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**ASSEMBLY OF STATES PARTIES TO
THE ROME STATUTE OF THE
INTERNATIONAL CRIMINAL COURT**

Third Session
The Hague, 6-10 September 2004

OFFICIAL RECORDS (ICC-ASP/3/25)

B. Related documents

1. Financial statements for the period 1 September 2002 to 31 December 2003¹

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Letter of Transmittal

23 June 2004

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 September 2002 to 31 December 2003.

(Signed) Bruno Cathala
Registrar

Sir John Bourn
Comptroller and Auditor General
National Audit Office
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INTERNATIONAL CRIMINAL COURT**REPORT OF THE EXTERNAL AUDITOR
ON THE AUDIT OF THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED
31 DECEMBER 2003**

This report informs the Assembly of States Parties on the results of the external audit of the International Criminal Court's financial statements for the period to 31 December 2003.

The report covers:

- an Executive Summary
- an outline of the audit approach;
- observations and recommendations on financial matters; and
- observations and recommendations on corporate governance and management.

AUDIT OPINION

To the Assembly of States Parties of the International Criminal Court

I have audited the accompanying financial statements, comprising Statements I to IV, Schedules 1.1 to 1.2 and the supporting Notes 1-11 of the International Criminal Court for the financial period ended 31 December 2003.

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 conforming to International Auditing Standards. 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 2003 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.



Sir John Bourn
Comptroller and Auditor General
United Kingdom

London, 30 June 2004

External Auditor

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EXECUTIVE SUMMARY

1. I have audited the accounts of the International Criminal Court for the financial period 1 September 2002 to 31 December 2003, in accordance with Financial Regulation 12. I also carried out, at the request of management, an audit of the Victims Trust Fund, on which I have provided a separate audit opinion and report. The financial statements for the International Criminal Court and the Victims Trust Fund, together with my audit opinions and reports, have been transmitted to the Registrar for submission to the President of States Parties and the Committee on Budget and Finance.
2. My audit examination revealed no weaknesses or errors which I considered material to the accuracy, completeness, and validity of the financial statements as a whole and I have placed an unqualified audit opinion on the Court's financial statements for the period ending 31 December 2003. I have, however, qualified my audit opinion on the financial statements of the Victims Trust Fund. This resulted from an absence of sufficient controls to provide assurance over the completeness of donated income collected by a non-governmental organisation in the United States of America, in relation to which I was unable to obtain appropriate audit evidence on which to base an audit opinion. My report and opinion on these statements have been issued separately.
3. My report includes comments on financial performance during the Court's first financial period. I am pleased to report that the Court did not exceed its approved allocations and that the level of assessed contributions received by the Court has increased since my last review. I have indicated the need for continued monitoring of this position; and for States Parties to consider the need for prudent provision in respect of any assessed contributions which are unlikely to be received from participating states.
4. I have noted the significant levels of under spending on the programme budget, a situation which has arisen in consequence of delays in establishing the Court's structures. I have recommended improved procurement planning and the monitoring of variances from these plans, to provide a mechanism for monitoring the progress of major procurements and to ensure that resources are applied in the appropriate financial period in line with the requirements of States Parties. Better procurement planning should also reduce the risk of repeating the high level of obligated expenditure which occurred at the end of the reporting period.
5. In addition to my audit of the financial statements, I reviewed key financial controls and accounting arrangements established by the Court. My staff carefully monitored the Court's progress during the year in establishing the accounting and financial records necessary for sound financial reporting. This co-operation enabled the Court to produce a sound set of financial statements in accordance with the timetable prescribed in the Financial Regulations.
6. The Court has made good progress in developing a sound system of internal control, which represents a significant achievement given the extent and pace of change experienced in the early stages of its development. I am pleased to report that management have been receptive to the advice and guidance we have provided over the period, and have shown a willingness to develop and improve internal controls wherever possible.
7. My audit also reviewed the development of the Court's governance structures, since it is important for any new organisation to develop sound arrangements to ensure proper transparency and accountability in its operations and financial reporting. I have made a number of observations towards improved governance arrangements and my staff will discuss these further with management as part of their forthcoming audit work.

8. I have also recommended the development of a risk management strategy, to support progress towards the Court's objectives and ensure that the Court maintains a reputation for transparency and good management. The implementation of an effective risk management process reduces the potential for any unmanaged risks to damage operational efficiency and effectiveness or the reputation of the Court; and I consider these observations and recommendations timely to enhance the sound management processes already being established by the Court.

Audit Approach

Context

9. As Comptroller and Auditor General of the United Kingdom I have been appointed by the Assembly of States Parties under Financial Regulation 12.1 as the independent External Auditor of the International Criminal Court. I am required to examine, certify and report on each of the statements comprising the financial accounts of the Court, in accordance with generally accepted auditing standards, namely those established by the Auditing Standards Committee of the International Organization of Supreme Audit Institutions. These standards require me to plan and carry out the audit so as to obtain reasonable assurance that the financial statements are free from material misstatement. The Court's management were responsible for preparing these financial statements, and I am responsible for expressing an opinion on them based on evidence obtained during my audit.

10. Under the provisions of the Annex to the Financial Regulations of Additional Terms of Reference Governing External Audit, I may also report on matters relating to wasteful or improper use of the Court's financial or other assets and make observations about internal financial controls and procedures.

Scope

11. Under the terms of engagement agreed by the Assembly, I am responsible for delivering a report on the Court's financial statements. In addition to this, my staff compile an annual management letter of observations arising from the audit work in addition to the more significant issues included in my report. Since this represents the first year of the Court's operations, my staff provided a series of interim reports to management following their audit visits, to assist management to focus on key issues which had potential to affect the preparation of the financial statements. In this respect my audit was directed to offer timely and practical advice and recommendations, designed to add value in the development of the Court's processes and systems.

Audit Approach

12. The primary objective of the financial audit was to provide the Assembly, the main users of the financial statements, with assurance that the accounts and underlying financial transactions are free from material error and comply with the Court's Financial Regulations. My audit opinion also provides assurance that expenditure and income have been applied for the purposes intended; and that the transactions conform to the authorities which govern them.

Audit Conclusion

13. Notwithstanding the observations in this report, my examination revealed no weaknesses or errors which I considered material to the accuracy, completeness, and validity of the financial statements as a whole. In accordance with normal practice, my staff record additional findings in management letters to the Court's senior management. None of these matters affect my audit opinion on the financial statements and schedules, and I have placed an unqualified opinion on the International Criminal Court's financial statements for the period to 31 December 2003.

Financial Matters

Format and Content of the Financial Statements

14. I am pleased to report that the accounts were submitted for audit in accordance with the timetable set out in the Financial Regulations. I was also encouraged by the effort made by management to ensure that the financial statements were in an appropriate format and consistent with the Court's financial records. The preparation of timely and accurate financial statements for the first time represents an achievement and reflects the efforts and commitment of management towards transparent reporting.

15. The Court's financial team liaised with my staff during the year and my staff provided technical guidance where needed on accounting and reporting matters. This constructive relationship enabled the Court's first set of financial statements to be produced efficiently and effectively. My staff will continue to offer support where necessary and appropriate to enable the Court to accurately and transparently account for and report its financial position.

16. The Financial Regulations specify that the Court's accounts should be compiled in accordance with generally accepted accounting principles. In my initial report to the Assembly of States Parties in September 2003, I commented that I considered such principles normally to be embodied in International Accounting Standards, established by the International Accounting Standards Board. Management made a practical decision to comply with the United Nations System Accounting Standards over the initial financial periods of the Court but have expressed a willingness to review this decision in the future. I consider that the adoption of International Accounting Standards in the future would place the Court in the forefront of good practice in financial reporting and ensure maximum transparency in its financial affairs: qualities in keeping with the overall aims of the Court.

Overall financial position

17. The Court achieved a surplus of income over expenditure of Euros 11,852,000 in the first financial period of its activity and held a cash balance of Euros 17,227,000. The Court did not exceed its approved budget in any of the programme areas and the overall financial position of the Court is sound, with sufficient assets to cover estimated liabilities.

Income

18. The Court reported total assessed income of Euros 31,486,000 for the financial period, primarily due to the assessment of contributions from Participating States (Euros 30,894,000) and the receipt of Euros 520,000 of interest income. This significant source of income arose in particular from the under spend on the General Fund, which resulted in significant cash balances being available for investment.

19. In my initial report in September 2003, I identified the need to ensure timely collection of assessed contributions, where contributions received - as a percentage of the total due - stood at 75 per cent. I am pleased to report that there has been a substantial improvement in the rate of collection, which at the end of the financial period stood at 90 per cent. While this represents a significant improvement, and compares favourably with many international organisations, I would stress the continued importance of the timely payment of contributions by all States Parties. The establishment of a Working Capital Fund provides some protection against the effects of delayed payments but in my view would not offer a long term solution to substantial cumulative arrears.

