



Inter-American Institute
For Global Change Research

FINANCIAL STATUS REPORT
ACCOUNTING TO FEB. 28th, 2017
CONTRIBUTION STATUS TO APR 30th, 2017

Report for the EC - CoP Meeting
Bogotá - Colombia
June, 2017

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1) Status of the Core Budget

a) Country Contributions

As of April 30, 2017 the funds collected (cash incomes) represent the equivalent of 102% of the approved contributions for the fiscal year 2016/2017. Table I shows the status of the contributions.

Core Budget 2016 / 2017
Status of Country Contributions as of April 30, 2017
 Amounts in US\$

	Due as of 30-Jun-16	Contribution for FY 16/17	Paid - in 2016/2017 to be applied to:			Due as of 30-Jun-17
			Arrears	Current year	Advances	
Argentina	147,957	69,000		(69,000)		147,957
Bolivia	50,000	5,000				55,000
Brazil	460,000	120,000	(459,794)			120,206
Canada	47,339	173,000		(142,518)		77,821
Chile	3,000	8,000	(3,000)	(2,000)		6,000
Colombia	9,167	13,000		(8,991)		13,176
Costa Rica	(352)	5,000		(4,955)	(5,033)	(5,341)
Cuba	60,067	5,000				65,067
Dominican Republic	95,000	5,000				100,000
Ecuador	10,000	5,000	(10,000)	(5,000)		-
Guatemala	95,000	5,000				100,000
Jamaica	60,000	5,000				65,000
Mexico	-	85,000		(85,000)		-
Panama	-	5,000		(4,915)	(5,000)	(4,915)
Paraguay	43,877	5,000	(9,724)			39,153
Peru	2,415	6,000	(2,415)	(6,000)	(26,286)	(26,286)
Uruguay	4,700	5,000	(9,700)			-
USA (*)	156,060	831,000	(87,060)	(478,584)		421,416
Venezuela	90,000	45,000				135,000
Totals	1,334,230	1,400,000	(581,693)	(806,963)	(36,319)	1,309,255

The response from the countries to the IAI contacts has increased. A total of 13 countries have made payments (up from 10 for the previous period) during the fiscal year. Some member countries have made extraordinary payments that are reflected in the table above.

The payments of past due contributions made by Brazil have strengthened the financial position of the IAI. Therefore, even though the contributions not received still represent a considerable amount if compared to the annual budget (93%), unpaid

contributions represent only 63% of the annual budget if the funds committed by the US are taken into account (funds are available upon request).

The total revenues for the year amount to US\$ 1,424,975, an amount that includes payments for arrears, current year, and in three cases, advances towards future fiscal years. Compared to the approved contribution amount, the IAI collected a total of US\$24,975 over the approved budget. We expect to collect a total of US\$1.800,000 once the entire funds from NSF are requested.

There are still issues with countries that continue to accumulate unpaid contributions. Guatemala and Dominican Republic have never paid contributions. It is important that all countries benefiting from IAI activities make timely contributions.

Positive news comes from Peru which has paid all pending contributions and advanced a total of four annual contributions, and from Costa Rica which paid all pending contributions and advanced one year of contributions.

The new award for the US contributions was in place by October 1st, 2015. The current dues reflect undisbursed funds that are available upon request and a balance that IAI is currently negotiating with NSF arising from the timing of the US contribution grant and the establishment of the current contribution level.

b) Collection of Country Contributions

The funding requests continue to involve all senior members of the IAI staff. Every opportunity to promote IAI and request funds is used. Whenever staff members travel, contacts are made in order to promote IAI with country officials, meeting with persons with political and budgetary decision power, and move towards a decision to engage the country and commit funds (see also the directorate report). The strategy to engage more countries is based on content driven efforts, using local science and capacity building and involving local scientists in the IAI's request for contributions.

Whenever the IAI communicates with member countries, a country profile is provided in order to show the tangible financial and scientific benefits that the countries have obtained from participating in IAI. This has had a positive impact in several countries over the past years.

However, the IAI needs more support from the member countries, as contributions should be received at the earliest from all members. We have undertaken additional collection efforts with positive

results, however some major contributors are still not paying the full amounts, and some small countries are not contributing, and therefore, the balance of pending contributions is relatively stable: the total amount not yet collected is now US\$1.31 million.

c) Expenses

The following table shows the expenses at the close of Feb. 2017 (eight months into the fiscal year). This comparison shows the status of the core budget compared to the actual expenses in the corresponding period (67% of the total approved budget).

