

29 October 2010

**INTERNATIONAL BOARD OF AUDITORS FOR NATO**

**REPORT ON THE AUDIT OF THE  
NATO SECURITY INVESTMENT PROGRAMME  
FOR THE YEAR 2009**

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## SUMMARY

The International Board of Auditors for NATO (Board) audits and certifies each project for which NATO Security Investment Programme (NSIP) expenditure is charged to NATO. The Board's main objectives are to ensure that expenditure is within financial and technical authorisations, and carried out according to NSIP rules and procedures.

In accordance with Article 17 of its Charter, the Board prepared this report to Council summarising the results of the audit of NSIP expenditure for the year 2009. An overview of all activities is provided in the Board's Annual Activities Report, issued under reference IBA-M(2010)01, dated 30 April 2010.

The Board continued implementing its Strategic Plan for 2005 to 2009. Over the 5-year period of this Plan, the audited portion of expenditure increased from 81% to 84%, and the certified portion increased from 62% to 69% (Table 2 and para. 6.5).

The Board's 2009 audit resulted in net adjustments totalling EUR 10.9 million in favour of the NSIP (para 5.4). The Board audited expenditure, totalling more than EUR 710 million. The total value of the 265 Certificates of Final Financial Acceptance (COFFAs) issued in 2009 amounted to EUR 683 million (para. 6.1 and 6.2).

Concerning the close-out of operationally completed NSIP projects, the Board noted that between September 2009 and September 2010, the total number of projects remaining to be inspected, audited, and certified, dropped only marginally from 1,858 to 1,790. To the Board, this situation is cause for concern (para. 8.17-8.18).

This concern was also addressed in a performance audit report on the NSIP management. In particular, the Board assessed the clarity of the segregation of duties and responsibilities, the monitoring of the implementation phase, and specific aspects of the Alliance Operations and Missions (AOM) project management (para 9.1-9.4).

## **1. INTRODUCTION**

1.1 The International Board of Auditors for NATO (Board) is an independent body composed of six Members appointed by the North Atlantic Council (the Council) from among candidates nominated by member countries. According to Article 3 of the Board's Charter, its Members are responsible for their work only to the Council and shall neither seek nor receive instructions from authorities other than the Council. In 2009 the Board had an establishment of 1 Principal Auditor, 2 Senior Auditors, 18 Auditors, and 8 Administrative Staff assisting the Board in its work.

1.2 The primary function of the Board is to enable the Council and, through its Permanent Representatives, the Governments of member Countries, to satisfy themselves that common funds have been properly used for the settlement of authorised expenditure.

1.3 This report was prepared in compliance with Article 17 of the Charter of the Board. It summarises the result of the audit of NATO Security Investment Programme (NSIP) expenditure for the year 2009.

1.4 Besides NSIP project expenditure, the Board audits the financial statements of NATO bodies, including Civil and Military Agencies, NATO Production and Logistics Agencies and Military Commands. The Board also audits the efficiency and effectiveness of NATO operations and activities. An overview of all activities is provided in the Board's Annual Activities Report, issued under reference IBA-M(2010)01, dated 30 April 2010.

## **2. THE NATO SECURITY INVESTMENT PROGRAMME**

2.1 The NATO Security Investment Programme was set up in 1951 to build facilities to meet NATO military requirements, e.g. airfields, pipelines, missile sites, naval bases, warning installations and communication systems. The nations share the cost of the programme based on an agreed percentage for each participating nation. Until the end of 1993, Infrastructure project funding was authorised in annual "Slices" and individual projects. In 1994, a Capability Package (CP) approach was started to better link individual projects to specific military requirements. Projects continue to be programmed within the CP approach and audited individually.

2.2 The nation (or Agency) where a project is to be implemented is normally responsible for planning and executing the project. Before implementation, NATO must screen a project and present it to the Investment Committee (IC) for authorisation of the technical scope and funding. The IC oversees the implementation of the programme on behalf of the Council.

2.3 Every half year, the nations and agencies claim payments based on anticipated expenditure for their projects. Actual expenditure for the preceding half-year is also reported. NATO has been using the EURO (EUR) as its currency unit since 1<sup>st</sup> January 2003.

2.4 NATO technical teams inspect projects once they are completed. A team's inspection report is the basis of NATO acceptance of a project into its inventory. As a general rule, the Board does not perform an audit before the Joint Final Inspection and Formal Acceptance report (JFAI) has been finalised. However, this report may also only concern a distinct project component.

### **3. NSIP AUDIT OBJECTIVES**

3.1 Under Article 16 of its Charter, the Board is responsible for verifying that common NSIP expenditure has been incurred:

- within the framework of relevant national legislation and regulations;
- in compliance with Council decisions approving Infrastructure projects;
- in accordance with the terms of the contracts for their implementation;
- in compliance with international competitive bidding rules where these apply;
- as economically as possible; and
- without the charging to common funds of works in excess of those authorised by the competent committees.

