



Inter-American Institute
For Global Change Research

QUARTERLY STATUS REPORT
ACCOUNTING TO APRIL 30th, 2014
CONTRIBUTION STATUS TO JUNE 30th, 2014

Report for the EC - CoP Meeting
Mexico D.F. – Mexico
August, 2014

Index

1)	Status of the Core Budget	3
a)	Country Contributions.....	3
b)	Collection of Country Contributions	4
c)	Expenses	5
2)	Cash Composition and Core Budget Reserves	6
3)	Administrative Area	7
a)	Changes to Administrative Processes / Internal Controls.....	7

1) Status of the Core Budget

a) Country Contributions

As of June 30, 2014 the funds collected (cash incomes) represent 98% of the approved contributions for the fiscal year 2013/2014.

Table I shows the status of the contributions received as of June 30, 2014.

Core Budget - 2013 / 2014
Status of Country Contributions as of June 30, 2014
 Amounts in US\$

	Contribution for FY 13/14	Paid - in 2013/2014 to be applied to:		Due as of 30-Jun-14
		Arrears	Current year	Advances
Argentina	63,000			204,957
Bolivia	5,000			40,000
Brazil	110,000			220,000
Canada	159,000		(159,000)	-
Chile	7,000		(2,000)	(3,000)
Colombia	12,000		(12,000)	0
Costa Rica	5,000		(4,931)	17,631
Cuba	5,000			50,067
Dominican Republic	5,000			85,000
Ecuador	5,000		(5,000)	-
Guatemala	5,000			85,000
Jamaica	5,000			50,000
Mexico	77,000			77,000
Panama	5,000		(5,000)	-
Paraguay	5,000			46,371
Peru	5,000	(10,657)		27,694
Uruguay	5,000			5,000
USA (*)	762,000	(290,319)	(762,000)	-
Venezuela	41,000	(12,500)		352,521
Totals	1,286,000	(313,476)	(949,931)	1,258,242
			Total Revenues:	(1,263,407)
			Total Advances:	(3,000)
			Contributions not received:	(22,593)
			Difference:	-

The response from the countries to the IAI contacts has decreased, with some of the biggest parties of the Institute failing to pay their dues before the end of the fiscal year. Brazil has two pending contributions for a total of US\$220,000 with a third contribution due after July 1st, 2014; Argentina and Mexico have not paid their dues

for the past fiscal year. The impact of these missing contributions is critical as the funds missing at the close of the fiscal year amount to US\$ 360,000, which create a difficult financial environment for IAI.

Additionally, there are still issues with countries that continue to accumulate unpaid contributions. Venezuela continues to make partial payments (payments are only received from the Ministry of Science and Technology) and its debt now totals US\$352,521. Guatemala and Dominican Republic have paid no contributions.

Offsetting some of these losses is the US contribution, which at the close of the fiscal year is at zero. This shows the effect of a plan made with the US representation and the FAC to collect all contributions for the past 3 years. The new award for the US contributions is expected to be in place by October 1st, 2014.

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 benefits that the countries have obtained from participating in IAI. This has had a very positive impact, especially with those countries that have not had an active involvement in CoP activities or contributions.

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 continues to increase: the total amount not yet collected is now US\$1.26 million.

c) Expenses

The following table shows the expenses at the close of April 2014 (ten months into the fiscal year). This comparison shows the status of the core budget compared to the actual expenses in the corresponding period (5/6 of the total approved budget).

These expenses include the provisions for holidays, contributions to social security, and depreciation of fixed assets.

Budget Performance

July 2013 - April 2014

Amounts in US\$

Category	Actuals 2013/2014	YTD Budget 2013/2014	Difference	%
Salaries & Benefits	711,966	772,999	(61,032)	-7.9%
Travel & Training	18,504	82,733	(64,229)	-77.6%
Equipment	6,017	8,917	(2,900)	-32.5%
Operational Costs	432,843	138,446	294,397	212.6%
Dissemination & Outreach	31,130	32,500	(1,370)	-4.2%
Director's Fund	16,039	45,000	(28,961)	-64.4%
Total	1,216,499	1,080,595	135,905	12.6%

TABLE II: Core Budget expenses as of April 30, 2014.