20. In due course, the Court may wish to consider establishing a financial policy in relation to outstanding assessed contributions. Some international organisations consider it appropriate to prudently provide for outstanding debt in recognition of the delay in receipt of contributions. Provision against the timing of debt recovery does not discharge the financial liabilities of contributing states but serves to recognise where assets held on the balance sheet might not be realised over the immediate financial periods.

Recommendation 1:

I encourage the Court to continue to monitor and report to the Committee on Budget and Finance on the status of assessed contributions.

Recommendation 2:

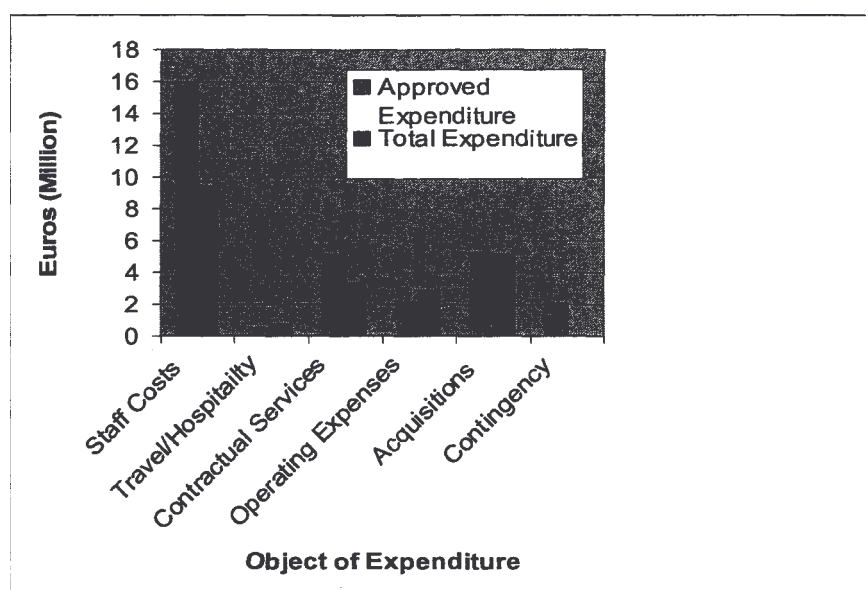
I recommend that the Court keep under review the current accounting policy in relation to outstanding assessed contributions and the need for a provision for outstanding contributions.

Expenditure

21. The Court expended a total of some 21 million Euros during its first financial period. This consisted of cash disbursements, which represented 46 per cent of the total, and unliquidated obligations, which accounted for the remaining 54 per cent of expenditure. Overall the level of resources utilised by the Court was significantly below the initial budgeted assessment.

22. The low level of budget utilisation (69.5 per cent) reflects the difficulty in anticipating initial setup costs where there is an absence of historical information to inform the budget setting process. Further reasons for the under-utilisation of the approved budget arose from a combination of delays in the process of appointment for the Presidency, the Chambers and the Office of the Prosecutor. In addition, recruitment to approved posts took longer than expected, resulting in savings arising from vacant posts. Figure 1 shows the level of actual expenditure as a proportion of the original budget.

Figure 1: Comparison of actual expenditure against initial budget by object of expenditure.



23. The Court's Financial Regulations allow for redeployment programme of resources within programme areas for transfers between cost objectives, although there continues to be a need to ensure that expenditure on cost areas is closely monitored to avoid areas of expenditure exceeding the planned level of resources.

24. The level of unliquidated obligations as a proportion of overall expenditure was high at 54 per cent of expenditure. High levels of unliquidated obligations at the end of the financial period may reflect hurried procurement to utilise fund balances and present risks to value for money. In addition, significantly increased procurement activity at the end of the financial period may place pressure on staff resources or give rise to risks to internal financial controls. As the Court considers extending its scope to field missions away from The Hague, it will be important to ensure that expenditure is properly planned in advance to avoid procurement backlog. I would therefore encourage the Court to develop a procurement strategy to ensure that resources and the timing of procurements are planned as part of the budgetary process.

25. Given that the Court's systems are not yet fully established, I encourage the Court to consider developing robust mechanisms for budget reporting. During the first financial period there has been a significant budget under spend but as expenditure increases, it will become essential to develop a systematic process to monitor programme expenditure and ensure that resources are fully utilised and controlled. This will provide further support to a sound accountability framework for the Court's management structure.

Recommendation 3:

I encourage the Court to establish a procurement planning strategy and appropriate procedures related to the budget cycle and the financial period.

Recommendation 4:

I recommend the introduction of systematic and documented procedures for budget monitoring, to include the analysis and reporting of variations from the budget and the procurement plan.

26. As part of the initial arrangements for establishing the Court, States Parties made contributions to a special Trust Fund, administered by the United Nations. Contributions to this Fund are recorded within the Assessed Contributions included in Schedule 1 to the financial statements. The balance of these contributions was used to fund expenditure incurred in the Court's use of the UN conference facilities and translation services in New York during September 2002 and 2003. The residual balance of these funds stood at US\$ 2.02 million at the end of the financial period.

27. In accordance with the Court's accounting policies, this balance was adjusted to reflect the balance in Euros at the UN rate of exchange at 31 December. The effect of this revaluation has led to an unrealised loss of Euros 1million. The financial statements reflect a provision for this loss, which has been charged as expenditure in the financial year. The effects of exchange rate losses are largely beyond management control, and losses on exchange have been a feature of many international organisations during 2003. The balance of the Fund continues to be held by the United Nations in New York, pending final agreement on residual costs of the various meetings held in New York. I encourage the Court to pursue final resolution and repayment as soon as practicable.

Recommendation 5:

I recommend that the Court seek repayment of the residual balance held on the United Nations Trust Fund as soon as practicable, so as to bring the assets under the Court's full managerial control and reduce exposure to future exchange rate movements.

Losses, write-offs and cases of fraud

28. Under the Financial Regulations, the Court is required to report instances of financial loss and ex-gratia payments. My staff noted that there are a number of assets, valued at Euros 7,416, which have been identified for write off but on which no action has been taken in the absence of a Property Survey Board. Until the Property Survey Board is convened and approves write-off, these assets remain disclosed in the Notes to the accounts. I encourage management to complete the process of establishing the Property Survey Board before the end of the 2004 financial period.

29. As part of the external audit process, my staff discuss with management any investigations into instances of fraud or presumptive fraud. No cases of financial loss from fraud or presumptive fraud have been notified to me.

CORPORATE GOVERNANCE AND MANAGEMENT

INTRODUCTION

30. High standards and good practice in corporate governance are relevant to all organizations, whether in the private or public sector. Successful organizations have clear objectives; a focus on risk management, effective internal control systems; and reliable and credible reporting of performance. Confidence in good governance is necessary to support effective financial management and achievement of the organisation's objectives.

31. Major corporate failures in recent times, and the high standards required in the public sector, have provided new focus on the need for improvement in accountability and governance arrangements, to make them more effective and more transparent than ever before.

32. Good governance encompasses the fundamental principles of sound accounting and financial management, proper stewardship, accountability and integrity through strong internal controls and transparency of reporting. For the Court, strong corporate governance can provide States Parties and other stakeholders with confidence in the way in which the financial resources of the Court are utilised.

33. While the Court faces many competing demands in the early stages of its development, the early establishment of principles, systems and arrangements which reflect good practice in corporate governance and financial management will be beneficial in the long term.

Internal Control

34. Effective internal controls are fundamental to sound financial management and administration. As part of my audit, I review the extent to which internal controls provide a sound basis for recording the transactions of the organisation, and the extent to which these measures would prevent or detect material fraud. I am pleased to confirm that the Court has established a generally sound system of internal control. For a new organisation, such as the Court, establishing a sound framework at the start of its activities represents an important achievement which should not be underestimated.

35. My staff did, however, identify areas where improvements to the efficiency and effectiveness of controls could be made. My routine report to management at the end of the audit has identified these and other control issues in more detail and may be summarised as follows:

- The Court undertook a review of its inventory database to support the necessary disclosures in the financial statements. My staff identified the need for improved management control of the asset database, and better control over inventory assets

generally. I endorse the efforts currently being made by the Court to tag and control all assets.

- In my previous report I referred to the weaknesses inherent in a manual payroll system such as that operated by the Court. My staff reviewed the controls over this system, which have been improved following the appointment of a specific payroll manager. This has enabled a greater separation of duties over this key area of expenditure. My staff have noted the proposed development of the new financial and business system, which will ultimately result in payroll being fully integrated with the Court's accounting and human resources management systems.

