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**Trust Fund for Victims
financial statements for the period
1 January to 31 December 2005**

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Letter of transmittal

30 March 2006

In accordance with Financial Regulation 11.1, I have the honour to submit the financial statements of the Trust Fund for Victims for the financial period 1 January to 31 December 2005.

(Signed) Bruno Cathala
Registrar

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

Financial Statements of the Trust Fund for Victims for the year ended 31 December 2005

Audit opinion

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

I have audited the accompanying financial statements, comprising Statements I to III and the supporting Notes of the Trust Fund for Victims of the International Criminal Court for the financial period ended 31 December 2005.

Respective responsibilities

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

Basis of opinion

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

Opinion

In my opinion, these financial statements present fairly, in all material respects, the financial position as at 31 December 2005 and the results of operations for the period then ended in accordance with the Trust Fund for Victims' stated accounting policies set out in Note 2 to the Financial Statements; and

Further, in my opinion, the transactions of the Trust Fund for Victims, which I have tested as part of my audit, have in all significant respects been in accordance with the Financial Regulations and legislative authority which govern them.

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

(Signed) Sir John Bourn
Comptroller and Auditor General
United Kingdom
External Auditor

London, 25 July 2006

External Auditor's Report 2005

International Criminal Court Trust Fund for Victims

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Executive Summary

This section of the report summarises:

- The overall results of the audit – an unqualified audit opinion.
- Financial results.
- Progress on prior year recommendations.

Overall results of the Audit

1. We have audited the Financial Statements of the Trust Fund for Victims in accordance with the Financial Regulations and in conformity with the Common Auditing Standards of the Panel of External Auditors of the United Nations, the Specialized Agencies and the International Atomic Energy Agency and with International Auditing Standards.

2. **The audit examination revealed no weaknesses or errors which we 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 Fund's Financial Statements for the year ended 31 December 2005.**

3. Observations and recommendations arising from the audit are set out in summary below and in the section of this report entitled Detailed Report Findings.

Main findings and recommendations

Financial Results

4. The Fund received voluntary contributions of €1,024,367 in 2005 and, as a result of the significantly higher cash balances held, interest income increased to €14,654. As the Fund has yet to undertake any activities in relation to victims, expenditure remained very low at €6,086.

Progress on Prior Year Recommendations

5. In our 2003 and 2004 reports we noted the weaknesses in controls over donated income. Our examination of donated income in 2005 provided sufficient evidence that the Fund has an appropriate level of internal control over donated income and that such income is properly accounted for and that donors are clearly identifiable.

6. In terms of the regulatory framework, the Fund now has a set of financial regulations approved by the Assembly of States Parties in December 2005. In addition the Fund are in the process of establishing a secretariat responsible for managing Fund activities supported by the Registrar of International Criminal Court.

7. The Board of Directors appointed the external auditor for 2005 and 2006 and will continue to be responsible for the appointment of the external auditor for future years.

Detailed report findings

This section of the report summarises:

- Financial results.
- Progress on prior year recommendations.

Financial results

8. The incoming resources of the Fund increased substantially during 2005, with voluntary contributions totalling €1,024,367, compared with €234,318 in the previous year. Interest income also increased to €14,654. In addition, the Fund reported other income of €1,979 resulting from currency revaluations. Total expenditure for the year was €6,086, compared with €3,294 in 2004, and comprised audit fees for 2004 and 2005, and bank charges.

9. The overall Fund balance increased from €248,747 in 2004 to €1,283,661 in 2005. This increase was directly attributable to the increase in voluntary contributions.

10. As Fund balances increase, we continue to encourage the Directors of the Fund to review the investment arrangements used to secure the most effective return. Regular monitoring and evaluation of the return on Fund assets will ensure that best value is achieved, and ensure that investment risks are properly managed.

Recommendation 1:

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

Progress on prior year recommendations

Donated income

11. In our previous reports we noted that the Fund was unable to properly identify the source of voluntary contributions. The Fund has continued to develop its administrative structures and we reviewed the internal controls in place for voluntary contributions and were satisfied that these controls were working effectively in 2005. We also reviewed the arrangements in place for receiving contributions and bank reconciliation procedures, to confirm that these were operating effectively and that reconciliations were completed on a timely basis.

