

1<sup>st</sup>/2024 SCM

Subject No [ 13 ]



**INTEGRATED AIR & MISSILE DEFENCE  
CENTRE OF EXCELLENCE**

Souda Air Base, 73100, Chania  
<https://www.iamd-coe.org>



**1<sup>st</sup>/2024 Steering Committee Meeting  
POINT PAPER**

<b>Our Ref:</b>	NU. 681	<b>Tel.:</b>	+302821440712
		<b>NCN:</b>	302 - 6154012
<b>Date:</b>	02 Aug 2024	<b>E-mail:</b>	info@iamd-coe.org

**TO:** See Distribution

**SUBJECT:** **Audit Report - Opinion**  
**External Audit of IAMD COE Financial Statements for FYs 2020-2023**  
**(for Shared Budget of FYs 2021-2023)**

**No:** **13**

**REFERENCES:**

- A. IAMD COE DIR 60-01 Financial Administrative Procedures (FAPs), dated 04 October 2022 (Revision 2)
- B. NU.577/28 Jul 23/IAMD COE (Point Paper)
- C. IAMD COE Steering Committee Meeting 1-2023 Minutes (20-21 Sep 23)

**PURPOSE:** To seek the SC's notation of the Audit Report concerning the external audit of the IAMD COE Financial Statements (FSs) regarding the Shared Budget Execution for previous Fiscal Years (FYs).

**BACKGROUND:** Based on par. of FAPs (Ref. A):

*" 8.1 The SC determines the period and the body that shall perform an external audit of IAMD COE's financial statements in accordance with IAMD COE Operational MOU.*

*8.2 The audit will be conducted to achieve assurance that the financial statements are in accordance with the approved financial framework.*

*8.3 Audit report shall be provided to the SC accompanied with a statement made by the Director covering possible comments on the audit report and actions taken."*

It is noted that pursuant to the provisions of the Operational MOU, the FN covered all costs for establishment and operation of the Centre for FY 2020, and the FAPs govern only the financial administration of shared funds provided for the IAMD COE, with the FN support not being subject to them (par. 9.2 and 1.2.h of the MOU respectively).

In light of these provisions and following the first 3-year period of shared budget execution since the IAMD COE's inception, SC decided at 1<sup>st</sup>/2023 SCM as Ref. C, based on the Centre's proposal as per Ref. B:

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- a. The external audit of IAMD COE FSs of FYs 2020-2023 (Shared Budget execution for FYs 2021-2023).
  - b. Carrying out the audit within the year 2024.
  - c. The selection of the external audit entity from among Chartered Accountants of international firms of recognised standing, based on cost-effectiveness criteria and the procurement process according to FAPs.
- Following an open procurement process (Invitation for bidding - Contract Award procedure according to FAPs), Grant Thornton (the 7<sup>th</sup> largest accounting firm worldwide) was selected for the Centre's external audit, constituting the most efficient and cost-effective solution both in operational and financial terms.

ANALYSIS &  
STATUS:

The audit:

- a. Commenced remotely from 16 May 2024.
- b. Physical audit occurred at the IAMD COE premises from 03 to 05 June 2024, involving a team of four (4) Chartered - Certified Public Accountants.
- c. Adhered to International Standards on Auditing, ensuring that the IAMD COE FSs present a fair and accurate depiction of the Centre's financial position, performance, cash flows, and changes in equity/net assets for FYs 2020-2023.
- d. Resulted in Audit Reports, subject to the provisions of par. 8.3 of FAPs, with an Unqualified (Clean) Opinion for all Financial Statements audited (2020-2023), with the following result:

*"The IAMD COE financial statements present fairly, in all material respects, the financial position of the Centre as of December 31, 2020-2021-2022-2023, its financial performance, its cash flows and budget execution for the years then ended in accordance with the IAMD COE Financial Administrative Procedures (FAPs), based on the NATO Financial Regulations, aligning with the financial reporting stipulations delineated in the International Public Sector Accounting Standards (IPSAS)."*

Based on the audit process, it should be noted that several commendations have been received regarding the Centre's comprehensive and meticulous financial management. The auditors have particularly highlighted the robust financial practices that have been instituted and supported, especially following their on-site evaluations.

This recognition underscores the Centre's commitment to maintaining the highest standards of financial administration and control, reflecting our dedication and adherence to applicable international standards, with the adoption of International Public Sector Accounting Standards (IPSAS) on an accrual basis of accounting pursuant to the NATO Accounting Framework (NAF).

The Audit Reports, including the Audit Opinions, are submitted to the SC and are enclosed herein.

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FINANCIAL  
CONSIDERATIONS  
& FUNDING:

There are no financial obligations arising from the audit results.

RECOMMENDATIONS  
& DECISION:

SC members are requested to note the Audit Reports (in accordance with par. 8.3 of FAPs) of IAMD COE FSs for FYs 2020-2023, as submitted by the external audit entity and presented.

FOR THE IAMD COE:



B. Gen (OF-6) Nikolaos MAKRYGIANNIS GRC (AF)  
IAMD COE Director

**ENCLOSURES:**

1. Grant Thornton Auditor's Report for IAMD COE Financial Statements of FY 2020
2. Grant Thornton Auditor's Report for IAMD COE Financial Statements of FY 2021
3. Grant Thornton Auditor's Report for IAMD COE Financial Statements of FY 2022
4. Grant Thornton Auditor's Report for IAMD COE Financial Statements of FY 2023

Disclaimer: This is a document of the Integrated Air & Missile Defence Centre of Excellence (IAMD COE). It is produced for specific motives with regard to the IAMD COE Program of Work and does not necessarily reflect the notions of NATO or the Participating States of IAMD COE.