36. As part of the audit, my staff review the Court's arrangements for preventing and detecting fraud. In most organisations, the majority of fraud cases are identified through information gained from staff; and the maintenance of a strong anti-fraud culture is a major element in dealing with fraud and irregularity. To this end, there is considerable benefit in raising staff awareness of the indicators of fraudulent activity; and in demonstrating management's intention to deal seriously with fraud and irregularity. This can be reinforced by appropriate policies, education and training, and by encouraging staff to report genuine and reasonable concerns through an appropriate channel, for example internal or external audit, in circumstances where any staff reporting such concerns will not suffer any detrimental consequences. I encourage the Court to consider the establishment of appropriate whistle-blowing arrangements, to reinforce the high standards of probity required by the Court and my staff will provide further advice to the Registrar as the Court's arrangements develop.

Governance

37. The establishment of the Committee on Budget and Finance (CBF) has been a positive development, with the Court's staff using the Committee to provide a focus for the review of key decisions and proposals; and to establish an effective process for dialogue with States Parties. The Registrar is responsible for the management of financial risk and the system of internal controls within the organisation. Effective oversight by the CBF is a key element in maintaining accountability and the achievement of good governance.

38. Modern best practice in corporate governance arrangements includes the establishment of an audit committee, to support management and the audit and assurance functions, and provide improved accountability to States Parties. In the United Kingdom, the role of the audit committee has been effectively summarised by the Financial Reporting Council¹ to:

- monitor the integrity of the financial statements of the organisation;
- review the organisation's internal financial control system and risk management systems;
- monitor and review the effectiveness of the organisation's internal audit function; and
- monitor and review the role and engagement of the External Auditor within the organisation.

39. Once internal audit arrangements are well established, future development of an audit committee would allow States Parties, drawing on the use of relevant experts, to take comfort from a critical scrutiny of the internal control framework, and provide an impetus for securing maximum benefits from audit findings. My staff will provide further advice and guidance to management on these aspects as part of their forthcoming audit.

¹ Audit Committees – Combined Code Guidance, January 2003.

Internal Audit

40. As I reported in September 2003, I expressed concern that the Court had no mechanism in place to provide an internal audit oversight of the Court's operations. The internal audit function represents a key component of sound internal control and governance arrangements. I am pleased to note that the appointment of a Chief Internal Auditor is being pursued.

41. During their 2004 audit, my staff will review the developing internal audit arrangements against best professional practice and provide feedback to management. They will also liaise with internal audit to reduce duplication of audit effort and to obtain assurance wherever possible from the work carried out by internal audit.

Risk Management

42. One of the most important objectives of the Court is to maintain its credibility and enhance its reputation. The effective management of business risks is important to ensure progress towards the Court's objectives and maintain the confidence and support of States Parties and others.

43. Audit recommendations relating to risk management *can* offer guidance to the Court on developing best practice over time, within the framework of a structured corporate risk management strategy.

44. The Court, as a new organisation, does not have a systematic risk assessment strategy; although individual risks, such as those related to security and information technology, have been separately considered; and managers are managing their own risks on a day to day basis. At this stage in the Court's development, these processes have developed informally. The Court's structure of separate 'pillars' could give rise to business risk by preventing the identification and management of areas of common; corporate risk. There would be value in developing systematic and comprehensive risk management arrangements to identify and address the factors that could adversely effect the organization and the achievement of its objectives.

45. Early consideration of systematic risk management arrangements would ensure that appropriate processes can become an embedded part of the Court's management and organisational culture. My staff will provide further advice to management as part of their forthcoming audit work.

Recommendation 6:

I recommend that the Court considers the establishment of a risk strategy and systematic risk management processes, as part of the continuing development of governance arrangements to support future operations.

Registers of Interest

46. It is a feature of all publicly funded bodies that officials should be seen to be impartial and carry out their duties with integrity and free of personal interest. This is particularly important for the Court given its nature, status and objectives. While the Court's policies refer to the need to avoid conflicts of interest, there are presently no procedures for recording and communicating staff interests, nor a central register of interests. An annual declaration of interests and acceptance of conduct requirements from all staff is an effective method of maintaining a transparent and current record of interests.

47. My staff also noted that management had not yet established any mechanism for recording the receipt of hospitality, other benefits or gifts from outside parties. The Court's policy is that gifts and hospitality should not be accepted; however, there may be instances where staff receive such

benefits as a necessary part of business activity. It would be appropriate to provide for the recording of any such examples in a central register.

48. During the course of the audit my staff obtained, on request, a listing of staff travel funded by external parties, compiled from approved travel authorisations. We would encourage this list to be compiled on a regular basis and be subject to management review, to ensure that any potential affects on the independence of the Court or its officials can be appropriately assessed.

Recommendation 7:

I recommend that the Court introduces a systematic and periodic circularisation of staff to confirm any financial or non-financial interests; and that all declarations are recorded in a central register of interests.

I also recommend the identification and recording of any gifts, hospitality or other funded benefits arising from or in course of employment, in a format to enable management review and monitoring.

Other Management Issues

Human Resources

49. The Court has embarked upon a commitment to re-grade and re-classify staff posts, since the specifications for many posts, established at the start of the Court's activities, may no longer meet requirements as the organisation develops. These re-grading exercises need careful management and I note that the Court is committed to using experts to ensure an equitable outcome and carefully manage the inflationary risks of re-classification. I intend to review these arrangements as part of my future audit work.

50. The Court continues to use many aspects of the United Nations Staff Regulations as an interim basis for its human resources policies. I note that the Court is currently considering a draft of its own regulations and I encourage the establishment of regulations specific to the Court, to ensure that relevant and consistent policies and practice are applied to all Court staff.

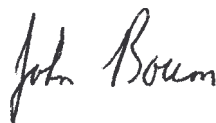
Information Technology

51. As part of the assessment of the Court's internal control environment, my staff carried out a preliminary review of computer and information technology arrangements, focusing on areas such as physical and system access controls; and the way in which the Court has provided for systems to ensure the integrity of its data. Overall the results of this review were positive, although my staff noted that improvements could be made by storing backup data off-site, and ensuring that reports such as appropriate access exception reports are produced on a more routine basis. My staff also noted that the establishment and operation of some system administrator access controls had been limited by delays in recruitment.

52. My staff noted the progress made in regard to the acquisition of new systems. During my audit of the 2004 financial period, I will seek to review the overall project management of these acquisitions and the Court's preparations for their implementation.

ACKNOWLEDGEMENT

53. I am grateful for the assistance and co-operation provided by the Registrar and his staff, and by all the officials of the Court during my audit.



Sir John Bourn
Comptroller and Auditor General, United Kingdom
EXTERNAL AUDITOR

International Criminal Court
Statement of Income and Expenditure and Changes in Fund Balances for the Period Ending 31 December 2003

(In thousands of euros)

	General Fund & Working Capital Fund	<i>Notes Ref</i>	Trust Funds	<i>Notes Ref</i>	Total
S t a t e m e n t					
<i>Income</i>					
Assessed contributions	30,894	4.1			30,894
Voluntary contributions	-		71	5.1(01)	71
Interest income	520	4.2			520
Other/miscellaneous income	i	4.3			
Total income	31,415		71		31,486
<i>Expenditure</i>					
Disbursed expenditures	14,137	4.4	-		14,137
Unliquidated obligations	7,342	4.4	-		7,342
Total expenditure	21,479				21,479
Excess/(shortf all) of income over expenditure	9,936		71		10,007
Net increase in Working Capital Fund	1,916	4.5			1,916
Fund Balances as at 31 December 2003	11,852		71		11,923

Signed (Marian Kashou')
Chief Finance Officer

Statement II

International Criminal Court
Statement of Assets, Liabilities, Reserves and Fund Balances as at 31 December 2003
(In thousands of euros)

	General Fund & Working Capital Fund	<i>Notes Ref</i>	Trust Funds	<i>Notes Ref</i>	Total
<i>Assets</i>					
Cash and term deposits	17,227		206		17,433
Assessed contributions receivable from States Parties	2,997	4.6	-		2,997
Voluntary contributions receivable			220	9.1(b)	220
Other contributions receivable	149	4.7			149
Interfund balances receivable	2,530	4.8	30	4.8(f)	2,560
Other accounts receivable	760	4.9	-		760
Deferred charges - education grants	56	4.10			56
Total assets	23,719		456		24,175
<i>Liabilities</i>					
Contributions/payments received in advance	3,426	4.11	385	s.1(b)	3,811
Unliquidated obligations	6,342				6,342
Unrealised loss on exchange (Interfund balance)	1,000	4.12			1,000
Other accounts payable	1,099	4.13			1,099
Total liabilities	11,867		385		12,252
<i>Reserves and fund balances</i>					
Working capital fund	1,916				1,916
Cumulative surplus	9,936		71		10,007
Total reserves and fund balances	11,852		71		11,923
Total liabilities, reserves and fund balances	23,719		456		24,175

