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EXECUTIVE COMMITTEE OF
 THE MULTILATERAL FUND FOR THE
 IMPLEMENTATION OF THE MONTREAL PROTOCOL
Seventy-seventh Meeting

Montreal, 28 November to 2 December 2016

**FINAL 2015 ACCOUNTS**

**Introduction**

# This document consists of the following two parts:

## Part I: 2015 final accounts of the Multilateral Fund (MLF)

## Part II: Report of the United Nations Board of Auditors (UNBoA) on the accounts of the Fund of the year ended 31 December 2015

**Part I: 2015 final accounts of the MLF**

# Annex I to the present document consists of the following schedules:

## Schedule 1.1: The statement of revenue and expenses

## Schedule 1.2: 2015 Statement of financial position

## Schedule 1.3: 2015 MLF expenses

## Schedule 1.4: Sub-accounts of UNDP managed activities 1991-2015

## Schedule 1.5: Sub-accounts of UNEP managed activities 1991-2015

## Schedule 1.6: Sub-accounts of UNIDO managed activities 1991-2015

## Schedule 1.7: Sub-accounts of the World Bank managed activities 1991-2015

# Schedule 1.1 provides information on agreed contributions under the revenue category. The Fixed Exchange Rate Mechanism loss was US $20,937,000 in 2015 compared to US $1,784,000 in 2014. This is attributable to strengthening of the United States dollar in 2015 compared to other currencies in which significant amount of contributions were received. This schedule also shows the aggregated data on the Secretariat and the implementing agencies’ (IAs) expenses; and the net Fund balance as at the end of 2015.

# Schedule 1.2 presents the status of voluntary pledges receivable which amounted to US $11,427,124. This is after reducing total aggregate receivable of US $188,082,048 by US $176,654,924, being provision for doubtful accounts in line with the International Public Sector Accounting Standards (IPSAS). It also shows promissory notes deposited and classified as short-term (US $8,787,000) and long-term (US $1,433,000) for a total aggregate amount of US $10,220,000.

# Schedule 1.3 presents actual expenses of the Secretariat budget in 2015 as approved by decision 72/43(c). Although the unspent balance is US $1,879,353, US $402,099 incurred in 2015 had not been expensed in 2015; so the return to the Multilateral Fund at the 77th meeting is US $1,477,253, consisting of US $1,449,117 from the Secretariat’s budget and US $28,136 from the Monitoring and Evaluation budget. An additional US $25,934, representing the difference in cost between P4 and P5, will be returned in 2016 from the Treasurer’s fee.

# Schedules 1.4 to 1.7 contain the final accounts of the IAs submitted to the Treasurer by the end of September 2016. Since the IAs’ final accounts were submitted after UNEP 2015 accounts were closed, only the provisional accounts submitted by the IAs in January 2016 were recorded in the UNEP final accounts. Table 1 provides the difference between IAs’ provisional and final 2015 accounts on aggregate revenue and expenses and shall be recorded in the 2016 accounts.

**Table 1. Differences between provisional and final 2015 accounts on aggregate income and expenditure (US $)**

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| **Agency** | **Provisional** | **Final** | **Difference** |
| **Income** |
| UNDP | 809,130,012 | 809,235,358 | 105,346 |
| UNEP | 284,585,939 | 285,596,881 | 1,010,942 |
| UNIDO | 835,559,624 | 835,506,101 | (53,523) |
| World Bank | 1,216,699,888 | 1,216,699,888 | 0 |
| **Total revenue** | **3,145,975,463** | **3,147,038,228** | **1,062,765** |
| **Expenses** |
| UNDP | 736,303,454 | 737,061,417 | 757,963 |
| UNEP | 238,749,671 | 241,413,946\* | 2,664,275 |
| UNIDO | 725,074,682 | 725,575,061 | 500,379 |
| World Bank | 1,152,079,747 | 1,152,079,747 | 0 |
| **Total expenses** | **2,852,207,554** | **2,856,130,171** | **3,922,617** |

\* Includes an adjustment of US $30,843,315 as a follow-up to decision 75/70(c) to authorise the Treasurer to restate the 2014 expenditure balance in the 2015 accounts so that the UNIDO 2014 accounts meet the IPSAS reporting requirements.

**Part II: Report of the UNBoA on the accounts of the Fund of the year ended 31 December 2015**

# The report of the UNBoA on the accounts of the Fund of the year ended 31 December 2015 has been finalised and submitted to the UNEP Executive Director[[1]](#footnote-1). The report included a section on the MLF accounts addressing the long outstanding receivables from assessed contributions. The report made reference to prior years’ audit recommendations on write offs brought by UNEP to the attention of the Executive Committee during a number of meetings. While the Executive Committee agreed to comply with UN IPSAS policies[[2]](#footnote-2) including allowances for doubtful accounts, it does not approve writing off any obligation due from parties. Therefore, all receivables are required to be maintained and collection to be pursued through discussions and negotiations at meetings of the Executive Committee.

# Despite the explanation provided to UNBoA regarding the decisions already taken by the Executive Committee not to write-off long-outstanding contributions receivable[[3]](#footnote-3), the Board reiterated that “in view of the uncertainty in the recoverability of the receivables outstanding since 2010, Management has to seek the Executive Committee position on the issue and properly disclose it in the financial statements”. Accordingly, the Treasurer has proposed a recommendation that the Executive Committee may wish to consider similar to previous decisions taken on this matter.

**Recommendations**

# The Executive Committee may wish:

## To note:

### The final financial statements of the Multilateral Fund as at 31 December 2015 prepared in accordance with the International Public Sector Accounting Standards as contained in document UNEP/OzL.Pro/ExCom/77/72;

### The report of the United Nations Board of Auditors (UNBoA) for the year ended 31 December 2015 submitted to UNEP;

### The UNBoA observation and recommendation indicating that UNEP should bring the issue of the long outstanding contribution to the attention of the Executive Committee for its consideration or their write off, and the subsequent response by UNEP taking into account the Secretariat’s comments on the issue;

## To request the Treasurer to record in the 2016 accounts of the Multilateral Fund the differences between the implementing agencies’ provisional 2015 financial statements and their final 2015 statements as reflected in Table 1 of the document UNEP/OzL.Pro/ExCom/77/72; and

## To request the Executive Committee to report to the 29th meeting of the Parties to the Montreal Protocol, the UNBoA observation and recommendation that “UNEP bring again the matter to the attention of the MLF Executive Committee for its consideration or their write off”.

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1. http://www.un.org/en/auditors/board/auditors-reports.shtml [↑](#footnote-ref-1)
2. UN IPSAS Policy 18.4.3 (j) requires that decisions for write offs are considered at the management level, or in the case of assessed or voluntary contributions from member states, at the General Assembly level or Executive Body level as appropriate. [↑](#footnote-ref-2)
3. A comprehensive explanation on the observations by UNBoA jointly prepared by the Secretariat and the Treasurer and submitted to UNEP on 01 July 2016. [↑](#footnote-ref-3)