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**Report of the Court on the amendments to the Financial Regulations and Rules necessitated by IPSAS implementation\*****I. Introduction**

1. At its eleventh session, the Committee on Budget and Finance (“the Committee”) recommended that the Assembly of States Parties (“the Assembly”) decide that the International Criminal Court (“the Court”) work towards implementation of International Public Sector Accounting Standards (IPSAS) in the medium term.<sup>1</sup>

2. At its sixteenth session, the Committee welcomed the report of the Court on IPSAS<sup>2</sup> and observed that the Court had included a proposed implementation schedule along with its proposed budget.<sup>3</sup> At its seventeenth session, the Committee was informed that the Court had already commenced IPSAS implementation with effect from 1 July 2011. The Committee recommended that implementation of the IPSAS project be rigorously monitored, and that a detailed project plan and a draft proposal of all required changes to the Financial Regulations and Rules be submitted to the Committee at its eighteenth session.<sup>4</sup>

3. The Committee took note of the report of the Court on proposed amendments to the Financial Regulations and Rules at its eighteenth session. The Committee deferred consideration of the matter pending the results of the preliminary consideration by the Audit Committee and the External Auditor.<sup>5</sup>

4. At its nineteenth session, the Committee was presented with proposed amendments to the Financial Regulations and Rules, accompanied by explanations of each amendment. The Committee took note of the Court’s approach of keeping changes to a minimum level, addressing the essential required changes, in order to allow implementation of IPSAS as of 1 January 2014. The Committee recommended that the Assembly approve the proposed amendments to the Financial Regulations and Rules.<sup>6</sup>

5. At its eleventh session the Assembly approved the amendments to the Financial Regulation and Rules and decided that the amendments would come into effect on 1 January of the year in which IPSAS are implemented. It also requested the Court to submit, through the Committee at its twenty-first session, further amendments to the Financial

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\* Previously issued as CBF/21/7.

<sup>1</sup> *Official Records of the Assembly of States Parties to the Rome Statute of the International Criminal Court, Seventh session, The Hague, 14-22 November 2008* (ICC-ASP/7/20), vol. II, part B.2, para. 18.

<sup>2</sup> ICC-ASP/10/3.

<sup>3</sup> *Official Records... Tenth session ... 2011* (ICC-ASP/10/20), vol. II, part B.1, para. 49.

<sup>4</sup> *Ibid.*, part B.2, para. 71.

<sup>5</sup> *Official Records ... Eleventh session ... 2012* (ICC-ASP/11/20), vol. II, part B.1, para. 39.

<sup>6</sup> *Ibid.*, part B.2, paras. 50-51.

Regulations and Rules which might be necessitated by the implementation of IPSAS, should these be identified.<sup>7</sup>

6. In this report the Court informs the Committee that no further amendments to the Financial Regulations and Rules necessitated by the implementation of IPSAS have so far been identified. It also wishes to bring the attention of the Committee to the current status of IPSAS implementation and to the discussions held with the External Auditor.

## **II. The Court's progress towards the target implementation date**

7. The Court is aiming to go live in all aspects of IPSAS on 1 January 2014. The Court is currently on track with its implementation activities. As the target implementation date approaches, activities in all major areas of implementation are intensifying. It is foreseen that the last quarter of 2013 and first quarter of 2014 will be particularly demanding, as several project milestones need to be achieved:

- a) data migration and cutover activities before 2013 year-end;
- b) enhanced SAP system go-live on 1 January 2014;
- c) intensified training and communication activities before and after year-end;
- d) necessary adjustment to standard operating procedures and operating manuals before year-end;
- e) finalization of all activities necessary to determine opening-balance adjustments before 31 March 2014;
- f) finalization of model financial statements before 31 March 2014; and
- g) preparation of trial/mock IPSAS compliant financial statements — through restatement of the Court's Financial Statements for 2013 — before 30 April 2014.

8. The above activities will be especially demanding for the IPSAS implementation project team and Budget and Finance Section staff, but will also require engagement from a much wider group of staff members, including staff involved in asset management, SAP team members, staff administration, administrative and financial assistants, certifying officers, trust fund managers, etc.

## **III. Liaison with External Auditor**

9. UN system organizations' external auditors have been extensively involved in various areas of IPSAS implementation, including the discussion and review of accounting policies, the review of pro-forma financial statements, the discussion of complex accounting areas, and the review of opening balances.

10. The Court's new auditors have been gaining an understanding of the Court's existing accounting policies, as well as its business processes and accounting and financial reporting system during the interim and final audit of the 2012 Financial Statements. The Court has also shared all relevant documentation regarding IPSAS implementation with the auditors.

11. During the discussions with the External Auditors that took place at the time of final audit, it was agreed that the External Auditors will audit the financial statements for 2013, restated to comply with IPSAS, shortly after completion of the audit of the UNSAS Financial Statements for 2013. This audit will be subject to a separate mandate, which will be formalized in the next few months. The terms of reference for this special-purpose audit will also include amendments to the Financial Regulation and Rules. The main purpose of the audit of mock financial statements is to give the Court time to identify any areas which require further attention before 2014, the year in which the Court will issue its first set of IPSAS compliant Financial Statements, thus reducing the risk that changes in accounting policies and restatements could affect the ability of the Court to obtain a clean audit.

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<sup>7</sup> *Ibid.*, vol. I, part III, ICC-ASP/11/Res.1, K.

## **IV. Conclusion**

12. No further amendments to the Financial Regulations and Rules necessitated by the implementation of IPSAS have so far been identified. IPSAS implementation activities at the Court are on schedule and the Court will go live in all aspects of IPSAS as of 1 January 2014.

13. The Court has agreed with the External Auditors that the special-purpose audit of Financial Statements for 2013, restated to comply with IPSAS, will be performed under a separate mandate. This mandate will also include consideration of amendments to the Financial Regulations and Rules. Should any further amendments to the Financial Regulation and Rules be identified at that stage, the Court will report thereon to the Committee at its twenty-third session.

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