

C. Related documents

1. Financial statements for the period 1 January to 31 December 2004*

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* Previously issued as ICC-ASP/4/9.

Letter of transmittal

10 June 2005

In accordance with Financial Regulation 11.1, I have the honour to submit the financial statements of the International Criminal Court for the financial period 1 January to 31 December 2004.

(Signed)

Bruno Cathala
Registrar

Sir John Bourn
Comptroller and Auditor General
National Audit Office
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Audit opinion

To the Assembly of States Parties of the International Criminal Court

I have audited the accompanying financial statements, comprising Statements 1 to IV, Schedules 1 to 7 and supporting notes 1-10 of the International Criminal Court for the financial period ended 31 December 2004.

Respective responsibilities

These financial statements are the responsibility of the Registrar as set out in Financial Regulation 11.1. My responsibility is to express an opinion on these financial statements based on my audit performed in accordance with Financial Regulation 12.

Basis of opinion

I conducted my audit in accordance with the Common Auditing Standards of the Panel of External Auditors of the United Nations, the Specialized Agencies and the International Atomic Energy Agency and confirming to International Standards on Auditing. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, and as considered by the auditor to be necessary in the circumstances, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Registrar, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for the audit opinion.

Opinion

In my opinion, these financial statements present fairly, in all material respects, the financial position as at 31 December 2004 and the results of operations and cash flows for the period then ended in accordance with the International Criminal Court's stated accounting policies set out in Note 2 to the financial statements.

Further, in my opinion, the transactions of the International Criminal Court, which I have tested as part of my audit, have in all significant respects been in accordance with the Financial Regulations and legislative authority.

In accordance with Regulation 12 of the Financial Regulations, I have also issued a long-form Report on my audit.

(Signed)

Sir John Bourn
Comptroller and Auditor General
United Kingdom
External Auditor

London, 15 July 2005

External Auditor's Report 2004

International Criminal Court

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Executive summary

This section of the report summarises:

- The overall results of the audit – an unqualified audit opinion.
- The key financial matters arising from the audit.
- Issues identified from our review of the Court’s key governance arrangements.

Overall results of the audit

1. Our financial audit yielded satisfactory results and revealed no weaknesses or errors which we considered material to the accuracy, completeness, and validity of the financial statements as a whole; and the External Auditor has placed an unqualified audit opinion on the financial statements of the International Criminal Court for 2004.

2. The External Auditor audited the accounts of the Court in accordance with the Financial Regulations; and in conformity with the common auditing standards of the Panel of External Auditors of the United Nations, the Specialized Agencies and the International Atomic Energy Agency, and with International Standards on Auditing. The scope and approach of the audit were communicated to management in a detailed audit strategy. The key aspects of this are summarised in Annex 1 to this report.

3. In addition to our audit of the financial statements, we have made a number of observations on financial and management issues which result from the audit work carried out at the Court. We also reviewed the progress made by the Court in implementing recommendations made in the External Auditor’s report for 2003, and we have identified a number of areas where further improvements can be made. We have issued a separate report in relation to the Trust Fund for Victims.

On financial matters

4. As part of our audit work we have made a number of observations on financial matters impacting on the Court. We have noted the low level of assessed contributions (81 per cent) which had been received from States Parties at 31 December 2004, and we encourage States to meet their obligations in a timely manner to prevent adverse cashflow pressures for the Court. Expenditure was significantly below budget (81 per cent), and taken together with the significant levels of expenditure in the final quarter of the year continues to indicate a lack of planning and budgetary control. Obligated expenditure at the end of the year represented 27 per cent of total expenditures. This spending profile puts unnecessary pressure on procurement controls and can lead to poor value procurement. As a consequence we have again stressed the need for proper procurement planning and expenditure profiling.

5. As a result of the under-utilisation of funds and the high level of obligated expenditure, we undertook a review of the budget process and of the budgetary control mechanisms used by the Court. We identified that during 2004 budgetary control processes were weak, with little documented reporting of variances to senior management. Variance reporting is critical to alerting budget holders to significant emerging differences between budget and outturn and can be used by senior management to identify where resources might be better utilised. We encourage the Court to establish a sound mechanism of budget reporting to enhance the control over the use of Court resources.

6. We identified a number of issues relating to the Court's budget transfer process and have recommended that significant resources which are re-allocated between programmes and sub-programmes are reported to States Parties, to improve transparency in the use of funds. Our report has also looked at the implementation of the SAP system, which will provide enhanced ability for the Court to produce more detailed financial reporting.

7. We have also reviewed the Court's arrangements for preparing the annual budget and have made recommendations to improve the process for compiling the budget assumptions and for maximising the available time to produce the budget document. We have also recommended a more strategic approach to the budget process; for objectives included in the budget to be measurable; and for performance against these objectives to be reported to States Parties at the end of the period.

On management matters

8. Sound governance is an integral element in providing the States Parties with assurance over the use of funds and the administration of resources. In undertaking a review on governance we have considered the Court's accountability, internal control, oversight and risk management arrangements. We have made the following key observations:

- **Accountability** – The Assembly of States Parties should consider the potentially conflicting roles of the Heads of Organs in respect of the accountability for the use of resources within the Court.
- **Internal controls** – There are potentially conflicting financial regulations which reduce the accountability of the Registrar as the Officer responsible for maintaining adequate systems of internal control.
- **Internal audit** – We have noted the progress the Court has made in establishing audit arrangements and welcome the creation of a risk based programme of audit work to be performed in 2005. We see internal audit as the source of valuable assurance to management, especially in the context of the implementation of the new SAP system and its associated controls.
- **Risk management** – The Court will be increasingly exposed to new risks as a result of its continued growth and the deployment of staff to field locations. As a result we believe it is important that the Court establishes a systematic process to identify and prioritise resources to the most significant operational risks.

9. Our audit work has also looked at the Court's management of Information Technology. We noted many elements of good practice, but were concerned that there was a lack of high-level reporting to senior management on the progress of IT projects at a summary level. We also noted that the specific IT plans were not aligned to core business objectives of the Court, and we encourage greater involvement by the users in specifying their needs. This can be achieved by establishing an overall IT strategy for the Court, aligned to business priorities to ensure that resources are focused on the areas of greatest need.

Prior year recommendations

10. A number of the observations made in this year's report follow up the comments made in the External Auditor's report for 2003. We encourage management to share the details of the implementation of external audit recommendations with the Committee on Budget and Finance. This process provides scrutiny of management's responses and gives assurance to States Parties about the implementation of recommendations.

Detailed report findings

Financial issues

This section of the report summarises:

- A review of financial performance, in particular in relation to the expenditures of the Court;
- Audit observations on general financial management, including the adequacy of financial monitoring and the process of budget preparation; and
- A review of losses and special payments.

Financial performance

Financial statements

11. The Court again met its deadline for the presentation of financial statements. Our audit identified a small number of presentational changes and some non-material adjustments to account balances. We noted once again that Financial Regulations call for the accounts to be prepared in accordance with generally accepted accounting practice, whereas the accounts have been prepared in accordance with United Nations System Accounting Standards, an observation which we drew to the attention of States Parties in 2003. Overall, we again commend the Court for the preparation of accurate and timely financial statements.

12. The Court achieved a surplus of income over expenditure of Euro 25.8 million in its second financial period and held a cash balance of Euro 29.7 million. The Court operated within its approved budget in all the major programme areas and the overall financial position of the Court remains sound, with sufficient assets to cover estimated liabilities.

Income

13. We noted that the rate of collection of assessed contributions for 2004 was 81 per cent, considerably lower than the 90 per cent achieved in 2003. We continue to advise that timely collection of assessed contributions is essential to support the achievement of the Court's objectives. We continue to encourage the Court, therefore, to prepare regular reporting on the collection of assessed contributions, to maintain transparency and to encourage more timely payment of contributions.

Expenditure

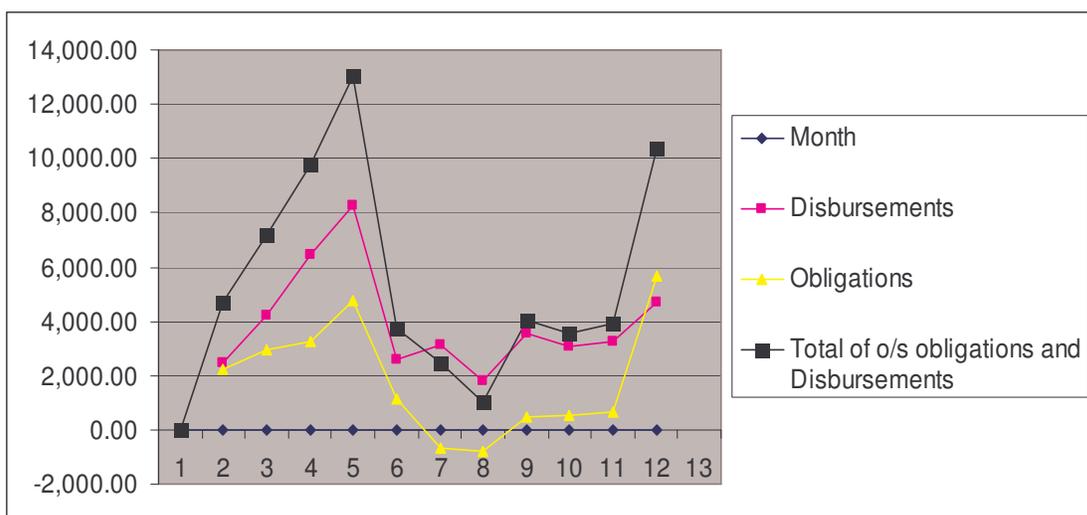
14. In our report last year we noted the low level of budget utilization (69.5 per cent). Although there has been some improvement on the previous year, the Court expended only 81 per cent of its budget for 2004. The level of under utilisation continues to highlight a significant difference between resource requirements identified by management for budgeting purposes and its ability to fully deploy them within the financial period.

15. There continues to be a significantly high proportion of expenditure incurred in the final quarter of the financial year, indicating a lack of planning by budget holders. This may result from the lack of a coherent procurement planning process and from the need for more effective financial monitoring and budget control. In consequence, we have made recommendations to improve the process of budgetary control. Pressure to spend budget at the year end can result in less time for procurement staff to ensure that required procedures are followed and that best value is achieved. It

also puts pressure on finance staff to process greater volumes of transactions at the end of the period.

16. As part of our audit we review the level of unliquidated obligations, which represent legal commitments or contracts which the Court has entered into in the financial period, but for which payment and receipt of goods or services will occur in the following year. We continue to be concerned that the level of obligated expenditure remains significant at Euro 11.7 million, representing some 27 per cent of the Court's total expenditure. This is a relatively high level of obligations in comparison with other international organisations and we encourage the Court to reduce the level of such obligations in the future. Figure 1 shows the profile of expenditure by month and the proportion of expenditure represented by obligations.

Figure 1: Court expenditure profile during 2004.



Source: ICC allotment reports

17. We reviewed the extent to which unliquidated obligations relating to 2003 had been liquidated in 2004. This revealed that 17 per cent of the obligations (some Euro 1.08 million) had not been liquidated and as a result are to be returned to States Parties by means of the cash surplus (Schedule 4 to the financial statements). We will continue to monitor the position in future years and the extent to which obligations set up in 2004 are liquidated in 2005, since significant levels of returned obligations may suggest over prudent obligation of expenditures, which could represent a poor use of resources.

Recommendation 1:

We recommend that the Court develop a prudent procurement plan which will allow it to better utilise financial resources over the year, avoiding the present significantly high levels of obligated expenditure, which should be kept under strict review.

Financial monitoring controls

18. As a consequence of our concern about the levels of resource utilization and the level of year-end obligations in the first two years of activity, we reviewed the Court's arrangements for monitoring and controlling the use of financial resources. This represents an essential part of the internal control framework. Our review included audit enquiries of key staff and review of the reporting arrangements over the use of these funds.

19. During 2004 the Court had relatively weak monitoring controls, based largely on a combination of allotment reports (which identified the approved allotments and disbursed expenditures in both cash and future obligations) and the remaining balance available to fund holders. While this information was useful, the Court had no formal procedures at senior management level to review the financial performance; nor for the systematic follow-up of any variances. Such a system of variance reporting and analysis, combined with the input and observations of senior management, offers a better level of control over the use of financial resources.

20. We understand that in 2005, due to conversion between the SUN and SAP accounting systems, there is an improved reporting functionality available through SAP for non-pay costs. However, there is a problem - particularly for payroll and travel costs - in converting data which is currently coded to the SUN systems for uploading to the new system. As a result, the improved budgetary information and reporting tools cannot be fully utilised. We understand that the Court is currently working on an interface to facilitate the required reporting functionality. It is important that, once in place, the budgetary reporting functions are utilised in a systematic manner to enable variances to be reported and acted upon.

21. Budgetary control is best exerted within a controlled framework of resource allocations. Under the SUN system, there were no mechanisms to prevent overspend against approved allotments; but we understand that SAP will offer a stronger control by preventing over-expenditure. The Court has great flexibility with regard to the transfer of funds within major programmes (which cover the Presidency and the Judiciary, the Registry, the Office of the Prosecutor, the ASP Secretariat and Premises). The Registrar has authority to approve transfers without limitation between programmes and sub-programmes within the major programme areas.