3.2 The Board is required to check whether all payments for which reimbursement is claimed have actually been invoiced and paid, and to identify any item that is ineligible for NATO funding. The audit results in a Certificate of Final Financial Acceptance (COFFA) which certifies for each project audited the final amount charged to NATO common funds (C-M(53)71).

3.3 The Board continued to implement its Strategic Plan for the period 2005 - 2009. One of the four goals of this Plan was to improve accountability in the NSIP. In order to achieve these goals, the Board defined objectives, performance measures, targets and strategies in its Annual Performance Plan.

3.4 For 2009, the objective was to increase the percentage of the audited expenditure, as part of the total reported expenditure, by 1 %. The amount to be audited in nations was targeted at EUR 375 million, and the number of COFFAs to be issued was set at 500. The 2009 results are presented in item 6.

3.5 The Board also formulated a new Strategic Plan<sup>1</sup> for the period 2010-2014 . With regard to the NSIP, the strategic goal is to “enhance management and ensure accountability”. It is the Board’s stated intention to develop, next to its traditional activity of checking NSIP project expenditure and compliance with criteria and regulations, regular audit activities aimed at the evaluation of NSIP project and programme management, efficiency and effectiveness.

#### **4. CONDUCT OF NSIP AUDITS**

4.1 The Board usually audits projects in the responsible nation which prepares the required project documents. Normally the projects need to be fully expended and formally accepted by the IC. However, the Board also audits distinct project components, on condition that they have been technically inspected and accepted. The number of projects and the amounts audited annually mainly depend on the number of auditable projects available and presented for audit by nations.

4.2 For each project, the audit either results in a COFFA or in a Letter of Observation to the nation. The Letter sets out the amounts established by audit and the steps, if any, that the nation needs to take before the Board can certify the expenditure for the audited project. Projects for which a Letter of Observation has been sent remain open until a COFFA can be issued.

4.3 The Letter also explains any agreed or proposed adjustments against the amount claimed by that nation (see Section 5). Most of the adjustments are already agreed during the field audit between the nation’s representatives and the audit team.

4.4 In NATO agencies acting as a Host Nation, the Board is able to use a different audit approach. The audit team responsible for the annual financial statement audit of an agency also audits the NSIP expenditure, placing reliance as appropriate on the internal control environment. In a NATO agency or command there is a lower risk of unauthorised cost-overruns, excess works and national cost-shares, as these agencies and commands cannot absorb the excess costs. This allows checking the documentation on a sample basis, whereas in nations, in principle, every invoice needs to be checked.

4.5 In addition, there is low risk in performing an audit prior to the completion of projects and prior to the approval of a JFAI document, in NATO agencies. Of course, when the JFAI document is approved, the Board reviews this document before it issues a COFFA.

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<sup>1</sup> Document IBA-M(2009)02 dated 01 December 2009

## **5. ADJUSTMENTS TO CLAIMED EXPENDITURE**

5.1 When auditing NSIP projects the Board checks a number of items. All these checks can lead to adjustments, both in favour of the NSIP and of nations. The Board's audits may result in two types of adjustments.

5.2 First, audit adjustments are financial adjustments arising from the audit of the cost statements presented by the nations. The audit adjustments may result from mathematical errors, currency conversion errors, excess works, missing invoices, etcetera. They can result in savings in favour of the NSIP or in favour of the nation.

5.3 The second type are adjustments to the Financial Report. Nations can claim advances against authorised funds in the Semi-annual Financial Report (SAFR). Ideally, expenditure claimed in the SAFR should match the expenditure in the local accounts (cost statements). However, this is not always the case in practice, because nations sometimes over-report or under-report the cost of the project. At the end of the audit of each project, the Board reconciles the audit result with the amount reported in the SAFR. These adjustments correct any overcharge or undercharge by the nation in the SAFR, and are reported as savings either to the NSIP or to the nation.

5.4 In 2009 the Board's audits resulted in total net adjustments in favour of the NSIP of EUR 10.9 million.

5.5 These adjustments reflect only the quantifiable benefits. The general qualitative improvements in controls over expenditure cannot be quantified, but are an important outcome of the audit process. Finally, it should be noted that the Board does not conduct an audit when project authorisations are converted into lump sums.

## **6. OVERALL 2009 AUDIT RESULTS**

6.1 In 2009, the Board used 1.8 staff-years for NSIP project audits, compared to 2.4 staff-years in 2008. It conducted 20 audit missions in 9 nations, 2 agencies, and one strategic command acting as Host Nation. These audits covered expenditure amounting to EUR 710 million (EUR 825 million in 2008). It should be noted that, in the nations, the Board can only audit expenditure that is presented by them. In the NATO agencies and – as from 2007 - also in the Commands, NSIP transactions are audited as part of the audit of their annual financial statements.

6.2 The Board issued 265 COFFAs with a total value of EUR 683 million, compared to 597 COFFAs for EUR 948 million in 2008.

