be in Progress.

International Atomic Energy Agency
PO Box 100, Vienna International Centre
1400 Vienna, Austria
Telephone: (+43-1) 2600-0
Fax: (+43-1) 2600-7
Email: Official.Mail@iaea.org
www.iaea.org

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International Atomic Energy Agency
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