

24th SESSION
OF THE STANDING COMMITTEE
ON PROGRAMMES AND FINANCE

19th JUNE 2019

GENEVA



24th SESSION STANDING COMMITTEE
ON PROGRAMMES AND FINANCE

AGENDA ITEM 5

Financial Report for the year ended
31 December 2018

Joseph Appiah

Comptroller / Director

Department of Resource Management

Financial Report for the year ended 31 December 2018

1. Management report and the External Auditor opinion
2. Unqualified audit opinion

The financial report, related notes and other disclosures give a true and fair view of the financial position for the year ended 31 December 2018.

3. In arriving at its opinion, the External Auditor undertook certification, performance (procurement) and compliance (8 offices) audits.
4. Continued IPSAS compliance
Successfully implemented the new standard on employee benefits.

Highlights



Total expenses USD 1,8 billion. An increased **USD 235.2 million** compared to 2017 results of USD 1, 6 billion.



The revenue from voluntary contributions, combined with the **deferred revenue** (contributions secured for projects to be realized after the reporting period) reached **USD 3.2 billion** (2017: 2.5 billion)



Continued trend in **OSI increase** and funding for **IDF**.



Strong **liquidity**, over **USD 1.4 billion** in cash and short term investments at year-end 2018 (2017: USD 1.1 billion)



USD 175.1 million **receivables** from donors related to project activities (on increase from last year USD 149.6).

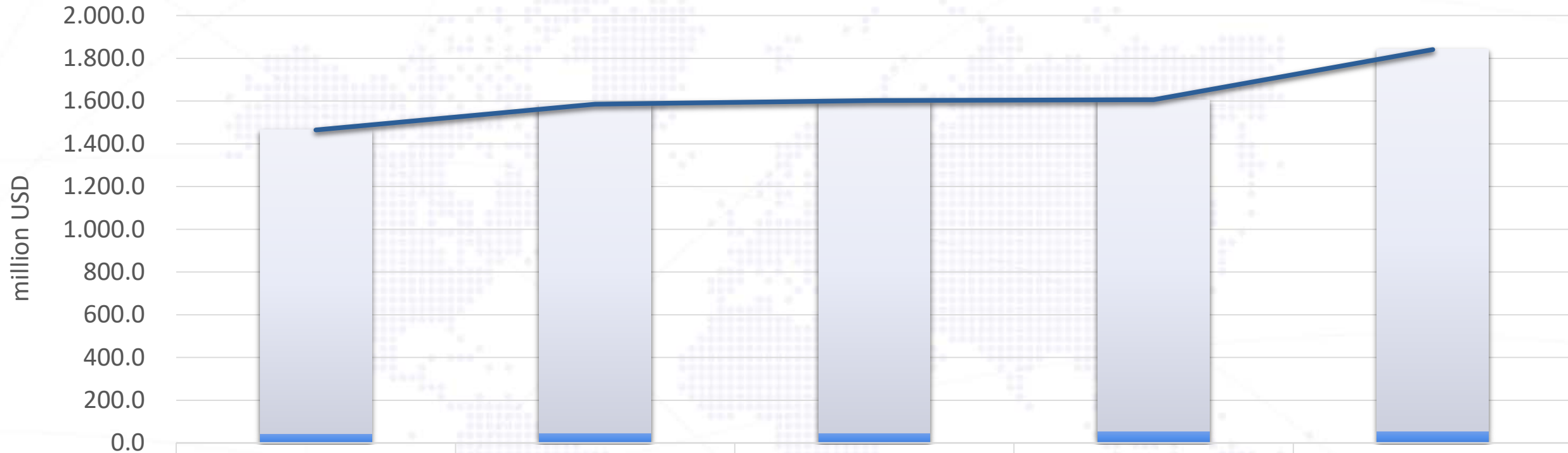


CHF 7.3 million outstanding assessed contributions a slight decrease of CHF 1 million compared to 2017 CHF 8.3 million.



USD 2.4 million OSI applied to cover **write-offs** in the absence of other source of income.

