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ENGLISH ONLY

IPCC TRUST FUND PROGRAMME AND BUDGET

**Audit of 2015 financial statements of the Intergovernmental Panel
on Climate Change**

(Submitted by the Secretary of the IPCC)

Intergovernmental Panel on Climate Change

**FINANCIAL STATEMENTS FOR YEAR
ENDED 31 DECEMBER 2015**

18 April 2016

STATEMENT I**INTERGOVERNMENTAL PANEL ON CLIMATE CHANGE
(IPCC)****STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2015***amounts in thousands of Swiss Francs*

	Note	2015	2014
ASSETS			
Current assets			
Contributions receivable	3.1	535	1,230
Inventory	3.2	413	293
Other assets	3.3	41	77
Funds held by WMO	3.4	6,597	9,276
		7,586	10,876
Non-current assets			
Contributions receivable	3.1	610	324
		8,196	11,200
LIABILITIES			
Current liabilities			
Pass-throughs	3.5	-	1,255
Deferred Income	3.6	142	-
Payables and accruals	3.7	64	124
Employee benefits	3.8	71	147
Other liabilities	3.9	1	1
		278	1,527
Non-current liabilities			
Deferred Income	3.6	465	-
Long-term employee benefits	3.8	863	1,056
		1,606	2,583
Net assets		6,590	8,617
NET ASSETS/EQUITY			
Fund balances		6,569	8,881
Employee benefits reserves	3.10	21	(264)
Total net assets/equity		6,590	8,617

The accompanying notes form an integral part of these financial statements.

STATEMENT II

INTERGOVERNMENTAL PANEL ON CLIMATE CHANGE
(IPCC)

STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 DECEMBER 2015
amounts in thousands of Swiss Francs

	Note	2015	2014
Revenue			
Voluntary contributions	5.1	4,330	4,420
In-kind contributions	5.2	584	657
Other revenue	5.3	3	9
Total Revenue		4,917	5,086
Expenses			
Travel	6.1	2,287	2,833
Salaries and employee benefits	6.2	2,188	2,635
Other expenditures	6.3	1,476	693
In-kind expenditures	6.4	584	657
Supplies, consumables and other running costs	6.5	379	168
Grants and contributions for organization of meetings	6.6	315	205
Total Expenses		7,229	7,191
Deficit for the period		(2,312)	(2,105)

The accompanying notes form an integral part of these financial statements.

STATEMENT III

INTERGOVERNMENTAL PANEL ON CLIMATE CHANGE (IPCC)

STATEMENT OF CHANGES IN NET ASSETS/EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2015

(in thousands of Swiss Francs)

	Fund Balances	Employee Benefits Reserves	Total Net Assets
Net assets at 31 December 2014	8,881	(264)	8,617
Movements in fund balances and reserves			
(Deficit) for the period (Statement II)	(2,312)	-	(2,312)
Gain/(Loss) arising on actuarial valuation of employee benefits		285	285
Total movements during the year	(2,312)	285	(2,027)
Total net assets at 31 December 2015	6,569	21	6,590
	Fund Balances	Employee Benefits Reserves	Total Net Assets
Net assets at 31 December 2013	10,986	(82)	10,904
Movements in fund balances and reserves			
(Deficit) for the period (Statement II)	(2,105)	-	(2,105)
Gain/(Loss) arising on actuarial valuation of employee benefits	-	(182)	(182)
Total movements during the year	(2,105)	(182)	(2,287)
Total net assets at 31 December 2014	8,881	(264)	8,617

The accompanying notes form an integral part of these financial statements.

**STATEMENT
IV**

**INTERGOVERNMENTAL PANEL ON CLIMATE CHANGE (IPCC)
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 DECEMBER 2015
(in thousands of Swiss Francs)**

	2015	2014
	<hr/>	<hr/>
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus/(Loss) for the period	(2,312)	(2,105)
(Increase) decrease in contributions receivables	695	313
(Increase) decrease in inventory	(120)	(132)
(Increase) decrease in other current assets	36	15
(Increase) decrease in funds held by WMO	2,679	1,540
(Increase) decrease in long-term contributions receivables	(286)	401
Increase (decrease) in pass-throughs	(1,255)	1,255
Increase (decrease) in Deferred Income	607	-
Increase (decrease) in payables and accruals	(60)	(1,382)
Increase (decrease) in non-current liabilities for employee benefits	(193)	1
Increase (decrease) in liabilities for employee benefits including service charge and interest cost	(76)	276
Increase (decrease) in employee benefits reserves	285	(182)
Net cash flows from operating activities	<hr/> -	<hr/> -
Net increase in cash and cash equivalents	-	-
Cash and cash equivalents at beginning of year	-	-
CASH AND CASH EQUIVALENT AT 31 DECEMBER 2015	<hr/> <hr/> -	<hr/> <hr/> -

The accompanying notes form an integral part of these financial statements.

STATEMENT
V

Intergovernmental Panel on Climate Change (IPCC)
Statement of Comparison of Budget and Actual Amounts
as at 31 December 2015
(in thousands of Swiss Francs)

Category	Budget	Expenditure	Budget Under / (Over) Spent
A. Governing Bodies:			
1 IPCC - 41	760,000	489,000	271,000
2 IPCC - 42	880,000	902,000	(22,000)
3 Bureau 48,49,50	438,000	128,000	310,000
4 Executive Committee	74,880	-	74,880
5 TFB	42,120	20,000	22,120
6 SBSTA/COP/JWG	80,000	98,000	(18,000)
7 Prior year meetings	-	5,000	(5,000)
8 Total Governing Bodies	<u>2,275,000</u>	<u>1,642,000</u>	<u>633,000</u>
B. Scoping Meetings, Expert Meetings and Workshops			
1 Working Group meetings (contingency)	23,400	-	23,400
2 Other expert meetings and consultations (contingency)	28,080	-	28,080
3 Working Group I - Regional Climate Workshop	205,920	111,500	94,420
4 Working Group III - Scenarios Meeting	140,400	85,000	55,400
5 Working Groups I/II/III - Lessons Learned Workshop	140,400	-	140,400
6 TGICA	112,320	17,000	95,320
7 TGICA - Expert meeting	140,400	68,000	72,400
8 EFDB Board	112,320	36,000	76,320
9 EFDB Expert Meetings	93,600	6,000	87,600
10 EFDB and Software Users' Feedback	44,000	37,000	7,000
11 TFI Expert meeting (tech assessmt - Energy/IPPU/Waste)	145,080	96,000	49,080
12 TFI Expert meeting (tech assessmt - AFOLU)	145,080	94,000	51,080
13 Expert Meeting - Climate Change, Food & Agriculture	140,400	61,500	78,900
14 Expert Meeting - Potential Studies of IPCC Process	74,880	38,500	36,380
15 Prior year meetings	-	7,000	(7,000)
16 Scoping Meetings, Expert Meetings and Workshops	<u>1,546,280</u>	<u>657,500</u>	<u>888,780</u>
C. Other Expenditures			
1 2006 GL software	20,000	7,000	13,000
2 EFDB maintenance	7,000	-	7,000
3 Translation/Publication	200,000	539,000	(339,000)
4 Translation/Publication (Wetlands & KP)	586,000	500	585,500
5 Communication activities (AR5 material/travel/events)	504,625	353,000	151,625
6 Distribution (IPCC publications)	200,000	160,000	40,000
7 Webconferences	30,000	-	30,000
8 Internal links for reports	50,000	-	50,000
9 Secretariat	1,800,000	1,798,000	2,000
10 External Audit fee	20,000	6,000	14,000
11 Advisory Services (Conflict of Interest)	30,000	19,000	11,000
12 Support for SYR TSU	30,800	28,000	2,800
13 Co-chairs	250,000	201,000	49,000
14 Prior year activities	-	408,000	(408,000)
15 Total Other Expenditure	<u>3,728,425</u>	<u>3,519,500</u>	<u>208,925</u>
D. Total all expenditure	<u>7,549,705</u>	<u>5,819,000</u>	<u>1,730,705</u>