Signed (Marian Kashou') Chief Finance Officer

International Criminal Court
Statement of Cash Flow as at 31 December 2003
(In thousands of euros)

	General Fund & Working Capital Fund	Trust Funds	Total
<i>Cash flow from operating activities</i>			
Net excess/(shortfall) of income over expenditure (Stmt I)	9,936	71	10,007
Contributions receivable (increase)/decrease	(3,146)	(220)	(3,366)
Inter-fund balances receivable (increase)/decrease	(2,530)	(30)	(2,560)
Other accounts receivable (increase)/decrease	(760)		(760)
Deferred charges (increase)/decrease	(56)		(56)
Contributions received in advance increase/(decrease)	3,426	385	3,811
Unliquidated obligations increase/(decrease)	6,342		6,342
Unrealised loss on exchange increase/(decrease)	1,000	-	1,000
Accounts payable increase/(decrease)	1,099	-	1,099
Less: interest income	(520)		(520)
Net cash from operating activities	14,791	206	14,997
<i>Cash flow from investing and financing activities</i>			
Plus: interest income	520	-	520
Net cash from investing and financing activities	520		520
<i>Cash flow from other sources</i>			
Net increase/(decrease) in Working Capital Fund	1,916		1,916
Net cash from other sources	1,916		1,916
Net increase /(decrease) in cash and term deposits	17,227	206	17,433
Cash and term deposits at 1 September 2002			
Cash and term deposits at 31 December 2003 (Stint II)	17,227	206	17,433

International Criminal Court
Statement of Appropriations for the Period 1 September 2002 to 31 December 2003
(In thousands of euros)

Programme	Appropriation Approved	Allotment	Disbursements	Unliquidated Obligations	Total Expenditures	Unencumbered Balance
Presidency & Chambers	2,718	2,718	1,514	8	1,523	1,196
Office of the Prosecutor	3,961	3,961	1,255	102	1,357	2,604
Registry	2,902	2,902	1,984	112	2,097	805
Common Services Division	13,407	13,407	7,036	6,060	13,096	312
Reserve for unforeseen expenses	1,052	-	-	-	-	1,052
Meetings	6,853	6,236	2,348	59	2,406	4,446
Unrealised loss on exchange**	-	-	-	1,000	1,000	(1,000)
Total	30,894	29,225	14,137	7,342	21,478	9,415

** See note 4.12

International Criminal Court
Status of Contributions as at 31 December 2003
(In euros)

States Parties	2002 Assessed Contributions	2003 Assessed Contributions	Total Assessed Contributions	Collections 2002 and 2003	Contributions Outstanding	Credit on Receipts	Receipts Relating to 2004
Afghanistan		306	306	458		(152)	
Albania		1,034	1,034		1,034		
Andorra	634	1,838	2,472	2,468	4		
Antigua and Barbuda	317	919	1,236	-	1,236		
Argentina	183,654	445,148	628,802		628,799		
Australia	259,873	747,426	1,007,299	1,004,742	2,557		
Austria	151,170	435,041	586,211	586,242	-	(31)	
Barbados		3,445	3,445	4,122	-	(677)	
Belgium	180,326	518,650	698,976	697,475	1,501	-	
Belize	158	459	617	-	617	-	
Benin	317	919	1,236	1,041	195	-	
Bolivia	1,268	3,675	4,943		4,943	-	
Bosnia & Herzegovina	634	1,838	2,472	2,536		(64)	
Botswana	1,585	4,594	6,179	6,094	85	-	
Brazil	331,655	1,097,940	1,429,595		1,429,595	-	
Bulgaria	2,060	5,972	8,032	8,223	-	(191)	
Cambodia	317	919	1,236	1,234	2	-	
Canada	408,666	1,175,117	1,583,783	1,631,322		(47,539)	
Central African Republic	158	459	617	-	617	-	
Colombia	13,548	92,337	105,885	-	105,885	-	

States Parties	2002 Assessed Contributions	2003 Assessed Contributions	Total Assessed Contributions	Collections 2002 and 2003	Contributions Outstanding	Credit on 2003 Receipts	Receipts Relating to 2004
Costa Rica	3,169	9,188	12,357		12,357		
Croatia	6,180	17,916	24,096	24,151		(55)	
Cyprus	6,021	17,457	23,478	23,480		(2)	
Democratic Republic of the Congo	634	1,838	2,472		2,472		
Denmark	119,637	344,082	463,719	480,525		(16,806)	638,188
Djibouti		421	421	464		(43)	
Dominica	158	459	617		617		
Ecuador	3,961	11,485	15,446		15,446		
Estonia	1,585	4,594	6,179	6,364		(185)	6,452
Fiji	634	1,838	2,472	649	1,823		
Finland	83,349	239,801	323,150	334,226		(11,076)	
France	1,032,520	2,970,410	4,002,930	4,131,792		(128,862)	
Gabon	2,218	6,431	8,649		8,649		
Gambia	158	459	617		617		
Georgia		191	191		191		
Germany	1,560,031	4,487,772	6,047,803	6,243,340		(195,539)	
Ghana	792	2,297	3,089		3,089		
Greece	86,043	247,611	333,654	529,516		(195,862)	
Guinea		1,148	1,148		1,148		
Honduras	634	2,297	2,931		2,931		
Hungary	19,174	55,127	74,301	78,615		(4,314)	7,867
Iceland	5,229	15,160	20,389	20,390		(1)	
Ireland	47,062	135,060	182,122	189,884		(7,762)	250,504
Italy	808,776	2,326,690	3,135,466	3,128,734	6,732		
Jordan	1,268	3,675	4,943	4,932	11		

States Parties	2002 Assessed Contributions	2003 Assessed Contributions	Total Assessed Contributions	Collections 2002 and 2003	Contributions Outstanding	Credit on 2003 Receipts	Receipts Relating to 2004
Latvia	1,585	4,594	6,179	6,364		(185)	
Lesotho	158	459	617	-	617		
Liechtenstein	951	2,756	3,707	3,648	59		
Lithuania		3,254	3,254	3,254			
Luxembourg	12,677	36,751	49,428	31,749	17,679		
Malawi	79	919	998		998		
Mali	317	919	1,236	1,234	2		
Malta		6,317	6,317	6,871		(554)	
Marshall Islands	158	459	617	615	2		
Mauritius	1,743	5,053	6,796	7,000		(204)	9,153
Mongolia	158	459	617	981		(364)	
Namibia	1,109	3,216	4,325	4,058	268		
Nauru	158	459	617		617		
Netherlands	277,462	798,418	1,075,880	1,129,283		(53,403)	1,480,869
New Zealand	38,506	110,713	149,219	149,226		(7)	15,803
Niger	158	459	617		617		
Nigeria	8,874	31,238	40,112	41,325		(1,213)	
Norway	103,315	296,765	400,080	412,087		(12,007)	
Panama	2,852	8,269	11,121	10,396	726		
Paraguay	2,535	7,350	9,885		9,885		
Peru	18,857	54,208	73,065		73,065		
Poland	50,548	173,649	224,197	237,229		(13,032)	172,974
Portugal	73,842	212,238	286,080	286,326		(246)	
Republic of Korea		779,468	779,468	388,723	390,746		

States Parties	2002 Assessed Contributions	2003 Assessed Contributions	Total Assessed Contributions	Collections 2002 and 2003	Contributions Outstanding	Credit on Receipts	Receipts Relating to 2004
Romania	9,349	26,645	35,994	12,971	23,023		
St. Vincent and the Grenadines	-	421	421	421	-	-	852
Samoa	40	459	499	488	11	-	
San Marino	317	919	1,236	1,273	-	(37)	
Senegal	792	2,297	3,089	2,986	103	-	
Serbia and Montenegro	3,169	9,188	12,357	3,169	9,188	-	
Sierra Leone	158	459	617		617		
Slovakia	6,814	19,754	26,568	27,365	-	(797)	
Slovenia	12,835	37,211	50,046	35,594	14,453	-	
South Africa	65,127	187,431	252,558	213,732	38,827	-	
Spain	402,329	1,157,086	1,559,415	1,600,791	-	(41,376)	
Sweden	164,005	471,678	635,683	635,716	-	(33)	
Switzerland	201,877	585,262	787,139	787,179	-	(40)	
Tajikistan	158	459	617		617	-	
The Former Yugoslavian Republic of Macedonia	951	2,756	3,707	3,707			
Timor-Leste	40	459	499	498	1	-	
Trinidad and Tobago	2,535	7,350	9,885	9,864	21	-	
Uganda	792	2,297	3,089	3,182		(93)	879
United Kingdom	884,044	2,543,177	3,427,221	3,537,137		(109,916)	-
United Republic of Tanzania	317	1,838	2,155	-	2,155	-	-
Uruguay	12,835	36,751	49,586	-	49,586	-	-
Venezuela	33,276	95,553	128,829		128,829	-	-
Zambia		842	842		842	-	-
Total (92 States Parties)	7,723,375	23,170,125	30,893,500	28,739,461	2,996,707	(842,668)	2,583,541