Total Expenses - 5 years trend (in USD million)



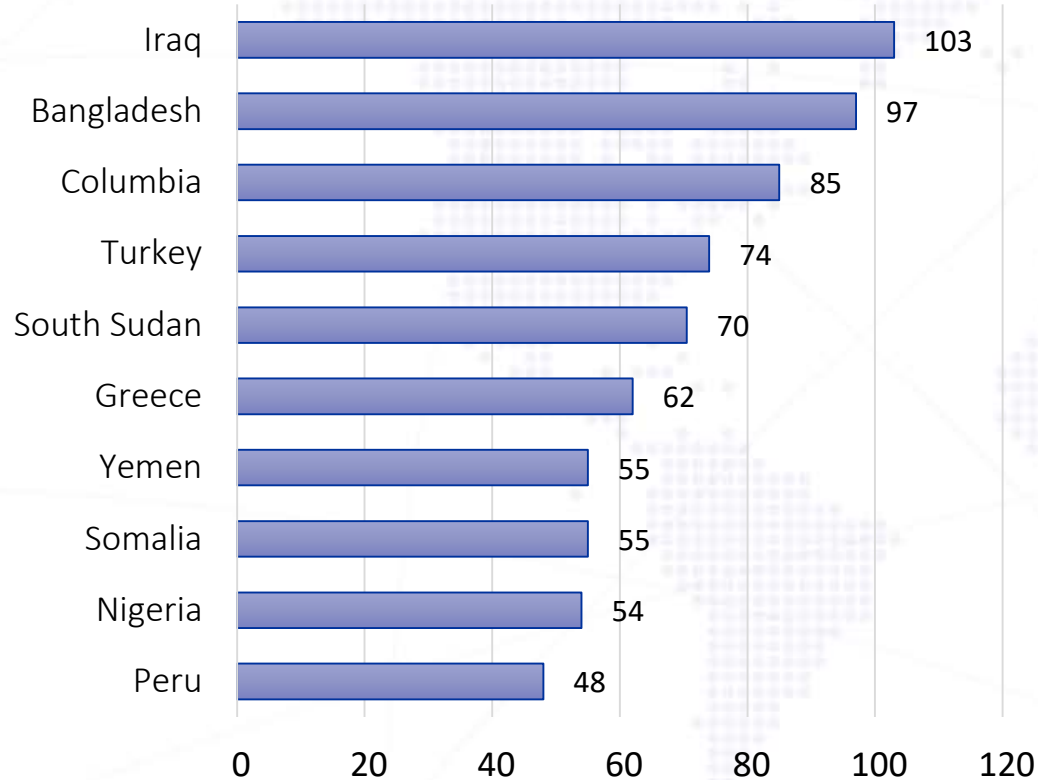
	2014	2015	2016	2017	2018
Operational	1.421.0	1.539.4	1.556.0	1.552.3	1.786.6
Admin	44.0	45.8	46.3	54.1	55.0
Total	1.465.0	1.585.2	1.602.3	1.606.4	1.841.6

Percentage Increase		108%	101%	100%	115%
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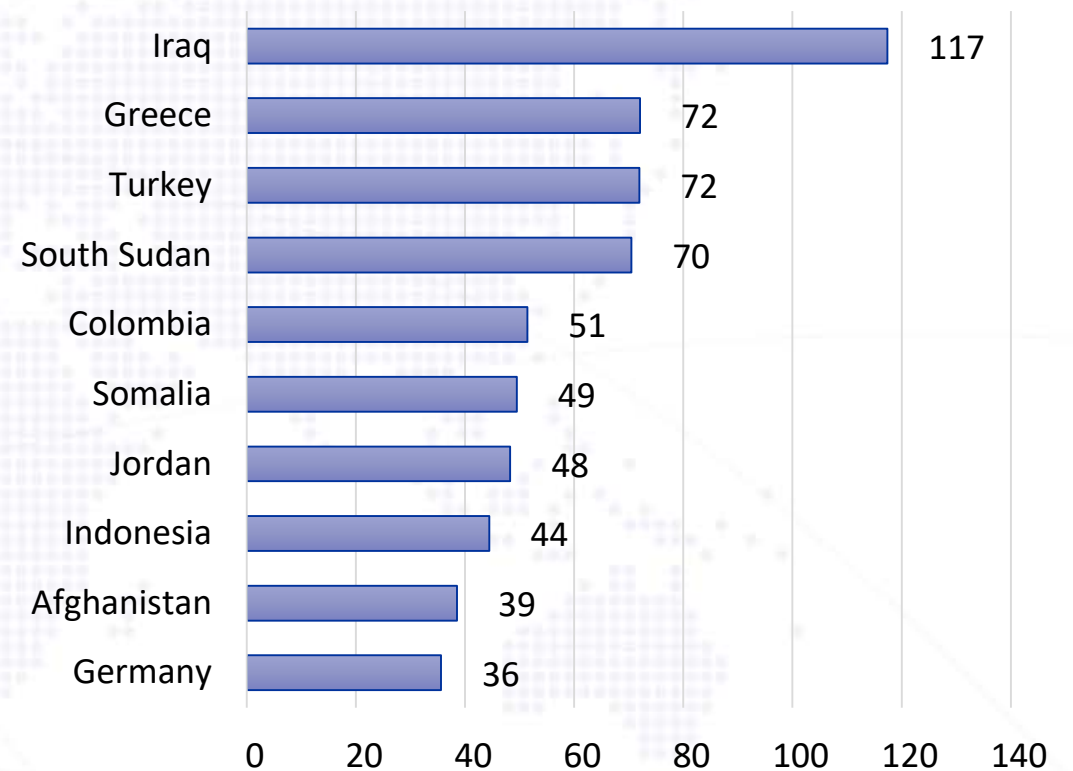
Offices with Highest Level of Expenditure*