12. Voluntary contributions consist of amounts pledged and subsequently paid by donors and smaller donations from various individuals. We confirmed that the bank reconciliation process is working properly to identify individual donations, and to reconcile amounts received to pledges. We are satisfied that there is no risk of donations remaining unidentified.

Regulatory framework

13. In our report for 2004 we highlighted the need for the Fund to establish an approved set of financial regulations. We are pleased to note that the Assembly of States Parties (ASP) approved draft regulations for implementation by the Fund in December 2005. The Regulations of the Trust Fund were approved by the ASP under resolution ICC-ASP/4/Res.3, which provides the Fund with a framework to regulate its financial activities and this is a

welcome development.

14. In our last report we also noted a lack of clarity around the accountability and administrative arrangements for the Fund. During 2004, the Assembly of States Parties adopted resolution ICC-ASP/3/Res.7, which established the secretariat of the Trust Fund for Victims. In 2005 the Trust Fund for Victims Board of Directors then requested the Court's Registry to begin the process of recruiting secretariat staff members. Secretariat posts have been created for a fund raising officer, legal officer and an administrative officer.

15. The secretariat has been created to provide assistance for the proper functioning of the Board of Directors in carrying out its tasks. The ASP decided that the secretariat would be funded by the regular budget of the Court in 2005. The secretariat is to operate under the full authority of the Board of Directors in matters concerning its activities, but for administrative purposes the secretariat and its staff would be attached to the Registry of the Court. The Registrar of the Court may provide such assistance as is necessary for the proper functioning of the Board and the secretariat.

16. The 2006 budget for the Trust Fund for Victims has taken into account the likelihood of increased activity within the Fund and the proposed staffing levels have been increased to five. This includes the posts noted above plus an information technology specialist and an Executive Director to oversee, direct and co-ordinate the Trust Fund for Victims as a whole, ensuring that the secretariat is implementing the objectives and requirements of the Fund.

17. The Fund has made significant progress to establish financial regulations and also to clarify the accountability arrangements. We will keep these arrangements under review as the Fund evolves.

Appointment of external auditors

18. In our reports for 2003 and 2004, we noted that the Board of Directors had not formally appointed an external auditor to the Fund. We had previously undertaken the audit of the Trust Fund for Victims at the request of the Chair of the Board of Directors, under our mandate as external auditors to the International Criminal Court. In 2005 the Board of Directors made a formal appointment of the external auditor for 2005 and 2006.

Acknowledgement

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

(Signed) Sir John Bourn
Comptroller and Auditor General, United Kingdom
External Auditor

Annex I

Scope and Audit Approach

Audit scope and objectives

The main purpose of the financial audit was to enable the External Auditor to form an opinion as to whether expenditure recorded in the financial statements for 2005 had been incurred for the purposes approved by the Assembly of States Parties and the Board of Directors; whether income and expenditure were properly classified and recorded in accordance with the Court's Financial Regulations as far as we interpreted these as being applicable to the Fund; and whether the financial statements fairly presented the financial position at 31 December 2005.

Audit standards

Our audit of the International Criminal Court Trust Fund for Victims was carried out in conformity with the International Auditing Standards issued by the Auditing Practices Board. These standards require us 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 Registrar is responsible for preparing the financial statements and we are responsible for expressing an opinion on them, based on evidence obtained in the audit.

Audit approach

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

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

Audit Conclusion

Our report includes observations and recommendations intended to be of benefit to the Fund's secretariat. None of these matters materially affected our audit opinion on the financial statements for the year and, notwithstanding the observations in this report, our examination revealed no weakness or errors that we considered material to the accuracy, completeness and validity of the financial statements as a whole. Accordingly we have placed an unqualified audit opinion on the financial statements of the Fund.