International Criminal Court
Status of Advances to the Working Capital Fund as at 31 December 2003
(In euros)

States Parties	Assessed	Paid	Outstanding
Afghanistan	264	264	
Albania	113		113
Andorra	151	151	
Antigua and Barbuda	75		75
Argentina	43,741	-	43,741
Australia	61,894	61,894	
Austria	36,004	36,004	
Barbados	340	340	-
Belgium	42,949	42,949	-
Belize	38	-	38
Benin	75	75	
Bolivia	302		302
Bosnia & Herzegovina	151	151	
Botswana	377	377	-
Brazil	78,991	-	78,991
Bulgaria	491	491	-
Cambodia	75	75	-
Canada	97,332	97,332	-
Central African Republic	38		38
Colombia	6,454		6,454
Costa Rica	755	-	755
Croatia	1,472	1,472	
Cyprus	1,434	1,434	
Democratic Republic of the Congo	151		151
Denmark	28,494	28,494	
Djibouti	38	38	
Dominica	38		38
Ecuador	944		944
Estonia	377	377	
Fiji	151	151	
Finland	19,851	19,851	
France	245,916	245,916	-

States Parties	Assessed	Paid	Outstanding
Gabon	528		528
Gambia	38	-	38
Georgia	189	-	189
Germany	371,555	371,555	
Ghana	189	-	189
Greece	20,493	20,493	
Guinea	113	-	113
Honduras	151	-	151
Hungary	4,567	4,567	
Iceland	1,245	1,245	
Ireland	11,209	11,209	
Italy	192,627	192,627	-
Jordan	302	302	-
Latvia	377	377	
Lesotho	38		38
Liechtenstein	226	226	-
Lithuania	642	642	
Luxembourg	3,019	3,019	
Malawi	75	-	75
Mali	75	75	
Malta	566	566	-
Marshall Islands	38	38	-
Mauritius	415	415	
Mongolia	38	38	
Namibia	264	264	
Nauru	38		38
Netherlands	66,083	66,083	
New Zealand	9,171	9,171	
Niger	38		38
Nigeria	2,113	2,113	
Norway	24,607	24,607	
Panama	679	679	
Paraguay	604		604
Peru	4,491	-	4,491
Poland	12,039	12,039	
Portugal	17,587	17,587	
Republic of Korea	70,423	70,423	-

States Parties	Assessed	Paid	Outstanding
Romania	2,227	2,227	
St. Vincent and the Grenadines	38	38	
Samoa	38	38	
San Marino	75	75	
Senegal	189	189	
Serbia and Montenegro	755	755	
Sierra Leone	38	-	38
Slovakia	1,623	1,623	
Slovenia	3,057	3,057	
South Africa	15,511	15,511	
Spain	95,823	95,823	
Sweden	39,061	39,061	
Switzerland	48,081	48,081	
Tajikistan	38		38
The Former Yugoslavian Republic of Macedonia	226	226	
Timor-Leste	38	38	
Trinidad and Tobago	604	604	-
Uganda	189	189	
United Kingdom	210,553	210,553	
United Republic of Tanzania	151		151
Uruguay	3,057		3,057
Venezuela	7,925	-	7,925
Zambia	75		75
Total (92 States Parties)	1,915,700	1,766,284	149,416

Notes to the Financial Statements

1. The International Criminal Court and its objectives

1.1 The International Criminal Court (ICC) is established as a permanent institution and has the power to exercise its 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 (an Appeals Division, a Trial Division and a Pre-Trial Division), the Office of the Prosecutor and the Registry. 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 ICC by representing the Court 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 defense and to victims and witnesses.

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 ICC, as adopted by the Assembly of States Parties in its first session of September 2002. 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 paragraph 2.12b 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 to euros at the United Nations operational rate of exchange at the date of the financial statement. Transactions in other currencies are converted to euros at the United Nations operational rate of exchange at the date of transaction.

Exchange rate gains and losses are treated as follows:

- a) The realised gains and losses resulting from the purchase of other currencies are recorded as miscellaneous income;
- b) Realised losses made 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** is 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 **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.

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 to euro currency at the rate of exchange 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 paragraph 2.12d below.

Surpluses at the end of the financial period 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 **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.

2.13 **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.

2.14 **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.

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

2.16 **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, is 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.

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

2.18 **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.

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

2.20 **United Nations Joint Staff Pension Fund:** the Assembly of States Parties, in its Decision ICCASP/1/Decision 3, recommended that the ICC participate in the United Nations Joint Staff Pension Fund (UNJSPF), and requested that the Registrar take the necessary steps to apply for membership in the fund. Pursuant to this decision, the ICC became a member organisation of the UNJSPF effective 1 January 2004, as approved by the United Nations General Assembly in its 58th session in December 2003. In addition, the ICC concluded an agreement with the UNJSPF whereby the contributory service of staff under an ICC appointment prior to 1 January 2004 will be recognised by the Fund.

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, the Trial Division and the 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) The non judicial support and administrative services for the Court;
- (ii) The provision of judicial support for court services;
- (iii) The management of the internal security of the Court;
- (iv) The implementation of mechanisms to assist and safeguard the rights of victims, witnesses and defence.

3.2 For the purposes of the first financial period, a Common Services Division was established with the intention to maximize efficiency and economy, within the parameters of the strict division of powers set out in the Statute, between the judiciary (Presidency, Chambers and Registry) and the Office of the Prosecutor. It was envisaged that the Common Services Division was to provide the four organs of the Court with the administrative services common to all four. The Common Services Division was thus granted a sub-budget to provide the administrative support that each organ would otherwise have required and budgeted for.

3.3 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.

3.4 **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.

3.5 **Statement II** shows the assets, liabilities, reserves and fund balances as at 31 December 2003. The value for non-expendable property is excluded from the assets (see note 2.13b).

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

3.7 **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/1/Res.12, approved the funding of the appropriations of the Court for the first financial period 1 September 2002 to 31 December 2003 to the total amount of euro 30,893,500. Euro 7,723,375 (representing one quarter of the appropriation for the regular budget) was financed using the scale of assessments for the year 2002; and euro 23,170,125 (representing three quarters of the appropriations) was financed using the scale of assessments for the year 2003.

As at 31 December 2003, there are 92 States Parties to the Rome Statute. The assessment of new States Parties during the financial period was based on the scale of assessment applicable to the year in which they became States Parties for the regular budget, and the 2002 scale of assessment for the Working Capital Fund.

4.2 **Interest income:** interest in the amount of euro 519,956 represents all interest earned on the Court's bank accounts as well as the 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 euro 1,053 represents the balance of net gain or loss on exchange of currency, and revaluation or devaluation of currency.

4.4 **Expenditures:** the total amount of expenditures, euro 21,478,203 comprises total disbursements of euro 14,136,589 and outstanding obligations of euro 7,341,614. The expenditures are detailed in table 1 below.

Table 1: Detail of Expenditures

Category of expenditure	Appropriation Amount	Disbursements	Unliquidated Obligations	Total Expenditures
Salaries & other staff costs	15,981,000	9,187,945	224,845	9,412,790
Travel & hospitality	494,600	761,069	66,115	827,184
Contractual services	5,108,700	1,598,791	1,740,855	3,339,646
Operating expenses	2,110,400	558,643	1,275,756	1,834,399
Acquisitions	5,229,800	2,030,141	3,034,043	5,064,184
Contingencies & unforeseen expenses	1,969,000			-
Unrealised loss on exchange			1,000,000	1,000,000
Total	30,893,500	14,136,589	7,341,614	21,478,203

4.5 **Working Capital Fund:** the Assembly of States Parties, in its Resolution ICC/ASP/1/Res.13, established the Working Capital Fund for the first financial period 2002-2003 in the amount of euro 1,915,700. The assessment for advances to the Working Capital Fund was based on the scale of assessment for the year 2002.