(in USD million)

2018



2017



* Based on implementing office business area

Expenditure per Service segment and Region

Service Area	Asia	Africa	Europe	Latin America and the Caribbean	Middle East	North America	Global Activities	Administrative Programme	Total 2018	Total 2017	% Increase
Movement, Emergency and Post-Crisis Migration Management	208,8	327,3	170,9	102,9	178,2	16,0	39,9		1.044,0	927,4	13%
Migration Health*	22,7	34,2	7,6	3,5	32,9	0,4	49,9		151,1	138,5	9%
Migration and Development	3,6	19,2	6,0	38,4	4,3	0,2	3,3		75,0	40,3	86%
Regulating Migration	72,0	113,2	170,7	18,6	20,5	4,7	8,6		408,3	355,4	15%
Facilitating Migration	14,5	3,2	8,4	12,0	4,9	0,7	23,3		67,1	59,3	13%
Migration Policy, Research and Communications	0,8	1,5	3,0	0,2	0,1	0,0	5,1		10,8	8,3	30%
Land, Property and Reparation Programmes	0,5	0,3	0,2	13,0					14,0	9,4	50%
General Programme Support/Services	5,3	10,2	12,7	8,4	3,3	1,7	(25,3)		16,3	13,2	24%
Administrative Programme								55,0	55,0	53,6	3%
Total 2018	328,2	509,1	379,4	197,0	244,2	23,8	130,2	55,0	1.841,6	1.605,4	15%
Total 2017	276,6	402,0	361,6	148,3	267,8	18,3	77,1	53,6	1.605,4		
% Increase	19%	27%	5%	33%	(9%)	30%	69%	3%	15%		

* Health issues cut across all areas of IOM's work. This figure reflects only specific migrant health activities and does not include the health-related expenditure integrated into other services.

Statement of financial performance

Administrative part of the Budget

Small part of total expenditure 3% of consolidated expenditure in 2018

Budget increased by CHF 37,994 (0.07% increase) due to new member states, Palau, Grenada, Lao People's Democratic Republic.

Administrative programme result:

CHF 1,083,711 deficit due to carry forward, mainly related to provision for doubtful in 2017.