Trust Fund for Victims
Statement of income and expenditure and changes in fund balances
for the period ending 31 December 2005
(in euros)

	2005	Notes Ref.	2004
<i>Income</i>			
Voluntary contributions	1,024,367	3.4	234,318
Interest income	14,654		555
Other/miscellaneous income	1,979		-
Total income	1,041,000		234,873
<i>Expenditure</i>			
Expenditures	3,086	3.5	3,294
Unliquidated obligations	3,000	3.5	
Total expenditure	6,086		3,294
Excess/(shortfall) of income over expenditure	1,034,914		231,579
Fund balances at beginning of financial period	248,747		17,168
Fund balances as at 31 December 2005	1,283,661		248,747

Signed (Marian Kashou')
Chief Finance Officer

Statement II

Trust Fund for Victims
Statement of assets, liabilities, reserves and fund balances
as at 31 December 2005
(in euros)

	2005	Notes Ref.	2004
Assets			
Cash and term deposits	1,284,263		231,814
Interfund balances receivable	-		16,406
Other accounts receivable	5,398	3.6	527
Total assets	1,289,661		248,747
Liabilities			
Unliquidated obligations	3,000		-
Interfund balances payable	3,000	3.7	-
Total liabilities	6,000		-
Reserves and fund balances			
Cumulative surplus	1,283,661		248,747
Total reserves and fund balances	1,283,661		248,747
Total liabilities, reserves and fund balances	1,289,661		248,747

Signed (Marian Kashou')
Chief Finance Officer

Statement III

Trust Fund for Victims
Statement of cash flow as at 31 December 2005
(in euros)

	2005	2004
<i>Cash flows from operating activities</i>		
Net excess/(shortfall) of income over expenditure (Statement I)	1,034,914	231,579
Interfund balances receivable (increase)/decrease	16,406	(11,982)
Other accounts receivable (increase)/decrease	(4,871)	(527)
Unliquidated obligations increase/(decrease)	3,000	-
Interfund balances payable increase/(decrease)	3,000	-
Less: interest income	(14,654)	(555)
Net cash from operating activities	1,037,795	218,515
<i>Cash flows from investing and financing activities</i>		
Plus: interest income	14,654	555
Net cash from investing and financing activities	14,654	555
<i>Cash flows from other sources</i>		
Net increase/(decrease)	-	-
Net cash from other sources	-	-
Net increase/(decrease) in cash and term deposits	1,052,449	219,070
Cash and term deposits at beginning of period	231,814	12,744
Cash and term deposits at 31 December 2005 (Statement II)	1,284,263	231,814

Notes to the financial statements of the Trust Fund for Victims

1 The Trust Fund for Victims and its objectives

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

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

2 Summary of significant accounting and financial reporting policies

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

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

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

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

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

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

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

2.7 **Income:** voluntary contributions are recorded as income on the basis of a written commitment to pay monetary contributions during the current financial year,

except where contributions are not preceded by a pledge. For these funds, income is recorded at the time that the actual contributions are received from the donors.

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

3 **The Trust Fund for Victims (statements I-III)**

3.1 **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.

3.2 **Statement II** shows the assets, liabilities, reserves and fund balances as at 31 December 2005.

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

3.4 **Voluntary contributions** in the total amount of €1,024,367 were received from governments, individuals, organisations and other entities.

3.5 **Expenditures:** the total amount of expenditures of €6,086 comprises disbursed expenditures of €3,086 and outstanding obligations of €3,000.

3.6 **Other accounts receivable** in the amount of €5,398 represent interest earned but not yet received as at 31 December.

3.7 **Interfund balances payable** represents a payable to the ICC General Fund.

3.8 **Contributions from the ICC:** in Annex 6 of Resolution ICC-ASP/1/Res.6, the Assembly of States Parties decided that the Registrar of the Court be responsible for providing such assistance as is necessary for the proper functioning of the Board of Directors of the Trust Fund in carrying out its tasks, and shall also participate in the meetings of the Board in an advisory capacity. The total staff costs incurred by the ICC for administrative support to the Board and its meetings, as well as the administration of the Trust Fund during the financial period are estimated at €104,650.