6.3 The overall status at the end of 2009 and 2008 was as follows:

**Table 1: Overall status of expenditure 2008-2009  
(in Billion Euro)**

|   | <b>2009</b> | <b>2008</b> |
|---|-------------|-------------|
| Cumulative expenditure reported               | 30.1        | 29.3        |
| Cumulative expenditure audited                | 25.4        | 24.7        |
| Cumulative expenditure certified <sup>2</sup> | 20.7        | 20.0        |
| Percentage of reported expenditure audited    | 84 %        | 84 %        |
| Percentage of reported expenditure certified  | 69 %        | 68 %        |

6.4 Compared to 2008, the total audited expenditure remained stable at 84%. As only an amount of EUR 208 million was audited in nations, the 2009 target of EUR 375 million was not reached. In general, the performance measures selected for 2009 were too dependent on factors beyond the Board's control.

6.5 Over the 5-year period of the Strategic Plan, the percentage of audited expenditure increased from 81% to 84 %, and the percentage of certified – COFFA'd - expenditure increased from 62% to 69% (Table 1).

**Table 2: Amounts audited and certified 2004-2009  
(in Billion Euro)**

| Figures as at end                             | <b>2009</b> | <b>2004</b> |
|---|-------------|-------------|
| Cumulative expenditure reported               | 30.1        | 26.8        |
| Cumulative expenditure audited                | 25.4        | 21.8        |
| Cumulative expenditure certified <sup>3</sup> | 20.7        | 16.7        |
| Percentage of reported expenditure audited    | 84 %        | 81 %        |
| Percentage of reported expenditure certified  | 69 %        | 62 %        |

6.6 Although the Board's objectives for NSIP expenditure audit in 2009 were not achieved, the Board is of the opinion that significant progress was made towards improving the NSIP accountability, as was intended in its Strategic Plan 2005-2009.

6.7 An overview of the cumulative amounts authorised, spent, audited and certified is at Appendix 2. Cumulative amounts spent, audited and certified, by nation and agency, are shown at Appendix 3.

<sup>2</sup> As recorded by the IBAN in the NSIP database

<sup>3</sup> As recorded by the IBAN in the NSIP database



6.8 The cumulative unaudited expenditure of about EUR 4.7 billion does not equate to “auditable” expenditure. The Board normally audits projects when they are completed and NATO has technically inspected them. Therefore, projects that are not yet inspected are not available for audit. However, in view of the relatively small number of inspected projects, the Board does accept to review also the partially inspected projects. Projects remain open for reasons beyond the Board’s control, such as expenditure not presented for audit, lack of technical inspection, need for additional authorisations, and outstanding audit observations.

6.9 The difference between the total amount audited and the total amount certified is EUR 4.7 billion, consisting of EUR 1.9 billion for nations and EUR 2.8 billion for NATO bodies. For nations, the difference is due to the fact that, quite frequently, audited projects cannot be certified and closed, for various reasons such as insufficient fund authorisation or unagreed audit observations. In an effort to contribute to finding solutions for these unresolved cases, the Board reviews these projects annually, and communicates the results to both the NATO Office of Resources and the nations.

6.10 In the case of NATO bodies, the difference between amounts audited and certified is mainly due to the fact that, whereas the expenditure is audited on an annual basis, the large majority of the projects lack an approved JFAI report. Detailed figures for the number of projects involved are at Appendices 4 and 5.

6.11 Unlike the previous years, the amount audited in 2009 (710 million EUR) did not exceed the amount reported as spent in 2009 (777 million EUR).

## **7. AMOUNTS AUDITED AND CERTIFIED BY NATION AND AGENCY**

7.1 Appendix 3 shows the expenditure reported, audited, and certified, as of 31 December 2009, by nation and agency.

7.2 Starting with their financial statements for the year 2007, the Strategic Commands - ACO and ACT - have included the NSIP-funded expenditure in their financial statements, in line with the requirement to become IPSAS-compliant. Their NSIP-funded expenditure is now audited annually in the framework of the financial statements, as was already the case for NC3A, NACMA and NAMSA. The Strategic Commands still need to present some prior-year NSIP expenditure for audit (see Appendix 3, difference between expenditure reported and expenditure audited).

7.3 The member nations that have joined NATO since 1999 and Spain that joined the Programme in 1995 have less than 50% of their expenditure audited because of recent projects under implementation.

7.4 Appendix 3 shows that overall the portion of the expenditure of NATO Agencies and Commands which is audited (97 %) is higher than the audited portion of territorial

nations' expenditure (82 %). On the other hand, the portion of expenditure of NATO Agencies and Commands which is certified (45 %) is far lower than the certified portion of territorial nations' expenditure (74 %) (see para 6.7 above).

## **8. CLOSURE OF NSIP PROJECTS**

8.1 In 2009, the IC approved a total of 81 Formal Acceptance (FA) reports. By contrast, in September 2010 a total of 849 completed projects still required a request for technical inspection and formal acceptance, and for 459 projects such a request was recorded in the NSIP database.