22. The unlimited authorisation to transfer funds may be useful in a new and fast developing organisation. However, it can reduce the financial discipline on managers to utilise funds efficiently and in accordance with planned objectives. In many organisations, this budgetary discretion is limited by means of a percentage limit on resource transfers and by preventing transfers between staff and non-staff costs. It may now be appropriate for States Parties to consider the benefits of setting limits to budgetary transfers; or as a minimum to ensure that significant transfers of resource allotments are disclosed to the States Parties in the following year. This would provide a transparent means of reporting changes to the resource allocations approved by States Parties through the Budget.

Recommendation 2:

We recommend that the Court establish a clear and systematic framework for budgetary control and monitoring, to provide comprehensive budgetary reporting and variance analysis; and to support improved scrutiny of financial performance by senior management.

Recommendation 3:

We recommend that States Parties consider the benefits of restricting transfers within major programmes and between budgeted staff and non staff appropriations; and consider a requirement for the reporting to States Parties of significant transfers from the original budget approvals.

SAP implementation

23. During 2004 the Court began the introduction of an integrated financial resource application, SAP, which was aimed at integrating and simplifying the Court's finance and resource processes. This development is continuing in 2005, with the financial system element having been introduced in January. Other important elements such as the Human Resources application are due to become operational in July. We have noted that the old SUN system continues in use, which

reduces some of the functionality available through SAP. We understand this is to reduce the risks to the organisation over the transfer of data and that SUN will continue to provide the basis for the preparation of the financial statements in 2005.

24. A number of changes and adjustments to the new system have occurred, resulting from the specific needs of the Court, particularly in relation to United Nations accounting requirements and the salary allowances made in accordance with the UN system. The Court has established a control mechanism to authorise any customisation of the new application. This is intended to reduce the cost escalations frequently associated with the implementation of major IT developments, where systems are adapted to business processes rather than processes adapted to accommodate standard systems.

25. Despite the increase in anticipated customisation, the Court's management's information as at June 2005, showed total project costs for SAP at Euro 2.5 million against a budget of Euro 3.2 million. Management have identified completion of the transaction based areas of the implementation in November 2005, and subject to approval the implementation of reporting and budget modules from January 2006. We will review the costs of the implementation on completion of the project, but encourage management to undertake a full evaluation at the closure of the project.

Resource budgeting

26. There are inevitably some difficulties in any newly established organisation which result from uncertainty about the scale and speed of its development. The Court has faced particular difficulties in this area, given the lack of any data on the trends in expenditure or ready means to accurately predict the level of prosecutorial or judicial activity. We undertook a brief review of the Court's budget arrangements by reviewing budget instructions, enquiring with Court staff and in discussion with the Budget Section. We identified a number of areas where we feel that the Court should consider improving the current procedures.

Strategic approach

27. We understand that in 2005 the Court began the preparation of a formal strategy for its activities. We noted however that this initiative has been progressed in parallel with the preparation of the budget, rather than as a strategy from which resources and budget requirements would be determined. In consequence, the budget lacks crucial linkages to a clear set of agreed high-level objectives. In particular, we have noted that only limited objectives have been established for the Court's major programmes.

28. In our view, good budget practice would incorporate a top-down hierarchy of strategic objectives to ensure that resources are applied to reflect organisational priorities, supplemented by the identification of longer-term priorities and resource needs through medium-term planning. We would encourage the Court to consider establishing procedures for systematic longer term planning, to enable it to provide States Parties with an indication of pending priorities and to help facilitate future budgeting.

Budget preparation

29. The budget for 2006 was prepared with input from the Budgetary Steering Committee which had representation from the major programme areas and the Division of Common Administrative Services, who are responsible for the budget preparations. We understand that this Committee met on a significant number of occasions. While the Committee discussed matters of substance which eventually enabled the compilation of the budget, the process lacked some transparency since these meetings were not subject to any official minutes or record. Significant time was spent in agreeing some of the underlying assumptions and funding parameters, together

with core objectives. As a result the core assumptions and funding parameters were only agreed in May 2005, which left little time for compilation of the detailed programmes, and for careful preparation and review of the budget as a whole.

30. We noted that there was a mistake in the approved budget for 2004, where an incorrect rate of exchange and an outdated United Nations Salary Scale had been used as the basis for budgeted staff costs. We are concerned that a similar timetable for submission of a draft budget for approval could prevent management from undertaking the necessary review and analysis to ensure the accuracy of the submission.

31. The States Parties made the decision to hold a later Assembly to allow more time for the preparation of a budget document. But we have noted that, in reality, the timetable for preparation has actually remained the same, with an internal deadline set by the Secretariat of the Assembly of 30 June, to allow necessary time for translation and submission to States Parties within the prescribed 45 days. The Committee on Budget and Finance will meet in mid-October and the Assembly will finalise the budget in early December. This timetable could also present difficulties for the Registry if significant amendments occur, as there will be limited time to re-allocate funds across programmes prior to the start of the new financial period.

Budget performance objectives

32. From our review of the latest available approved budget, for 2005, we noted that objectives and outcomes at sub-programme level lacked consistency. These objectives and outcomes had varying degrees of measurability: the majority of objectives we reviewed were difficult to measure and it would not be possible to clearly establish whether the success criteria had been met. In order for objectives to be meaningful, they should embrace specific qualities by being:

- Specific - ensuring that objectives are matched to a specific area of activity;
- Measurable - to enable management and States Parties to identify and evaluate the extent to which an objective has been achieved;
- Achievable - objectives should be possible to achieve but also provide an element of challenge to encourage improvement;
- Relevant - adding value to the aims and objectives of the Court; and
- Timebound - to set a timeframe in which objectives should be achieved.

33. In our opinion the Court would benefit from having a clear link between the budget, use of resources and tangible expected outputs. Although budget documents contain objectives, there has been no process through which the outcomes or performance against these objectives is reported. The usefulness of specifying objectives is reduced if there are no effective and routine mechanisms to report performance against them to States Parties. It is becoming common practice for international organisations to establish these evaluative processes through results based budgeting and management, with performance reporting at programme level.

34. These processes help to encourage accountability for resources and provide evaluative measures to gauge the success in the achievement of objectives. Clearly the Court has a number of competing demands and challenges at this stage of its development; but the effective and efficient use of funds is an important objective established by States Parties. It is important for the reputation of the Court, therefore, to ensure transparency and accountability in the use of resources; and to establish appropriate procedures to support the delivery of its objectives in an increasingly effective manner.

Recommendation 4:

We recommend that management establish a clear strategic approach to budget planning by formulating high level objectives and priorities which provide the basis for the prioritisation of sub-programme resources.

Recommendation 5:

We recommend that the parameters and core assumptions which underpin the budget process are agreed earlier. Furthermore, we encourage the Court to consider the need to extend the timetable for the submission of a draft budget to allow sufficient time for management review.

Recommendation 6:

We recommend that management establish clear, specific and measurable objectives in the budget process; complemented by procedures to provide for reporting on the achievement of these objectives to States Parties.

Fraud, losses, write-offs and exgratia payments

35. As part of the external audit scrutiny, we review any cases of fraud or presumptive fraud reported by management. No cases of financial loss from fraud or presumptive fraud have been notified to us.

36. Under the Financial Regulations, the Court is required to report instances of financial loss and ex-gratia payments. The Court has not yet complied with the Financial Regulations to constitute a Property Survey Board and assets to the value of Euro 13,519 identified for write-off since the establishment of the Court have not yet been dealt with. No exgratia payments have been reported.

Recommendation 7:

We recommend that the Court should now take steps to establish a Property Survey Board, in compliance with the Financial Regulations.

Management matters

This section of the report comments on key management issues arising from our review of:

- The Court's governance arrangements, primarily in relation to the accountability framework, internal controls and the assessment of risk; and
- The management of information technology.

Governance

37. In the previous External Auditor's report, for 2003, we identified governance as an area of particular importance for the Court, to enable it to reflect good practice. The Court has made progress in the emphasis given to governance arrangements, particularly in relation to internal audit and oversight. In the context of current developments within international organisations it is becoming increasingly important for the Court to demonstrate best practice in the principles of transparency, accountability and effective scrutiny of the administration of funds. Our work has focused upon five key areas which will help the Court to demonstrate clear accountability and improved transparency. We looked at:

- Accountability arrangements;

- Responsibility for internal control;
- Internal audit;
- Independent external scrutiny; and
- Risk management

Accountability framework

38. It is important for any organisation, particularly international organisations which use public funds, to demonstrate clear lines of accountability. The principle of having a single individual responsible for an organisation's use of resources is an integral part of establishing sound accountability arrangements. We reviewed the Court's accountability mechanisms, as established in the Rome Statute and Financial Regulations, and we identified a number of potential conflicts in the accountability arrangements. The current Regulations state that:

- the Presidency shall be responsible for the proper administration of the Court, except for the Office of the Prosecutor (Rome Statute, Article 38);
- the Prosecutor shall have full authority over the management and administration of the Office (Rome Statute, Article 42); and
- the Registrar shall be the principle administrative officer of the Court, without prejudice to the powers of the Office of the Prosecutor, exercising these functions under the authority of the President (Rome Statute, Article 43); and
- the Registrar shall be accountable for the maintenance of an effective framework of internal control (Regulation 10, Financial Regulations).

39. These Regulations reflect a lack of clarity in the Court's accountability arrangements, particularly in the absence of a single accountable officer with authority to exercise the required responsibilities of that role. While we understand the need for independence of the Office of the Prosecutor and of the President, it is difficult to clearly identify where responsibility for the use of resources rests within the Court. We have also taken note that the Registrar exercises his powers through the President of the Court.

40. Mitigating arrangements have evolved, such as the Co-ordination Council, whereby the three Organs meet to discuss operational issues. However, new structures not previously provided for in the original Regulations have developed: namely the Secretariat, which reports directly to the President of the Assembly; and the Secretariat for the Trust Fund for Victims, which will report to a separate Board of Trustees. It is important therefore that the accountability mechanisms are clarified and encompass the new responsibilities and structures now operating within the Court. These arrangements should, as a matter of best practice, clearly define and vest in a single individual the authority and official responsibility to:

- account for the use of financial resources;
- ensure the efficient use of funds; and
- operate a clear mechanism for the maintenance of internal controls.

Recommendation 8:

We recommend that the Assembly considers the need to clarify the accountability arrangements for the use of financial resources within the structures and Organs of the Court, and to consider the new areas not previously covered in Regulations relating to the Secretariat and the Secretariat for the Trust Fund for Victims.

Internal controls

41. The maintenance of an effective framework of internal control is a key component of the governance framework, since States Parties can take assurance from the operation of an effective system of internal control which will help to reduce the potential for loss or irregularity. Despite the lack of clarity in the accountability structures, the maintenance of internal controls is specifically vested in the Registrar, under Financial Regulation 10. Management is responsible for establishing internal controls and for considering the adequacy and the effectiveness of their operation.

42. The work of the External Auditor is limited to reviewing the adequacy of these controls only for the purposes of providing an audit opinion on the financial statements. In accordance with the Financial Rules, the Registrar has established an internal audit function. We see the function of the Office of Internal Audit as essential to aiding the Registrar in the discharge of his responsibilities, by providing him with specific assurance on internal control in the context of a risk-based audit coverage.

43. In order to ensure full accountability for the operation of effective internal controls, we would recommend that the Court considers adopting current best practice in this area by incorporating within the financial statements a specific statement by the Registrar to confirm (or otherwise report) the operation and maintenance of an effective system of internal control. This would encourage a greater focus on the operation and maintenance of effective controls and enhance the reliance placed on internal audit to provide verification - a focus which would itself enhance internal control. The statement also provides additional assurance to the States Parties by reinforcing management's accountability in regard to internal control.

44. The Internal Control Statement would be reviewed in the context of the audit; and the External Auditor would report if the statement was not consistent with his audit findings and assessments. We can provide examples to the Court about the requirements of such a process to facilitate its introduction. The statement provides a specific reference point for the scrutiny functions of the Committee on Budget and Finance to assess the adequacy of the framework of internal control. Key aspects in the statement could include:

- procedures for identifying the Court's objectives and key risks;
- the development of the internal control strategy and risk management policy;
- the role of the governance functions, such as the Committee on Budget and Finance;
- procedures for ensuring that aspects of risk management and internal control are regularly reviewed and reported on;
- systems used to ensure compliance with specific regulations or procedures established by States Parties; and
- a specific assertion that the control environment has been maintained.

Recommendation 9:

We recommend that the Court establish an annual statement of internal control as part of the financial statements, to confirm the operation of internal controls over the financial period.

Internal audit

45. In our previous reports we stressed the importance of the Court establishing an internal audit function to provide support; advice to management; and to assess and make observations and improvements in relation to internal controls. We welcome the appointment of the new Director of

Internal Audit and the arrangements that have now been established to provide internal audit scrutiny, especially the professional experience which the Office of Internal Audit can provide to the Court. We see the role of internal audit as essential to provide management with the assurance necessary to assist them in maintaining effective internal control systems; and through this to provide greater assurance to States Parties. This is achieved through the Annual Report which will be presented, through the Registrar and Committee on Budget and Finance to the Assembly of States Parties each year.

46. We reviewed the work of the Office of Internal Audit in 2004 and have worked co-operatively with them in sharing assessments of risk and work programmes. The work of the Office in 2004 was primarily focused on establishing its basic arrangements and undertaking an initial identification of management and administrative risks to inform the audit planning process. In addition the Office provided a number of observations to management relating to specific operational risks.