At the close of the April 2014, expenses were 12.6% higher than the budget (83% of the total budget).

Salaries and Benefits are lower than expected for due to the effect of savings for discontinued Brazilian International salaries, now receiving salaries as international staff in Uruguay, plus the effect of the salary of the IT Manager no longer working for IAI. For the past two years, Brazil is no longer providing the 4 Brazilian staff members specified in the host county agreement that were previously hired by INPE and whose contract was not renewed after October 2012. IAI is still covering the salaries through consulting agreements to give continuity to the operations. This is eliminating part the savings, but at the end of the fiscal year, we expect savings over the budget to be close to 7% compared to the full-year budget.

Travel and training expenses are also 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, additional expenses have been incurred to implement the new offices in Uruguay, including the move of the offices and staff, and the server management solution

in Buenos Aires, this to cover part of the duties previously assigned to the IT Manager. Also, additional expenses were incurred due to the delay in the approval of the Host Country Agreement in Uruguay, adding close to 7 months to the original implementation calendar. Most of the other budgeted amounts are contracts with a fixed price.

Dissemination and Outreach is lower due to lower cost for the Bi-annual Report. Activities under Director’s Special Fund have been frozen.

2) Cash Composition and Core Budget Reserves

The cash balance at the end of April 2014 was 53.6% higher than the ending balance at the end of March 2013. Program Funds from NSF have been requested and the balance of Cash-on-hand for these funds is zero, consistent with the change of policy in NSF. If the country contributions from the main parties of IAI had been received, the cash situation would be improved from the previous fiscal year’s position. Expenses continue to be tightly controlled and some countries continue to pay for past contributions, however until the pending contributions from Brazil, Mexico, and Argentina are received, the IAI is not in position to commit funds for new hiring, including in the positions made for the Tripartite Agreement.

The Cash reconciliation reflects a slightly improved position in the core budget, with reserves covering 3.9 months of operations; if the committed funds by the US are taken into consideration, the current available funds cover 9.4 months of operations, same as last year.

Cash Reconciliation

At the end of Apr-14

Amounts in US\$

	Mar-13	Apr-14	Variance
Program Funds	(66,361.97)	114,854.73	173.1%
IAI CB Funds	415,173.04	421,038.14	1.4%
Total Cash	348,811.07	535,892.87	53.6%

3) Administrative Area

a) 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. The manual is up-to-date with all changes however and in-depth revision is still needed after the CoP decisions to update all the changes in the names of the positions as well as the job descriptions and to reflect the changes in the Directorate's structure.

Brazilian Staff provided by INPE

INPE's contract with the company that hired 4 staff members was definitely canceled October 2012. Since then, the staff has been fully hired by IAI and the cost of the staff included in the Host Country Agreement has to be covered in full by IAI Core Budget Funds.

Tripartite Agreement Implementation

After delays in the approval of the IAI Host Country Agreement with Uruguay, the Directorate move has been completed; the total cost of the move was roughly US\$175,000 including the Directorate, all staff members, and new furniture for the IAI offices.

The current country contribution situation is now directly affecting the ability of IAI to hire new personnel and all non-essential expenses have been frozen until the situation is resolved, this includes hiring, travel expenses, Director Special Funds among others.

The Tripartite Agreement has not been implemented in Brazil or in Argentina, generating a high risk environment for it; this situation and the missing country contributions of about US\$470k from two parties involved in the Tripartite Agreement (Argentina and Brazil) have created complications for the IAI Financial Management and forces IAI to take extreme measures to control expenses until the situation is favorably resolved.

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 now received the External Audit

report delayed last year (2011/2012) and the report for the past fiscal year (2012/2013), both included in the meeting documents.

A comprehensive audit was conducted in 2012, reviewing all major projects from CRN II to prepare the closure of the program. A non-critical control issue was raised by the External Auditors related to Project Management, due to adjustments arising from the project audits performed. The solution was immediately put in place and however this issue to be removed once CRN 2 has been definitely closed and all expenses accounted for (2014-2015 audit).