



International Atomic Energy Agency

GENERAL CONFERENCE

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(GC(XXXVII)/1052)

HARMONY AND COMPATIBILITY OF PROGRAMME AND BUDGET AND ACCOUNTS DOCUMENTS

1. In resolution GC(XXXVI)/RES/581, the General Conference last year requested the Director General to:

- ◆ Ensure that there is harmony and compatibility between the Agency's programme and budget documents, its annual report and its accounts documents, so as to facilitate their comparison for purposes of effective evaluation.
- ◆ Consult Member States in order to ensure that such Agency documents, transmitted to the General Conference by the Board are prepared and submitted in accordance with this resolution as early as possible, and at the latest in time for consideration by the General Conference at the thirty-eighth regular session.

The Director General was further requested:

- ◆ to inform the General Conference at its thirty-seventh session about the action taken.

2. The Accounts, as understood in this context, are represented by (1) the Accounts proper consisting of statements on the Agency's financial performance in 1992, including balance sheets and income and expenditure accounts in accordance with the External Auditor's requirements, (2) the Programme and Budgetary Performance Report (PBPR) containing details on the budgetary performance as well as on programme implementation and (3) the Annual Report, the Agency's official report on programme achievements during the year.

3. In compliance with the requests contained in the General Conference resolution, the attached Note by the Secretariat dated 20 April 1993 was issued as a basis for consultation with the Board of Governors and other Member States representatives on the various actions taken or proposed, which are as follows:

- (a) In compliance with the request of Member States and the External Auditor that information should be made available on the budgetary performance as well as on the programme performance to the extent that would permit an assessment of implementation and achievements of the Agency's programmes, subprogrammes and projects, compatible with the programme and budget document, a Programme and Budgetary Performance Report (PBPR) was issued for 1992. On 5 April 1993 a Note by the Secretariat was issued, containing the "Report on Programme and Budgetary Performance in 1992". It was discussed by the Administrative and Budgetary Committee in May 1993 and again by the Board in June.

Previously, the budgetary performance report was included in the Accounts document. It has, however, been revised with a new format and structure based on the Programme and Budget document in all detail so as to facilitate greater transparency and comparison of the results of programme implementation. It will henceforth be issued as a separate document. However, in accordance with a decision of the Board of Governors at its June 1993 session, the document will continue to be issued in the same format that will be retained in the Secretariat as an internal reference document which will be made available to interested Member States upon request. The Board also requested the Secretariat to provide Member States with a concise summary of the information contained therein. In sum, the PBPR was considered to be an extremely useful and informative document.

- (b) The format of the Annual Report for 1992 was revised and now follows the project structure and titles used in the programme and budget document. Each chapter is introduced by a programme overview outlining the main features of the programme. This format achieves compatibility with the programme and budget document and facilitates a comparison of the results obtained with the stated goals. It is also consistent with the PBPR as it provides an aggregate summary of the details contained therein.
- (c) The Agency's Accounts document is the financial document which complies with the requirements of the External Auditor. The statements mainly consist of balance sheets and income and expenditure accounts for each fund. For the regular budget, Statement I.A. in the Accounts continues to provide the link to the regular budget appropriation resolution in the programme and budget document. Further details of programme and budget implementation can be found in the PBPR and the Annual Report, as mentioned above.

- (d) The programme and budget document has also been changed by the addition of tables which provide a clear link between the Agency's programme and subprogramme structure and the appropriation sections^{2/}. As the Agency's Financial Regulations deal with the Budget (Article III), other remaining issues (concerning the Budget structure for instance) will be part of the comprehensive review which the Secretariat is embarking on at the request of the Board of Governors.

4. As recommended by the Board at its June session, the Secretariat intends to hold further consultations with Member States on how best to attain harmony and compatibility along the lines of the request contained in General Conference resolution GC(XXXVI)/RES/581.

^{2/} See GC(XXXVII)/1062 ANNEX V, Table 48 "Estimates by Appropriation Section/Division, Broken Down by Subprogramme".