Notes to the Financial Statements as at 31 December 2015

NOTE 1: PURPOSES OF THE ORGANIZATION

a) The IPCC is an intergovernmental body open to all member countries of the UN and WMO. Its main purpose is to:

- (i) make assessments of available scientific information on climate change,
- (ii) make assessments of environmental and socio-economic impacts of climate change, and
- (iii) formulate response strategies to meet the challenge of climate change.

b) The IPCC works through three Working Groups (WG) and a Task Force (TFI). WG I deals with "The Physical Science Basis of Climate Change", WG II with "Climate Change Impacts, Adaptation and Vulnerability" and WG III with "Mitigation of Climate Change". The main objective of the Task Force on National Greenhouse Gas (GHG) Inventories (TFI) is to develop and refine a methodology for the calculation and reporting of national GHG emissions and removals.

c) Technical Support Units (TSUs) provide scientific, technical and organizational support to their respective IPCC WGs or TFI. The Technical Support Units are funded directly by the governments of countries in which they are located. In the case of the TFI TSU, the Government of Japan channels its funding through the IPCC Trust Fund.

d) The role of the IPCC Secretariat is to provide strategic, functional and administrative support to the implementation of the work programme of the IPCC; to provide cohesion and continuity to the organization; to ensure that the IPCC work programme is implemented consistently with the Principles Governing IPCC Work, the Decisions of the Panel and relevant UN regulations; and to liaise with Governments. The costs of the TSUs are not included in these Financial Statements as they are not under the direct control of the Secretariat.

NOTE 2: ACCOUNTING POLICIES

Basis of Preparation

1. Financial arrangements for the administration of IPCC are specified in the following:
 - a) Memorandum of Understanding between the United Nations Environment Programme (UNEP) and the World Meteorological Organization (WMO) on the Intergovernmental Panel on Climate Change (IPCC) ;
 - b) WMO Staff and Financial Rules and Regulations; and
 - c) delegation of responsibility from the Secretary-General of the WMO to the Secretary of the IPCC.

Under the Memorandum of Understanding, WMO Staff and Financial Regulations and Rules apply to the transactions of IPCC. The accounting records of IPCC are maintained in accordance with these requirements. Management have considered that it is appropriate to prepare these Financial Statements on a going concern basis as there is no reason to believe that the commitments of panel members will not be sustained. In addition the budget for 2015 has been approved by the Panel.

2. The IPCC works through the following two separate Trust Funds: (i) the IPCC Trust Fund, which receives contributions from Governments and International Organizations to support the activities of the Panel; and (ii) the Scholarship Programme Trust Fund,

which contains the seed money of the Nobel Peace Prize awarded to IPCC in 2007 and contributions by private entities to support the activities of the IPCC Scholarship Programme. The financial statements in this document refer to both Trust Funds.

Revenue

3. In accordance with IPSAS requirements, and reflecting the nature of IPCC's business, revenue from contributions as well as pledges of contributions confirmed in writing are recognized at their estimated realizable value as non-exchange transactions according to IPSAS 23 - Revenue from Non-Exchange Transactions.

4. IPCC considers that while there are restrictions on the use of all contributions, these restrictions do not meet the definition of a condition as described under IPSAS 23.

5. Interest revenue is recognized as it accrues.

Expenditure

6. In accordance with the accrual basis of accounting expenditure recognition occurs at the time of delivery of goods or services by the supplier or service provider and are recorded in the accounting records and recognised in the financial statements of the periods to which they relate.

7. The Cash Flow Statement is prepared using the indirect method.

8. The functional and reporting currency of IPCC is the Swiss Franc (CHF). Transactions in currencies other than CHF are converted into CHF at the prevailing United Nations Operational Rates of Exchange (UNORE) at the time of transaction. Assets and liabilities in currencies other than CHF are translated into CHF at the UNORE in force at the end of the year. Resulting gains or losses are accounted for in the Statement of Financial Performance.

Financial Instruments

9. Financial instruments are recognized when IPCC becomes a party to the contractual provisions of the instrument until such time as when the rights to receive cash flows from those assets have expired or have been transferred and IPCC has transferred substantially all the risks and rewards of ownership.

10. Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in active markets. Receivables comprise contributions receivable in cash and other receivables. Receivables are stated at amortized cost.

11. All non-derivative financial liabilities are recognized initially at fair value, and subsequently measured at amortized cost using the effective interest method.

Contributions and receivables

12. Revenue from non-exchange transactions such as voluntary contributions is recognized as revenue at the time the agreement with the donor becomes binding unless the agreement includes conditions related to specific performance of services to third parties and the return of unexpended balances is the norm. Agreements containing such conditions require initial recognition of a liability and deferral of revenue recognition until such time as the liability is discharged through performance of the specific conditions included in the agreement.

13. Receivables are valued at amortized cost less allowances for estimated irrecoverable amounts and discounted if cash flows are not expected within 12 months from the reporting date.

14. In-kind contributions of services that directly support approved operations and activities and can be reliably measured, are recognized and valued at fair value. These contributions include use of premises and salary costs. They are treated as both revenue and expense in the Financial Statements.

Funds held by WMO

15. IPCC does not maintain its own bank accounts. Its funds are administered by WMO.

Inventories

16. IPCC's publications are for free distribution. Publications in stock at the end of a financial period are recorded as inventories and are valued at the lower of cost or net replacement cost. Inventories which are procured externally are valued at one hundred per cent of cost, regardless of the date of the procurement. Inventories which relate to the Fifth Assessment Period (seven year period which began in 2007) are valued at one hundred per cent cost. Inventories in stock for up to two years prior to the Fifth Assessment Period are valued at fifty per cent of cost after writing off quantities which are considered in excess of requirements. Inventories in stock over two years prior to the Fifth Assessment Period are fully provided for.

Property, Plant and Equipment

17. Property, Plant and Equipment (PPE) costing at least CHF 5,000 are stated at historical costs less accumulated depreciation and any impairment losses. Depreciation is provided for PPE for over their estimated useful lives using the straight line method. IPCC does not have any Property, Plant and Equipment (PPE) recorded at 31 December 2015.

Intangible Assets

18. Intangible assets are stated at historical cost less accumulated amortization and any impaired losses. IPCC does not have Intangible Assets at 31 December 2015.

Employee Benefits

19. IPCC recognizes the following employee benefits:

- a) short-term employee benefits which fall due wholly within twelve months after the end of the accounting period in which employees render the related service
- b) post-employment benefits; and
- c) other long-term employee benefits.

20. Employee benefits are recognized as expenses on an accrual basis. Similarly, terminal payments to staff members, including repatriation grant, accrued annual leave, repatriation travel and removal on repatriation are expensed on an accrual basis. Unrealized actuarial gains/losses are taken directly to reserves.

21. Retirement, death, disability and related benefits of IPCC staff are covered under the United Nations Joint Staff Pension Fund (UNJSPF), by virtue of IPCC's affiliation with WMO and UNEP.

22. Unrealized actuarial gains/losses are taken directly to reserves in the period in which they occur.

Provisions and Contingent Liabilities

23. Provisions are made for future liabilities and charges where IPCC has a present legal or constructive obligation as a result of past events and it is probable that IPCC will be required to settle the obligation.

24. Other commitments, which do not meet the recognition criteria for liabilities, are disclosed in the notes to the financial statements as contingent liabilities when their existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events which are not wholly within the control of IPCC.

NOTE 3: ASSETS AND LIABILITIES

Note 3.1: Contributions receivable

25. Contributions receivable are comprised of pledges:

	2015	2014
	<i>Swiss Francs</i>	
Current	535,000	1,230,000
Non-current	610,000	324,000
Total contributions receivable	1,145,000	1,554,000

Note 3.2: Inventories

26. The following tables show the movements of the inventory during the period. The first table shows the total value of inventories as presented in the Statement of Financial Position. The second table shows a reconciliation of inventories which reflects the opening balance and the additions during the period reduced by the value of items distributed and write offs made during the period.

