



**United Nations
Environment
Programme**

Distr.
LIMITED

UNEP/OzL.Pro/ExCom/44/66/Corr.1
11 November 2004



ORIGINAL: ENGLISH

EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Forty-fourth Meeting
Prague, 29 November-3 December 2004

Corrigendum

**RECONCILIATION OF THE 2002 AND 2003 ACCOUNTS
(FOLLOW-UP TO DECISION 43/39)**

This corrigendum is issued to:

- In paragraph 4, **add** the sentence “However, the 2003 Account schedules reflect only the provisional accounts, which were the starting point of the analyse.” between the first and the last sentences.
- **Replace** Table 4 **with** the following table:

	UNDP	UNEP	UNIDO	World Bank	Total
Difference between Agency Accounts and Agency Progress Report	27,020,081	9,069,734	39,298,633	293,039	75,681,486
Other Reasons for Differences between the Accounts and Progress Reports (US\$)					
• Income from 41 st Meeting transferred to 2004	30,020,278	9,367,431	18,453,278	see below	87,125,306
• Promissory Notes (Bank amount for 41st Meeting Approvals)			20,264,334	25,385,375	
• 2002 & 2003 Interest reflected in 2004	-2,826,023		-581,257	-10,098,623	
• Double-counting of Jan-Jun Interest 2003 reflected in 2004				-1,842,310	
• Part of 2002 interest adjusted twice			-366,641		
• Balances returned prematurely	-176,543				
• Decision 41/65		-410,315			

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ANNEX 1

Comparative Analysis of 2003 Progress Report and 2003 Cumulative Financial Statements of UNDP

Components	Progress Report 2003	Financial Statements (2003 cumulative)	Difference PR-FS	Comments
1. Difference between PR and FS				
Expenditure including support costs	340,764,244	336,264,339	4,499,905	
2. Breakdown and explanation of the difference				
Support Cost Allotment	3,084,639	-	3,084,639	Per UNDP policy, funding must be available before commitments are made. UNDP therefore recognizes income from agency fees based on actual delivery. For forward-planning purposes, UNDP then uses the agency fees so generated to issue budgetary allotments to cover staff contracts/other commitments in future periods. These allotments are not included in the financial statements until disbursed. They are however reflected in the PR to inform MLF that the agency fee has been earned based on project delivery
Start-up Costs	-	596,500	(596,500)	Start-up costs were excluded from 2003 & prior PR. These costs were included in the FS and this creates a difference. These costs will be included in the 2004 PR.
China Solvent Sector MYA expenditure	2,166,552	-	2,166,552	2000 and 2001 Expenditure related to China Solvent Sector MYA was misclassified as Sub Trust Fund Expenditure in the FS, but included in PR correctly. This was intended to help track MYA separately from individual projects, however, since the source of funding is also regular resources, this practice was then discontinued thereafter. The 2000/2001 misclassification will be corrected in the 2004 FS.
Erroneous charges to MP Regular Resources	-	184,951	(184,951)	Erroneous charges to MP Regular resources, which do not belong to MP projects were excluded from the PR. These charges will be adjusted in the 2004 financial statements
Expenditure related to MP Regular Resources	16,933	-	16,933	2002 and 2003 Expenditure for the projects SRL/REF/32/TAS/18 and SRL/REF/32/TAS/15, and 2002 expenditure for SRL/SEV/37/INS/20 were incorrectly classified as bilateral expenditure due to incorrectly set up budgets. However, this expenditure was identified and reflected in PR correctly. Appropriate adjustments will be made in the 2004 FS
Reconciliation issues	25,974	12,808	13,166	A few inconsistencies between PR and FS have been identified at project level and will be reconciled in 2004.
Rounding difference	66	-	66	
Total Difference			4,499,905	

	UNDP	UNEP	UNIDO	World Bank	Total
• Revocation of Promissory Notes				-14,084,380	
• Miscellaneous Income Charges and Currency Revaluation			-30,846	213,738	
• Income from 2002 Reconciliation		112,619	1,169,476		
Adjustments to 1991 to 2003 Income	2,369	-1	390,109	719,239	1,111,716

- In paragraph 18, **delete** the last sentence.
- In paragraph 19, **replace** the first sentence **with** “Additional funds should be transferred to account for approvals to the end of 2003 as indicated in Table 4.
- **Add** paragraph 22(bis) as follows:

22(bis). On 11 November 2004, UNDP provided an explanation of the difference between expenditures reported in Tables 5 and 6. UNDP indicated that after a review of cumulative expenditures, the correct amount was US \$336,264,339 instead of the amount reported in its provisional accounts (US \$332,149,684). This still leaves a balance of US \$4,499,905 as indicated in Annex I. Annex I provides UNDP’s explanation of this balance.

- **Delete** Recommendation 2.
- **Replace** Recommendation 3 **with** the following

“3. Request the Treasurer to transfer an additional US \$2,369 to UNDP, US \$390,109 to UNIDO, and US \$719,239 to the World Bank in addition to approvals at the 44th Meeting as a result of the 2003 reconciliation, and UNDP, UNIDO and the World Bank to provide support information in certified accounts in 2004 and audited accounts in 2005.
- In Recommendation 5, **replace** “bilateral agencies” **with** “implementing agencies” to read “unless their agreements with implementing agencies stipulate otherwise.” towards the end of the recommendation.
