

INTERNATIONAL CRIMINAL COURT

16th Session of the Assembly of States Parties

New York – 8 December 2017

Presentation of the Reports of the External Auditor

Mr President,

Ambassadors,

Delegates,

Ladies and Gentlemen,

I have the pleasure to present to you today the reports issued by your External Auditor over the course of 2017, pursuant to Article 12 of the Financial Regulations and Rules of the International Criminal Court.

Let me first convey to you the sincere regrets of Mr Didier Migaud, First President of the Court of Auditors and External Auditor of the ICC, who, as a result of unavoidable national duties, has had to remain in Paris.

I would like to give you a brief overview of three audit reports which deal with the following:

- the financial statements of the International Criminal Court for the year ended 31 December 2016,
- the financial statements of the Trust Fund for Victims for the year ended 31 December 2016 also,
- the implementation of the new Division of External Operations within the Registry.

I had the honour to present these three reports and to discuss the substance of them before your Audit Committee in early September.

Let me point out from the outset that for each of the two sets of financial statements we have been specifically called on to certify – those of the Court and the Trust Fund for Victims –we are issuing an unqualified opinion this year.

Before turning to the additional comments we have produced in support of the certification of the accounts, I would like to highlight the quality of the relationship and the cooperation we have enjoyed with the Court and in particular the Registry and the accounts and finance departments.

Let me now turn to the first audit report relating to the financial statements of the International Criminal Court for 2016.

Firstly, we are pleased to note that the recommendations we made last year have for the most part been implemented or are in the process of being implemented. One of these recommendations remains on hold, however: that pertaining to the maintenance plan for the permanent premises.

The financial performance statement shows a negative result of €8.3 million for the 2016 financial year, compared with €6.7 million in 2015.

The Court's main item of expenditure, namely staff, increased from €99.2 million in 2015 to €100.4 million in 2016, an increase of 1.2 % in other words.

This year we are making three new recommendations, two of which involve internal control in terms of staff costs.

The first recommendation involves formalising and documenting the monthly pay calculations. In particular, we are recommending that the Court incorporates three aspects in the calculation process for each of the stages in question:

- firstly, the risk associated with this stage (for example a risk of missing supporting documents, a risk of non-compliance with the Staff Rules or a risk of calculation errors),
- Secondly, the control to be carried out in light of the risk identified,
- and finally, the person responsible for the control.

The second recommendation involves the need to formalise all the checks and controls carried out when the monthly pay run takes place and to retain them to be able to document them.

You will see that these two recommendations aim to make internal controls in terms of staff costs more robust, but once they have been implemented their effects will go beyond mere accounting issues since staff expenditure is a key budget issue for the International Criminal Court.

The third recommendation of our report into the Court's accounts is of a slightly different nature since it aims to establish a specific account in the accounting classification to make it easier to track ex gratia payments made.

I would like to take the opportunity to underscore the importance of each of these recommendations, which, beyond questions of accounting technique, are aimed at making it easier to read financial statements, and, by extension, to facilitate their use; in fact accounts provide information which is complementary to budgetary data, which allows for a clearer picture of the financial situation of the Court and therefore

assists with the informed decisions which you, as representatives of the States Parties, must take.

I will now quickly present our second audit report on the Trust Fund for Victims.

The financial performance statement for the Fund reveals a deficit of €269,000, compared with a surplus of €1.5 million in 2015. This change is primarily due to a 41% fall in voluntary contributions which stand at €1.7 million in 2016, and also to an increase in programme expenditure from €1.6 million in 2015 to €2.2 million in 2016.

We make two recommendations in our report. The first involves inserting a supplementary note in the financial statements to clarify the situation for each project undertaken by the Fund in three respects:

- ✓ Firstly, the annual budget allocation for the project;
- ✓ Secondly, the advances paid, both justified and those still awaiting justification;
- ✓ Thirdly, expenditure incurred during the period in question.

This detailed note would enable the amounts actually paid out over the course of the year to be reconciled with those shown in the financial statements.

The second recommendation urges the Fund's Secretariat systematically to demand audit reports, where they exist, from its local partners for the projects carried out and to monitor the recommendations made in the reports methodically and in a formal manner in order continually to improve the quality of the work of the implementing partners.

As you see, once again the aim is to improve internal control, not only from an accounting point of view but mainly from an operational point of view to monitor projects that are dependent on local partners.

I will now turn to our third report produced in 2017, **on the implementation of the Division of External Operations within the Registry.**

Firstly, you will recall that last year we produced a report on the implementation of the *ReVision* project. This year's report is a second stage in a sense because the Registry's Division of External Operations was established following the *ReVision* project. To carry out the audit of the new Division of External Operations we obviously travelled to the Seat of the Court in The Hague and visited the Registry and the other organs of the Court, but we also carried out a field visit in Kinshasa.

Our conclusions are as follows.

We observed a unanimous positive assessment, both inside and outside the Registry of two major points resulting from the implementation of the Division of External Operations:

- Firstly, the clarification and consolidation of reporting lines of external activities disseminated within the Registry before the *ReVision*;
- Secondly, the strengthening of the position and authority of the Heads of field offices.

In addition, even though the audit was carried out very early on in the reform process, there are already some indications that the new structure is working better than the old one and we have been able to identify concrete examples of savings and increased efficiency as a result of the *ReVision*.

Six recommendations were made with a view to further refining the changes made and implementing them.

We recommend **firstly** that the Court, once the first stage is complete, undertakes further reflection in order to deepen the synergies between the various organs of the Court in relation to external operations and relations. This reflection will of course need to be carried out while at the same time ensuring that basic legal rules are respected, and would no doubt presuppose a more pragmatic approach to the principles of neutrality, independence and confidentiality than that which currently seems to prevail.

Our **second** recommendation focuses on the role of the central Coordinator of field security. We urge the Court to ensure that the central Coordinator has the means to fulfil his mission, despite a complex and difficult to define positioning between the authorities of the Division of External Operations, the Division of Management Services in the Registry and heads of field offices.

On a more ad hoc basis, we also recommend re-evaluating the subject and the format of the Weekly Security Reports required from field offices.

Our **third** recommendation involves organising, with precise arrangements defined jointly, a functional reporting or communication line between Heads of field offices on the one hand and the Victims Participation and Reparations Section on the other hand.

Our **fourth** recommendation involves the need quickly to formalise and rationalise the coordination procedures initially set up by the new Heads

of field offices. We have noted positive progress in this regard and it would be appropriate to make this permanent in the texts and procedures.

Our **fifth** recommendation involves the need to adopt an interim rule applicable in absence of the P-5 Head of a field office.

Our **final** recommendation involves the need to set up procedures for the implementation of a strategic workforce planning involving not only the Registry, but also all the organs of the ICC resorting to field office services, in particular the Office of the Prosecutor and the Trust Fund for Victims.

As you can see, the common factor for our recommendations is that they go beyond just the Registry and also involve, in some cases at least, other organs of the Court, under the “One Court” principle to which a large number of you are committed, whilst of course respecting the prerogatives of each of these organs.

I have thus finished my presentation of the three reports that your External Auditor has submitted to you in 2017 with reference to the 2015 financial year.

Mr President, Ladies and Gentlemen, may I thank you for your kind attention and I am at your disposal to answer any questions that you may have.

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