	2015	2014
	<i>Swiss Francs</i>	
Publications	413,000	293,000

Inventory Reconciliation

	2015	2014
	<i>Swiss Francs</i>	
Opening Inventory	293,000	161,000
Increase (Purchases)	202,000	223,000
Total Inventory available for distribution	495,000	384,000
Less: Value of items distributed	82,000	91,000
Total	413,000	293,000

27. For publications the valuation includes costs incurred up to the point of distribution. They include paper, CDs, editing and outsourcing (in some cases).

Note 3.3: Other assets

	2015	2014
	<i>Swiss Francs</i>	
Advances to institutions for the organization of meetings	12,000	53,000
Education grant advance	12,000	12,000
Home country taxation	12,000	12,000
Prepaid expenses	5,000	-
Total other assets	41,000	77,000

28. Advances for the organization of IPCC meetings represent advances given to institutions for the organization of IPCC meetings held outside of Geneva, based on a Letter of Agreement in which the recipient organization commits, inter alia, to providing an expenditure report for the advance within three months of the conclusion of the meeting. The advances are recognized as expenditure when the meeting is held.

29. Employees entitled to grants for the education of their eligible dependents may request an advance at the beginning of the school year. The amount of the advance which is accrued at the 31 December 2015 is based on the number of months of attendance relative to the school year.

30. Home country taxation represents advances made for staff to pay incomes taxes required by their home country governments, as well as refunds due from governments.

31. Prepaid expenses represent payment in advance for goods and services receivable in future years.

Note 3.4: Funds held by WMO

32. IPCC does not maintain its own bank accounts. Its funds are administered by WMO. Funds held by WMO represent the amount of IPCC funds in WMO bank accounts.

Note 3.5: Pass-throughs

33. Pass-throughs represent the funds provided by the Government of Japan, channeled through the IPCC Trust Fund, as financial support towards Housing, Staffing and Administrative Costs of the Technical Support Unit of the "IPCC Task Force on National Greenhouse Gas Inventories". Funds received in 2015 were transferred to IGES in the same year therefore there is no balance in the Pass-throughs account as at 31 December 2015.

Note 3.6: Deferred Income

34. IPCC has an open pledge of CHF 607,000 relating to agreements with conditions. Revenue will only be recognized when such conditions are met.

35. There are **Contingent Assets** as at 31 December 2015 in the amount of CHF 260,000. This represents revenue from agreements which have been entered into with donors for contributions for future years but where that future year funding is still subject to some parliamentary budget approval.

Note 3.7 Payables and Accruals

	2015	2014
	<i>Swiss Francs</i>	
Vendor payables	9,000	(35,000)
Accruals	55,000	159,000
Total payables and accruals	64,000	124,000

36. Payables to vendors relate to amounts due for goods and services for which invoices have been received less amounts due from participants who were paid but did not attend meetings.

37. Accruals represent the cost of goods and services received by IPCC and for which supplier invoices had not arrived as of the reporting date.

Note 3.8: Employee Benefits Liabilities

	2015	2014
	<i>Swiss Francs</i>	
Short-term employee benefits	71,000	147,000
Long-term employee benefits	863,000	1,056,000
Total employee benefits	934,000	1,203,000

38. Employee benefits comprise:

- a) After-Service Health Insurance (ASHI);
The After-Service Medical Plan is a plan that allows eligible retirees and their eligible family members to participate in the United Nations Staff Mutual Insurance Society.
- b) Annual leave accrued on retirement; and
- c) Repatriation grant.

39. Other long-term employee benefits consist of home leave travel and other separation-related benefits which comprise accrued leave, death grants, repatriation grants and repatriation travel and removal expenses and are payable when staff are no longer in service. These amounts have been updated with the revised valuation of the liabilities as at 31 December 2015.

Valuation of Employee Benefits

40. Liabilities arising for employee benefits including post-employment benefits and other separation-related benefits are determined by a consulting independent professional actuary. These employee benefits are established for staff members who are in professional category and general service. WMO is a member organization participating in the UNSMIS. IPCC staff members participate in the UNSMIS through WMO. The actuarial valuation is undertaken for all eligible WMO staff and this includes eligible IPCC staff members. Full actuarial valuations are undertaken every two years, the most recent having been completed at 31 December 2015.

41. At 31 December 2015 the total employee benefits liabilities amounted to CHF 934,000, net of actuarial gains and losses, and this has been fully charged to Fund Balances and Employment Benefits Reserves at that date. The balance of CHF 1,203,000 at 31 December 2014 has decreased by CHF 269,000. After taking into account service costs and interest cost of CHF 16,000, the net gain arising at 31 December 2015 is CHF 285,000. Under IPSAS 25 IPCC has decided to recognize, in reserves, actuarial gains and losses for post-employment benefits as and when they are determined by the actuarial valuation.

42. The accrued liability represents that portion of the present value of future benefits that had accrued from the staff members' dates of entry on duty until the valuation date, 31 December 2015. Active staff members' benefits are considered fully accrued when the staff members reach their dates of full eligibility for benefits.

United Nations Joint Staff Pension Fund (UNJSPF)

43. WMO 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. The pension fund is a funded multi-employer defined benefit plan. As specified by 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.

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

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

46. The actuarial valuation performed as of 31 December 2013 revealed an actuarial deficit of 0.72% (1.87% in the 2011 valuation) of pensionable remuneration, implying that the theoretical contribution rate required to achieve balance as of 31 December 2013 was 24.42% of pensionable remuneration, compared to the actual contribution rate of 23.7%. The next actuarial valuation was conducted as of 31 December 2015, but its results are expected in summer 2016.

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

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

49. In December 2012 and April 2013, the General Assembly authorized an increase to age 65 in the normal retirement age and in the mandatory age of separation respectively for new participants of the Fund, with effect not later than from 1 January

2014. The related change to the Pension Fund's Regulations was approved by the General Assembly in December 2013. The increase in the normal retirement age is reflected in the actuarial valuation of the Fund as of 31 December 2013.

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

51. In 2015, contributions paid to UNJSPF amounted to CHF 222,000 (CHF 211,000 in 2014).

Note 3.9: Other liabilities

52. Other liabilities represent a provision set up for amounts due to a former travel service provider.

Note 3.10 Employee Benefits Reserves

53. The Reserve for Employee Benefits represents the actuarial gains and losses arising from the actuarial valuation of the employee benefits liabilities which were determined by a professional actuary at the end of each financial period.

Note 4: Risk Analysis

Credit Risk

54. Credit risk and liquidity risk associated with cash and cash equivalents is minimized substantially by WMO ensuring that these financial assets are placed with major financial institutions that have been accorded strong investment grade ratings by a primary rating agency. Financial arrangements for the administration of IPCC are specified in the Memorandum of Understanding between the United Nations Environment Programme (UNEP) and the World Meteorological Organization (WMO) on the Intergovernmental Panel on Climate Change (IPCC) and WMO Staff and Financial Rules and Regulations.

55. Contributions receivable comprise primarily amounts due from pledged voluntary contributions from sovereign nations.

Liquidity Risk

56. IPCC's funds held by WMO at 31 December 2015 amounting to CHF 6,597,000 are sufficient to meet its current liabilities of CHF 278,000 at that date. On an ongoing basis, it is anticipated that IPCC will have sufficient liquidity to pay all debts due.

57. Implementation of IPCC activities cannot commence until the contribution has been received. Budgets are only allotted to the level of contributions received after a withholding of ten percent is made to cover any fluctuations that may arise against legal obligations and commitments entered into. These procedures are adequate to ensure that there is sufficient cash to meet contractual liabilities.

Market Risk

58. On 18 December 2014, the Swiss National Bank (SNB) announced as from 22 January 2015, an interest rate of negative 0.25% on sight deposit account balances at the SNB.

59. Interest earnings in 2015 CHF 3,000 is much less compared to 2014 interest income of CHF 6,000. The negative interest of CHF 9,000 is reported under bank charges.

60. The implementation of IPCC's plan and budget is not dependent on or impacted by interest earnings.

Currency Risk

61. The IPCC budget is prepared in Swiss Francs and is funded through voluntary contributions which are pledged in various currencies. IPCC's funds are entrusted to WMO and managed through WMO's bank accounts.