47. The Office is in the process of compiling a risk based audit plan, which will allow audit resources to be deployed efficiently. It is important that once the plan is discussed with management, it should be reviewed by a scrutiny body, such as the CBF or audit committee, to provide objective review. This will provide greater assurance to both the Registrar and to States Parties over the adequacy and prioritisation of the internal audit resources.

48. We will undertake a full assessment of the internal audit function in 2005, once the Office has begun to undertake work and report against its plan. In discussion with the Office, we have agreed the benefit of aligning the audit year to the financial year of the Court over the next two years. This will better enable the Registrar to consider the extent to which the internal control framework has supported the transactions in the financial statements.

Audit committee

49. In our report last year we encouraged the Assembly to consider the development of an audit committee. Under the Charter for Internal Audit, approved by the Co-ordination Council, an Oversight Committee will be formed, through which the plans and reports of internal and external audit will be discussed. This development is primarily to ensure that an effective joint response is agreed between the Organs of the Court, an important process given the existing lack of clarity in the accountability framework. However, the Council does not provide any independent scrutiny, and thus offers little direct assurance to States Parties on the adequacy of audit arrangements, or management's implementation of recommendations.

50. In discussions with the Committee on Budget and Finance (CBF) last year, there was a perception that an audit committee would overlap and duplicate the Committee's work. However, we see the role of an audit committee as different from that of the CBF. An audit committee would have specific responsibilities, focussed on specific areas relating to internal controls and the review of the financial statements. Table 1 indicates the functions normally performed by an audit committee and the benefits that it can offer. Primarily, these include forming judgements on the adequacy of internal controls, from which States Parties will be able to take assurance. Critically, to reflect good governance practice, the audit committee would be independent of States Parties and would not have the strategic role currently performed by the CBF.

51. An audit committee could also perform a useful function in arbitrating on any disagreements about the implementations of audit recommendations that may arise in the future from differences of view between the Organs of the Court and ensuring that management take appropriate action in respect of the implementation of audit recommendations. Importantly, the Committee can fulfil an oversight function to ensure the adequacy of the internal and external audit plans, increasing the level of assurance that can be provided to State Parties from the audit and assurance processes.

Table 1: Key functions of an Audit Committee

Governance Objective	Audit Committee tasks
Promoting internal control	<ul style="list-style-type: none"> • Systematic appraisal of management's actions to maintain and operate appropriate and effective internal controls. • Encourage the development of an anti-fraud culture through its scrutiny function. • Review the operation and effectiveness of the Financial Regulations. • Reviewing management's assessment and approach to risk.
Focusing assurance resources	<ul style="list-style-type: none"> • Review the audit plans and arrangements for internal and external audit. • Encourage liaison between the internal and external audit functions. • Confirm that audit and assurance arrangements have been implemented during the year to provide the necessary levels of assurance required by the Assembly.
Monitoring audit performance	<ul style="list-style-type: none"> • Ensure timely, effective and appropriate responses from management with regard to audit recommendations. • Monitor the delivery and content of financial statements in accordance with the requirement of financial regulations. • Confirm that audit recommendations have been implemented.

52. The key benefit from the Audit Committee is that it contains a small number of independent and objective members, who can provide a detailed level of oversight and bring practical experience to specific audit issues. It would normally meet on three occasions during the year, and provide minutes and an annual report to the Assembly as a record of its review of internal controls and its comments on the audited financial statements. We would see an Audit Committee as aiding the CBF to focus on more strategic matters such as the budget, while providing management with a useful mechanism to support them in maintaining and enhancing the internal control framework.

Recommendation 10:

We recommend that the Committee on Budget and Finance and the Assembly consider the establishment of an Audit Committee with appropriate terms of reference to review the adequacy of internal controls and to provide objective assurance on the operation of the internal and external audit functions on a regular basis.

Risk management

53. In our reporting last year we identified the benefits of risk assessment for the Court. The need for the systematic assessment and management of risk is now of even greater importance to the Court, as a result of its growth and the development of field operations in areas where safety and security are of paramount importance. Since last year's report, the Office of Internal Audit has produced its own paper on this issue, where it has identified the risks which it believes the Court faces. This is a useful starting point for the process, however it is important that risk management is owned and carried out by managers as part of the Court's business processes, to ensure that it is relevant and robust and to enhance responsibility and accountability for identified risks.

54. Internal Audit can bring benefits to the management of risk by providing assurance on the adequacy of the process and its effectiveness. By doing so, the Office can provide assurance to management that the Court's risk management processes are sufficient for identifying relevant risks, particularly at the strategic level, and that mitigating controls are being developed. We recommend that management begin to establish a systematic framework for the identification and management of operational risks across the Court; and that it begins the process of assessing the potential likelihood and impact of these risks. By undertaking such an analysis it can better prioritise resources to address the most significant risks, and provide comfort that other risks are being appropriately managed.

Recommendation 11:

We recommend that the Court establish a systematic risk assessment and management process to assist managers in identifying and controlling operational or business risks.

The management of Information Technology

55. During our audit we updated our assessment of the Court's IT environment; and also noted the comments included in the detailed assessment undertaken by an external consultant, which had been commissioned by the Registrar to identify IT risks. We commend the process of external review of these areas as a means by which management can obtain assurance on key areas of risk.

56. The Court has formed an IT Systems Board (ITSB) which is a senior level committee charged with the oversight, coordination and monitoring of IT. This Board meets regularly and its detailed and specific reports are added to the Court's intranet. However, there is presently a lack of reporting and analysis at senior level, to provide an overview of the status of project costs and timelines. While information is available, there is a lack of high-level monitoring and reporting, which we would encourage senior management to review.

57. The Court does not currently have an overall IT Strategy, approved by Senior Management and endorsed by users. A key benefit which the ITSB could bring to the Court is to direct and approve an overall IT strategy that is driven by user needs. In the absence of this clear direction, the Court's Information Technology and Communications Section (ITC) proposes plans and developments which are then discussed and refined by users. There is a risk, however, with this approach that IT systems may not be clearly linked to the overall aims and objectives of the Court. A more strategic approach would enable management to ensure that resources devoted to IT procurement are determined by reference to specific business needs and priorities, and are therefore more likely to provide assurance on the cost effectiveness of IT developments.

58. The development of a strategic plan allows management to provide a more effective scrutiny of the progress in IT developments, which in turn provides stronger assurance to States Parties that resources are being used effectively. We noted the comments of the external consultants which supported this view and identified that users did not participate fully in the initiation of IT developments, creating a risk of lack of ownership in key business systems and consequently the risk that systems may not meet the real requirements and needs of users.

59. The ITC Section has produced a two-year planning document covering 2005-2006 which has been signed off by the ITSB. These plans identify details of the various development tasks to be undertaken by ITC, with target completion dates. We noted however, that the planning documents did not clearly identify priorities and in particular project costs, which are critical factors in ensuring value for money. We would encourage the Court to ensure that IT developments are costed within this strategic plan, to facilitate the improved review and consideration of cost benefits, which is currently absent from this longer term planning.

60. In summary, it is important to ensure that IT developments are taken forward in a coordinated manner and prioritised to meet the strategic priorities of the Court. It is also important that the plans and strategies are endorsed and monitored effectively by senior management, with a view to assessing the cost benefits of IT developments.

IT security issues

61. At the time of our audit, the Court had not established a comprehensive and approved IT security policy. In the absence of a declared policy, ITC have prudently embarked on several projects to improve security, addressing issues identified in the report of the external consultants, which include upgrading data storage within the network to include hardware encryption. ITC is also piloting a token-based authentication procedure to replace the standard user identity and password control facilities in the Windows computer operating system, in order to strengthen password log-on procedures and prevent or reduce the risk of passwords being shared between staff.

62. The Court is developing some formalised IT security arrangements but, in the absence of a comprehensive IT security policy and a clear management strategy, it is unclear how these security developments will integrate with the business needs of the Court. Consequently, developments may exceed the identified risks and needs of users and thus fail to provide the most economic solutions for the Court's needs.

Recommendation 12:

We recommend that the IT strategy of the Court be aligned to its core business objectives and that the need for prioritisation and the consideration of cost benefits should be incorporated in IT planning processes. Furthermore, we encourage greater use of clear and concise high-level reporting to senior management to facilitate sound resource management and control.

Prior year recommendations

63. The Court, through the Office of Internal Audit, has begun to develop mechanisms to track progress on the implementation of external audit recommendations. To improve accountability arrangements, we recommend that the Court provides updates on progress to the Committee on Budget and Finance on an annual basis. Through such scrutiny and oversight, the Assembly will be able to obtain greater assurance that management are implementing audit recommendations and thus strengthening the controls within the Court.

64. As part of our audit work we consider the extent to which management have implemented and addressed the recommendations arising from our previous audit work. In a number of instances, our audit work for 2004 has produced findings which echo those made in previous reports. We therefore encourage management to consider how these recommendations can best be brought to full implementation.

Recommendation 13:

We recommend that management prepare a detailed action plan to review and monitor how External Audit recommendations are being addressed. This should be part of an ongoing process and subject to scrutiny by the Committee on Budget and Finance, so as to enhance the Court's existing governance arrangements.

Acknowledgements

65. We are grateful for the assistance and co-operation received from the Court and all its Organs, in particular from the Registrar and his staff, during the course of our audit.

(Signed)

Sir John Bourn
Comptroller and Auditor General, United Kingdom
External Auditor

Annex I

Scope and audit approach

The main purpose of the financial audit was to enable the External Auditor to form an opinion as to whether expenditure recorded in the financial statements for 2004 had been incurred for the purposes approved by the Assembly of States Parties; whether income and expenditure were properly classified and recorded in accordance with the Court's Financial Regulations; and whether the financial statements fairly presented the financial position at 31 December 2004. The basis, assumptions and audit risks were considered in detail and were summarised to management in an Audit Strategy document, which was finalised in December 2004.

Audit approach

The examination was performed on a test basis, in which all areas of the financial statements were subject to substantive testing of the transactions recorded. We also undertake testing on the key internal controls operated by the Court for the purpose of providing our audit opinion. Finally an examination was carried out to ensure that the financial statements accurately reflected the Court's accounting records and were fairly presented.

This audit examination included a general review and such tests of the accounting records and other supporting evidence, as we considered necessary in the circumstances. Our audit procedures are designed primarily for the purpose of forming an opinion on the Court's financial statements. Consequently, the work did not involve a detailed review of all aspects of the Court's budgetary, financial information systems and internal controls and the results should not be regarded as a comprehensive statement on them.

Statement I

International Criminal Court
Statement of income and expenditure and changes in fund balances for the period ending 31 December 2004
(in thousands of euros)

	General Fund & Working Capital Fund		Notes ref	Trust Funds		Notes ref	Total	
	2004	2002-2003		2004	2002-2003		2004	2002-2003
<i>Income</i>								
Assessed contributions	53,072	30,894	4.1	-	-		53,072	30,894
Voluntary contributions	-	-		1,235	71	5.1	1,235	71
Interest income	719	520	4.2	20	-	5.2	739	520
Other/miscellaneous income	82	1	4.3	-	-		82	1
Total income	53,873	31,415		1,255	71		55,128	31,486
<i>Expenditure</i>								
Disbursed expenditures	31,714	14,137	4.4	590	-	5.7	32,304	14,137
Unliquidated obligations	11,796	7,342	4.4	48	-	5.7	11,844	7,342
Total expenditure	43,510	21,479		638	-		44,148	21,479
Excess/(shortfall) of income over expenditure	10,363	9,936		617	71		10,980	10,007
Savings on, or cancellation of, prior periods' obligations	1,075	-	4.5	-	-		1,075	-
Refund to donors	-	-		(5)	-	5.3, 5.6	(5)	-
Net increase in Working Capital Fund	2,509	1,916	4.6	-	-		2,509	1,916
Fund balances at beginning of financial period	11,852	-		71	-		11,923	-
Fund balances as at 31 December 2004	25,799	11,852		683	71		26,482	11,923

Signed (Marian Kashou')
Chief Finance Officer

International Criminal Court
Statement of assets, liabilities, reserves and fund balances as at 31 December 2004
(in thousands of euros)

	General Fund & Working Capital Fund		Notes ref	Trust Funds		Notes ref	Total	
	2004	2002-2003		2004	2002-2003		2004	2002-2003
<i>Assets</i>								
Cash and term deposits	29,673	17,227		904	206		30,577	17,433
Assessed contributions receivable from States Parties	10,258	2,997	4.7	-	-		10,258	2,997
Voluntary contributions receivable	-	-		10	220	5.1	10	220
Other contributions receivable	218	149	4.8	-	-		218	149
Interfund balances receivable	5	2,530	4.9	-	30		5	2,560
Other accounts receivable	1,522	760	4.10	4	-	5.4	1,526	760
Deferred charges – education grants	106	56	4.11	-	-		106	56
Total assets	41,782	23,719		918	456		42,700	24,175
<i>Liabilities</i>								
Contributions/payments received in advance	3,880	3,426	4.12	165	385	5.5	4,045	3,811
Unliquidated obligations	11,796	6,342		48	-		11,844	6,342
Interfund balances payable	-	-		22	-	5.6	22	-
Unrealized gain/loss on exchange	-	1,000		-	-		-	1,000
Other accounts payable	307	1,099	4.13	-	-		307	1,099
Total liabilities	15,983	11,867		235	385		16,218	12,252
<i>Reserves and fund balances</i>								
Working Capital Fund	4,425	1,916		-	-		4,425	1,916
Reserve for unpaid contributions	1,843	-	4.14	-	-		1,843	-
Cumulative surplus	19,531	9,936	5.4	683	71		20,214	10,007
Total reserves and fund balances	25,799	11,852		683	71		26,482	11,923
Total liabilities, reserves and fund balances	41,782	23,719		918	456		42,700	24,175