8.2 A detailed overview of completed projects in various stages of close-out, comparing the figures as at September 2009 and September 2010, is provided at Appendices 4 and 5.

### **The Slice Programme (1970-1994)**

8.3 Appendix 4 provides a breakdown, by nation, showing :

- the number of projects between technical completion and financial acceptance,
- the number of active<sup>4</sup>, deleted, and cancelled projects, and
- the number of projects awaiting close-out after COFFA.

8.4 The projects technical completion and financial acceptance are subdivided in five categories:

- technically completed, awaiting a JFAI request by the Host Nation;
- with a JFAI requested but not yet performed by the JFAI team;
- with a JFAI published, yet to be accepted by the IC;
- with a JFAI accepted, thus to be submitted for audit by the Host Nation; and
- with a partial or final audit, awaiting action by nations or the NOR.

8.5 The total number of Slice Programme projects to be inspected, audited, and certified dropped only slightly, from 462 to 423.

### **Accelerated Close-out Procedure**

8.6 In 2004, the IC agreed on an Accelerated Joint Final Inspection and Formal Acceptance procedure for projects, meeting the following criteria: a value of less than EUR 0.5 million; no current Minimum Military Requirement (MMR); if current MMR,

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<sup>4</sup> Together with projects under "confirmation".

deficiencies are to be corrected under separate action; no reported excess works; or excess works not requiring additional funding; no other issues.

8.7 The use of the Accelerated JFAI procedure has two main consequences:

- for the technical inspection, the Simplified Procedure is used, which does not require an on-site visit of a JFAI team;
- as the IC agreed that all projects qualifying under the Accelerated JFAI process would automatically qualify for a lump sum conversion of the existing fund authorisations<sup>5</sup>, the expenditure does not need to be audited by IBAN.

8.8 In July 2008 the IC approved the Enhanced Accelerated Joint Formal Acceptance Procedure, applicable to Slices 21 to 45<sup>6</sup>. The aim was to expedite the financial closure of Slice programme projects by extending the existing procedure to an additional group of projects, i.e. projects with a financial value from EUR 500,000 to EUR 2 Million, and by creating new procedures for higher value projects, i.e. projects from EUR 2 Million to EUR 10 Million; in these cases, the JFAI report may be elaborated in a written procedure.

8.9 In 2009 only one list of 13 projects, meeting the “2004 criteria” was submitted to the Investment Committee. No projects were proposed, meeting the criteria for the Enhanced Accelerated Joint Formal Acceptance.

### **The Capability Package Programme (since 1994)**

8.10 As illustrated at Appendix 5, the total number of operationally completed CP Programme projects to be inspected, audited and certified, decreased only marginally - from 1,396 to 1,367 - in the period September 2009 to September 2010.

8.11 The number of close-out projects, implemented by territorial Host Nations, increased from 792 to 970. In more than half of these cases, a JFAI request had not been submitted.

8.12 The number of close-out projects, implemented by NATO Bodies<sup>7</sup>, decreased from 604 to 397. The majority of these projects concern Alliance Operations and Missions (AOM).

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<sup>5</sup> AC/4-D(2004)0004 and AC/4-D(2004)0004-ADD1, approved by AC/4-DS(2004)0019 and AC/4-DS(2004)0032 respectively.

<sup>6</sup> AC/4-D(2004)0004-ADD2-REV1, approved by AC/4-DS(2008)0019.

<sup>7</sup> NSIP-funded activities implemented by NATO Bodies are audited in two phases : first as part of the annual financial statements (if included), and secondly from an NSIP project point of view (JFAI, deficiencies, etc).

8.13 In the NC3 Agency the number of projects remaining to be inspected, audited and certified dropped from 380 to 156. The number of its completed projects lacking a JFAI request dropped from 238 to 66.

### **Performance audit**

8.14 One of the issues analysed in the Board's NSIP performance audit report<sup>8</sup> (see item 9) was the project technical acceptance phase. The Board noted :

- an important backlog of projects to be inspected, audited and certified;
- various reasons and shared responsibilities for this backlog;
- a general lack of assessment of project performance.

8.15 The Board made three specific recommendations concerning the JFAI process and the project close-out :

- to review the current procedures;
- to explore possibilities of providing incentives to nations for presenting projects for final inspection within the agreed milestone period;
- to set up an evaluation process for selected projects.

8.16 The IC supported the Board's recommendation to review current procedures<sup>9</sup>. As a first step, the NOR was invited to issue a report on its current approach for dealing with the JFAI backlog, and, if appropriate, for making recommendations to streamline the process. Regarding incentives, the IC pointed out that the new project authorisation policy placed much more emphasis on achieving the project milestones. Regarding evaluation, the IC considered that the Board could potentially strengthen its role by undertaking selected project performance audits.