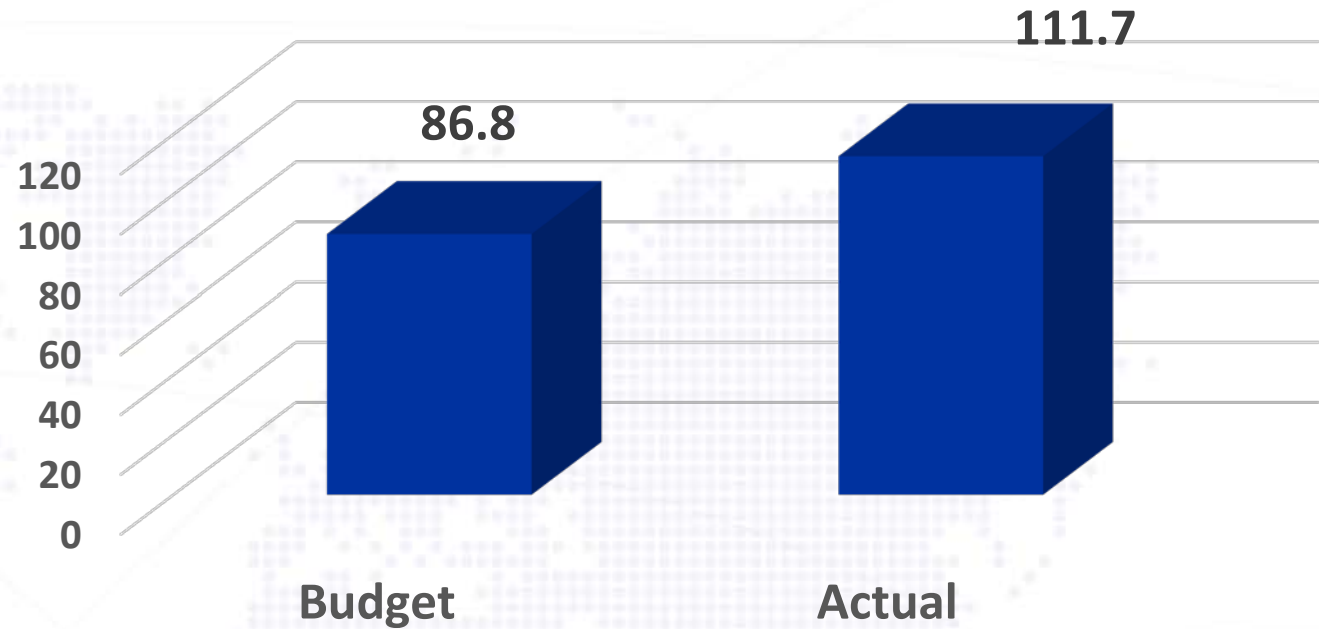
	BUDGET	ACTUAL	
	2018 CHF	2018 CHF	2017 CHF
REVENUE		50 728 318	50 690 324
EXPENSES			
Total: Staff salaries, benefits, travel and representation	41 054 000	41 284 588	41 625 435
Total: General office	4 498 760	3 872 090	4 387 973
Total: Contractual services	2 369 558	1 973 512	1 973 512
Subtotal: Expenses - before provision for doubtful receivables	50 728 318	50 760 707	50 516 555
SURPLUS/(DEFICIT) BEFORE PROVISION FOR DOUBTFUL RECEIVABLES IN CHF		(32 389)	173 769
(Increase)/decrease in provision for doubtful receivables		517 229	(1 685 105)
SURPLUS/(DEFICIT) FOR THE PERIOD IN CHF (on modified accruals (budgetary) basis)		484 840	(1 511 336)
Excess of resources/(expenses) brought forward at the beginning of the year		(1 568 551)	(57 215)
SURPLUS/(DEFICIT) AT THE END OF THE PERIOD IN CHF		(1 083 711)	(1 568 551)

OPERATIONAL SUPPORT INCOME (IN USD MILLION)

USD 24.9 million excess allocation:

- USD 3 million to Staff Security Mechanism
- USD 8.3 million to IOM Development Fund
- USD 5.1 million to overspent approved OSI budget lines
- USD 2.4 million to unforeseen and unbudgeted project shortfalls
- USD 6.1 million to the OSI reserve

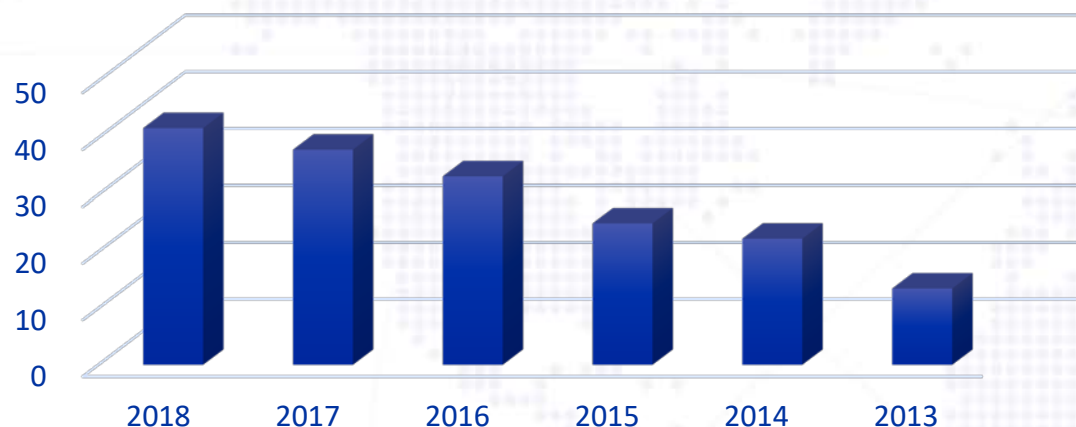
OPERATIONAL SUPPORT INCOME (2018)