NOTE 5: REVENUE**5.1 Monetary contributions**

	2015	2014
	<i>Swiss Francs</i>	
Voluntary contributions	4,041,000	4,175,000
Voluntary contributions-pledged	157,000	126,000
Contribution from General Fund	131,000	119,000
Subventions	1,000	-
Voluntary contributions	4,330,000	4,420,000

62. IPCC recognized revenue of 4,330,000 from voluntary contributions in 2015 (CHF 4,420,000 in 2014). This includes contributions made in cash during the period, written pledges for 2015 and future years that were received and paid in 2015, as well as written pledges for 2015 and future years that were received in 2015 but not paid in 2015. Voluntary pledged in 2015 amounted to CHF 157,000 (CHF 126,000 in 2014).

5.2 In-kind contributions

63. a. Remuneration costs: Contributions in-kind relate to the remuneration costs of the IPCC Secretary paid by WMO (CHF 260,000 for year 2015; CHF 302,000 for year 2014) and the Deputy Secretary paid by UNEP (CHF 267,000 for the year 2015; CHF 298,000 for the year 2014). The remuneration costs of the IPCC Secretary have decreased in 2015 because the post has been vacant since 1 June 2015. A consultant was hired from 27 July to 31 December 2015 as Acting IPCC Secretary on a short-term contract. The cost of the consultant was less than the cost of a regular staff member.

b. Office space: Office space is provided by WMO (CHF 57,000 in 2015, also CHF 57,000 for 2014).

c. Administrative support: In accordance with the Memorandum of Understanding between WMO and UNEP establishing the IPCC, WMO also provides various administrative support facilities free of charge to IPCC.

d. IPCC meetings: IPCC also receives contributions in-kind from members, which are not recognized in these accounts as IPCC did not have control over those contributions in-kind and could not measure their fair value reliably. The services in-kind which are provided by members, relate to the support provided for IPCC meetings held in their countries. The costs for these meetings were included in the IPCC budget for 2015 as shown in Statement V and in total amount to approximately CHF 102,000 for the period 1 January to 31 December 2015 (approximately CHF 1,464,000 for the period 1 January to 31 December 2014).

e. IPCC work: The work of the IPCC is delivered by thousands of scientists from all over the world who contribute on a voluntary basis as authors, contributors and reviewers. None of these authors are paid by the IPCC. The number of authors involved in preparing IPCC reports is increasing from year to year. From the Fourth Assessment Report to the Fifth Assessment Report, Lead Authors have increased from 450 to about 857 Lead Authors.

f. In-kind contributions are expensed at the same time as they are recognized as revenue.

5.3 Other revenue

64. Other revenue in 2015 is CHF 3,000. The charges resulting from the negative interest rates imposed in 2015 are reported under bank charges. Other revenue in 2014 related to interest income and other income derived from a refund from prior years' travel expense paid.

	2015	2014
	<i>Swiss Francs</i>	
Interest income	3,000	6,000
Other income	-	3,000
	3,000	9,000

NOTE 6: EXPENSES

65. Expenses represent the following:

	2015	2014
	<i>Swiss Francs</i>	
6.1 Travel		
Governing bodies	1,190,000	1,867,000
Scoping meetings, expert meetings and workshops	619,000	392,000
AR5 Outreach Action Plan	272,000	-
Other - outreach, secretariat	206,000	185,000
Lead Authors, scoping and expert meeting for reports	-	389,000
	2,287,000	2,833,000
6.2 Salaries and employee benefits		
Staff costs	1,258,000	1,226,000
Consultancy cost	562,000	993,000
Employee benefits	368,000	416,000
	2,188,000	2,635,000
6.3 Other expenditures		
Loss/(Gain) currency exchange differences:		
Unrealized	2,000	38,000
Realized	259,000	(108,000)
	261,000	(70,000)
Miscellaneous services	100,000	262,000
Specialised services	457,000	341,000
Public information	230,000	-
Studies, reports, brochures, reprints	163,000	98,000
Write-offs	214,000	-
Fellowships	16,000	44,000
Bank charges	18,000	10,000
Other	-	(3,000)
Staff training	10,000	-
Hospitality	1,000	6,000
Audit fee	5,000	5,000
Freight	-	4,000
Discounting of long-term contributions receivables	1,000	(4,000)
	1,476,000	693,000
6.4 In-kind expenditure		
Seconded staff	527,000	616,000
Rental of office space	57,000	57,000
	584,000	673,000
6.5 Supplies, consumables and other running costs		
Postage and storage of IPCC publications	338,000	161,000
Office equipment (non-capitalized)	22,000	6,000
Data processing services	7,000	(9,000)
Information Technology	4,000	-
Building maintenance and security	3,000	1,000
Supplies and other running costs	5,000	8,000
Communication costs	-	1,000
	379,000	168,000
6.6 Grants and contributions for organization of meetings		
Contributions for organization of meetings	115,000	34,000
Grants	200,000	171,000
	315,000	205,000

NOTE 7: STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

66. The IPCC budget for 2015 increased by CHF 685,705 from CHF 6,864,000 to CHF 7,549,705 (CHF 10,510,000 in 2014); the increase was as a result of an increase in the amount for budget lines "Distribution of IPCC publications" and "Communications" in addition to adjustments to the number of journeys for two meetings.

67. IPCC's financial statements are prepared on full IPSAS accrual basis using classification based on the nature of expenses in the Statement of Financial Performance (Statement II), whereas the Statement of Comparison of Budget and Actual Amounts (Statement V) is prepared using classification by activity.

68. As required under IPSAS-24, where the financial statements and the budget are not prepared on a comparable basis, the actual amounts presented on a comparable basis to the budget shall be reconciled to the actual amounts presented in the financial statements.

69. The reconciliation between the actual amounts on a comparable basis in the Statement of Comparison of Budget and Actual Amounts (Statement V) and the actual amounts in the Statement of Financial Performance for the year ended 31 December 2015 is presented below:

	Note	Swiss Francs
Amount of expenditure, Statement V		5,819,000
Less:		
Inventories (net movement)	3.2	120,000
Plus:		
Actuarial Interest and Service Costs	3.8	16,000
AR5 Outreach Action Plan (includes Travel and non-travel related expenditure)		420,000
Currency exchange differences	6.3	261,000
Write offs (mainly in respect to contribution receivable)	6.3	214,000
Fellowships	6.3	16,000
Bank Charges	6.3	18,000
Discounting of long-term contribution receivables	6.3	1,000
In-kind expenditure	6.4	584,000
Amount of expenditure, Statement II		<u>7,229,000</u>

70. The AR5 Synthesis Report (SYR) which was presented in Copenhagen (IPCC-40) in November 2014, is one of the most important documents released about the state of climate change, its potential impacts and the choices we have for responding to it. The SYR distils information and illuminates new insights from the IPCC's three voluminous Working Group reports. It provides leaders in the public and private sectors with a thorough scientific basis for developing their strategies to address climate change. The AR5 Outreach Action Plan was established to disseminate the findings of the AR5 report during the course of 2015 through a series of regional outreach events. It was not planned for in the 2015 budget and thus it appears as a reconciling item. Given the importance of the AR5 dissemination activities, a special

appeal was made to Members to contribute. Contributions were received from Members specifically earmarked for this activity.

NOTE 8: VARIANCES BETWEEN BUDGET AND ACTUAL AMOUNTS BY CATEGORY

71. The principal variances between budget and actual amounts by category are:

Category A: Savings were obtained as a result of two Bureaux Sessions being held back-to-back with Plenary Sessions, while the Executive Committee meetings were generally held by WebEx. In addition, the amount of resources needed to support participation in some meetings was lower than originally planned due to reduced travel costs and changes in the number of expected participants.

Category B: Savings were derived from non-utilization of funds set aside for meeting costs; these costs were absorbed by the host countries. In some cases, the number of participants attending meetings was lower than originally planned.

Category C: The over-expenditure under Translation/Publication is as a result of the spill-over of translation and publication work from 2014 to 2015 for the language versions of the AR5 products.

NOTE 9: LEGAL OR CONTINGENT LIABILITIES AND WRITE-OFFS

72. At 31 December 2015, there were no contingent liabilities arising from legal actions and claims that are likely to result in a significant liability to IPCC. No cases of fraud were noted.