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NOTE BY THE SECRETARIAT

Harmony and Compatibility of the Agency's Programme and Budget documents,
Annual Reports and Accounts Documents

BACKGROUND

1. The purpose of this paper is to inform Member States of the actions the Secretariat has taken and proposes to take to comply with General Conference resolution GC(XXXVI)/RES/581, in which the Director General was requested to:
 - ◆ Ensure that there is harmony and compatibility between the Agency's programme and budget documents, its annual reports and its accounts documents, so as to facilitate their comparison for purposes of effective evaluation.
 - ◆ Consult Member States in order to ensure that such Agency documents, transmitted to the General Conference by the Board, are prepared and submitted in accordance with this resolution as early as possible, and at the latest in time for consideration by the General Conference at the thirty-eighth regular session.
2. The three major documents to be considered in this connection are: the Agency's Programme and Budget; the Agency's Accounts; and the Annual Report. Each of these documents has its own history and purpose.
3. The Agency's Programme and Budget document is drawn up to comply with the requirement in the Agency's Statute that: "The Board of Governors shall submit to the General Conference the annual budget estimates for the expenses of the Agency". The document presents information according to a programme structure. It also contains a draft resolution which summarizes the programme budget into appropriation sections structured in accordance with the organization of the Secretariat. Once approved, the draft resolution becomes the authority for the Director General to incur obligations and expenditures. As required by the Financial Regulations, expenditures are controlled and reported on in accordance with the appropriation sections approved by the General Conference.

4. The Agency's accounts document is prepared to fulfil the requirement in Article XI, Part V of the Financial Regulations that: "The annual accounts shall be submitted by the Director General to the External Auditor and to the Board of Governors not later than 31 March following the end of the financial year." The accounts report on expenditures by appropriation section (not by programme structure). The accounts document has contained a report on budgetary performance for the year including an overall summary of expenditure by appropriation section and, for each appropriation section, a comparison of Regular Budget estimates with actual expenditures by item of expenditure. (ie. salaries, travel, equipment, etc). Explanations are given of any overruns and underruns in respect of each item of expenditure. The audited accounts are contained in a number of financial statements in which information on resources and expenditures is provided. Thus the Accounts document provides essential financial information but little information on programme implementation.

5. The Annual Report is drawn up to meet the requirement of the Statute (Articles III.B.4 and VI.J) that the Board of Governors submit an annual report to the General Conference concerning the affairs of the Agency and any projects approved by the Agency, and that the Agency submit a report annually to the United Nations General Assembly on its activities.

6. The structure of the Annual Report follows that of the Programme and Budget document, i.e. information is provided by programme and subprogramme. A general introduction to the Annual Report describes events and developments that have affected the Agency's programme as a whole and the major achievements of programmes. Substantial achievements only are described. No attempt is made to report, task by task, on the implementation of the activities listed under 'Projects' in the Programme and Budget document.

7. The Agency's Programme and Budget document, Accounts document and Annual Report have evolved over a period of time to meet changing needs. However, the Secretariat recognizes that the information provided to Member States through these documents could be further improved to facilitate comparison between them and, in particular, to compare planned and actual performance. Additional information on programme performance could enhance programme accountability. In the light of the General Conference resolution and the External Auditor's recommendations (See External Auditor's Report for 1991 contained in GC(XXXVI)1005) the Secretariat has taken or proposes to take the actions described below.

ACTIONS CONSIDERED/TAKEN BY THE SECRETARIAT

8. The first action considered by the Secretariat was the revision of the Director General's report on budgetary performance (previously presented as Part I of the accounts document) in order to make its presentation consistent with that of the Programme and Budget document and an expansion of this report to include summary and detailed information on programme implementation. On an experimental basis, the Secretariat will present a report containing information on the utilization of Regular Budget resources by Major Programme, Programme and Subprogramme and on the implementation of project tasks. The initial report in this revised format is being issued as a separate document (See Note by the Secretariat of 5 April 1993 entitled; "Report on Programme and Budgetary Performance in 1992").

9. To facilitate the collection of financial information of the type described in paragraph 8, additional training has been provided to key staff on the coding of expenditure data. This will result in better traceability of expenditures to specific programmes.

10. The second action considered was the revision of the format of the Annual Report. Starting from the report for 1992, the project structure and titles used in the Programme and Budget document will be followed. Each chapter will be introduced by a "Programme Overview" which will outline the main features of the programme and describe major changes that were introduced after the relevant Programme and Budget document was issued. This revised format of the Annual Report will make it easier to compare the results actually achieved with the plans contained in the Programme and Budget document. It will also be consistent with the new Programme and Budgetary Performance Report.

11. Another measure under consideration is the reformatting of the Agency's budget so that the appropriation sections - which form the basis of reporting in the accounts - reflect the programme structure rather than the Agency's organizational structure (Departments and Divisions). This would, however, require major changes in the present accounting system. For example, "cost centres" in the accounting system would have to be brought into line with programmes in the budget document to allow staff costs to be monitored and controlled by programme. It might also be necessary to change the Agency's organizational structure, and the new payroll system being developed would have to be adapted. An internal group will be established to determine the feasibility of these measures.

20 April 1993