Signed (Marian Kashou')
Chief Finance Officer

International Criminal Court
Statement of cash flow as at 31 December 2004
(in thousands of euros)

	General Fund & Working Capital Fund		Trust Funds		Total	
	2004	2002-2003	2004	2002-2003	2004	2002-2003
<i>Cash flows from operating activities</i>						
Net excess/(shortfall) of income over expenditure (Statement I)	10,363	9,936	617	71	10,980	10,007
Contributions receivable (increase)/decrease	(7,330)	(3,146)	210	(220)	(7,120)	(3,366)
Interfund balances receivable (increase)/decrease	2,525	(2,530)	30	(30)	2,555	(2,560)
Other accounts receivable (increase)/decrease	(762)	(760)	(4)	-	(766)	(760)
Deferred charges (increase)/decrease	(50)	(56)	-	-	(50)	(56)
Contributions received in advance increase/(decrease)	454	3,426	(220)	385	234	3,811
Unliquidated obligations increase/(decrease)	5,454	6,342	48	-	5,502	6,342
Unrealised loss on exchange increase/(decrease)	(1,000)	1,000	-	-	(1,000)	1,000
Interfund balances payable increase/(decrease)	-	-	22	-	22	-
Accounts payable increase/(decrease)	(792)	1,099	-	-	(792)	1,099
Less: interest income	(719)	(520)	(20)	-	(739)	(520)
Net cash from operating activities	8,143	14,791	683	206	8,826	14,997
<i>Cash flows from investing and financing activities</i>						
Plus: interest income	719	520	20	-	739	520
Net cash from investing and financing activities	719	520	20	-	739	520
<i>Cash flows from other sources</i>						
Net increase/(decrease) in Working Capital Fund	2,509	1,916	-	-	2,509	1,916
Savings on, or cancellation of, prior periods' obligations	1,075	-	-	-	1,075	-
Refund to donors	-	-	(5)	-	(5)	-
Net cash from other resources	3,584	1,916	(5)	-	3,579	1,916
Net increase/(decrease) in cash and term deposits	12,446	17,227	698	206	13,144	17,433
Cash and term deposits at beginning of financial period	17,227	-	206	-	17,433	-
Cash and term deposits at 31 December 2004 (Statement II)	29,673	17,227	904	206	30,577	17,433

International Criminal Court
Statement of appropriations for the period 1 January to 31 December 2004
(in thousands of euros)

Programme	Appropriation approved	Disbursements	Unliquidated obligations	Total expenditures	Unencumbered balance
Presidency & Chambers	5,781	4,556	38	4,594	1,187
Office of the Prosecutor	14,041	5,799	2,200	7,999	6,042
Registry	30,651	19,472	9,501	28,973	1,678
Secretariat of the Assembly of States Parties	2,599	1,887	57	1,944	655
Total	53,072	31,714	11,796	43,510	9,562

International Criminal Court
Status of contributions as at 31 December 2004
(in euros)

States Parties	Outstanding as at 1 January 2004	Collections	Outstanding	Assessed	Credits from 2003	Collections	Outstanding	Total outstanding	Credit on 2004 receipts	Receipts relating to 2005
	Prior years			2004						
Afghanistan	-	-	-	2,195	152	81	1,962	1,962	-	-
Albania	1,034	1,034	-	5,489	-	5,489	-	-	-	-
Andorra	4	-	4	5,488	-	-	5,488	5,492	-	-
Antigua and Barbuda	1,236	-	1,236	3,293	-	-	3,293	4,529	-	-
Argentina	628,799	369,282	259,517	1,049,305	-	-	1,049,305	1,308,822	-	-
Australia	2,558	2,558	-	1,747,378	-	1,747,456	-	-	78	-
Austria	-	-	-	942,838	-	764,325	178,513	178,513	-	-
Barbados	-	-	-	10,976	102	10,875	-	-	1	-
Belgium	1,502	1,502	-	1,173,333	-	488,627	684,706	684,706	-	-
Belize	617	-	617	1,098	-	-	1,098	1,715	-	-
Benin	195	195	-	2,195	-	2,195	0	0	-	-
Bolivia	4,943	3,048	1,895	9,878	-	-	9,878	11,773	-	-
Bosnia and Herzegovina	-	-	-	3,293	-	3,293	-	-	-	-
Botswana	85	-	85	13,171	-	-	13,171	13,256	-	-
Brazil	1,429,595	-	1,429,595	1,671,644	-	-	1,671,644	3,101,239	-	-
Bulgaria	-	-	-	18,659	-	10,202	8,457	8,457	-	-
Burkina Faso	-	-	-	1,098	-	-	1,098	1,098	-	-
Burundi	-	-	-	91	-	-	91	91	-	-
Cambodia	2	2	-	2,195	-	1,594	601	601	-	-
Canada	-	-	-	3,087,546	-	3,087,686	-	-	140	-
Central African Republic	617	-	617	1,098	-	-	1,098	1,715	-	-
Colombia	105,886	105,886	-	170,128	-	39,263	130,865	130,865	-	-
Congo	-	-	-	457	-	-	457	457	-	-
Costa Rica	12,357	4,660	7,697	32,928	-	-	32,928	40,625	-	-
Croatia	-	-	-	40,611	-	49,857	-	-	9,246	-
Cyprus	-	-	-	42,806	-	42,808	-	-	2	-
Democratic Republic of the Congo	2,472	2,026	446	3,293	-	-	3,293	3,739	-	-
Denmark	-	-	-	788,076	-	833,412	-	-	45,336	-
Djibouti	-	-	-	1,098	-	-	1,098	1,098	-	-
Dominica	617	-	617	1,098	-	-	1,098	1,715	-	-
Ecuador	15,446	15,446	-	20,854	-	9,031	11,823	11,823	-	-
Estonia	-	-	-	13,171	-	13,172	-	-	1	-

States Parties	Outstanding as at 1 January 2004	Collections	Outstanding	Assessed	Credits from 2003	Collections	Outstanding	Total outstanding	Credit on 2004 receipts	Receipts relating to 2005
Fiji	1,823	1,823	-	4,390	-	4,389	1	1	-	-
Finland	-	-	-	585,020	-	585,049	-	-	29	-
France	-	-	-	6,618,523	-	6,618,820	-	-	297	-
Gabon	8,650	8,650	-	9,878	-	4,246	5,632	5,632	-	-
Gambia	617	617	-	1,097	-	-	1,097	1,097	-	-
Georgia	191	-	191	3,293	-	-	3,293	3,484	-	-
Germany	-	-	-	9,507,403	-	9,507,733	-	-	330	-
Ghana	3,089	3,089	-	4,390	-	-	4,390	4,390	-	-
Greece	-	-	-	581,728	167,857	612,342	-	-	198,471	-
Guinea	1,148	-	1,148	3,293	-	-	3,293	4,441	-	-
Guyana	-	-	-	91	-	-	91	91	-	-
Honduras	2,931	-	2,931	5,488	-	-	5,488	8,419	-	-
Hungary	-	-	-	138,297	-	138,302	-	-	5	-
Iceland	-	-	-	37,318	-	37,321	-	-	3	47,839
Ireland	-	-	-	384,160	-	384,178	-	-	18	492,466
Italy	6,732	6,732	-	5,361,771	-	2,247,570	3,114,201	3,114,201	-	-
Jordan	11	11	-	12,074	-	12,074	-	-	-	-
Latvia	-	-	-	16,464	-	16,465	-	-	1	-
Lesotho	617	39	578	1,098	-	-	1,098	1,676	-	-
Liberia	-	-	-	91	-	-	91	91	-	-
Liechtenstein	59	59	-	5,488	-	5,487	1	1	-	7,034
Lithuania	-	-	-	26,342	-	17,759	8,583	8,583	-	-
Luxembourg	17,679	17,679	-	84,515	-	84,519	-	-	4	-
Malawi	998	-	998	1,098	-	-	1,098	2,096	-	-
Mali	2	2	-	2,195	-	1,998	197	197	-	-
Malta	-	-	-	15,366	-	554	14,812	14,812	-	-
Marshall Islands	1	1	-	1,098	-	797	301	301	-	-
Mauritius	-	-	-	12,074	-	8,765	3,309	3,309	-	-
Mongolia	-	-	-	1,098	310	788	-	-	-	618
Namibia	267	267	-	6,586	-	6,586	-	-	-	-
Nauru	617	617	-	1,098	-	1	1,097	1,097	-	-
Netherlands	-	-	-	1,854,943	-	1,855,028	-	-	85	2,377,908
New Zealand	-	-	-	242,569	-	242,581	-	-	12	310,958
Niger	617	-	617	1,098	-	-	1,098	1,715	-	-
Nigeria	-	-	-	46,099	-	-	46,099	46,099	-	-

States Parties	Outstanding as at 1 January 2004	Collections	Outstanding	Assessed	Credits from 2003	Collections	Outstanding	Total outstanding	Credit on 2004 receipts	Receipts relating to 2005
Norway	-	-	-	745,270	-	745,305	-	-	35	-
Panama	725	-	725	20,854	-	-	20,854	21,579	-	-
Paraguay	9,885	-	9,885	13,171	-	-	13,171	23,056	-	-
Peru	73,065	-	73,065	100,979	-	-	100,979	174,044	-	-
Poland	-	-	-	505,993	-	506,016	-	-	23	388,492
Portugal	-	-	-	515,872	-	515,896	-	-	24	-
Republic of Korea	390,745	390,745	-	1,971,288	-	1,148,126	823,162	823,162	-	-
Romania	23,024	23,024	-	65,856	-	23,132	42,724	42,724	-	-
St. Vincent and the Grenadines	-	-	-	1,098	-	798	300	300	-	-
Samoa	11	11	-	1,098	-	1,097	1	1	-	-
San Marino	-	-	-	3,293	-	-	3,293	3,293	-	-
Senegal	104	104	-	5,488	-	3,888	1,600	1,600	-	-
Serbia and Montenegro	9,188	9,188	-	20,854	-	6,869	13,985	13,985	-	-
Sierra Leone	617	617	-	1,098	-	1	1,097	1,097	-	-
Slovakia	-	-	-	55,978	-	55,978	-	-	-	-
Slovenia	14,452	14,452	-	90,003	-	-	90,003	90,003	-	-
South Africa	38,826	38,826	-	320,499	-	309,301	11,198	11,198	-	-
Spain	-	-	-	2,765,950	-	2,766,074	-	-	124	-
Sweden	-	-	-	1,095,404	-	1,095,454	-	-	50	-
Switzerland	-	-	-	1,313,826	-	1,313,884	-	-	58	-
Tajikistan	617	-	617	1,098	-	-	1,098	1,715	-	-
The former Yugoslav Republic of Macedonia	-	-	-	6,586	-	2,534	4,052	4,052	-	-
Timor-Leste	1	-	1	1,098	-	-	1,098	1,099	-	-
Trinidad and Tobago	21	21	-	24,147	-	17,678	6,469	6,469	-	-
Uganda	-	-	-	6,586	-	612	5,974	5,974	-	-
United Kingdom	-	-	-	6,724,989	-	6,725,293	-	-	304	-
United Republic of Tanzania	2,155	2,155	-	6,586	-	-	6,586	6,586	-	-
Uruguay	49,586	-	49,586	52,685	-	-	52,685	102,271	-	-
Venezuela	128,829	128,827	2	187,689	-	-	187,689	187,691	-	-
Zambia	842	842	-	2,195	-	1,778	417	417	-	-
Total (97 States Parties)	2,996,707	1,154,037	1,842,670	53,071,846	168,421	44,742,432	8,415,670	10,258,340	254,677	3,625,315

Schedule 2

International Criminal Court
Status of Working Capital Fund as at 31 December 2004
(in euros)

	2004	2002-2003
Balance at beginning of financial period	1,766,284	-
<i>Receipts/(refunds)</i>		
Receipts from States Parties	2,440,886	1,766,284
<i>Withdrawals</i>		
	-	-
Balance as at 31 December	4,207,170	1,766,284
Established level	4,425,000	1,915,700
Less: due from States Parties (Schedule 3)	217,830	149,416
Balance as at 31 December	4,207,170	1,766,284

Schedule 3

International Criminal Court
Status of advances to the Working Capital Fund as at 31 December 2004
(in euros)