4.6 **Assessed contributions receivable:** contributions received during 2002 and 2003 towards the regular budget of the Court amounted to euro 28,739,461 resulting in an outstanding balance of contributions due of euro 2,996,707 (schedule 1.1). Contributions received from States Parties in excess of contributions due in the amount of euro 842,668 are reported as contributions received in advance (see note 4.11 below).

4.7 **Other contributions receivable:** advances to the Working Capital Fund received during 2002 and 2003 amounted to euro 1,766,284, resulting in an outstanding balance as at 31 December 2003 of euro 149,416 (schedule 1.2).

4.8 **Interfund balances receivable:**

- a) The United Nations General Assembly, in its resolution A/RES/56/85, requested the Secretary-General to undertake the preparations necessary to convene the first meeting of the Assembly of States Parties at the United Nations Headquarters. It was decided that expenses accruing to the United Nations as a result of the implementation of such a request, as well as the expenses resulting from the provision of facilities and services for the meeting of the Assembly of States Parties, and any consequent follow up should be paid in advance to the United Nations by way of an appropriate mechanism;
- b) In March 2002, the Secretary-General circulated a note verbale to all States Parties announcing that, in consultation with the Bureau of the Preparatory Commission, a trust fund had been established for the purpose of defraying the costs that accrue to the United Nations arising from the above-mentioned request;

- c) In September 2002, the Assembly of States Parties, in its Resolution ICC-ASP/1/Res.15, decided that contributions made by States Parties to the Trust Fund be credited against assessments to the budget of the Court;
- d) The ICC, in accordance with the Assembly of States Parties resolution, recorded in the accounts the total amount of contributions received from States Parties into the UN Trust Fund, and recorded the expenses referred to in paragraph (a) above as expenditures against the budget of the Court;
- e) The interfund balance receivable of euro 2,530,130 represents the balance of funds received by States Parties to the United Nations Trust Fund after the deduction of the expenditures mentioned in paragraph (d) above;
- f) In addition to the contributions received from States Parties, a number of voluntary contributions from non-member states and individuals were received to the United Nations Trust Fund. This is recorded in the accounts as the interfund balance receivable of euro 29,786 under Trust Funds.

4.9 **Other accounts receivable:** are detailed in table 2 below.

Table 2: Detail of other accounts receivable

Accounts receivable	Amount (euro)
Governments (value added tax)	443,948
Staff	123,236
Vendors	62,165
Interest accrued	96,399
Others	33,716
Total	759,464

4.10 **Education grant** advances: deferred charges contain the amount of euro 56,258 which is the portion of the education grant advance which is assumed to pertain to the scholastic years completed as at 31 December 2003.

4.11 **Contributions or payments received in advance:** a total of euro 3,426,209 was received from States Parties to be applied to the next financial period. This comprises:

- a) Euro 2,583,541 received from States Parties in advance for 2004 assessed contributions;
- b) Euro 842,668 are contributions received in excess of assessed contributions for 2002-2003 after the assessment of new States Parties and an adjustment to the United Nations scale of assessments in January 2003.

4.12 With reference to paragraph 4.8 above, an amount of euro 1,000,000 has been recorded in the accounts as an estimated unrealised loss resulting from the devaluation of currency. The amounts paid by States Parties to the United Nations Trust Fund were deposited in US dollars. The ICC recorded those receipts in the accounts in euros, as converted at the rate of exchange applicable at the time of deposit. During the financial period, the US dollar depreciated consistently against the euro. As at 31 December, the estimated loss on devaluation based on the outstanding balance of the United Nations Trust Fund is approximately euro 1,000,000.

4.13 **Other accounts payable** are detailed in table 3 below.

Table 3: Detail of other accounts payable

Accounts payable	Amount (euro)
Staff	5,605
Vendors	5,770
Payable to UNJSPF (a)	1,083,041
Payable to the Victims Trust Fund (b)	4,424
Total	1,098,840

- a) **Payable to UNJSPF:** in reference to the agreement outlined in paragraph 2.20 above, the ICC established a mechanism for pension contributions to be deducted from staff members' salaries in accordance with the UNJSPF pensionable remuneration scales. These contributions were supplemented by the organisation's share in accordance with the UNJSPF Regulations, and charged to the organisation's budget. The pension contributions were held in a savings account opened by the ICC specifically for this purpose. The amount of euro 1,083,041 represents the contribution payable to the UNJSPF to recognise the contributory service of staff in the pension fund prior to the ICC's admittance to the fund on 1 January 2004. It includes the staff contributions (euro 357,710) and the organisation's share, (euro 715,419) as well as the interest accrued on the savings account (euro 9,912).

In addition to retirement benefits, staff members participating in the UNJSPF are also entitled to death and disability benefits, subject to UNJSPF rules and regulations. Since the ICC was not a participant in the fund during the period 1 September 2002 to 31 December 2003, ICC staff members were not eligible to these benefits from the fund. In this regard, the ICC entered into agreement with an insurance company to offer the ICC staff the same benefits that they would normally have been entitled to with the UNJSPF. The insurance premium which was calculated as a percentage of the staff members' pensionable remuneration was charged to the organisation's budget and is reflected in the accounts under expenditures. The total premium paid during 2002-2003 for this coverage was euro 121,587.

- b) **Payable to the Victims Trust Fund:** In its Resolution ICC-ASP/1/Res.6, the Assembly of States Parties established the fund for the benefit of victims of crimes within the jurisdiction of the Court. In the annex to the resolution, it established the Board of Directors which is responsible for the management of the Victims' Trust Fund and reports directly to the Assembly of States Parties.

In the same annex to the resolution, the Assembly of States Parties established that the role of the Registrar is to provide such assistance as may be necessary for the proper functioning of the Board in carrying out its tasks. Pursuant to this resolution, the Registrar opened two bank accounts for contributions intended for the Victims' Trust Fund, a local euro account, and a US dollar account to accommodate contributions to be received via US dollar cheques. A total amount of contributions equivalent to euro 19,028 was received into the Fund during the financial period. The bank charges of euro 4,424 associated with the US dollar account were relatively high in relation to the amount of contributions received into the Fund. Therefore, the bank charges were charged to the ICC regular budget on an exceptional basis in order not to deplete the Fund's resources, and are reported in the accounts as accounts payable to the Victims Trust Fund.

5. Trust Fund

5.1 The following are the voluntary contributions pledged and voluntary contributions received during the first financial period:

- a) Contributions received for 2003 projects: these contributions are reported in the accounts as income in the amount of euro 71,401. They comprise the following:

Table 4: Contributions for 2003 projects

Contributor	Project	Amount received (euro)
Norway	ICC Institutional Video	41,615
Mexico	General Trust Fund	18,051
Holy See	General Trust Fund	2,944
Planethood Foundation	General Trust Fund	8,010
Other contributors*	General Trust Fund	781
Total		71,401

* Individual contributions of less than € 2,000

- b) Contributions pledged and/or received for 2004 projects: voluntary contributions in the amount of euro 384,691 are reported in the accounts as "contributions received in advance" and comprise the following:

Table 5: Contributions received for 2004 projects

Contributor	Project	Amount received (eur)
Norway	Internship/Visiting Professionals Programme	164,691
Total		164,691

Table 6: Contributions pledged for 2004 projects

Contributor	Project	Amount pledged (euro)
Finland	Internship/Visiting Professionals Programme	220,000
Total		220,000

6. Non-expendable property

6.1 A summary of non-expendable property, at historical cost, as at 31 December 2003 is provided in table 7 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 7.' Summary of non-expendable property

Asset management category	Opening balance as at 1 Sept 2002	Acquisition (euro)	Items pending write-off")	Closing balance as 31 Dec 2003
IT/Communications equipment	N/A	203,172	(1,351)	201,821
IT/Data processing equipment	N/A	589,709	(6,065)	583,644
Security equipment	N/A	172,081		172,081
General services equipment	N/A	271,831	-	271,831
Vehicles and transportation equipment	N/A	77,023		77,023
Total	N/A	1,313,816	7,416	1,306,400

- a) No items have been approved for write-off during the financial period. However, items valued at a total amount of euro 7,416 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 non-expendable property valued at euro 20,243 acquired prior to 1 September 2002 with voluntary contributions received for the purpose of establishing an advance team of experts to develop the provisional systems required for the effective operation of the International Criminal Court.

7. Contributions in kind

7.1 In accordance with annex V of the budget for the first financial period of the Court regarding the host country contribution, the Government of the Netherlands donated workstations during the financial period. The value of the workstations included in the ICC's non-expendable property is euro 131,040. This is not included in table 7 above. The host country also provided the following services to the Court:

- a) Premises to the Court free of rent for a period of 10 years, starting 1 July 2002;

- b) Costs associated with the interim premises of the Court to a maximum of euro 33 million, including the costs of building a courtroom;
- c) Costs for provision of water, electricity and natural gas to the premises during the first financial period.