**DISTRIBUTION** (via e-mail if not otherwise stated)

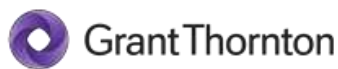
External

Action: IAMD COE SC Members  
Information: -

Internal

Action: FINCON  
Information: DIRECTOR  
DEPUTY DIRECTOR





## INDEPENDENT AUDITOR'S REPORT

To Steering Committee of NATO's Integrated Air and Missile Defence (IAMD) Centre of Excellence (COE)

### Opinion

We have audited the financial statements of the Integrated Air and Missile Defence ("IAMD") Centre of Excellence ("COE"), which comprise the statement of financial position as of **December 31, 2020**, the Statement of Financial Performance, the Statement of Change in Net Assets/Equity, the Statement of Cash Flow, the Budget Execution Statement, and the Notes to the Financial Statements for the year then ended, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Integrated Air and Missile Defence ("IAMD") Centre of Excellence ("COE") as of December 31, 2020, its financial performance, its cash flows and budget execution for the year then ended in accordance with the IAMD COE Financial Administrative Procedures (FAPs), based on the NATO Financial Regulations, aligning with the financial reporting stipulations delineated in the International Public Sector Accounting Standards (IPSAS).

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as incorporated in the Greek Legislation. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our Audit report. We are independent of the Centre within the entire course of our appointment, in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) incorporated into the Greek Legislation and ethical requirements relevant to the audit of financial statements in Greece and we have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Management's Responsibility on the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the IAMD COE Financial Administrative Procedures as approved by the Centre's Steering Committee, based on the NATO accounting framework which adheres to many of the IPSAS as it is in force, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Centre's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management's intention is to proceed with liquidating the Centre or discontinuing its operations or unless the management has no other realistic option but to proceed with those actions.

### Auditor's Responsibilities for the Audit of the Financial Statements

The objectives of our audit are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs, as incorporated into the Greek Legislation, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to affect the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as incorporated in the Greek Legislation, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient



and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Centre's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Centre to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We disclose to the management, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

#### Report on Other Legal and Regulatory Requirements

Considering that the management is responsible for the preparation of the financial statements, which are jointly signed by the IAMD COE Director (or the Deputy Director for the Statement of Internal Control) and the Financial Controller, conforming to the respective responsibility and accountability principles, we note that:

- In our opinion, the Executive Statement (Summary) has been prepared in accordance with the applicable legal requirements and its content corresponds to the attached financial statements for the year ended 31/12/2020.
- Based on the knowledge we have gained in our audit of the Centre and its environment, we have not identified any material inaccuracies in the Executive Statement (Summary).

Heraklion, 23/07/2024

The Chartered Public Accountant



Konstantinos Emm. Antonakakis

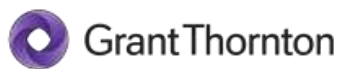
CPA Reg. No 22 781

#### General information about the Centre

IAMD COE is located within Souda A/B at Chania of Crete supported by 115 Combat Wing.

The mission of the Integrated Air and Missile Defence Centre of Excellence (IAMD COE) is to enhance the interoperability and support the development and exploitation of IAMD capabilities of NATO, NATO Nations and Partner Nations, based on modern requirements and a smart defence/multinational solutions mindset, as well as to provide opportunities for comprehensive research, experimental, doctrine and concept development, education and training and comprehensive analysis in support of the lessons learned process.

The ultimate controlling and decision-making entity for the Centre is the Steering Committee (SC) which consists of the IAMD COE's participants and is responsible for guidance and supervision of all the Centre's activities and administration.



## INDEPENDENT AUDITOR'S REPORT

To Steering Committee of NATO's Integrated Air and Missile Defence (IAMD) Centre of Excellence (COE)

### Opinion

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In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Integrated Air and Missile Defence ("IAMD") Centre of Excellence ("COE") as of December 31, 2021, its financial performance, its cash flows and budget execution for the year then ended in accordance with the IAMD COE Financial Administrative Procedures (FAPs), based on the NATO Financial Regulations, aligning with the financial reporting stipulations delineated in the International Public Sector Accounting Standards (IPSAS).

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as incorporated in the Greek Legislation. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our Audit report. We are independent of the Centre within the entire course of our appointment, in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) incorporated into the Greek Legislation and ethical requirements relevant to the audit of financial statements in Greece and we have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Management's Responsibility on the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the IAMD COE Financial Administrative Procedures as approved by the Centre's Steering Committee, based on the NATO accounting framework which adheres to many of the IPSAS as it is in force, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

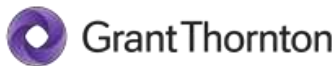
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As part of an audit in accordance with ISAs as incorporated in the Greek Legislation, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient



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- Obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
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- b. Based on the knowledge we have gained in our audit of the Centre and its environment, we have not identified any material inaccuracies in the Executive Statement (Summary).

Heraklion, 23/07/2024

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Konstantinos Emm. Antonakakis

CPA Reg. No 22 781

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### Basis for Opinion

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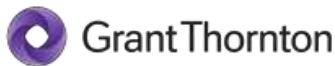
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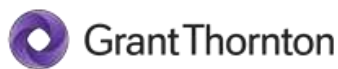
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