States Parties	Working Capital Fund	Cumulative payments	Outstanding
Afghanistan	183	183	-
Albania	458	458	-
Andorra	458	151	307
Antigua and Barbuda	275	-	275
Argentina	87,481	43,741	43,740
Australia	145,678	145,678	-
Austria	78,604	78,604	-
Barbados	915	915	-
Belgium	97,820	97,820	-
Belize	92	-	92
Benin	183	183	-
Bolivia	824	302	522
Bosnia and Herzegovina	275	275	-
Botswana	1,098	377	721
Brazil	139,365	-	139,365
Bulgaria	1,556	1,556	-
Burkina Faso	183	-	183
Burundi	92	-	92
Cambodia	183	183	-
Canada	257,408	257,408	-
Central African Republic	92	-	92
Colombia	14,184	14,184	-
Congo	92	-	92
Costa Rica	2,745	755	1,990
Croatia	3,386	3,386	-
Cyprus	3,569	3,569	-
Democratic Republic of the Congo	275	151	124
Denmark	65,701	65,701	-
Djibouti	92	81	11
Dominica	92	-	92
Ecuador	1,739	1,739	-
Estonia	1,098	1,098	-
Fiji	366	366	-
Finland	48,772	48,772	-
France	551,786	551,786	-
Gabon	824	824	-
Gambia	92	38	54
Georgia	275	-	275
Germany	792,632	792,632	-
Ghana	366	189	177
Greece	48,498	48,498	-
Guinea	275	-	275
Guyana	92	-	92
Honduras	458	-	458
Hungary	11,530	11,530	-

States Parties	Working Capital Fund	Cumulative payments	Outstanding
Iceland	3,111	3,111	-
Ireland	32,026	32,026	-
Italy	447,010	447,010	-
Jordan	1,007	1,007	-
Latvia	1,373	1,373	-
Lesotho	92	38	54
Liberia	92	-	92
Liechtenstein	458	458	-
Lithuania	2,196	2,196	-
Luxembourg	7,046	7,046	-
Malawi	92	-	92
Mali	183	183	-
Malta	1,281	1,281	-
Marshall Islands	92	92	-
Mauritius	1,007	1,007	-
Mongolia	92	92	-
Namibia	549	549	-
Nauru	92	38	54
Netherlands	154,646	154,646	-
New Zealand	20,222	20,222	-
Niger	92	-	92
Nigeria	3,843	3,326	517
Norway	62,132	62,132	-
Panama	1,739	679	1,060
Paraguay	1,098	-	1,098
Peru	8,419	-	8,419
Poland	42,185	42,185	-
Portugal	43,007	43,007	-
Republic of Korea	164,346	164,346	-
Romania	5,490	5,490	-
St. Vincent and the Grenadines	92	92	-
Samoa	92	92	-
San Marino	275	112	163
Senegal	458	458	-
Serbia and Montenegro	1,739	1,739	-
Sierra Leone	92	38	54
Slovakia	4,667	4,667	-
Slovenia	7,504	3,057	4,447
South Africa	26,720	26,720	-
Spain	230,596	230,596	-
Sweden	91,323	91,323	-
Switzerland	109,533	109,533	-
Tajikistan	92	-	92

States Parties	Working Capital Fund	Cumulative payments	Outstanding
The former Yugoslav Republic of Macedonia	549	549	-
Timor-Leste	92	38	54
Trinidad and Tobago	2,013	2,013	-
Uganda	549	549	-
United Kingdom	560,662	560,662	-
United Republic of Tanzania	549	151	398
Uruguay	4,392	-	4,392
Venezuela	15,648	7,925	7,723
Zambia	183	183	-
Total (97 States Parties)	4,425,000	4,207,170	217,830

Schedule 4

International Criminal Court
Status of cash surplus as at 31 December 2004
(in euros)

	2004	2002-2003
Current year		
<i>Credits</i>		
Receipts of assessed contributions	44,656,176	27,896,793
Miscellaneous income	800,881	521,009
	45,457,057	28,417,802
<i>Charges</i>		
Disbursed expenditures	31,713,889	14,136,589
Unliquidated obligations	11,796,228	7,341,614
	43,510,117	21,478,203
Provisional cash surplus/(deficit)	1,946,940	6,939,599
Contributions receivable	8,415,670	2,996,707
Excess/(shortfall) of income over expenditure (Statement I)	10,362,610	9,936,306
Disposition of prior year's provisional surplus/(deficit)		
Prior year's provisional surplus/(deficit)	6,939,599	-
Plus: Receipt of prior periods' assessed contributions	1,154,037	-
Savings on, or cancellation of, prior periods' obligations	1,074,931	-
Prior year's cash surplus/(deficit)	9,168,567	-
Total cash surplus (Statement II)	19,531,177	9,936,306

Schedule 5

International Criminal Court
Shares of States Parties in the 2003 cash surplus
(in euros)

States Parties	2003 Scale of assessment	Surplus ^{a/}
Afghanistan	0.00132	121
Albania	0.00446	409
Andorra	0.00793	727
Antigua and Barbuda	0.00397	364
Argentina	1.92121	176,148
Australia	3.22582	295,760
Austria	1.87760	172,149
Barbados	0.01487	1,363
Belgium	2.23844	205,233
Belize	0.00198	182
Benin	0.00397	364
Bolivia	0.01586	1,454
Bosnia and Herzegovina	0.00793	727
Botswana	0.01983	1,818
Brazil	4.73860	434,461
Bulgaria	0.02577	2,363
Cambodia	0.00397	364
Canada	5.07169	465,000
Central African Republic	0.00198	182
Colombia	0.39852	36,538
Costa Rica	0.03965	3,636
Croatia	0.07732	7,090
Cyprus	0.07534	6,908
Democratic Republic of the Congo	0.00793	727
Denmark	1.48503	136,156
Djibouti	0.00182	167
Dominica	0.00198	182
Ecuador	0.04957	4,545
Estonia	0.01983	1,818
Fiji	0.00793	727
Finland	1.03496	94,891
France	12.82000	1,175,409
Gabon	0.02776	2,545
Gambia	0.00198	182
Georgia	0.00083	76
Germany	19.36878	1,775,839
Ghana	0.00991	909
Greece	1.06866	97,981
Guinea	0.00496	454
Honduras	0.00991	909

States Parties	2003 Scale of assessment	Surplus ^{a/}
Hungary	0.23792	21,814
Iceland	0.06543	5,999
Ireland	0.58291	53,444
Italy	10.04177	920,686
Jordan	0.01586	1,454
Latvia	0.01983	1,818
Lesotho	0.00198	182
Liechtenstein	0.01190	1,091
Lithuania	0.01404	1,288
Luxembourg	0.15861	14,543
Malawi	0.00397	364
Mali	0.00397	364
Malta	0.02726	2,500
Marshall Islands	0.00198	182
Mauritius	0.02181	2,000
Mongolia	0.00198	182
Namibia	0.01388	1,272
Nauru	0.00198	182
Netherlands	3.44589	315,938
New Zealand	0.47783	43,810
Niger	0.00198	182
Nigeria	0.13482	12,361
Norway	1.28081	117,432
Panama	0.03569	3,272
Paraguay	0.03172	2,909
Peru	0.23396	21,450
Poland	0.74945	68,714
Portugal	0.91600	83,984
Republic of Korea	3.36411	308,440
Romania	0.11500	10,543
St. Vincent and the Grenadines	0.00182	167
Samoa	0.00198	182
San Marino	0.00397	364
Senegal	0.00991	909
Serbia and Montenegro	0.03965	3,636
Sierra Leone	0.00198	182
Slovakia	0.08526	7,817
Slovenia	0.16060	14,724
South Africa	0.80893	74,168
Spain	4.99387	457,865
Sweden	2.03571	186,646
Switzerland	2.52593	231,591

States Parties	2003 Scale of assessment	Surplus ^{a/}
Tajikistan	0.00198	182
The former Yugoslav Republic of Macedonia	0.01190	1,091
Timor-Leste	0.00198	182
Trinidad and Tobago	0.03172	2,909
Uganda	0.00991	909
United Kingdom	10.97611	1,006,351
United Republic of Tanzania	0.00793	727
Uruguay	0.15861	14,543
Venezuela	0.41240	37,811
Zambia	0.00363	333
Total (92 States Parties)	100.00000	9,168,567

a/ In accordance with resolution ICC-ASP/3/Res.4 (b), the surplus amount of €9,168,567 will not be distributed to States Parties but will be used to finance the Contingency Fund.

International Criminal Court
Status of voluntary contributions as at 31 December 2004
(in euros)

Project	Contributor	Pledges for 2004	Received	Outstanding	Refund	Contributions received for 2005 projects
Internship and Visiting Professionals Programme	European Commission	640,110	640,110	-	-	-
	Finland	195,590	195,590	-	-	-
	Norway	-	-	-	-	164,691
	Canada	16,074	16,074	-	-	-
		851,774	851,774	-	-	164,691
Least Developed Countries	Netherlands	-	40,000	-	-	-
	Finland	-	20,000	-	-	-
	United Kingdom	-	22,238	-	-	-
	Luxembourg	-	10,000	-	-	-
	Greece	-	5,000	-	-	-
	World Federation	-	1,500	-	-	-
	Others ^{a/}	-	106,508	-	-	-
	Switzerland	10,000	-	10,000	-	-
	10,000	205,246	10,000	-	-	
Victims and Witnesses Library	MacArthur Foundation	41,392	41,392	-	-	-
Victims Mandate Awareness Campaign	European Commission	79,885	79,885	-	-	-
	Finland	24,410	24,410	-	-	-
		104,295	104,295	-	-	-
Judicial Educational Programme (General Trust Fund)	Canada	10,798	10,798	-	(2,072)	-
	Netherlands	11,978	11,978	-	(3,252)	-
		22,776	22,776	-	(5,324)	-
		1,030,237	1,225,483	10,000	(5,324)	164,691

a/ In accordance with resolution ICC-ASP/2/Res.6 of 12 September 2003, the United Nations closed the special fund established pursuant to General Assembly resolution 51/207 of 17 December 1996 for the participation of least developed countries in the work of the Assembly of States Parties and its subsidiary bodies, and transferred the residual amount equivalent to €106,508 to the Court.

International Criminal Court
Status of trust funds as at 31 December 2004
(in euros)

Trust Fund	Balances brought forward as at 1 January	Receipts	Disbursements	Unliquidated obligations	Total expenditures	Refunds to donors	Unencumbered balances
General Trust Fund	29,786	22,776	17,453	-	17,453	(5,324)	29,785
Internship and Visiting Professionals Programme	-	851,774	499,517	32,771	532,288	-	319,486
ICC Institutional Video	41,615	-	7,083	-	7,083	-	34,532
Victims and Witnesses Library	-	41,392	15,724	13,707	29,431	-	11,961
Victims Mandate Awareness Campaign	-	104,295	-	-	-	-	104,295
Least Developed Countries	-	205,246	49,874	1,200	51,074	-	154,172
	71,401	1,225,483	589,651	47,678	637,329	(5,324)	654,231

Notes to the financial statements

1. The International Criminal Court and its objectives

1.1 The International Criminal Court (ICC) is a permanent institution with the power to exercise jurisdiction over perpetrators of the most serious crimes of international concern (genocide, crimes against humanity, war crimes and crimes of aggression once formally defined). The Court has four organs: the Presidency, Chambers (consisting of an Appeals Division, a Trial Division and a Pre-Trial Division), the Office of the Prosecutor and the Registry. In its resolution ICC-ASP/2/Res.3 adopted in September 2003, the Assembly of States Parties established the Secretariat of the Assembly of States Parties (the Secretariat) to begin its operations on 1 January 2004. In undertaking their tasks the organs of the Court are guided by the framework set out in the Rome Statute, the Rules of Procedure and Evidence, and other relevant instruments.

The objectives pursued by each organ of the Court are as follows:

(a) Presidency

- (i) To ensure the proper administration of the Court through means of managerial oversight, coordination and cooperation;
- (ii) To oversee and support the fair, open and effective conduct of proceedings and to fulfil all exclusive judicial functions assigned to the Presidency;
- (iii) To broaden global understanding of and support for the work of the Court by representing it in the international arena.

(b) Chambers

- (i) To ensure the conduct of fair, effective and open proceedings, safeguarding the rights of all parties.

(c) Office of the Prosecutor

- (i) To promote national efforts and international cooperation to prevent and punish genocide, crimes against humanity and war crimes;
- (ii) To investigate and prosecute genocide, crimes against humanity and war crimes;
- (iii) To build universal consensus on the principles and purposes of the Rome Statute.

(d) Registry

- (i) To provide efficient, effective and high-quality judicial and administrative support services to the Presidency and Chambers, the Office of the Prosecutor, the defence, and victims and witnesses.

(e) Secretariat of the Assembly of States Parties

- (i) To organise conferences of the Assembly and meetings of the subsidiary bodies of the Assembly including the Bureau and the Committee on Budget and Finance;
- (ii) To assist the Assembly, including its Bureau and subsidiary bodies in all matters relating to their work, with particular emphasis on the effective

scheduling and procedurally correct conduct of meetings as well as consultations;

- (iii) To enable the Assembly and its subsidiary bodies to carry out their mandate more effectively by providing them with high quality substantive secretariat servicing and support, including technical secretariat services.

2. Summary of significant accounting and financial reporting policies

2.1 The accounts of the International Criminal Court are maintained in accordance with the Financial Regulations and Rules of the Court, as adopted by the Assembly of States Parties at its first session in September 2002, and amendments thereto. The accounts of the ICC are currently in conformity with the United Nations system accounting standards. These notes form an integral part of the ICC's financial statements.

2.2 **Fund accounting:** the organisation's accounts are maintained on a fund accounting basis. Separate funds for general or special purposes may be established by the Assembly of States Parties. Trust funds and special accounts funded wholly by voluntary contributions may be established and closed by the Registrar.

2.3 **Financial period:** the financial period of the organisation is one calendar year, unless otherwise decided by the Assembly of States Parties.