8.17 In conclusion, the Board notes that:

- in September 2010, a total number of 1,790 operationally completed projects remain to be technically inspected and/or financially certified<sup>10</sup>;
- in 2009, only 81 Formal Acceptance reports were submitted to the IC for approval; at this rate, this backlog is likely to increase;
- the possibilities for accelerated close-out, offered by the IC decisions taken in 2004 and in 2008, have not been fully used.

8.18 In the Board's opinion, the extremely high number of operationally completed projects in various stages of administrative close-out is a cause for concern.

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<sup>8</sup> C-M(2010)0037 Annex 2

<sup>9</sup> C-M(2010)0079 Annex 1, Report by the Infrastructure Committee

<sup>10</sup> This number does not include the deleted and cancelled projects, nor the projects under confirmation

## **9. PERFORMANCE AUDIT ON NSIP MANAGEMENT**

9.1 In 2007, the Board decided to commence a performance audit of the NSIP management. This audit was announced to various NSIP stakeholders in June 2008. The report was sent out for factual comments in October 2009.

9.2 The Board assessed the clarity of the segregation of duties and responsibilities, the monitoring of the implementation phase, and specific aspects of the Alliance Operations and Missions (AOM) project management. In the report, a series of recommendations were made concerning specifically :

- projects in support of Alliance Operations and Missions (requirements, planning, prioritisation)
- fragmented and complex NSIP management procedures
- unclear role of the Strategic Commands
- need for a more comprehensive approach
- quick evolution of monitoring tools and difficulties in assessing progress
- low priority of the acceptance phase.

9.3 In its report<sup>11</sup> to Council, the Infrastructure Committee concluded that the timing of the Board's report<sup>12</sup> was such that it was possible to report that almost all of its recommendations had been addressed in one form or another, within the multiple strands of work undertaken under the mandated resource reforms within the overarching Balancing Requirements and Resources. The IC also stated that it would return to the Board's Performance Audit Report before 15 December 2010, in order to assess the situation, and to determine what further actions are needed.

9.4 On 6 August 2010, the Council took note of both reports.

## **10. AXING AUTHORITY**

10.1 Council established the Board's axing authority in 1979 (C-M(79)52). Under the axing authority, the Board's audit observations are considered accepted by the nation after one year has elapsed without a substantive response, or at least an explanation as to why an answer cannot be given within that year. Axing a project has significant consequences for nations. Axed expenditure will no longer be eligible for NATO funding. This directly impacts on the expenditure the nation can claim for reimbursement by the other NATO nations and on the contributions it has to pay or receive.

10.2 In 2009, the Board issued one Axing COFFA and two "Axing Warning" letters, giving the Nations an additional six-month period to provide a reply to a prior Board Letter of Observations. These two cases were resolved satisfactorily.

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<sup>11</sup> Document C-M(2010)0079, Annex 1

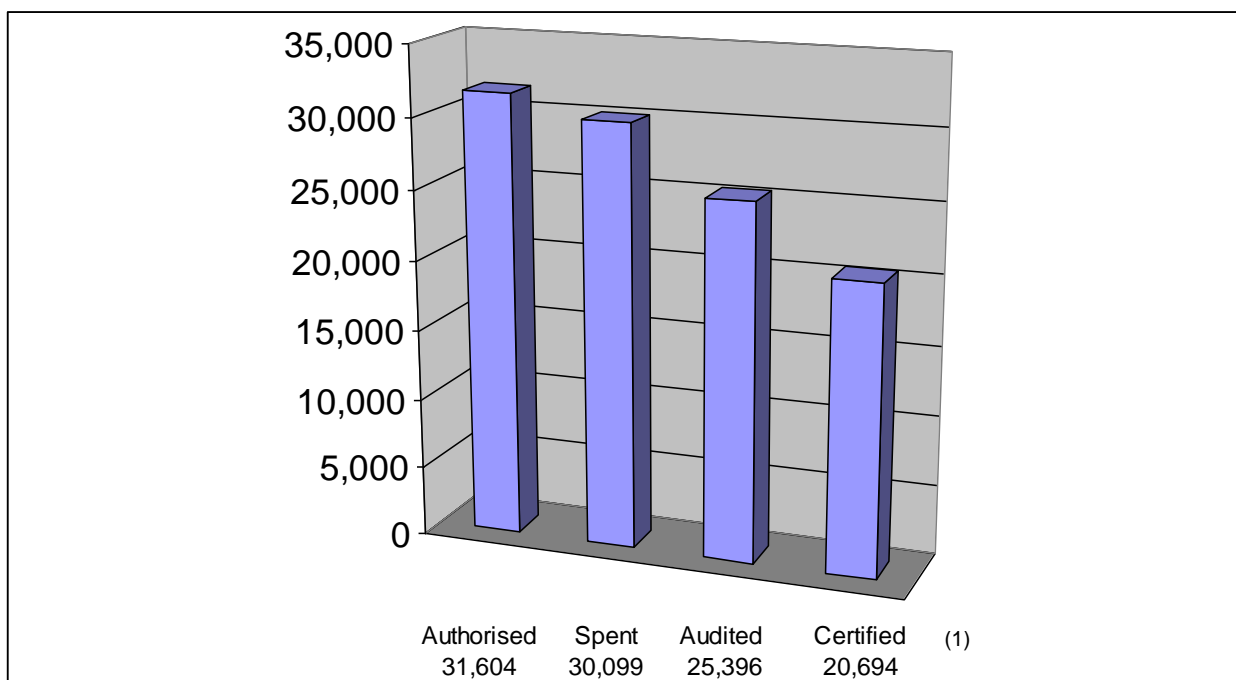
<sup>12</sup> Document C-M(2010)0037, Annex 2