8. Ex-gratia payments

8.1 No ex-gratia payments were made by the Court during the financial period.

9. Gratis personnel

9.1 No services of gratis personnel had been received during the financial period.

10. Contingent liabilities

10.1 Liabilities for end-of-service payments to staff as at 31 December 2003 in the total amount of euro 344,152 are the estimated costs of compensation for accrued annual leave (euro 297,070) and repatriation grants (euro 47,082) for ICC staff members, estimated at the time of preparation of the financial statements.

11. Service incurred injury

11.1 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 the 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 2002-2003 for this insurance was euro 105,400.

2. Victims Trust Fund financial statements for the period 1 September 2002 to 31 December 2003²

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² Previously issued as ICC-ASP/3/5.

Letter of Transmittal

23 June 2004

In accordance with Financial Regulation 11.1, I have the honour to submit the financial statements of the Victims Trust Fund for the financial period 1 September 2002 to 31 December 2003.



(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

International Criminal Court

**REPORT OF THE EXTERNAL AUDITOR
ON THE AUDIT OF THE VICTIMS TRUST FUND
FOR THE FINANCIAL PERIOD
ENDED 31 DECEMBER 2003**

This report informs the Board of Directors and Assembly of States Parties on the results of the External Auditor's examination of the 2003 financial statements, and covers:

- the context, scope and approach of the financial audit; and
- observations with recommendations on financial and management issues.

AUDIT OPINION

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

I have audited the accompanying financial statements, comprising Statements I to III and the supporting Notes of the Victims Trust Fund of the International Criminal Court for the financial period ended 1 September 2002 to 31 December 2003.

Respective responsibilities

These financial statements are the responsibility of the Registrar of the International Criminal Court as set out in ICC - ASP/1/Res.6. Annex, para.5. My responsibility is to express an opinion on these financial statements based on my audit. Attention is drawn to my comments on the respective responsibilities of the Registrar in relation to these Funds in my long form audit report.

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 conforming to International Auditing Standards. Those standards require that I plan and perform the audit to obtain reasonable assurance 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 planned my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. However, the evidence available to me was limited, because I was unable to identify any system of control over the reported level of voluntary donations on which I could rely for the purpose of my audit. I was unable to carry out alternative audit procedures to obtain adequate assurance over the completeness of this income reported in Statement I. Any adjustment to the amount of voluntary donations would also have a consequential effect on the reported Fund assets as at 31 December 2003.

Opinion: disclaimer on view given by the financial statements

Because of the possible effect of the limitation in evidence available to me, I am unable to form an opinion as to whether the financial statements present fairly, in all material respects, the financial position as at 31 December 2003 and the income and expenditure and Fund balances for the period then ended; or as to whether the voluntary contributions have, in all material respects, been in accordance with the Financial Regulations and legislative authority.

Details of this matter are set out in paragraphs 10-13 of my long form audit report, issued in accordance with Financial Regulation 12.



Sir John Bourn

Comptroller and Auditor General
United Kingdom
External Auditor

London, 30 June 2004

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EXECUTIVE SUMMARY

1. In order to offer compensation to victims of war crimes and other injustices, States Parties (Resolution ICC-ASP/1/6) established a Victims Trust Fund, to be administered by a separate Board of Directors. In my report to the Assembly of States Parties in September 2003, I drew attention to the need to consider the legal status and nature of this Fund. Following a review by management, and consideration by the Committee on Budget and Finance, a decision was made to prepare a separate statement for these Funds, a decision which I fully endorsed.

2. I have audited the accounts of the International Criminal Court's Victims Trust Fund for the financial period 1 September 2002 to 31 December 2003 at the request of management. I have qualified my audit opinion in relation to these statements, as a result of the absence of sufficient controls to provide assurance over the completeness of donated income collected by a non-governmental organisation in the United States of America, in relation to which I was unable to obtain appropriate audit evidence on which to base an audit opinion.

3. In addition to my audit of the financial statements, I reviewed the key financial controls and management arrangements established in relation to the Victims Trust Fund and have made a number of observations, with recommendations, for consideration by the Board of Directors and management. These observations and recommendations relate to the following:

- the need to formally approve an External Auditor for the Victims Trust Fund, which is not currently provided for in the Financial Regulations;
- establishing appropriate arrangements for recording donated income received through arrangements with third parties;
- finalising the management structures and administrative procedures in relation to the Fund, to clarify the role of the Registrar and to ensure that the 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
- documenting a clear fund-raising strategy and associated expenditure budget, to provide focus to the Trust Fund's activities and ensure that its predicted income is sufficient to meet the administrative and other expenditure demands on the Fund.

AUDIT APPROACH

Context

4. As Comptroller and Auditor General of the United Kingdom I have been appointed by the Assembly of States Parties under Financial Regulation 12.1 as the independent External Auditor of the International Criminal Court. I am required to examine, certify and report on each of the statements comprising the financial accounts of the Court, in accordance with generally accepted auditing standards, namely those established by the Auditing Standards Committee of the International Organization of Supreme Audit Institutions. These standards require me to plan and carry out the audit so as to obtain reasonable assurance that the financial statements are free from material misstatement.

5. At the request of management I was asked to conduct an audit of the financial statements of the Victims Trust Fund.

6. The Registrar was responsible for preparing these financial statements, and I am responsible for expressing an opinion on them based on evidence obtained during my audit.

Audit Approach

7. Under the terms of engagement agreed by the Assembly in relation to the Court, I am responsible for delivering a report on the financial statements and I have taken these responsibilities to extend to the Victims Trust Fund. The primary objective of the financial audit is to provide the Board of Directors and the Assembly, the main users of the financial statements, with assurance that the accounts and underlying financial transactions are free from material error and comply with the Fund's Financial Regulations. My audit opinion reports on the extent to which expenditure and income have been applied for the purposes intended; and that the transactions conform to the authorities which govern them.

Audit Conclusion

8. My examination revealed weaknesses which I considered material to the accuracy, completeness, and validity of the financial statements as a whole and I have placed a qualified opinion on the financial statements of the Victims Trust Fund for the period to 31 December 2003. Notwithstanding this qualification, my report also highlights a number of management issues which I consider it helpful and appropriate to bring to the attention of the Board of Directors and the Assembly.

DETAILED OBSERVATIONS AND RECOMMENDATIONS

Appointment of Auditors

9. My audit of these financial statements, which are separate from the International Criminal Court's financial statements, has been conducted at the request of management. In reviewing the Court's arrangements for appointment of the External Auditor, I have noted that the Financial Regulations do not specifically refer to the audit of the Fund statements. It would be appropriate for the Board of Directors and the Assembly to confirm approval of the audit arrangements and formalise the appointment of an External Auditor for future financial statements of the Fund. As the Court's External Auditor, I would, of course, be pleased to extend my work to cover the Fund statements for future financial periods.

Recommendation 1:

That the Board of Directors or the Assembly formally consider and recommend the appointment of an External Auditor for the Fund's financial statements.

Audit Opinion and Donated Income

10. I have qualified my audit opinion in relation to the financial statements for 2003. This has resulted from my staff being unable to obtain sufficient evidence to confirm the completeness of donated income, in consequence of which I have been unable to provide assurance over the levels of recorded income or the overall Fund balance.

11. The audit qualification arises in the context of an absence of any effective mechanism by which management can confirm that all donated income has been brought to account. Donated income reported in the financial statements was derived from a non-governmental organisation based in the United States, which ran a campaign to collect donations on behalf of the Fund. My staff were unable to identify whether the Court's controls over this income provided adequate

assurance that donations intended for the Fund had been brought to account. In forming my audit judgement, I took into account:

- the degree of confidence available over whether the donors' wishes were to fund the NGO or the Victims Trust Fund, the latter being established as the most likely intention given that cheques were required to be made payable to 'Victims Trust Fund - ICC';
- the absence of any written agreement establishing the responsibilities of the NGO for remitting donations to the Court's US bank account for the Fund;
- the lack of either certification from the NGO's auditors with regard to the controls over donated income or evidence of oversight of the donation process by the Court;
- the potential for donors to remit cash, which may or may not have been brought to account; and
- the absence of any historical information against which to review and compare the level of donated income.

12. In forming my opinion, I am expressing my view that it is not possible to provide adequate audit assurance that all donated income has been brought to account. The qualification does not, however, indicate that I am aware that any donated income has been lost.