2.4 **Accrual basis:** with the exception of voluntary contributions, as defined in subparagraph 2.14 (b) below, income, expenditure, assets and liabilities are recognised on the modified accrual basis of accounting.

2.5 **Historical cost basis:** the accounts are prepared on the historical cost basis of accounting and are not adjusted to reflect the effects of changing prices for goods and services.

2.6 **Currency of accounts and treatment of exchange rate movements:** the accounts of the organisation are presented in euros. Accounting records kept in other currencies are converted into euros at the United Nations operational rate of exchange in effect at the date of the financial statement. Transactions in other currencies are converted into euros at the United Nations operational rate of exchange in effect at the date of transaction.

Exchange rate gains and losses are treated as follows:

- (a) Realised gains and losses resulting from the purchase of other currencies are recorded as miscellaneous income;
- (b) Realised losses on transactions are reflected in the expenditures of the main programme;
- (c) Unrealised gains and losses resulting from the revaluation of cash and other assets and liabilities are recorded as a provision in the balance sheet. At year-end, a cumulative net gain is left as a provision in the balance sheet, whereas a net loss is specifically provided for and recorded as expenditure;
- (d) Unrealised gains and losses relating to the revaluation of unliquidated obligations are recorded as expenditure and adjusted in the corresponding programme budgets.

2.7 **The General Fund** was established for the purpose of accounting for the expenditures of the Court. The General Fund includes assessed contributions, funds provided by the United Nations, voluntary contributions, miscellaneous income, and advances made from the Working Capital Fund to finance expenditures.

2.8 **The Working Capital Fund** is the fund established to ensure capital for the Court to meet short-term liquidity problems pending receipt of assessed contributions. The amount of the Working Capital Fund is determined by the Assembly of States Parties for each financial period and is assessed in accordance with the scale of assessments used for the appropriations of the Court, in accordance with financial regulation 6.2.

2.9 **Trust Funds and special accounts** are established and closed by the Registrar, and are reported to the Presidency and, through the Committee on Budget and Finance, to the Assembly of States Parties. They are funded wholly by voluntary contributions in accordance with specific terms and agreements with the donors.

Reserve accounts and special accounts funded wholly or in part by assessed contributions may be established by the Assembly of States Parties.

2.10 **Assessed contributions:**

- (a) In accordance with financial regulation 5.2, the appropriations are assessed to States Parties in accordance with the scale of assessments adopted by the United Nations for its regular budget, adjusted to reflect differences in membership between the United Nations and the Court;
- (b) In accordance with financial regulation 5.8, payments made by a State Party are credited first to the Working Capital Fund and then to the contributions due, in the order in which the State Party was assessed;
- (c) Contributions paid in other currencies are converted into euros at the rate of exchange in effect at the date of payment;
- (d) New States Parties to the Rome Statute are assessed for the year in which they became States Parties for the Working Capital Fund and the regular budget, in accordance with financial regulation 5.10.

2.11 **Surpluses due to States Parties** for a given financial period are funds arising from:

- (a) Unencumbered balances of appropriations;
- (b) Savings on, or cancellation of prior periods' obligations;
- (c) Contributions resulting from the assessment of new States Parties;
- (d) Revisions to the scale of assessments taking effect during the financial year; and
- (e) Miscellaneous income as defined in subparagraph 2.14(d) below.

Surpluses at the end of the financial period, after deducting therefrom any assessed contributions for that financial period which remain unpaid, are apportioned to the States Parties based on the scale of assessments applicable for the financial period to which the surplus relates. As of 1 January following the year in which the audit of the accounts of the financial period is completed, the amount of surplus apportioned to a State Party is surrendered if its contribution for that financial period has been paid in full. In such cases, the credit is used to offset, in whole or in part, contributions due to the Working Capital Fund and assessed contributions due for the calendar year following the financial period to which the surplus relates.

2.12 **Reserve for unpaid assessed contributions:** a reserve in the amount of assessed contributions remaining unpaid for prior financial periods is shown on the balance sheet as a deduction from the cumulative surplus.

2.13 **Contributions received in advance:** contributions received in advance are shown on the balance sheet as a liability. Contributions received in advance are applied in the following financial period, first against any advances due to the Working Capital Fund and, second to the assessed contributions.

2.14 **Income:** the organisation's income consists of:

- (a) Assessed contributions: for the purposes of the financial statements, income is recognised when the assessments to the States Parties of the adopted programme budget have been approved by the Assembly of States Parties;
- (b) Voluntary contributions are recorded as income on the basis of a written commitment to pay monetary contributions during the current financial year, except where contributions are not preceded by a pledge. For these funds, income is recorded at the time that the actual contributions are received from the donors;
- (c) Funds provided by the United Nations in accordance with article 115, subparagraph (b), of the Rome Statute;
- (d) Miscellaneous income includes:
 - (i) Refunds of actual expenditures incurred in prior financial periods;
 - (ii) Interest income: includes all interest earned on deposits in interest-bearing bank accounts and time deposits;
 - (iii) Income derived from investments of the General Fund and the Working Capital Fund;
 - (iv) At the end of the financial period, a net positive balance of the account for loss or gain on exchange resulting from currency exchange, or revaluation and devaluation of currency is credited to miscellaneous income. A net negative balance is charged to the relevant expenditure account;
 - (v) Proceeds from the sale of property;
 - (vi) Voluntary contributions for which no purpose is specified.

2.15 **Expenditure:**

- (a) Expenditures are incurred against authorized allotments in accordance with financial rule 104.1. Total expenditures reported include disbursement expenditures and unliquidated obligations;
- (b) Expenditures incurred for non-expendable property are charged to the budget of the period when acquired and are not capitalized. Inventory of such non-expendable property is maintained at the historical cost;
- (c) Obligations pertaining to future financial periods are recorded against a deferred charge account, in accordance with financial rule 111.7.

2.16 **Unliquidated obligations** are commitments entered into that have not been disbursed during the financial period. Obligations are based on a formal contract, agreement, purchase order or other form of undertaking, or on a liability recognised by the Court. Current period obligations remain valid for 12 months after the end of the financial year to which they relate.

2.17 **Cash and term deposits** comprise funds held in interest-bearing bank accounts, time deposits and call accounts.

2.18 **Deferred charges** comprise:

- (a) Obligations established prior to the financial period to which they pertain are recorded as deferred charges to be charged against the relevant appropriations and funds when they become available;
- (b) Expenditure items that are not properly chargeable in the current financial period and that will be charged as expenditure in a subsequent financial period;
- (c) That portion of the education grant advance which is assumed to pertain to the scholastic year completed at the date of the financial statement, are reported as deferred charges for the purposes of the balance sheet statement only. The full amount of the advance is maintained in the accounts receivable of staff members and officials of the Court until the required evidence of entitlement is produced, at which time the budgetary account is charged and the advance settled.

2.19 **Deferred income** includes pledged contributions for future financial periods and other income received but not yet earned.

2.20 **Commitments** of the Court relating to prior and current financial periods are shown as unliquidated obligations. Current period obligations remain valid for 12 months following the end of the financial period to which they relate. Commitments against future financial periods are recorded as deferred charges.

2.21 **Contingent liabilities**, if any, are disclosed in the notes to the financial statements.

2.22 **United Nations Joint Staff Pension Fund (UNJSPF)**: in accordance with Assembly of States Parties' decision ICC-ASP/1/Decision 3 and United Nations General Assembly resolution 58/262 adopted on 23 December 2003, the ICC became a member organisation of the UNJSPF effective 1 January 2004. The UNJSPF provides retirement, death, disability and related benefits to ICC staff.

The Pension Fund is a funded defined benefit plan. The financial obligation of the organisation to the Fund consists of its mandated contribution at the rate established by the United Nations General Assembly of 15.8% of pensionable remuneration, together with any share of any actuarial deficiency payments under Article 26 of the Regulations of the Fund. Such deficiency payments are only payable if and when the United Nations General Assembly has invoked the provision of Article 26, following determination that there is a requirement for deficiency payments based on an assessment of the actuarial sufficiency of the Fund as of the valuation date.

At the time of this report, the United Nations General Assembly has not invoked this provision.

3. **The International Criminal Court (statements I-IV)**

3.1 The International Criminal Court was established by the Rome Statute of the International Criminal Court on 17 July 1998, when 120 States participating in the "United Nations Diplomatic Conference of Plenipotentiaries on the Establishment of an International Criminal Court" adopted the Statute. The Court is an independent permanent judicial institution composed of the following organs:

- (a) The Presidency, comprising the President and the First and Second Vice-Presidents.
- (b) The Chambers, comprising an Appeals Division, a Trial Division and a Pre-Trial Division. The Appeals Division is composed of the President and four

other judges; the Trial Division is composed of not less than six judges, as is the Pre-Trial Division.

- (c) The Office of the Prosecutor, which acts independently as a separate organ of the Court, is responsible for the investigation and prosecution of crimes within the jurisdiction of the Court.
- (d) The Registry, which is responsible for:
 - (i) Non-judicial support and administrative services for the Court;
 - (ii) The provision of judicial support for court services;
 - (iii) Management of the internal security of the Court;
 - (iv) The implementation of mechanisms to assist and safeguard the rights of victims, witnesses and defence.
- (e) The Secretariat, which provides the Assembly and its Bureau, the Credentials Committee, the Committee on Budget and Finance, the Special Group on the Crime of Aggression, as well as, upon explicit decision by the Assembly, any subsidiary body that may be established by the Assembly, with independent substantive servicing as well as administrative and technical assistance.

For the purposes of the 2004 financial period, the appropriations were divided into four Major Programmes: the Judiciary (Presidency and Chambers), the Office of the Prosecutor, the Registry, and the Secretariat of the Assembly of States Parties.

3.2 The financial period of the organisation is one calendar year. However, as an exception, the first financial period of the Court extended from 1 September 2002 to 31 December 2003, in accordance with ASP resolution ICC/ASP/1/Res.12. The second financial period is one year from 1 January to 31 December 2004.

3.3 **Statement I** reports the income and expenditure and changes in reserve and fund balances during the financial period. It includes the calculation of the excess of income over expenditure for the current period and prior-period adjustments of income or expenditure.

3.4 **Statement II** shows the assets, liabilities, reserves and fund balances as at 31 December 2004. The value of non-expendable property is excluded from the assets (see note 2.15(b)).

3.5 **Statement III** is the cash flow summary statement prepared using the indirect method of International Accounting Standard 7.

3.6 **Statement IV** reports on expenditures against the appropriation approved for the financial period.

4. General Fund and Working Capital Fund

4.1 **Assessed contributions:** the Assembly of States Parties, in its resolution ICC/ASP/2/Res.1, approved the funding of the appropriations of the Court for the financial period 1 January to 31 December 2004 in the total amount of €53,071,846. As at 31 December 2004, there were 97 States Parties to the Rome Statute.

4.2 **Interest income:** interest in the amount of €718,759 represents interest earned on the Court's bank accounts for the General Fund and the Working Capital Fund as well as interest earned on the funds received into the United Nations Trust Fund for the establishment of the International Criminal Court.

4.3 **Miscellaneous income:** the total miscellaneous income of €82,122 represents the following:

Table 1: Details of miscellaneous income

Miscellaneous income	Amount (euros)
Refund of expenditures incurred in prior financial periods	23,472
Net gain on exchange of currency, revaluation or devaluation of currency, and rounding	5,748
Gain on revaluation of currency related to pension fund ^{a)}	52,902
Total	82,122

(a) **Gain on revaluation of currency related to pension fund:** as reported in last year's financial statements, the ICC had concluded an agreement with the UNJSPF whereby the contributory service of staff, under an ICC appointment prior to 1 January 2004, when the ICC became a member, would be recognised by the Fund. The amounts contributed by the staff in addition to the organisation's share were held in a savings account and were paid to the UNJSPF in 2004. Since the contributions due to the UNJSPF were based on United States dollars and the savings account was in euros, the ICC recorded a gain due to the revaluation of the euro against the US Dollar amount due to the Fund. The portion of the gain on revaluation pertaining to the ICC's share of the contributions amounted to €52,902.

4.4 **Expenditures:** the total amount of expenditures, €43,510,117 comprises total disbursements of €31,713,889 and outstanding obligations of €11,796,228. The expenditures are detailed in table 2 below.

Table 2: Details of expenditures (in euros)

Category of expenditure	Appropriation amount	Disbursements	Unliquidated obligations	Total expenditures
Salaries & other staff costs	29,930,119	22,523,259	235,146	22,758,405
Travel & hospitality	2,320,300	1,058,467	223,704	1,282,171
Contractual services	12,706,427	3,085,992	3,613,925	6,699,917
Operating expenses	2,325,100	1,212,646	685,338	1,897,984
Acquisitions	5,789,900	3,833,525	7,038,115	10,871,640
Total	53,071,846	31,713,889	11,796,228	43,510,117

4.5 **Savings on, or cancellation of, prior periods' obligations:** actual disbursements of prior period's obligations of €7,341,614 amounted to €6,266,683 due to savings on or cancellation of obligations in the amount of €1,074,931.

4.6 **Working Capital Fund:** the Assembly of States Parties, in its Resolution ICC/ASP/2/Res.1, established the Working Capital Fund for the financial period 1 January to 31 December 2004 in the amount of €4,425,000, a net increase of €2,509,300 from the previous financial period.