## LIST OF ABBREVIATIONS

|            |   |
|------------|---|
| Board/IBAN | International Board of Auditors for NATO                    |
| CEPMA      | Central European Pipeline Management Agency                 |
| COFFA      | Certificate of Final Financial Acceptance                   |
| Council    | North Atlantic Council                                      |
| CP         | Capability Package  |
| EUR        | Euro  |
| HQ         | Headquarters  |
| IC         | Investment Committee  |
| IPSAS      | International Public Sector Accounting Standards            |
| JFAI       | Joint Final Acceptance Inspection                           |
| MOU        | Memorandum of Understanding                                 |
| NACMA      | NATO ACCS Management Agency                                 |
| NADGEMO    | NATO Air Defence Ground Environment Management Organization |
| NAMSA      | NATO Maintenance and Supply Agency                          |
| NC3A       | NATO Consultation, Command and Control Agency               |
| NOR        | NATO Office of Resources                                    |
| NSIP       | NATO Security Investment Programme                          |
| ACT        | Allied Command Transformation                               |
| SAFR       | Semi-annual Financial Report                                |
| SHAPE      | Supreme Headquarters of the Allied Powers in Europe         |
| UK         | United Kingdom  |
| USA        | United States of America                                    |

**Cumulative Amounts Authorised, Spent,  
Audited and Certified as at 31 December 2009**

**(Millions of EURO)**



<sup>(1)</sup> Amount Certified as recorded by IBAN

**Reported Expenditure Audited and Certified by Nation and Agency  
(Cumulative as of 31 December 2009)**

|                     | Expenditure Reported<br>(€ millions) | Expenditure Audited<br>(€ millions) | Expenditure Certified<br>(€ millions) | Expenditure Audited<br>% | Expenditure Certified<br>% |
|---------------------|--------------------------------------|-------------------------------------|---------------------------------------|--------------------------|----------------------------|
|                     | (1)                                  | (2)                                 | (3)                                   | (2) : (1)                | (3) : (1)                  |
| Belgium             | 776                                  | 610                                 | 574                                   | 79                       | 74                         |
| Bulgaria            | 5                                    | 0                                   | 0                                     | 0                        | 0                          |
| Canada              | 80                                   | 80                                  | 80                                    | 100                      | 100                        |
| Czech Republic      | 96                                   | 9                                   | 9                                     | 10                       | 10                         |
| Denmark             | 721                                  | 649                                 | 627                                   | 90                       | 87                         |
| Estonia             | 22                                   | 0                                   | 0                                     | 0                        | 0                          |
| France              | 1,006                                | 962                                 | 962                                   | 96                       | 96                         |
| Germany             | 5,660                                | 4,964                               | 4,478                                 | 88                       | 79                         |
| Greece              | 1,755                                | 1,080                               | 996                                   | 62                       | 57                         |
| Hungary             | 113                                  | 18                                  | 8                                     | 16                       | 7                          |
| Italy               | 2,119                                | 1,476                               | 1,311                                 | 70                       | 62                         |
| Lithuania           | 30                                   | 24                                  | 24                                    | 80                       | 80                         |
| Luxembourg          | 59                                   | 59                                  | 59                                    | 100                      | 100                        |
| Latvia              | 7                                    | 0                                   | 0                                     | 0                        | 0                          |
| Netherlands         | 899                                  | 862                                 | 801                                   | 96                       | 89                         |
| Norway              | 2,105                                | 1,829                               | 1,628                                 | 87                       | 77                         |
| Poland              | 273                                  | 35                                  | 30                                    | 13                       | 11                         |
| Portugal            | 568                                  | 418                                 | 337                                   | 74                       | 59                         |
| Slovakia            | 12                                   | 0                                   | 0                                     | 0                        | 0                          |
| Slovenia            | 4                                    | 0                                   | 0                                     | 0                        | 0                          |
| Spain               | 165                                  | 26                                  | 26                                    | 16                       | 16                         |
| Turkey              | 4,469                                | 3,751                               | 3,506                                 | 84                       | 78                         |
| United Kingdom      | 2,489                                | 2,431                               | 2,229                                 | 98                       | 90                         |
| USA/Iceland         | 1,231                                | 872                                 | 552                                   | 71                       | 45                         |
| <b>Nations</b>      | <b>24,663</b>                        | <b>20,129</b>                       | <b>18,237</b>                         | <b>82</b>                | <b>74</b>                  |
| CEPMA (1)           | 166                                  | 116                                 | 116                                   | 70                       | 70                         |
| NC3A                | 2,917                                | 2,917                               | 1,408                                 | 100                      | 48                         |
| NACMA               | 835                                  | 835                                 | 156                                   | 100                      | 19                         |
| NAMSA               | 524                                  | 524                                 | 113                                   | 100                      | 22                         |
| SHAPE               | 948                                  | 841                                 | 630                                   | 89                       | 66                         |
| SACLANT             | 13                                   | 1                                   | 1                                     | 9                        | 9                          |
| NADGEMO (2)         | 33                                   | 33                                  | 33                                    | 100                      | 100                        |
| <b>Agencies (3)</b> | <b>5,436</b>                         | <b>5,267</b>                        | <b>2,457</b>                          | <b>97</b>                | <b>45</b>                  |
| <b>TOTAL</b>        | <b>30,099</b>                        | <b>25,396</b>                       | <b>20,694</b>                         | <b>84</b>                | <b>69</b>                  |