NOTE 10: OTHER COMMITMENTS

73. At 31 December 2015, IPCC had obligations for the acquisition of goods and services contracted but not delivered amounting to CHF 915,000 (CHF 836,000 on 31 December 2014).

74. Under IPSAS 1 on accrual accounting and on the basis of the delivery principle, commitments for future expenses are not recognized in the financial statements. Such commitments will be settled from the unexpended portion of contributions after receipt of the related goods or services.

NOTE 11: RELATED PARTY AND OTHER SENIOR MANAGEMENT DISCLOSURE

Key Management Personnel	No of posts	Compensation and post adjustment	Entitlements	Pensions and health plans	Total remuneration	Outstanding advances against entitlements	Outstanding loans
2015	2	383,000	86,000	58,000	527,000	-	-
2014	2	408,000	129,000	79,000	616,000	-	-

75. The Secretary and Deputy Secretary of the IPCC are the only members of key management who have the authority and responsibility for planning, directing and controlling the activities of IPCC. The decrease in costs in 2015 is mainly due to the post of the Secretary of IPCC being vacant since 1 June 2015. A consultant was hired from 27 July to 31 December 2015 as Acting Secretary of IPCC on a short-term contract. The cost of the consultant was less than the cost of a regular staff member.

76. The aggregate remuneration paid to key management personnel includes: net salaries, post adjustment, entitlements such as representation allowance and other allowances, assignment and other grants, rental subsidy, personal effect shipment costs, and employer pension and current health insurance contributions. These costs are paid by WMO and UNEP and are considered as in-kind income and in-kind expenditure for IPCC.

77. Key management personnel are also qualified for post-employment benefits at the same level as other employees. These benefits cannot be reliably quantified.

78. Key management personnel are ordinary members of UNJSPF.

NOTE 12: EVENTS AFTER REPORTING DATE

79. IPCC's reporting date is 31 December 2015. On the date of signing of these financial statements, there have been no material events, favourable or unfavourable, incurred between the financial statements' date and the date when the financial statements have been authorized for issue that would have impacted these statements.



Report of the External Auditor

INTERGOVERNMENTAL PANEL ON CLIMATE CHANGE (IPCC)

Audit of 2015 financial statements

The mandate of externally auditing the financial statements of the Intergovernmental Panel on Climate Change (IPCC) is exercised by the External Auditor of the accounts of the World Meteorological Organization (WMO). The mandate of externally auditing the financial statements of the World Meteorological Organization (WMO) is traditionally exercised by members of the supreme public financial auditing body of the country chosen. On the basis of this provision and further to its sixty-third session, the WMO Executive Council entrusted the Swiss Federal Audit Office (SFAO), in accordance with Article 15.1 of the WMO Financial Regulations, with the mandate of External Auditor of the WMO accounts for the period from 1 July 2012 to 30 June 2016.

The mandate is defined in Article 15 of the WMO Financial Regulations and in the Additional Mandate for External Audits of the Accounts attached to those Regulations. Moreover, the mission is described and specified by the letter of 5 November confirming the mandate, the terms of which IPCC accepted in its reply of 16 November 2012. The members of SFAO conducting the mandate are performing their duties in an autonomous and independent fashion, with the support of their staff.

SFAO is providing the services relating to the external audit of the WMO accounts completely independently of its role as the supreme financial oversight body of the Swiss Confederation. SFAO has a team of highly qualified professionals, and enjoys extensive experience of auditing international organizations.

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- Annex 1: External auditor's opinion**
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Annex 3: Additional entries

Berne, 3 May 2016

Registration No. 1.15189.952.00428.03
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EXECUTIVE SUMMARY

In its capacity as External Auditor for the International Panel on Climate Change (IPCC), the Swiss Federal Audit Office (SFAO) wishes to confirm that the audit of the financial statements for 2015, presented in accordance with the International Public Sector Accounting Standards (IPSAS), has yielded a satisfactory result overall and that it is in a position to issue an unqualified audit opinion.

Firstly, SFAO wishes to highlight the efforts of the management of the World Meteorological Organization (WMO) to implement its recommendations. Implementing these does have a positive impact on all the sectors it administers.

Next, it analysed the procurement process in accordance with its rotation schedule for auditing the WMO key processes, applied by analogy to IPCC. Recommendations in this connection have been implemented and SFAO found no significant weaknesses on the whole. There is room for improvement regarding the selection of the most economical offers. In particular SFAO identified potential savings in the area of travel costs.

Regarding voluntary contributions, WMO has made significant efforts to bolster project management and its supervision. SFAO encourages WMO to continue along this path. We have invited WMO to centralize and share information in the departments concerned and to set up an internal control system to ensure that these are properly accounted for.

We have proposed adjustments concerning all costs, since some invoices were recorded in the wrong period. Adjustments were also required regarding stock recovery. Stocks of publications have increased with the Fifth Assessment period and old publications must be reviewed regularly for recoverability.

IPCC currently enjoys a healthy financial position despite effects on liquidity caused by losses in recent years. Any future losses on the scale of those suffered to date could seriously compromise IPCC activities.

REGULATIONS, STANDARDS AND INFORMATION

Financial regulations and purpose of the audit

1. The financial years of the Intergovernmental Panel on Climate Change (IPCC) are governed partly by the provisions of the Convention signed between WMO and the United Nations Environment Programme and partly by WMO Financial Regulations. The Financial Regulations applicable to IPCC require its financial statements to be prepared in accordance with International Public Sector Accounting Standards (IPSAS).
2. The audit covered the IPCC financial statements for the year ended 31 December 2015. These consist of the Statement of Financial Position (financial statement I), the Statement of Financial Performance (financial statement II), the Statement of Changes in Net Assets/Equity (financial statement III), the Statement of Cash Flow (financial statement IV), and the Statement of

Comparison of Budget and Actual Amounts for the General Fund (financial statement V), as a summary of the main accounting methods and other explanatory notes.

Auditing standards, information and acknowledgements

3. Audits were carried out in accordance with the International Standards on Auditing (ISA¹), consistent with the additional mandate which forms an integral part of WMO Financial Regulations.
4. The International Standards on Auditing specify the role that auditors must play in relation to the risk of misstatements in the financial statements, whether due to fraud or error (ISA 240). Consequently, the External Auditor is not liable and is not tasked with detecting cases of fraud.
5. When audit tests were conducted, SFAO selected samples on the basis of risks or the relative size of the amounts recorded in the headings examined.
6. Issues of minor importance were clarified and discussed with those responsible, in the course of work not covered by this report.
7. During the audit work, SFAO staff met with Dr. Sivakumar, Acting Secretary of IPCC, Mr. C Martin-Novella, Deputy Secretary, Mr. A Rolli, Head of the Resource Management Department, Mr. L Ngwira, Chief of the Finance Division, with other staff from his unit and with staff from other WMO departments, depending on the topics dealt with.
8. SFAO wishes to underscore the excellent cooperation and spirit of openness which characterized the auditing process and to express its thanks for the willingness with which information was provided by all IPCC and WMO staff members whose cooperation was sought.
9. The result of the audit performed was communicated during the final discussion on 3 May 2016. This meeting was attended by Dr. M. Sivakumar, Acting Secretary, Ms. J. Ewa, Programme Manager, Mr. L. Ngwira, Chief of the Finance Division of WMO, Ms. B. Cruz, Accountant and Ms. K. Paratian, Finance Officer (Accounts). The External Auditor was represented by Mr. D. Monnot, Mandate Officer and Ms. C. Frei, Senior Auditor.
10. For information, the result of the audit carried out on the WMO accounts was notified during the final discussion on 20 April 2016. The final version of the audit report, including the comments of the Secretary-General, was sent on 12 May 2016.
11. Pursuant to section 7 of the additional mandate for the external audit of the accounts, regarding the comments of the Acting Secretary for inclusion in this report, SFAO received an email dated 27 May 2016 with confirmation from the Director that he had no further comments to make.
12. This report was originally drafted in French, and SFAO recalls that the French text is deemed to be authoritative.