4.7 **Assessed contributions receivable:** the outstanding balance of contributions of €10,258,340 comprises €1,842,670 due for prior financial periods and €8,415,670 due for 2004 (Schedule 1). Contributions received from States Parties in excess of contributions due in the amount of €254,677 are reported as contributions received in advance (see note 4.12 below).

4.8 **Other contributions receivable** refer to the outstanding balance due to the Working Capital Fund. The outstanding balance as at 31 December 2004 was €217,830 (Schedules 2 and 3).

4.9 **Interfund balances receivable** from the Trust Funds to the General Fund as at 31 December 2004 is €5,153.

4.10 **Other accounts receivable** are detailed in table 3 below.

Table 3: Details of other accounts receivable

Accounts receivable	Amount (euros)
Governments (value added tax)	859,511
Staff	311,458
Vendors	132,524
Interest accrued	204,942
Others	13,133
Total	1,521,568

4.11 **Education grant advances:** deferred charges contain the amount of €105,533 which is the portion of the education grant advance that is assumed to pertain to the scholastic years completed as at 31 December 2004.

4.12 **Contributions or payments received in advance:** a total of €3,879,992 was received from States Parties to be applied to the next financial period. This comprises:

- (a) €3,625,315 received from States Parties in advance for 2005 assessed contributions;
- (b) €254,677 representing contributions received in excess of assessed contributions for 2004 after the assessment of new States Parties.

4.13 **Other accounts payable** are detailed in table 4 below.

Table 4: Details of other accounts payable

Accounts payable	Amount (euros)
Staff	3,373
Vendors	1,524
Accrued repatriation grants ^{a)}	267,198
Credit from programme support costs ^{b)}	34,153
Others	309
Total	306,557

- (a) **Accrued repatriation grants:** internationally recruited staff members who separate from the Court are entitled to repatriation grants upon their relocation based on the number of years of service. The amount of €267,198 is the liability of the organisation for repatriation grants accrued as at 31 December 2004.
- (b) **Credit from programme support costs:** the amount of €34,153 is the total amount of programme support costs charged to the Trust Funds during 2004.

4.14 **Reserve for unpaid assessed contributions:** an amount of €1,842,670 being the amount of outstanding assessed contributions for prior financial periods (Schedule 1), is deducted from the cumulative surplus to derive the cash surplus for 2002-2003 for distribution to States Parties (Schedules 4 and 5).

5. Trust Funds

5.1 **Voluntary contributions:** contributions in the amount of €1,235,483 have been pledged and/or received for 2004 projects. €1,225,483 have been received and €10,000 have been pledged but not received as at 31 December 2004 (Schedule 5).

5.2 **Interest income:** interest in the amount of €20,486 represents interest earned on the Court's bank account for the Trust Funds.

5.3 **Refund to donors:** the amount of €5,324 was refunded to donors, being the amount in excess of the requirements of the specific projects completed.

5.4 **Other accounts receivable:** the amount of €4,466 is the interest earned but not received with regard to the bank account of the Trust Funds.

5.5 **Contributions received in advance** for 2005 projects amount to €164,691.

5.6 **Interfund balances payable:** as at 31 December 2004, interfund balances between the Trust Fund and the other funds was a net payable of €21,559 - €5,153 payable to the General Fund and €16,406 payable to the Trust Fund for Victims, for which there are separate accounts.

6. Non-expendable property

6.1 A summary of non-expendable property, at historical cost, as at 31 December 2004 is provided in table 5 below. In accordance with the current ICC accounting policies, non-expendable property is not included in the fixed assets of the organisation, but is directly charged to the budget upon acquisition.

Table 5: Summary of non-expendable property (in euros)

Asset management category	Opening balance as at 1 Jan 2004	Acquisitions/adjustments	Items pending write-off ^{a)}	Closing balance as at 31 Dec 2004
IT/Communications equipment	201,821	438,722	(1,485)	639,058
IT/Data processing equipment	583,644	892,740	(4,255)	1,472,129
Security equipment	172,081	331,581	-	503,662
General services equipment	271,831	276,291	(3,797)	544,325
Vehicles and transportation equipment	77,023	170,721	(159)	247,585
Other equipment	-	106,245	-	106,245
Total	1,306,400	2,216,300	(9,696)	3,513,004

(a) No items have been approved for write-off during the financial period. However, items valued at a total amount of €9,696 in addition to items valued at €3,823 from the prior financial period – a total of €13,519 – are pending write-off. Approval for the write-off of property is pending the establishment of a Property Survey Board in accordance with Financial Rule 110.22.

6.2 In addition to the above, the ICC's records include the following non-expendable property acquired from voluntary contributions:

Table 6: Summary of non-expendable property funded by other sources (in euros)

Asset management category	Opening balance as at 1 Jan 2004	Acquisitions/adjustments	Closing balance as at 31 Dec 2004
Advance team budget	20,243	716	20,959
Host State contributions	131,040	17,920	148,960
Total	151,283	18,636	169,919

7. *Ex gratia* payments

7.1 No *ex gratia* payments were made by the Court during the financial period.

8. Gratis personnel

8.1 No services of gratis personnel were received during the financial period.

9. Contingent liabilities

9.1 Liabilities for end-of-service payments to staff as at 31 December 2004 in the total amount of €764,320 are the estimated costs of compensation for accrued annual leave (€752,606) and compensatory time off (€11,714) for ICC staff members.

10. Service-incurred injury:

10.1 The ICC entered into agreement with an insurance company to offer coverage for service-incurred injuries for ICC staff, judges, consultants and temporary assistants. The insurance premium, calculated as a percentage of the pensionable remuneration for the staff members and a comparable percentage for judges, consultants and temporary assistants, is charged to the organisation's budget and is reflected in the accounts under expenditures. The total premium paid during 2004 for this insurance was €290,857.

11. Contributions in kind (unaudited)

11.1 The following are the significant (higher than €25,000) contributions in kind received by the Court during the financial period:

- (a) As reported in the financial statements for the prior financial period, the Court continues to receive the following contributions from the host State:
 - (i) Premises to the Court free of rent for a period of 10 years, starting 1 July 2002;
 - (ii) Costs associated with the interim premises of the Court to a maximum of €33 million, including the costs of building a courtroom

2. Trust Fund for Victims financial statements for the period 1 January to 31 December 2004*

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* Previously issued as ICC-ASP/4/10.

Letter of transmittal

10 June 2005

In accordance with Financial Regulation 11.1., I have the honour to submit the financial statements of the Trust Fund for Victims for the financial period 1 January to 31 December 2004.

(Signed)

Bruno Cathala
Registrar

Sir John Bourn
Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria
London SW1W 9SP
United Kingdom

Audit opinion

To the Board of Directors of the Trust Fund for Victims and the Assembly of States Parties.

I have audited the accompanying financial statements, comprising Statements I to III and the supporting Notes of the trust Fund for Victims of the International Criminal Court for the financial period ended 31 December 2004.

Respective responsibilities

These financial statements are the responsibility of the Registrar of the International Criminal Court as set out in Resolution 6, reference ICC-ASP/1/Res.6, Annex, para. 5, and have been prepared in accordance with the United Nations System Accounting Standards. My responsibility is to express an opinion on these financial statements based on my audit.

Basis of opinion

Except as discussed in the following paragraph, I conducted my audit in accordance with the Common Auditing Standards of the Panel of External Auditors of the United Nations, the Specialized Agencies and the International Atomic Energy Agency and conforming to International Standards on Auditing. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, and as considered by the auditor to be necessary in the circumstances, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Registrar, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for the audit opinion.

The evidence available to me was limited in respect of the prior year comparative figures as I was unable to confirm the completeness of donated income in 2003. There were no other satisfactory audit procedures that I could adopt to confirm that the prior year comparatives were not materially misstated.

Qualified opinion arising from limitation in audit scope relating to prior year comparative figures

In my opinion:

- Except for any adjustments to corresponding amounts for the year ended 31 December 2003 that might have been found to be necessary had I been able to obtain sufficient evidence concerning the completeness of donated income these financial statements present fairly, in all material respects, the financial position as at 31 December 2004 and the results of operations and cash flows for the period then ended in accordance with the Trust Fund for Victims' stated accounting policies set out in Note 2 to the financial statements; and
- In all material respects the transactions for the Trust Fund for Victims, which I have tested as part of my audit, have in all significant respects been in accordance with the Financial Regulations and legislative authority which govern them.

Details of these matters are set out in my long form audit report.

(Signed)

Sir John Bourn
Comptroller and Auditor-General
United Kingdom
External Auditor

London, 15 July 2005

External Auditor's Report 2004

International Criminal Court – Trust Fund for Victims

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Executive summary

This section of the report summarises:

- The overall results of the audit – an unqualified audit opinion (scope limitation).
- The key financial matters arising from the audit.
- Issues identified from our review of the Fund’s management arrangements.

1. In order to offer compensation to victims of war crimes and other injustices, States Parties established a Trust Fund for Victims under Resolution ICC-ASP/1/6, to be administered by a separate Board of Directors. In our previous reports to the Assembly of States Parties, we drew attention to various legal and regulatory issues and advised on the need for a clear regulatory framework for this Fund.

Overall results of the audit

2. The External Auditor audited the accounts of the Court in accordance with the Court’s Financial Regulations; and in conformity with the common auditing standards of the Panel of External Auditors of the United Nations, the Specialized Agencies and the International Atomic Energy Agency, and with International Standards on Auditing. The scope and approach of the audit were communicated to management in a detailed audit strategy. The key aspects of this are summarised in Annex I to this report.

3. In forming our judgement on the financial statements of the Fund for 2004, we considered the impact of voluntary cash donations; the control environment; and the accounting policies of the Fund, areas which were factors in our qualified opinion in 2003.

4. **As a consequence of the qualification of the audit opinion in 2003, we have limited the scope of the audit opinion for 2004 to exclude assurance over the prior year comparative figures, disclosed as part of the financial statements in 2004. The audit opinion also draws attention to the potential misstatement which would arise if any adjustments had been made to the financial statements for 2003, had appropriate and sufficient evidence on the completeness of donated income been available at that time. In all other material respects the financial statements present fairly the financial position of the Fund.**

On financial matters

5. In addition to our audit of the financial statements, we review the key financial controls and management arrangements established in relation to the Fund. A number of these observations relate to the issues identified in last year’s External Audit report, some of which still require formal action by the Board of Directors. Annex II to this report discloses progress against the recommendations contained in our 2003 report. We believe the following recommendations should now be addressed as a matter of priority:

- the need to formally approve the external audit arrangements and appointment of an External Auditor for the Victims Trust Fund, which is not currently provided for in the Financial Regulations;
- the establishment of appropriate arrangements for recording donated income received through arrangements with third parties;
- finalising of the management structures and administrative procedures in relation to the Fund, to clarify the role of the Registrar and to ensure that transactions are conducted in accordance with the intentions of the Directors and the Assembly;

- ensuring that relationships with third parties and other collaborators are clearly defined and documented in the form of legal agreements; and
- the documenting of a clear fund raising strategy and associated expenditure budget, to provide focus to the Trust Fund's activities and ensure that predicted income is sufficient to meet the administrative and other expenditure demands on the Fund.

6. We encourage management to share the details of the implementation of external audit recommendations with the Board of Directors and the Committee on Budget and Finance. This process provides scrutiny of management's responses and gives assurance to States Parties about the implementation of recommendations.

Detailed report findings

Financial matters

This section of the report presents 5 audit recommendations arising from:

- A review of the Fund's financial performance
- Audit observations on donated income, the regulatory framework and audit arrangements; and
- Follow up to the previous year's audit recommendations.

Financial performance

7. The incoming resources of the Fund increased substantially during 2004, with voluntary contributions totalling Euro 234,318, compared with Euro 19,028 in the previous year. Interest income also increased to Euro 555. The Fund's holdings comprise a mixture of US dollars and Euros. US dollar holdings are reported in the financial statements in Euros, valued at the UN rate of exchange prevailing at 31 December 2004. Fund expenditures in 2004 related to bank charges and exchange rate losses arising from the Fund balance held in US dollars. Total expenditure for the year was Euro 3,294, compared with Euro 6,284 in 2003. This decrease on the previous year resulted from a reduction in bank charges following a review of the Fund's banking arrangements as recommended during our audit for 2004.

8. The overall Fund balance increased from Euro 17,168 in 2003 to Euro 248,747 in 2004. We encourage the Board of Directors to consider the observations made in the External Auditor's report for 2004, to ensure that Fund balances will be sufficient to deal with the potential future demands on the Trust Fund.

9. As the Fund balances increase, we would recommend that the Directors review the investment arrangements used to secure the most effective return on the Fund balances. It is important that the return on Fund assets is evaluated regularly to ensure that best value is achieved, and to ensure that investment risks are properly managed.

Recommendation 1:

We recommend that the Fund's cash investments are kept under regular review and that investment risks are actively managed.

Donated income

10. As part of our audit, we assessed the impact of the source of voluntary contributions which gave rise to audit qualification of the financial statements in 2003. For 2004, the Fund received voluntary contributions from States Parties amounting to Euro 231,068; and contributions from individuals of Euro 3,250. We reviewed the value of income recorded from individuals, which had given rise to the audit qualification in 2003; and we assessed the impact which a potential misstatement might have on the accounts as a whole for 2004. We also took account of the application of the stated accounting policies of the Court for the year, as shown in Note 2.7 to the financial statements, which provides for income to be recognised only when cash is received from the donor. In our view, this income source would not give rise to a material misstatement.