(1) Acting as Host Nation on behalf of France

(2) NADGEMO projects are finalised

(3) Audited annually



**Slice Programme – Projects to be inspected, audited, and certified  
(Figures as at September 2009 and September 2010)**

|                       | Project complete but JFAI not yet requested |            | JFAI Requested but not yet performed |            | JFAI accepted but project not yet audited |            | Project audited but not yet certified (COFFA) |            | TOTAL PROJECTS |             |
|-----------------------|---|------------|--------------------------------------|------------|---|------------|---|------------|----------------|-------------|
|                       | Sep-10                                      | Sep-09     | Sep-10                               | Sep-09     | Sep-10                                    | Sep-09     | Sep-10  | Sep-09     | Sep-10         | Sep-09      |
| <b>Belgium</b>        | 7   | 10         | 5                                    | 4          | 2   | 2          |   |            | 14             | 16          |
| <b>Denmark</b>        | 2   | 3          | 1                                    |            | 4   | 5          | 3   | 4          | 10             | 12          |
| <b>France</b>         |   |            |                                      |            |   | 1          |   |            | 0              | 1           |
| <b>Germany</b>        | 12  | 12         | 8                                    | 9          | 7   | 17         | 32  | 30         | 59             | 68          |
| <b>Greece</b>         | 30  | 53         | 13                                   | 8          | 12  | 18         | 7   | 10         | 62             | 89          |
| <b>Italy</b>          | 19  | 35         | 86                                   | 73         | 3   | 18         | 21  | 35         | 129            | 161         |
| <b>Netherlands</b>    | 1   | 1          | 3                                    | 2          | 2   | 2          | 0   | 1          | 6              | 6           |
| <b>Norway</b>         | 4   | 16         | 17                                   | 9          | 5   | 11         | 2   | 16         | 28             | 52          |
| <b>Portugal</b>       | 1   | 2          | 1                                    |            |   |            |   |            | 2              | 2           |
| <b>Turkey</b>         | 17  | 30         | 15                                   | 9          | 9   | 16         | 9   | 16         | 50             | 71          |
| <b>United Kingdom</b> | 10  | 9          | 6                                    | 2          | 20  | 29         | 6   | 22         | 42             | 62          |
| <b>USA</b>            | 10  | 8          | 6                                    | 3          | 6   | 8          |   |            | 22             | 19          |
| <b>CEPMA</b>          |   |            |                                      | 1          | 1   |            |   |            | 1              | 1           |
| <b>NC3A</b>           | 1   | 30         | 23                                   | 4          |   |            | 13  | 18         | 37             | 52          |
| <b>TOTAL</b>          | <b>114</b>                                  | <b>209</b> | <b>184</b>                           | <b>124</b> | <b>71</b>                                 | <b>127</b> | <b>93</b>                                     | <b>152</b> | <b>462</b>     | <b>612</b>  |
| NOT INCLUDED          |   |            |                                      |            |   |            |   |            | 38             | 19          |
|                       |   |            |                                      |            |   |            |   |            | 95             | 187         |
|                       |   |            |                                      |            |   |            |   |            | 144            | 329         |
|                       |   |            |                                      |            |   |            |   |            |                |             |
| <b>TOTAL</b>          |   |            |                                      |            |   |            |   |            | <b>739</b>     | <b>1147</b> |