¹ International Standards on Auditing (ISA) published by IAASB (International Auditing and Assurance Standards Board)

FOLLOW-UP OF RECOMMENDATIONS FROM PREVIOUS REPORTS

13. SFAO notes that there are no pending recommendations from the closure of previous years' audits. Furthermore, it invites IPCC to take note of the recommendations addressed to the WMO Secretary-General in the report on the financial statements for 2015. In view of the current provisions on relations between WMO and IPCC, these recommendations also apply indirectly to the latter. Note that the most important recommendations are mentioned in this report with the word "Note".

INTERNAL CONTROL SYSTEM

14. The internal control system (ICS) and the main processes affecting the financial statements are assessed on a multi-year basis. These are covered by various audit missions, in accordance with a rotation schedule identical to the one established for WMO.
15. The audit opinion is also based on an assessment as to the existence of formalized processes and key controls stemming from a risk analysis; however the External Auditor refrains from commenting on their sustainability or effectiveness. A distinction should be made between the work done by the External Auditor and other types of audits, such as financial supervisory audits or audits performed by the Internal Audit Office (IOO), since the latter focus more on the operational aspects of processes and on the effectiveness of the related key process controls. The results of the IOO work are likely to be relevant to its audit procedures. As per ISA 610, the work performed, inter alia, in the area of procurement was considered useful for the purposes of the audit.
16. SFAO essentially examined ICS during the interim audit conducted in autumn 2015. A follow-up was carried out during the closing audit performed in March 2016 and confirmed the initial findings. Controls were conducted on the following processes:
 - Controls at the organizational level
 - IT controls
 - Procurement process
 - Voluntary contributions and project management process
 - Process of closing accounts

Controls at the organizational level

17. SFAO would like to emphasize the importance of the risk analysis process for the correct management of the Organization's affairs. It discussed the risks regarding operational and financial aspects related to voluntary contributions and project management with Assistant Secretary-General Ms. E. Manaenkova. Following the significant increase in voluntary contributions in recent years, SFAO will continue to monitor and analyse this process on a regular basis.

Procurement process

18. The documentation relating to procurement was improved in 2015. During the final audit of the accounts in March 2015, SFAO underscored the importance of implementing the necessary measures to ensure the proper functioning of the procurement division.
 - In the meantime, the revised versions of the Standing Instructions and, in particular, Chapter 8.7 "Procurement", entered into force.
 - Moreover, a new electronic tendering system, currently used by several United Nations agencies based in Geneva, was implemented this year. The new system offers numerous advantages in terms of efficiency and traceability.
 - Finally, staff from the Procurement and Travel Services (PTS) Division were able to enhance their skills by participating in a training programme.
19. As it was unable to base its findings entirely on the control environment within the PTS Division in 2015, SFAO performed detailed checks during the interim audit, revealing no substantive errors. The samples audited showed that the current WMO guidelines on procurement are generally followed.
20. However, a number of weaknesses with regard to this process came to light and there is scope for improvement. For example, strict monitoring of advance orders for air tickets would help to achieve savings in travel costs. The Internal Oversight Office (IOO) made similar findings in a report issued in 2015.

Voluntary contributions process

21. WMO has made significant efforts in project monitoring. It has implemented a trial "project accountability designation form" clarifying roles and responsibilities within the organisation. The project management board (PMB) also proposes to perform local external audits and incorporate these costs into the project budget. A "voluntary contributions acceptance checklist" has been implemented to guarantee a clear decision regarding the acceptance of funds. A "quarterly projects highlight report" submitted by the "project coordination unit" summarizes the status (including the progress) of the most important projects and determines any measures that may need to be applied. A list containing the "extra-budgetary funded projects" shows the implementation period along with the implementation status.
22. The new tools implemented should enable the Organization to monitor projects more effectively. SFAO welcomes these efforts, which we agree will enhance project management. However, SFAO noted that the Finance Division does not make use of these management and monitoring tools and neither does it take part in determining the implementation status of projects. The Finance Division's list defining the implementation status on the basis of costs incurred may therefore be inconsistent with the one indicated in the PMB/PCU tools.
23. In the absence of an integrated project management software tool, SFAO would underline the importance, firstly, of storing contract information in a centralized way and, secondly, of sharing information between divisions and departments. It is essential to share communication between divisions to ensure that accounts can be properly closed.

Note: SFAO invites IPCC to note its recommendation that WMO centralize information on projects and process such information interdepartmentally. A

description should be established of the process related to project management. This description should include all departments and officials involved and key checks performed. In addition, there is room for improvement as regards the period in which ongoing projects are booked. The revenues to be deferred and recognized, respectively, should be based on the progress of costs to date rather than on payments made by the donor. SFAO also proposed that one key control should be the validation of the accounting treatment for projects as a whole.

Closure of accounts process

24. The closure of accounts is governed by a specific programme that sets deadlines and responsibilities.
25. SFAO has observed that in most cases the accounts can be reconciled with the supporting documents, while it notes that this is a very time-consuming process. As far as the quality of accounting documents is concerned, it is also preferable to have external documents as proof of the amount booked. Documents taken directly from the accounting system itself cannot be considered as supporting documents.
26. The financial statements were made available at the beginning of the audit. SFAO acknowledges the efforts made by the Finance Division and the departments concerned in performing this task. Nonetheless, it believes that quality assurance could be improved.

Note: SFAO invites IPCC to note that it has recommended that WMO should systematically establish clear reconciliations and supporting documents relevant to the account balances. Quality assurance of tasks linked to preparing the financial statements should be strengthened.

General IT controls

27. The IT audit provided an opportunity to cover the following fields:
 - Verification of general IT controls;
 - Analysis of Journal Entries Testing (JET).
28. The IT audit focused on general IT controls. The review of the processes concerning general IT controls allowed SFAO to recall the importance of formalizing processes and controls.

ESTABLISHMENT OF IPSAS-COMPLIANT FINANCIAL STATEMENTS

29. The IPCC 2015 financial year coincides with the fifth closing of accounts using IPSAS. These standards represent a rapidly-changing accounting basis that requires constant updating of skills and presentation of elements included in the financial statements. It is important that WMO acquire and regularly update IPSAS skills within the organization.

AUDIT OF 2015 BUDGET IMPLEMENTATION

30. The annual financial statements under IPSAS and the IPCC programme and budget relate to financial year 2015. SFAO checked that the information contained in Statement V and in notes 7 and 8 concerning the financial statements was prepared in accordance with IPSAS 24. These were reconciled with the budget data for 2015.
31. The various discrepancies between the budget and actual amounts of charges for the 2015 financial year were explained in Note 8 to the financial statements, as required by IPSAS 24. With regard to budgetary implementation in general, SFAO would refer you to the Acting Secretary's comments.
32. IPCC has recorded significant losses for the second consecutive year (2.3 million in 2015 and 2.1 million in 2014). SFAO understands that these losses are related to the high costs incurred in finalizing the fifth assessment report (meetings, printing costs, travel).
33. IPCC currently enjoys a healthy financial position despite effects on liquidity caused by losses in recent years. Any future losses on the scale of those suffered to date could seriously compromise IPCC activities. This shows how important it is to improve cost management or increase voluntary contributions.

AUDIT OF FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR 2015

Receivables

34. Short-term receivables tied to contributions stand at CHF 1.1 million (CHF 1.6 million at the end of 2014). Our staff conducted detailed controls of the balances open at year's end, and did not notice any specific accounting problems with regard to the collection of these debts.

Inventory

35. The inventory shown on the balance sheet represents a value of nearly CHF 413,000 (CHF 293,000 at the end of 2014), composed mainly of publications. Stock value has increased further with the fifth Assessment Report.
36. SFAO has checked the recoverable amount of the items in stock and confirms that the accounting policy is being applied properly. However, it has doubts regarding the appropriateness of this policy. Publications concerning the Fifth Assessment Period that began in 2007 are assessed at 100% of their initial value, while publications from 2005 to 2007 are assessed at 50%.
37. These publications include articles that have recorded little or no movement. Correcting the individual value or adjusting the accounting policy would therefore seem justified. See Appendix 3 for a suggested additional entry.

