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EXECUTIVE COMMITTEE OF  
THE MULTILATERAL FUND FOR THE  
IMPLEMENTATION OF THE MONTREAL PROTOCOL  
Eighty-third Meeting  
Montreal, 27-31 May 2019

**RECONCILIATION OF THE 2017 ACCOUNTS (DECISION 82/5(g))**

1. At its 82<sup>nd</sup> meeting, the Executive Committee considered the Reconciliation of the 2017 accounts<sup>1</sup>. It was reported that UNEP had difficulty in explaining a difference in expenditure of US \$15,528,515 between their progress report and final accounts, and that UNEP had requested to be allowed to submit a revised progress report at the 83<sup>rd</sup> meeting after it had conducted a review of its financial data as it was thought that the discrepancies related to double-counting of commitments and the transition from an old accounting system.
2. Noting that the amount in question was significant, the Executive Committee subsequently *inter alia* requested UNEP to submit a revised 2017 progress report at the 83<sup>rd</sup> meeting with a view to completing the 2017 reconciliation of accounts exercise, noting the differences of US \$7,357 in income and US \$15,528,515 in expenditures, between the progress report and final accounts of UNEP (decision 82/5(g)).
3. In response to decision 82/5(g), the Secretariat has prepared the present document.

**Submission of a revised 2017 progress report**

4. As a follow-up to decision 82/5(g), the Secretariat and UNEP held several meetings on the margins of the Second Global Inter-Regional and Parallel Network Meetings for National Ozone Officers<sup>2</sup> and the Inter-agency Coordination Meeting<sup>3</sup> with a view to explain the rationale of the discrepancies.
5. UNEP explained that the discrepancies in expenditure were mainly due to projected 2018 commitments and related agency support costs being inadvertently reflected in the 2017 progress report, and to a difference between the projected agency support costs in the progress report and the actual support costs calculated in UNEP's financial system. The difference in income was attributed to the recording of exchange gains.

<sup>1</sup> UNEP/OzL.Pro/ExCom/82/7

<sup>2</sup> 17-20 February 2019, Paris

<sup>3</sup> 5-7 March 2019, Montreal

6. UNEP has revised its 2017 progress report by correcting both the income and expenditures for 2017. UNEP has also taken appropriate administrative actions to ensure such discrepancies are avoided in the future by strengthening the capacity of its finance and reporting team and re-enforcing its system of internal checks before reports are submitted.

### Reconciliation of the income

7. No discrepancies were found between the revised 2017 progress report and the Inventory of approved projects as shown in Table 1.

**Table 1. Discrepancies between the revised 2017 progress report and the Inventory (US \$)\***

Agency	Revised progress report	Inventory	Difference
UNEP	322,875,043	322,875,043	0

(\*) Including agency support costs.

### Net approvals and income in the 2017 final accounts and the revised 2017 progress report

8. Differences between the 2017 final accounts and the revised 2017 progress report are shown in Table 2.

**Table 2. Differences between the 2017 final accounts and the revised 2017 progress report (US\$)**

Agency	Revised progress report*	2017 Final accounts	Difference**
UNEP	322,875,043	322,847,686	27,357

(\*) Including agency support costs.

(\*\*) A positive number means more income, while a negative number means less income reported in the accounts.

9. The explanations provided by UNEP for the difference between the revised 2017 progress report and the 2017 final accounts are shown in Table 3.

**Table 3. Rationale for differences in income between the revised 2017 progress report and the 2017 final accounts (US\$)**

Comments	UNEP
Difference between revised 2017 progress report and 2017 final accounts	27,357
<b>Explanations provided</b>	
Additional assistance for a project (DMI/SEV/80/INS/23) was included in the 2017 progress report but transfer by the Treasurer was made in 2018 (no action needed)	(20,000)
Correction related to recording of exchange gains in prior years (UNEP to adjust in its 2019 accounts)	(7,357)
<b>Difference (outstanding reconciling item)</b>	<b>0</b>

10. Based on the explanations provided, there is no outstanding reconciling items that would need to be explained.

### Expenditures reported in the 2017 final accounts and in the revised 2017 progress report

11. Table 4 shows the differences between the cumulative expenditures reported to the Treasurer in the 2017 final accounts and the funds disbursed and committed as reported in the revised 2017 progress report for the period 1991 to 2017.

**Table 4. Differences between cumulative expenditures (US\$)**

Agency	Revised 2017 progress report *			Cumulative expenditures for 2017 final accounts	Differences**
	Funds disbursed	Funds committed	Total cumulative		
(1)	(2)	(3)	(4)=(2)+(3)	(5)	(6)=(4)-(5)
UNEP	272,115,767	21,009,591	293,125,358	273,252,440	19,872,918

(\*) Including agency support costs.

(\*\*) A positive number means more expenditure and a negative number means less expenditure indicated in the progress report than in the accounts.

12. The explanation for the differences provided by UNEP is shown in Table 5.

**Table 5. Rationale for differences in expenditures between the revised 2017 progress report and the 2017 final accounts of the Fund (US\$)**

Comments	UNEP
Difference between revised 2017 progress report and 2017 final accounts	19,872,918
<b>Explanations provided</b>	
Commitments included in the revised 2017 progress report but not in the 2017 financial statement, as only expenses are included in the International Public Sector Accounting Standards (IPSAS) financial statement (no action needed)	19,555,480
Difference between agency support costs projected in the revised 2017 progress report and actual agency support costs calculated in UNEP management information system mainly due to timing difference (UNEP to adjust in its 2019 accounts)	317,438
Total (rows 2 to 3)	19,872,918
<b>Difference</b>	<b>0</b>

13. Based on the explanations provided, there is no outstanding reconciling items that would need to be explained.

### Recommendation

14. The Executive Committee may wish:

(a) To note:

- (i) The reconciliation of the 2017 accounts contained in document UNEP/OzL.Pro/ExCom/82/7;
- (ii) The submission by UNEP of a revision to its progress report as at 31 December 2017;

(b) To request UNEP to reflect in its 2019 accounts:

- (i) US \$7,357 in income representing gains in prior years not recorded in its 2017 final accounts; and
- (ii) US \$317,438 in expenditure representing difference between projected and actual agency support costs not recorded in its 2017 final accounts.