**Capability Package Programme - Projects to be inspected, audited, and certified  
(Figures as at September 2009 and September 2010)**

|                         | Project complete but JFAI not yet requested |            | JFAI Requested but not yet performed |            | JFAI accepted but project not yet audited |            | Project expenditure not yet certified (COFFA) |           | TOTAL PROJECTS |            |
|-------------------------|---|------------|--------------------------------------|------------|---|------------|---|-----------|----------------|------------|
|                         | Sep-10                                      | Sep-09     | Sep-10                               | Sep-09     | Sep-10                                    | Sep-09     | Sep-10  | Sep-09    | Sep-10         | Sep-09     |
| Belgium                 | 2   | 4          | 3                                    | 7          | 8   | 5          |   |           | 13             | 16         |
| Bulgaria                |   |            |                                      |            | 1   |            |   |           | 1              | 0          |
| Canada                  | 1   | 1          |                                      |            | 1   | 1          |   |           | 2              | 2          |
| Czech Republic          | 13  | 11         | 4                                    | 3          |   |            |   |           | 17             | 14         |
| Denmark                 | 15  | 10         | 7                                    | 9          | 8   | 7          | 1   | 1         | 31             | 27         |
| France                  | 1   | 1          |                                      |            | 1   | 5          |   |           | 2              | 6          |
| Germany                 | 82  | 129        | 7                                    | 7          | 32  | 72         | 10  | 14        | 131            | 222        |
| Greece                  | 84  | 87         | 6                                    | 7          | 6   | 12         | 1   | 1         | 97             | 107        |
| Hungary                 | 3   | 2          | 12                                   | 1          | 1   | 10         | 3   |           | 19             | 13         |
| Italy                   | 96  | 91         | 8                                    | 10         | 4   | 6          |   |           | 108            | 107        |
| Latvia                  | 1   |            |                                      |            | 1   |            |   |           | 2              |            |
| Lithuania               | 2   | 1          | 6                                    |            |   |            |   |           | 8              | 1          |
| Netherlands             | 12  | 17         | 1                                    | 1          | 20  | 18         |   | 9         | 33             | 45         |
| Norway                  | 2   | 2          | 10                                   | 15         | 2   | 4          | 2   | 2         | 16             | 23         |
| Poland                  | 8   | 9          | 4                                    | 5          | 7   | 6          | 1   | 3         | 20             | 23         |
| Portugal                | 16  | 6          | 7                                    | 10         | 6   | 8          | 2   | 1         | 31             | 25         |
| Spain                   | 7   | 6          | 4                                    | 3          | 1   |            | 1   | 1         | 13             | 10         |
| Turkey                  | 102   | 91         | 23                                   | 12         | 48  | 58         | 8   | 8         | 181            | 169        |
| United Kingdom          | 11  | 20         | 13                                   | 9          | 11  | 22         | 3   | 8         | 38             | 59         |
| USA                     | 14  | 3          | 13                                   | 12         | 2   | 3          |   | 1         | 29             | 19         |
| <b>SUBTOTAL NATIONS</b> | <b>472</b>                                  | <b>491</b> | <b>128</b>                           | <b>111</b> | <b>160</b>                                | <b>237</b> | <b>32</b>                                     | <b>49</b> | <b>792</b>     | <b>888</b> |

APPENDIX 5  
ANNEX 1  
C-M(2010)0091  
IBA-IR(2010)0142

|                          | Project complete but JFAI not yet requested |            | JFAI Requested but not yet performed |            | JFAI accepted but project not yet audited |            | Project expenditure not yet certified (COFFA) |           | TOTAL PROJECTS |             |
|--------------------------|---|------------|--------------------------------------|------------|---|------------|---|-----------|----------------|-------------|
|                          | Sep-10                                      | Sep-09     | Sep-10                               | Sep-09     | Sep-10                                    | Sep-09     | Sep-10  | Sep-09    | Sep-10         | Sep-09      |
| CEPMA                    | 1   | 1          | 1                                    | 2          | 31  | 24         |   |           | 33             | 27          |
| NC3A                     | 238   | 62         | 79                                   | 36         | 63  | 56         |   |           | 380            | 154         |
| NACMA                    | 3   | 4          | 1                                    |            |   | 1          |   |           | 4              | 5           |
| NAMSA                    | 8   | 4          | 3                                    | 2          | 2   | 1          |   |           | 13             | 7           |
| ACT                      | 4   | 3          | 2                                    | 1          |   |            |   |           | 6              | 4           |
| SHAPE                    | 112   | 81         | 37                                   | 31         | 11  | 10         | 8   | 10        | 168            | 132         |
| <b>SUBTOTAL AGENCIES</b> | <b>366</b>                                  | <b>155</b> | <b>123</b>                           | <b>72</b>  | <b>107</b>                                | <b>92</b>  | <b>8</b>                                      | <b>10</b> | <b>604</b>     | <b>329</b>  |
|                          |   |            |                                      |            |   |            |   |           |                |             |
| <b>TOTAL</b>             | <b>838</b>                                  | <b>646</b> | <b>251</b>                           | <b>183</b> | <b>267</b>                                | <b>329</b> | <b>40</b>                                     | <b>59</b> | <b>1396</b>    | <b>1217</b> |