Funds held by WMO

38. IPCC does not have a bank account in its own name. Its funds are deposited in the WMO bank accounts.
39. The current account balance on the assets side of the IPCC balance sheet ("Funds Held by WMO") totals CHF 6.6 million (CHF 9.3 million at the end of 2014) and tallies with the balance on the liabilities side of the WMO balance sheet. We were able to check this amount.
40. The balances as at 31 December 2015 for the various WMO cash accounts were compared with the bank statements, which were sent directly to us. The amounts shown for liquidities on the assets side of the WMO balance sheet, CHF 73.7 million in all (CHF 95.9 million at the end of 2014), respect the principle of 90-day availability of funds. The balances belonging to IPCC were therefore available with WMO at 31 December 2015.

Deferred income

41. SFAO reviewed a significant proportion of the contracts relating to voluntary contributions received during accounting year 2015, in order to validate the period in which income is booked and treated in the accounts, in accordance with IPSAS 23. Additional entries with respect to voluntary contributions are contained in Annex 3.

Payables and accruals

42. SFAO staff conducted detailed controls of the balances open at year's end. Open items for creditors total CHF 18,046. A reclassification on the assets side is provided in Annex 3.
43. The completeness test on charges led to a suggested correction of CHF 23,562. Several services provided in 2015 but invoiced in 2016 were booked to the wrong period (see Appendix 3).

Employee benefits: ASHI

44. IPCC has a contractual obligation to fund medical care by subsidizing medical insurance premiums for retired employees (Article 6.2 of the Staff Regulations).
45. The IPCC financial statements show a provision for ASHI (health insurance fund) of CHF 610,000 on the liability side (CHF 836,000 at the end of 2014), backed up by an actuarial study.
46. With regard to accounting techniques, SFAO notes that the Organization has adopted the OCI method² for recognizing actuarial gains and losses. This option is compliant with the thrust of IPSAS 25.

Employee benefits: Repatriation grants

47. IPCC has an obligation to provide compensation tied to employee retirement (Article 9.4 of the Staff Regulations).
48. The provisions recognized as at 31 December 2015 as repatriation grants come to CHF 183,000 on the liability side (including CHF 215,000 at end 2014) and are backed up by an actuarial study.

² "Other Comprehensive Income"

49. The decrease in this provision in 2015 is essentially due to a change in certain actuarial assumptions, much of which can be traced to the rise of the discount rate from 3.0% in 2014 to 3.3% this year.

Employee benefits: Accumulated leave

50. IPCC has an obligation to provide employees with compensation for home leave (Article 5.3 of WMO Staff Regulations).
51. Provisions for accumulated leave are entered for an amount of CHF 140,000 on the liability side (CHF 151,000 at the end of 2014) and are backed up by an actuarial study.
52. The decrease in this provision in 2015 is essentially due to a change in certain actuarial assumptions, much of which can be traced to the rise in the discount rate from 2.8% in 2014 to 3% this year.

Data to be submitted for the actuarial study

53. SFAO observed that there is no control mechanism to ensure that the data on human resources is correctly submitted to the consulting professional actuary. It also noted that neither the Finance Division nor the personnel department validate the indications in the actuary's report. This type of control mechanism should define the responsibilities of the respective services and formalize data plausibility checks.

Note: SFAO invites IPCC to note that it recommended that WMO should formalize a control mechanism and procedure to ensure that the relevant data submitted for the actuarial calculation of commitments relating to employee benefits (IPSAS 25) is comprehensive and reliable. Moreover, the source data used by the expert and the methodology applied should also be subject to an ex post control based on the actuarial report.

United Nations Joint Staff Pension Fund (UNJSPF), a potential future risk for the IPCC financial statements

54. As SFAO indicated when it took on the mandate as Auditors, it believes that there is a future potential risk to the financial statements of IPCC, since the United Nations Joint Staff Pension Fund (UNJSPF) is unable to provide its member institutions with a calculation of pension obligations according to IPSAS 25.
55. In conclusion, since the situation does not concern IPCC alone, SFAO considers it unnecessary to express a reservation or refer specifically to this point in its opinion on the audit of the 2015 financial statements, for the time being.

Net Assets/Equity

56. SFAO reviewed the statement of change in Net Assets/Equity (financial statement III) and made no negative findings.

Expenditure and income

57. Expenditure and income were subjected to analytical checks and audit tests based on the materiality threshold applied during the audit.

58. Data analyses were also conducted in collaboration with PwC. These analyses, known as Journal Entries Testing, concerned manual entries comprising certain specific tests (atypical users and entries, those recorded at the end of the period, adjustment entries, etc.). Based on these efforts, we have a reasonable assurance of the accuracy of the expenditure and income recorded for 2015.
59. With regard to IPCC salaries, SFAO found that certain expenses are treated differently within the WMO accounts. For example, contributions to the JSPF or for medical treatment come under "staff costs" in WMO, whereas they are considered "employee benefits" in IPCC. SFAO recommends standardizing accounting treatments to make these figures comparable between the bodies.
60. SFAO also found that expenses for allocation to the reserve related to "post-retirement, recruitment and termination" were recorded. Since the reserve exists solely in the WMO accounts, charges in IPCC are therefore unjustified. See Appendix 3 for a suggested additional entry.

Statement of cash flow

61. We reviewed all of the positions on the Statement of Cash Flow (financial statement V), and checked to make sure that the amounts shown matched the changes in balances between the opening and closing of the balance sheet.

Maintenance and updating of financial information in accordance with IPSAS

62. The Finance Division has implemented most of the improvements proposed by SFAO concerning implementation of IPSAS presented in Appendix 3.

CONCLUSION

63. In the light of the work done, SFAO can confirm that the IPCC 2015 financial statements have been presented in accordance with IPSAS. Moreover, in the light of the materiality threshold predefined on the basis of the International Standards on Accounting, it can also confirm that the accounting data published in the financial statement reflect the IPCC accounts.
64. As a result, SFAO can issue the audit opinion attached to this report and drawn up in accordance with paragraph 5 of the Additional Mandate for the External Auditing of the Accounts (attached to the WMO Financial Regulations).

SWISS FEDERAL AUDIT OFFICE
(External Auditor)

Eric-Serge Jeannet
Deputy Director

Didier Monnot
Mandate Officer

enregistrées en fin de période, écritures d'ajustements, etc.). Le résultat de ces travaux permet d'obtenir une assurance raisonnable des dépenses et des recettes comptabilisées en 2015.

59. En ce qui concerne les salaires du GIEC, le CDF a constaté que certaines charges sont traitées différemment dans les comptes de l'OMM. Par exemple la contribution pour le JSPF ou celle à titre médicale figure sous « staff costs » dans l'OMM tandis qu'elles font partie des « employee benefits » dans le GIEC. Le CDF recommande d'uniformiser les traitements comptables afin de rendre comparables les chiffres entre les entités.
60. Le CDF a également constaté que des charges pour l'attribution à la réserve liées au « post-retirement, recruitment, termination » ont été comptabilisées. La réserve se trouvant uniquement dans les comptes de l'OMM, les charges dans le GIEC ne sont en conséquence pas justifiées. Une écriture complémentaire est proposée dans l'annexe 3.

Tableau des flux de trésorerie

61. Les positions du tableau des flux de trésorerie (état financier V) ont fait l'objet de procédures de contrôle. La concordance des montants présentés avec les variations de soldes constatées entre l'ouverture et la clôture du bilan a été vérifiée.

Actualisation et mise-à-jour des informations financières selon les IPSAS

62. La Division des finances a mis en œuvre la plupart des propositions d'améliorations du CDF quant à l'application des normes IPSAS présentée à l'annexe 3.

CONCLUSION

63. A la suite des travaux effectués, le CDF est en mesure de confirmer que les états financiers 2015 du GIEC sont présentés en conformité avec les normes IPSAS. Par ailleurs et compte tenu du seuil de matérialité prédéfini en fonction des normes internationales d'audit, il confirme aussi que les données comptables publiées dans les états financiers correspondent à la comptabilité du GIEC.
64. Par conséquent, le CDF peut délivrer l'opinion d'audit jointe en annexe au présent rapport et établie conformément au paragraphe 5 du Mandat additionnel pour la vérification extérieure des comptes (annexe au Règlement financier de l'OMM).