13. I recommend that management act swiftly to reduce the present risks over the completeness of donated income. This can be achieved by implementing a range of measures, such as establishing a clear agreement for the administration of donated funds; remittance of funds by the NGO on a grant or transfer basis (as a result of their own campaigns, rather than acting as agents for the Court), ensuring that all donor funds are remitted via the ICC in the Hague; or establishing a clear administrative procedure and accounting policy, to record income only at the point at which it is banked and recorded, establishing boundary controls in the Fund's account.

Recommendation 2:

That the Board of Directors and management review and establish improved arrangements for administering donated income.

Management and Administrative Procedures

14. In April 2004 the Board of Trustees met to discuss draft Regulations for the Trust Fund. I encourage the Board to adopt Regulations at the earliest opportunity; and also consider the need for developing more detailed administrative procedures to clarify the position in relation to:

- the treatment of administrative costs borne by the Court's regular budget in providing support to the Trust Fund, for example in relation to staff time;
- the specific role and responsibilities of the Registrar and his staff in relation to the Victims Trust Fund;
- the remit of the Committee on Budget and Finance in relation to the Fund; and
- arrangements pertaining to collaborating partners.

15. The Court's assessed contributions provided the resources for the administrative costs of the Fund during 2003, specifically bank charges incurred by the Fund. For 2004, the Approved Budget includes an allowance for the costs of meetings of the Board of Directors. However, ICC staff whose costs are currently funded by the General Fund but who work on the Victims Trust Fund do not apportion their time or costs to the Fund. In consequence, the Court's regular budget is subsidising the operation of the Victims Trust Fund and the full administrative costs of this activity remain unrecorded. To better inform financial decisions generally, it would be appropriate for management to make an assessment of these staff costs, to be able to identify and monitor the full administrative costs of the Fund. Good practice would indicate that costs incurred by the Fund should be recorded in the Fund's own financial statements. It is, of course, a matter for States Parties to determine whether these costs should be borne directly by the Fund, or are considered a part of the administrative costs of the Court as a whole.

16. In addition, there is currently a lack of clarity in the management arrangements for the Fund. The Registrar is tasked to provide such assistance as is necessary for the proper functioning of the Board of Trustees and to participate in meetings in an advisory capacity. I am unclear as to how this arrangement provides a clear line of accountability to the Chair of the Board. Given the composition of the Board of Trustees and its focus on fund-raising, the Committee on Budget and Finance could provide a forum for discussion of policies and issues in between meetings of the Trustees; and support the development and operation of the Fund at a faster pace than is currently possible with the existing arrangements.

Recommendation 3:

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.

Relationships with Third Parties

17. At present, there are no formal agreements to regulate relationships with collaborating partners. This can make it difficult to determine or manage the nature of these business relationships and the relative roles and responsibilities of the parties concerned. The lack of adequate arrangements and related controls has given rise to qualification of the audit opinion on the Fund's financial statements for 2003. I encourage the Board, therefore, to consider formalising arrangements with all collaborating partners, to ensure that the roles and responsibilities of all parties are clearly defined and understood; and supported by an appropriate internal control framework. This is important whether such partners are being used to administer donations made directly into the Fund, or to manage their own campaigns and provide grants or transfers from their own resources to the Trust Fund. The establishment of these agreements should consider the need

to protect the use of the Court's name by third parties, to limit any risk to the Court's reputation which could arise from inappropriate use.

Recommendation 4:

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.

Budgeting for Income and Expenditure

18. In my previous report to the Assembly of States Parties, I drew attention to the absence of regulations for the Trust Fund to confirm how funds are to be utilised and controlled. I referred to the possibility that demands on the Fund could be considerable once the Court begins the process of investigating crimes. This could give rise to reputational risks for the Court if those demands were not met. With these risks in mind, it may be appropriate for the Trustees and the Court to consider the development of a fund raising strategy, in order to assess the likely level of donor income and support the process of building appropriate levels of reserves.

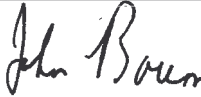
19. I note that the Court's budget process has not yet extended to the creation of a budget in relation to the Victims Trust Fund, which was anticipated in the Financial Regulations; and there has been no budget proposed to cover the estimated costs which will be incurred by the Fund.

Recommendation 5:

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.

Acknowledgement

20. I am grateful for the assistance and co-operation extended by the Registrar and his staff, and by all the officials of the Court, during my audit.



Sir John Bourn

Comptroller and Auditor General, United Kingdom

EXTERNAL AUDITOR

Victims Trust Fund
Statement of Income and Expenditure and Changes in Fund Balances
for the period ending 31 December 2003
(In thousands of euros)

	Total	<i>Notes Ref</i>
<i>Income</i>		
Voluntary contributions	19	3.5
Contribution from ICC	4	3.6
Total income	23	
<i>Expenditure</i>		
Expenditures	6	3.7
Total expenditure	6	
Excess/(shortf all) of income over expenditure	17	
Fund Balances as at 31 December 2003	17	

Signed (Marian Kashou') Chief Finance Officer

Statement II

Victims Trust Fund
Statement of Assets, Liabilities, Reserves and Fund Balances
as at 31 December 2003
(In thousands of euros)

	Total	<i>Notes Ref</i>
<i>Assets</i>		
Cash and term deposits	13	
Interfund balances receivable	4	3.6
Total assets	17	
<i>Liabilities</i>		
Total liabilities	-	
Total reserves and fund balances	17	
Total liabilities, reserves and fund balances	17	

Signed (Marian Kashou) Chief Finance Officer



Statement III

Victims Trust Fund
Statement of Cash Flow as at 31 December 2003
(In thousands of euros)

	Total
<i>Cash flow from operating activities</i>	
Net excess (shortfall) of income over expenditure (Stmt I)	17
Inter-fund balances receivable (increase)	(4)
Net cash from operating activities	13
<i>Cash flow from investing and financing activities</i> Net	
increase (decrease)	-
Net cash from investing and financing activities	-
<i>Cash flow from other sources</i>	
Net increase (decrease)	-
Net cash from other sources	-
Net Increase (Decrease) in Cash and Term Deposits	13
Cash and Term Deposits, beginning of period	-
Cash and Term Deposits, end of period (Stmt II)	13

Notes to the Financial Statements of the Victims Trust Fund

1. The Victims Trust Fund and its objectives

1.1 The Victims Trust Fund 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 Victims Trust Fund.

2. Summary of significant accounting and financial reporting policies

2.1 The accounts of the Victims Trust Fund 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 Victims Trust Fund are currently in conformity with the United Nations system accounting standards. These notes form an integral part of the Victims Trust Fund's financial statements.

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

2.3 **Financial period:** the financial period of the Victims 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 Victims Trust Fund are presented in euros. Accounting records kept in other currencies are converted to euros at the United Nations operational rate of exchange at the date of the financial statement. Transactions in other currencies are converted in euros at the United Nations operational rate of exchange at the date of transaction.

2.6 **Funding:** the Victims Trust Fund 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 Victims 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 Victims Trust Fund (statements I-III)

3.1 As stated in paragraph 2.3 the financial period is one year. However, as an exception, 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 2003.

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

3.5 **Income:** the total amount of euro 19,028 was received from voluntary contributions and euro 4,424 from the ICC (see paragraph 3.6 for explanation), resulting in a total income of euro 23,452.

In 2003, voluntary contributions in the amount of euro 19,028 were received in the form of US dollar cheques donated by individuals in the United States of America as a result of the Victims Trust Fund 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 for Global Solutions, and were forwarded for deposit into the bank account of the Victims Trust Fund. In the absence of a policy to be established by the Board of Directors to the Victims Trust Fund regarding the receipt of donations to the Fund via third parties, the financial statements record only those donations which have been received in the Fund's US dollar bank account.

3.6 **Interfund balances receivable:** in the annex to the Resolution ICC-ASP/1/Res.6, the Assembly of States Parties established that the role of the Registrar of the ICC is to provide such assistance as may be necessary for the proper functioning of the Board of Directors of the Victims Trust Fund in carrying out its tasks.

Pursuant to this resolution, the Registrar opened two bank accounts for contributions intended for the Victims Trust Fund: a local euro account and a US dollar account to accommodate contributions to be received via US dollar cheques. Total contributions equivalent to euro 19,028 were received into the Fund during the financial period. The bank costs of euro 4,424 associated with the US dollar account were substantial in relation to the amount of contributions received into the Fund. Consequently the bank charges were charged to the ICC regular budget on an exceptional basis in order not to deplete the Victims Trust Fund resources and are reported in the Victims Trust Fund as a receivable from the ICC. In the interim, the ICC has also changed the type of bank account in an effort to reduce bank costs associated with the original account.

3.7 **Expenditures:** total expenditures of euro 6,284 comprising euro 4,424 for bank charges and euro 1,860 representing the balance of net gain or loss on exchange of currency, and revaluation or devaluation of currency.