OSI SOURCES	2018 Budget	Actual Sources	Variance
Total project-related overhead	80 200 000	96 716 948	(16 516 948)
Total miscellaneous income	6 600 000	14 941 248	(8 341 248)
TOTAL SOURCES	86 800 000	111 658 196	(24 858 196)

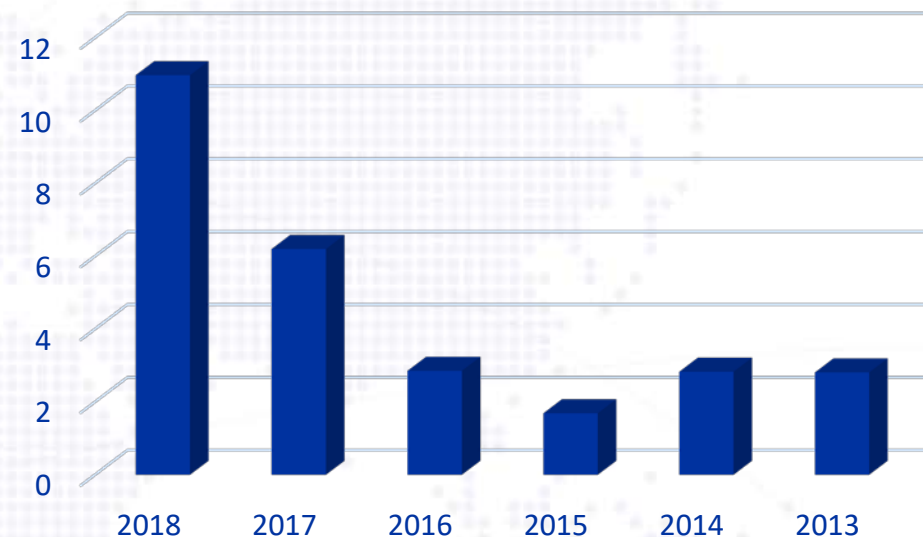
The operational programmes - 2018

Operational Support Income reserve balance (IN USD MILLION)



OSI 2017 Carry forward	USD 37,901,228
2018 Additional OSI	USD 6,084,462
Transfer from Contingency Reserve	USD 1,000,000
OSI Reserve Drawdown 2018	<u>(USD 3,200,000)</u>
OSI Reserve balance at 31 December 2018	USD 41,785,690
1% of Total Expenditures (S/22/RES/18)	<u>(USD 17,866,037)</u>
Utilization balance	USD 23,929,653

Carry-forward relating to the Staff Security Mechanism (IN USD MILLION)



SSU Carry forward 2017	USD 6,198,488
2018 additional overhead	USD 4,776,300
Balance at 31 December 2018	USD 10,974,788

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018
(in USD million)

ASSETS

Assets	2018	2017	Increase / (Decrease)	%
Cash and cash equivalents	922 818 960	644 645 356	278 173 604	43%
Short term investments	506 518 879	425 018 405	81 500 474	19%
Voluntary contributions receivables	175 117 779	149 633 844	25 483 935	17%
Assessed contributions receivables	4 335 653	4 836 747	(501 094)	(10%)
Others receivables	26 294 382	15 105 633	11 188 749	74%
Property, plant and equipment	58 102 741	55 743 418	2 359 323	4%
Intangible Assets	1 283 950	872 656	411 294	47%
Inventories	663 211	5 980	657 231	10990%
Investment property		858 896	(858 896)	(100%)
Other assets	163 059 874	115 761 964	47 297 910	41%
Total Assets	1 858 195 429	1 412 482 899	445 712 530	32%