Budget Performance
July 2016 - February 2017
 Amounts in US\$

Category	Actuals 2016/2017	YTD Budget 2016/2017	Difference	%
Salaries & Benefits	665,112	623,588	41,524	6.7%
Travel & Training	32,706	66,187	(33,481)	-50.6%
Equipment	2,514	7,133	(4,619)	-64.8%
Operational Costs	89,294	185,169	(95,876)	-51.8%
Dissemination & Outreach	30,756	26,000	4,756	18.3%
Director's Fund	-	36,000	(36,000)	-100.0%
Total	820,381	944,077	(123,696)	-13.1%

TABLE II: Core Budget expenses as of February 28, 2017.

At the close of the February 2017, expenses were 13.1% lower than the budget (67% of the total budget), consistent with the budget performance for previous fiscal years.

Salaries and Benefits are higher than expected due to the effect of consultant salaries accounted for as salaries (US\$25,600 of the difference). This line is also affected by salaries complements for local staff and adjustments to benefits. At the end of the fiscal year, we expect to be in line with the full-year budget, however an additional impact will be received in the first trimester of 2017/2018 due to the effect of severance payments and relocation expenses of the previous Exec. Director and the hiring of the new Exec. Director.

Travel and training expenses are lower than expected as travel has been reduced and covered by non-core funds whenever possible. Additional expenses will be incurred later in the fiscal year.

In the line of operational costs, savings arise from cash reserves that are being held taking into account additional expenses that will be incurred later in the year.

Dissemination and Outreach is higher due to lower cost for the Bi-annual Report. Activities under Director’s Special Fund had been frozen for 2016/17 because of budget constraints, however movements in this category are expected before the end of the fiscal year.

2) Cash Composition and Core Budget Reserves

The cash balance at the end of April 2017 was 178% higher than the balance at the end of March 2016 for two reasons:

- Program Funds from NSF that are normally requested to keep the balance of Cash-on-hand close to zero, were requested in advance based on the expected disbursements from CRN III sub-awards, as a temporary measure until a positive outcome is reached regarding the US bank account for IAI; all funds will be disbursed before the end of the fiscal year.

- The other contributing factor is the receipt of arrears payments from several countries that have increased the available cash, particularly Brazil since its past due contribution was larger.

Expenses continue to be tightly controlled specially since extraordinary and considerable expenses are planned before the end of the calendar year (severance as per the contracts, relocation expenses, moving allowances).

The Cash reconciliation reflects a greatly improved position in the core budget, with reserves covering 7.5 months of operations (up from 3.8 months the previous year). If the undisbursed funds by the US are taken into consideration, the current available funds can cover 11.0 months of operations, also higher than last year.

Cash Reconciliation

At the end of Apr-17

Amounts in US\$

	Mar-16	Apr-17	Variance
Program Funds	60,412	533,824	783.6%
IAI CB Funds	443,481	875,831	97.5%
Total Cash	503,893	1,409,656	179.8%

3) Administration

Changes to Administrative Processes / Internal Controls

Employee Manual

The changes to the forms and approved policies are being compiled and attached to the manual as a new annex.

Tripartite Agreement Implementation

The offices in Montevideo have been fully functional for the past three years, the positions needed have been filled and all expected staff is now in place.

Argentina placed a Director in the Science-Policy office in 2015, towards the full implementation of the agreement. The agreement is not fully implemented yet.

The Tripartite Agreement has not been implemented in Brazil, even though discussions are still taking place. At this point we do not have a clear expectation of when it can be concluded.

Internal Controls

The controls remain in place, being reviewed and updated when opportunities for improvement are detected. Currently there are no critical Internal Control Issues outstanding either from the FAC or the External Auditors. The IAI has received the report for the past fiscal year (2015/2016), and it is included in the meeting documents. The audit report was received without qualifications.

The implementation of the new financial project management and audit guidelines, to avoid problems with projects as experienced in the past created some delays for this year's audit report, however at this point this had been concluded and for the next report, the situation has been corrected before it was requested by the external auditors.

Accounting and Information Management Software

The Accounting and Information management software was fully implemented with minimum impact to the IAI operations. It is an improvement from the previous accounting system of IAI, more robust and controls not only the accounting part of IAI, but that also gives us better control for projects, country participation, individuals involved and improve management reporting for all areas of IAI. A

new accountant was hired in March 2017, as the previous one resigned to pursue other job.

Teleconference software

The in-house solution for teleconferencing has been tested and it has been released. The system includes several solutions that are needed for IAI and that now provide a strong service for those activities, including the possibility of recording meetings; we have hired a part-time consultant to give support for the entire IT system including software and IAI servers.