



Inter-American Institute
For Global Change Research

QUARTERLY STATUS REPORT
ACCOUNTING TO FEB. 28th, 2015
CONTRIBUTION STATUS TO MAY 31st, 2015

Report for the EC - CoP Meeting
Lima – Peru
June, 2015

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1) Status of the Core Budget

a) Country Contributions

As of May 31, 2015 the funds collected (cash incomes) represent 95% of the approved contributions for the fiscal year 2014/2015. Table I shows the status of the contributions.

Core Budget - 2014 / 2015
Status of Country Contributions as of May 31, 2015
 Amounts in US\$

	Contribution for FY 14/15	Paid - in 2014/2015 to be applied to:			Due as of 30-Jun-15
		Arrears	Current year	Advances	
Argentina	69,000	(126,000)			147,957
Bolivia	5,000				45,000
Brazil	120,000				340,000
Canada	173,000		(159,000)		14,000
Chile	8,000		(5,000)		-
Colombia	13,000				13,000
Costa Rica	5,000				22,631
Cuba	5,000				55,067
Dominican Republic	5,000				90,000
Ecuador	5,000				5,000
Guatemala	5,000				90,000
Jamaica	5,000				55,000
Mexico	85,000	(77,000)			85,000
Panama	5,000		(5,000)	(5,000)	(5,000)
Paraguay	5,000	(6,914)			44,457
Peru	6,000				33,694
Uruguay	5,000	(5,000)	(5,000)	(300)	(300)
USA (*)	831,000		(588,797)		242,203
Venezuela	45,000	(352,521)			45,000
Totals	1,400,000	(567,435)	(762,797)	(5,300)	1,322,710

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 three pending contributions for a total of US\$340,000 with a fourth contribution due after July 1st, 2015. The impact of these missing contributions is critical as the funds missing at the close of the fiscal year amount to US\$ 460,000, which create a difficult financial environment for IAI. Mexico paid the contribution for 2013/2014, however we have not received payment for the current year. There are still issues with countries that continue to accumulate unpaid contributions. Guatemala and Dominican Republic have never paid contributions.

Positive news from Argentina that paid extra to compensate the previous year and especially from Venezuela that has now paid all dues to IAI.

The new award for the US contributions is expected to be in place by October 1st, 2015.

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 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 is relatively stable: the total amount not yet collected is now US\$1.33 million.

c) Expenses

The following table shows the expenses at the close of February 2015 (eight months into the fiscal year). This comparison shows the status of the core budget compared to the actual expenses in the corresponding period (75% of the total approved budget).

Budget Performance
July 2014 - February 2015
 Amounts in US\$

Category	Actuals	YTD Budget	Difference	%
	2014/2015	2014/2015		
Salaries & Benefits	653,698	660,609	(6,911)	-1.0%
Travel & Training	24,728	66,187	(41,459)	-62.6%
Equipment	12,095	7,133	4,962	69.6%
Operational Costs	181,010	117,423	63,587	54.2%
Dissemination & Outreach	24,440	26,000	(1,560)	-6.0%
Director's Fund		36,000	(36,000)	-100.0%
Total	895,971	913,352	(17,381)	-1.9%

TABLE II: Core Budget expenses as of February 28, 2015.

At the close of the February 2015, expenses were 1.9% lower than the budget (75% of the total budget).

Salaries and Benefits are lower than expected due to the effect of savings for discontinued international salaries in Brazil, now receiving salaries as international staff in Uruguay. At the end of the fiscal year, we expect savings over the budget to be close to 4% 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 fully implement the offices in Uruguay, systems management and improvements. Also, additional expenses were incurred due to the extension of services contracts to close the operations in Brazil. 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 because of budget constraints.

2) Cash Composition and Core Budget Reserves

The cash balance at the end of February 2015 was 30% lower than the balance at the end of April 2014. Program Funds from NSF have been requested and the balance of Cash-on-hand for these funds is close to zero, consistent with the change of policy in NSF from 2014. 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, and Mexico among others, have been received the IAI is not in position to commit funds for new hiring.

The Cash reconciliation reflects a slightly decreased position in the core budget, with reserves covering 3.1 months of operations. If the committed funds by the US are taken into consideration, the current available funds cover 8.7 months of operations, slightly lower than last year.

Cash Reconciliation

At the end of Feb-15

Amounts in US\$

	Apr-14	Feb-15	Variance
Program Funds	114,854.73	38,785.95	-33.8%
IAI CB Funds	421,038.14	337,003.88	-20.0%
Total Cash	535,892.87	375,789.83	-29.9%

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 needs an in-depth revision to update all recent changes in the Directorate's structure.

Tripartite Agreement Implementation

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

Argentina has recently placed a coordinator in the Science-Policy office towards the full implementation of the agreement.

The Tripartite Agreement has not been implemented in Brazil, generating a high risk environment for the expanded Directorate; this situation and the missing Brazilian core budget contributions of about US\$ 340k, as well as non-payment since 2012 of the local support salaries specified in the host country agreement by Brazil, one of the 3 parties involved in the Tripartite Agreement have created complications for the IAI Financial Management and forces IAI to take firm measures to control expenses until the situation is favorably resolved, and to guard against similar situations arising under the Tripartite Agreement.

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 (2013/2014), included in the meeting documents.

New Information Management Software

As part of the settling of operations in Uruguay, an opportunity to improve the previous accounting system of IAI to be more than just a basic accounting system was discussed. After reviewing several offers and the capabilities of each software package, the decision was taken to purchase a Business Management System that 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 at a reasonable cost.

The software purchased is SAP Business One, a reporting solution that will improve our access to information, updated and reliable information and better control practices. Permanent and some temporary staff are engaged in migrating data and procedures to the new system.