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018
(in USD million)

LIABILITIES

Liabilities and Net Assets/Equity	2018	2017	Increase / (Decrease)	%
Deferred revenue:				
- voluntary contributions	1358 872 206	929 768 258	429 103 948	46%
- assessed contributions	637 637	597 082	40 555	7%
- other	10 620 590	16 156 519	(5 535 929)	(34%)
Payables relating to employee benefits	125 727 669	117 305 168	8 422 501	7%
Payables to suppliers	150 129 783	131 467 669	18 662 114	14%
Borrowings	5 601 852	6 030 294	(428 442)	(7%)
Other liabilities	19 800 571	19 062 440	738 131	4%
Refugee Loan Fund - US equity	16 606 361	28 172 685	(11 566 324)	(41%)
Total Liabilities	1687 996 669	1248 560 115	439 436 554	35%
Total Net Assets/Equity	170 198 760	163 922 784	6 275 976	4%
Total Liabilities and Net Assets/Equity	1858 195 429	1412 482 899	445 712 530	32%

Employee Benefits liability

- Of the total payables to staff USD 125,7 the total employee benefits liability related to terminal emoluments amounted is USD 115.9 million.
- USD 97.5 million of the USD 115.9 falls under the operational part of the budget and is fully funded by the 6% charge to staff costs on all operational projects.
- USD 18.4 million under the administrative part of the budget is unfunded and actual disbursements are covered by annual budgetary allotment.

	2018	2017
After-Service Health Insurance (ASHI)	40 434 764	42 783 957
Sum of entitlements due upon separation	75 490 012	69 192 985
Sub-total - Employee Benefits liability	115 924 776	111 976 942
Other payables	9 802 893	5 328 226
Total Payables relating to employee benefits	125 727 669	117 305 168

CONTINGENT LIABILITIES

Co-funding - Certain donors commit to finance only a fixed percentage of total project expenditure and specifically require co-funding from other sources to cover the remaining percentage. For 2018 the exposure for the remaining cover amounted to USD 373,974 (EUR 327,601)

Frozen bank accounts in Guatemala, amounting to USD 10.8 million, related to an ongoing legal dispute since 2008.

Potential disallowance of expenditures amounting to USD 1.9 million, related to termination of a service provider contract in Afghanistan by IOM, due to non-performance, that is being contested.

Potential unrecoverable receivable amount (Philippines) for which IOM continues to seek payment of equivalent USD 2.7 million for services rendered.

Out-of-country voting project (Iraq) where a claim of USD 57 million has been dismissed in IOM's favour, but further opportunities for appeal exist.

International Labour Organization Administration Tribunal - Staff based in Geneva challenging the legality of the reduction in the Geneva post adjustment on salaries.

SERVICES IN KIND

Audit and Oversight Advisory Committee	Audit advisory services	76 days
City of Lausanne (SYNI Programme)	Personnel services	695 days
Danish Refugee Council	Personnel services	350 days
Government of Ghana	Audit Service	348 days
iMMAP	Personnel services	259 days
Netherlands Enterprise Agency	Personnel services	93 days
Norwegian Refugee Council	Personnel services	4 522 days
Oxfam	Personnel services	120 days
RedR Australia	Personnel services	339 days
Swedish Civil Contingencies Agency (MSB)	Personnel services	598 days
Swiss Agency for Development and Cooperation	Personnel services	486 days
United Kingdom Department for International Development	Personnel services	577 days

SUMMARY OF APPENDIXES

Appendix 1 – Assessed Contributions for the period ended 31 December 2018

Appendix 2 – Outstanding Assessed Contributions for the period ended 31 December 2018

Appendix 3 – Statement of Financial Performance by Service for the period ended 31 December 2018

Appendix 4 – Sources and Application of Operational Support Income

Appendix 5 – Expenditure by Location for the period ended 31 December 2018

Appendix 6 – Refugee Loan Fund

Appendix 7 – List of Voluntary Contributions by Donor (Operational programmes)

Appendix 8 – List of Voluntary Contributions by Donor and Programme/Project (Operational programmes)

Appendix 9 – Government of Guatemala – Guatemala Fiduciary Fund

THANK YOU

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