11. However, the audit opinion for 2004 is qualified as a result of the uncertainties in relation to the previous financial statements, for 2003. This arises in consequence of:

- the absence of assurance over the comparative figures for 2003, which refer to transactions and balances on which the External Auditor was unable to form an opinion in 2003; and
- the potential misstatement that might be reflected in the financial statements for 2004 as a result of any adjustments to corresponding amounts for the year ended 31 December 2003, had we been able to obtain sufficient evidence concerning the completeness of donated income in that year.

Regulatory framework

12. At present there are no financial regulations or instructions which provide a framework for financial management of the Fund. If reliance is to be placed on the financial regulations and procedures of the Court, this should also be clearly specified in the Fund's own regulations. Further, it is unclear whether the Court's internal audit arrangements apply to the Fund, a factor which should be specifically addressed in the Fund's regulations.

13. As previously reported, we are also unclear about the responsibilities of the Registrar as administrator of the Fund. We carried out a review of the Fund's draft regulations and noted that these did not set out clear provisions concerning responsibilities for financial administration or over the operation of internal controls. We would recommend that the responsibilities of the Registrar are clarified in a Memorandum of Understanding or in approved Regulations. This will be particularly important when the new Fund Secretariat is established.

Recommendation 2:

We recommend the establishment of a specific framework of financial regulations, to ensure that the Fund operates within a clear and approved regulatory framework.

Recommendation 3:

We recommend that roles and responsibilities in relation to internal control and financial management be specified in a properly approved set of Financial Regulations for the Fund.

Appointment of external auditors

14. In our report for 2003, we noted that the Board of Directors had not formally appointed an External Auditor to the Fund. We have undertaken the audit of the Trust Fund for Victims at the request of the Chair of the Board of Directors, and under the mandate as auditors of the International Criminal Court. We are available to continue to serve in this capacity, however we

consider that the Fund's audit requirements should be put on a more formal arrangement and specified in the Fund Regulations.

Recommendation 4:

We recommend that the Board of Directors formalise the external audit requirements of the Fund and formally appoint an External Auditor.

Prior year recommendations

15. As a routine part of our audit, we review the extent to which management have taken action to implement recommendations arising from our previous audit work. In a number of instances, this present report includes observations which echo those made in 2003. Annex II sets out those earlier recommendations, management's response thereto and our comments on any additional work still required to fully implement the audit recommendations. It is important that the Board of Directors and the Assembly of States Parties consider the need for action on these recommendations.

Recommendation 5:

We recommend that the Fund should prepare a detailed action plan to consider and provide analysis of how recommendations arising from the external audit will be addressed. This plan should be subject to scrutiny by the Board of Directors to enhance the existing governance arrangements of the Fund.

Acknowledgements

16. We are grateful for the assistance and co-operation received from the International Criminal Court's Trust Fund for Victims and, in particular, from the Registrar and his staff during the course of our audit.

(Signed)

Sir John Bourn
Comptroller and Auditor General, United Kingdom
External Auditor

Annex I

Scope and audit approach

The main purpose of the financial audit was to enable the External Auditor to form an opinion as to whether expenditure recorded in the financial statements for 2004 had been incurred for the purposes approved by the Assembly of States Parties and the Board of Directors; whether income and expenditure were properly classified and recorded in accordance with the Court's Financial Regulations as far as we interpreted these as being applicable to the Fund; and whether the financial statements fairly presented the financial position at 31 December 2004. The basis, assumptions and audit risks were considered in detail and were summarised to management in an Audit Strategy document, which was finalised in December 2004.

Audit approach

The examination was performed on a test basis, in which all areas of the financial statements were subject to substantive testing of the transactions recorded. We also undertake testing on the key internal controls operated by the Court and the Fund for the purpose of providing our audit opinion. Finally an examination was carried out to ensure that the financial statements accurately reflected the Fund's accounting records and were fairly presented.

This audit examination included a general review and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances. Our audit procedures are designed primarily for the purpose of forming an opinion on the Fund's financial statements. Consequently, the work did not involve a detailed review of all aspects of the Fund's budgetary, financial information systems and internal controls, and the results should not be regarded as a comprehensive statement on them. Our report has identified issues regarding the regulatory framework of the Fund which will need to be addressed by the Board of Directors and by States Parties.

Annex II

Follow-up of 2003 recommendations

Recommendation	Response from ICC management	External Auditor comment
<p>Recommendation 1</p> <p>That the Board of Directors or the Assembly formally consider and recommend the appointment of an External Auditor for the Fund's financial statements.</p>	<p>It is for the Board of Directors to consider the formal appointment of an External Auditor</p>	<p>We recommend that the arrangements for the external audit of the Fund and the formal appointment of an External Auditor is considered and approved at the next meeting of the Board of Directors.</p>
<p>Recommendation 2</p> <p>That the Board of Directors and management review and establish improved arrangements for administering donated income.</p>	<p>The Court has established clearer accounting policies over the recording of donated income.</p>	<p>The Court has reflected on the comments made in our report last year, and there is greater awareness of the risks over the use of agents to collect income. The campaign which gave rise to our concerns in 2003 was inactive from January 2004, and we have been able to form an unqualified opinion on the Fund's accounting for voluntary contributions in 2004.</p>
<p>Recommendation 3</p> <p>That the Board of Directors consider the administrative and accountability arrangements for the management and administration of the Fund; and, with the advice of the Registrar, consider the role of the Court's Committee on Budget and Finance in the development and operation of the Fund.</p>	<p>Draft Regulations have been prepared for discussion by the Board of Directors and for approval by the Fourth Session of the Assembly of States Parties. The ASP has requested the CBF to review the draft Regulations.</p>	<p>Further work needs to be carried out on financial regulations and on the responsibilities for internal control which will relate to the Fund. Existing draft regulations do not make these arrangements clear.</p>

Recommendation	Response from ICC management	External Auditor comment
<p>Recommendation 4</p> <p>That the Board of Directors establish procedures to ensure that formal agreements defining roles and responsibilities are in place for all collaborating partners responsible for administering donations directly to the Fund.</p>	<p>The Registry's Legal Advisory Section is in the process of preparing advice in relation to the form of agreement which will define the relationship between the Fund and any collaborating partner.</p>	<p>Our future audit work will review how these arrangements have been defined and any risks that may result. Our audit of 2004 did not identify any collaborating partners.</p>
<p>Recommendation 5</p> <p>That the Board of Directors consider establishing a fund raising strategy; and review the levels of anticipated income and budget for the expenditure of the Fund, to ensure that the Trust Fund has sufficient resources to meet its anticipated objectives over time.</p>	<p>The Fund has prepared, and the ASP has approved, a budget, which includes provision for a Secretariat and for a specific fundraising officer.</p>	<p>We will continue to review the extent to which Fund resources and its strategic objectives can be met, once these objectives have been fully established.</p>

Statement I

Trust Fund for Victims
Statement of income and expenditure and changes in fund balances
for the period ending 31 December 2004
(in euros)

	2004	Notes Ref.	2002-2003
<i>Income</i>			
Voluntary contributions	234,318	3.5	19,028
Contribution from ICC	-		4,424
Interest income	555		
Total income	234,873		23,452
<i>Expenditure</i>			
Expenditures	3,294	3.6	6,284
Total expenditure	3,294		6,284
Excess/(shortfall) of income over expenditure	231,579		17,168
Fund balances at beginning of financial period	17,168		-
Fund balances as at 31 December 2004	248,747		17,168

Signed (Marian Kashou')
Chief Finance Officer

Statement II

Trust Fund for Victims
Statement of assets, liabilities, reserves and fund balances
as at 31 December 2004
(in euros)

	2004	Notes Ref.	2002-2003
<i>Assets</i>			
Cash and term deposits	231,814		12,744
Interfund balances receivable	16,406	3.7	4,424
Other accounts receivable	527	3.8	-
Total assets	248,747		17,168
<i>Liabilities</i>			
Total liabilities	-		-
<i>Reserves and fund balances</i>			
Cumulative surplus	248,747		17,168
Total reserves and fund balances	248,747		17,168
Total liabilities, reserves and fund balances	248,747		17,168

Signed (Marian Kashou')
 Chief Finance Officer

Statement III

Trust Fund for Victims
Statement of cash flow as at 31 December 2004
(in euros)

	2004	2002-2003
<i>Cash flows from operating activities</i>		
Net excess/(shortfall) of income over expenditure (Statement I)	231,579	17,168
Interfund balances receivable (increase)/decrease	(11,982)	(4,424)
Other accounts receivable (increase)/decrease	(527)	-
Less: interest income	(555)	-
Net cash from operating activities	218,515	12,744
<i>Cash flows from investing and financing activities</i>		
Plus: interest income	555	-
Net cash from investing and financing activities	555	-
<i>Cash flows from other sources</i>		
Net increase/(decrease)	-	-
Net cash from other sources	-	-
Net increase/(decrease) in cash and term deposits	219,070	12,744
Cash and term deposits at beginning of period	12,744	-
Cash and term deposits at 31 December 2004 (Statement II)	231,814	12,744

Notes to the financial statements of the Trust Fund for Victims

1. The Trust Fund for Victims and its objectives

1.1 The Trust Fund for Victims was established by the Assembly of States Parties (ASP), in its resolution ICC-ASP/1/Res.6, for the benefit of victims of crimes within the jurisdiction of the International Criminal Court (ICC), and the families of such victims.

In the annex to the Resolution 6, the Assembly of States Parties established a Board of Directors which is responsible for the management of the Trust Fund.

2. Summary of significant accounting and financial reporting policies

2.1 The accounts of the Trust Fund for Victims are maintained in accordance with the Financial Regulations and Rules of the ICC, as established by the Assembly of States Parties in its annex to the resolution ICC-ASP/1/Res.6. Therefore, the accounts of the Trust Fund are currently in conformity with the United Nations system accounting standards. These notes form an integral part of the Trust Fund's financial statements.

2.2 **Fund accounting:** the Trust Fund's accounts are maintained on a fund accounting basis.

2.3 **Financial period:** the financial period of the Trust Fund is one calendar year, unless otherwise decided by the Assembly of States Parties.

2.4 **Historical cost basis:** the accounts are prepared on the historical cost basis of accounting and are not adjusted to reflect the effects of changing prices for goods and services.

2.5 **Currency of accounts:** the accounts of the Trust Fund are presented in euros. Accounting records kept in other currencies are converted into euros at the United Nations operational rate of exchange in effect at the date of the financial statement. Transactions in other currencies are converted into euros at the United Nations operational rate of exchange in effect at the date of transaction.

2.6 **Funding:** the Trust Fund for Victims is funded by:

- (a) Voluntary contributions from governments, international organisations, individuals, corporations and other entities, in accordance with relevant criteria adopted by the Assembly of States Parties;
- (b) Money and other property collected through fines or forfeiture transferred to the Trust Fund if ordered by the ICC pursuant to article 79, paragraph 2 of the Statute;
- (c) Resources collected through awards for reparations, if ordered by the ICC pursuant to rule 98 of the Rules of Procedure and Evidence;
- (d) Resources as the Assembly of States Parties may decide to allocate.

2.7 **Income:** voluntary contributions are recorded as income on the basis of a written commitment to pay monetary contributions during the current financial year, except where contributions are not preceded by a pledge. For these funds, income is recorded at the time that the actual contributions are received from the donors.

2.8 **Cash and term deposits** comprise funds held in interest-bearing bank accounts, time deposits, and call accounts.

3. The Trust Fund for Victims (Statements I-III)

3.1 The financial period is one year. However, the first financial period extended from 1 September 2002 to 31 December 2003, in accordance with ASP resolution ICC/ASP/1/Res.12.

3.2 **Statement I** reports the income and expenditure and changes in reserve and fund balances during the financial period. It includes the calculation of the excess of income over expenditure for the current period and prior-period adjustments of income or expenditure.

3.3 **Statement II** shows the assets, liabilities, reserves and fund balances as at 31 December 2004.

3.4 **Statement III** is the cash flow summary statement prepared using the indirect method of International Accounting Standard 7.

3.5 **Voluntary contributions:** a total amount of €234,318 was received from voluntary contributions as follows:

- (a) A total amount of €231,068 representing voluntary contributions was received from governments, individuals, organisations and other entities.
- (b) The equivalent of €3,250 were received in the form of US dollar cheques donated by individuals in the United States of America as a result of the Trust Fund for Victims campaign which had been launched in the USA by a number of non-governmental organisations. The cheques were collected by one of the participating NGO's in the USA, Citizens of Global Solutions, and were forwarded for deposit into the bank account of the Trust Fund. In the absence of a policy to be established by the Board of Directors to the Trust Fund for Victims regarding the receipt of donations to the Trust Fund via third parties, the financial statements record only those donations which have been received in the Trust Fund's US dollar bank account.

3.6 **Expenditures:** total expenditures of €3,294 comprising €2,095 for bank charges and €1,199 representing the balance of net gain or loss on revaluation or devaluation of currency.

As mentioned in the previous year's financial statements, the Court has changed the type of bank account effective June 2004 in an effort to reduce bank costs associated with the US dollar account.

3.7 **Interfund balances receivable** represents a contribution in the amount of €16,406 which was mistakenly transferred by the donor to the bank account of the ICC instead of the Trust Fund's bank account.

3.8 **Other accounts receivable** in the amount of €526 represent interest earned but not yet received as at 31 December.