CONTROLE FEDERAL DES FINANCES
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Responsable de mandats

Annexes:

- 1) Opinion d'audit du Vérificateur extérieur
- 2) Propositions d'amélioration par rapport aux normes IPSAS
- 3) Ecritures complémentaires

Annexes:

- 1) External Auditor's audit opinion
- 2) Proposals for improvement in relation to IPSAS
- 3) Additional entries



Annex 1 to 1.16131.952.00428.04

EXTERNAL AUDITOR'S AUDIT OPINION

SFAO has audited the financial statements of the International Panel on Climate Change (IPCC) for the year ended 31 December 2015. These comprise the Statement of Financial Position (financial statement I), the Statement of Financial Performance (financial statement II), the Statement of Changes in Net Assets/Equity (financial statement III), the Statement of Cash Flow (financial statement IV) and the Statement of Comparison of Budget and Actual Amounts (financial statement V), as well as a summary of the main accounting methods and other explanatory notes.

Responsibility of the IPCC Secretariat for the financial statements

The Secretariat is responsible for the preparation and fair presentation of the financial statements in accordance with the International Public Sector Accounting Standards (IPSAS) and the WMO Financial Regulations. The Secretariat is also responsible for introducing any internal controls deemed necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

SFAO is responsible for expressing an opinion on the IPCC financial statements based on its audit, which it conducted in accordance with the International Standards on Auditing (ISA) published by the International Auditing and Assurance Standards Board (IAASB). These standards require it to comply with ethical requirements and to plan and perform the audit to obtain reasonable assurance about 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making these risk assessments, the auditor considers internal controls relevant to the preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, rather than expressing an opinion on the effective functioning of the entity's internal controls. An audit also includes an appreciation of the appropriateness of the accounting procedures used and the reasonableness of the accounting estimates made by the Management, as well as the overall presentation of the financial statements. SFAO believes that the audit evidence obtained is sufficient and appropriate to provide a basis for its opinion.

Opinion

In the opinion of SFAO, the financial statements present fairly, in all material aspects, the financial position of IPCC as at 31 December 2015, as well as its financial performance and cash flow for the year then ended, in accordance with the International Public Sector Accounting Standards (IPSAS) and the WMO Financial Regulations. In accordance with the Additional Mandate for the External Auditing of the Accounts, which is attached to the WMO Financial Regulations, SFAO has also prepared a detailed report on its audit of the financial statements, dated 3 May 2016.

Berne, 3 May 2016

SWISS FEDERAL AUDIT OFFICE³
(External Auditor)

³ Address: Monbijoustrasse 45, CH-3003 Berne.



Annexe 1 à 1.16131.952.00428.004

OPINION D'AUDIT DU VERIFICATEUR EXTERIEUR

Le CDF a effectué l'audit des états financiers au 31 décembre 2015 du Groupe d'experts intergouvernemental sur l'évolution du climat (GIEC), comprenant le bilan (état financier I), les produits et les charges (état financier II), l'état des variations de l'actif net (état financier III), l'état des flux de trésorerie (état financier IV) et la comparaison des montants budgétisés et des montants effectifs (états financiers V) pour l'exercice clos à cette date, ainsi qu'un résumé des principales méthodes comptables et d'autres notes explicatives.

Responsabilité du Secrétariat du GIEC pour les états financiers

Le Secrétariat est responsable de l'établissement et de la présentation sincère de ces états financiers conformément aux dispositions fixées dans les Normes comptables internationales pour le secteur public (normes IPSAS) et dans le Règlement financier de l'OMM. En outre, le Secrétariat est responsable de l'établissement d'un contrôle interne qu'il juge nécessaire pour permettre l'établissement d'états financiers ne comportant pas d'anomalies significatives, que celles-ci proviennent de fraudes ou résultent d'erreurs.

Responsabilité de l'auditeur

La responsabilité du CDF est d'exprimer une opinion sur les états financiers du GIEC sur la base de son audit. Il a effectué sa vérification selon les Normes internationales d'audit publiées par l'IAASB (International Auditing and Assurance Standards Board). Ces normes requièrent de se conformer aux règles d'éthique, de planifier et de réaliser l'audit en vue d'obtenir une assurance raisonnable que les états financiers ne comportent pas d'anomalies significatives. Un audit implique la mise en œuvre de procédures en vue de recueillir des éléments probants concernant les montants et les informations fournies dans les états financiers. Le choix des procédures relève du jugement de l'auditeur, de même que l'évaluation des risques que les états financiers comportent des anomalies significatives, que celles-ci proviennent de fraudes ou résultent d'erreurs. En procédant à cette évaluation, l'auditeur prend en compte le contrôle interne en vigueur dans l'entité relatif à l'établissement des états financiers afin de définir des procédures d'audit appropriées en la circonstance, et non dans le but d'exprimer une opinion sur le fonctionnement efficace du contrôle interne de l'entité. Un audit comporte également l'appréciation du caractère approprié des méthodes comptables retenues et le caractère raisonnable des estimations comptables faites par la direction, de même que l'appréciation de la présentation d'ensemble des états financiers. Le CDF estime que les éléments probants recueillis sont suffisants et appropriés pour fonder son opinion.

Opinion

A son avis, les états financiers donnent une image fidèle, dans tous leurs aspects significatifs, de la situation financière du GIEC au 31 décembre 2015, ainsi que de sa performance financière et de ses flux de trésorerie pour l'exercice clos à cette date, conformément aux Normes comptables internationales pour le secteur public (normes IPSAS) et au Règlement financier de l'OMM. Conformément au Mandat additionnel pour la vérification extérieure des comptes, annexé au Règlement financier de l'OMM, le CDF a également établi un rapport détaillé sur la vérification des états financiers, document daté du 3 mai 2016.

Berne, le 3 mai 2016

CONTROLE FEDERAL DES FINANCES
DE LA CONFEDERATION SUISSE⁴
(Vérificateur extérieur)



Eric-Serge Jeannot
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Eric-Serge Jeannet
Deputy Director

Didier Monnot
Mandate Officer

Annex 2 to 1.16131.952.00428.04

PROPOSALS FOR IMPROVEMENT IN RELATION TO IPSAS

During the audit in March 2016, SFAO gave the Finance Division a list of elements which should be improved to meet the requirements of the accounting standards applied when preparing the final version of the WMO 2015 financial statements.

Accounting standard	Missing disclosures - references and topics
IPSAS 30 Financial instruments	IPSAS 30, para. 44a <ul style="list-style-type: none">• For example for debts: include a paragraph with a timetable of amounts receivable (not done for receivables related to voluntary contributions)
IPSAS 18 Segment reporting	IPSAS 18, para. 51 <ul style="list-style-type: none">• No report by sector: consideration should be given to including a reference in the notes to the financial statements.

ADDITIONAL ACCOUNTING ENTRIES

The following table sums up the entries noted during the audit procedures on the financial statements as at 31 December 2015.

Unadjusted additional entries
(Sum of unadjusted differences)

No	Amount	Description	Type	Result for the financial year
1	max 10 000	Provisions to be made for the PwC invoice for services rendered from December 2015 to January 2016.	P & L	-10 000
2	8 562	No provision for Travel costs in December 2015, recorded in 2016	P & L	-8 562
3	18 046	Creditors with negative balances to be reclassified under the balance sheet under "other receivables"	Reclass	-
4	19 836	Correct value for inventory without movement	P & L	-19 836
5	9 084	Charge for allocation to Post-retirement, recruitment & termination reserve in WMO. The charge should not be in IPCC because there is no reserve for this liability.	P & L	9 084

Given the non-material nature of cumulative unadjusted additional entries on the result for FY 2015, these will not appear in the external accounts auditors' report.

Adjusted additional entries
(Sum of adjusted differences)

No	Amount	Description	Type	Result for the financial year
6	465 000	Deferred revenue to be presented in short- and long-term. KCHF 465 of KCHF 607 are long-term.	Reclass	-
7	6 137	Negative interest to be reclassified under bank charges	Reclass	