

INTERNATIONAL CRIMINAL COURT

Twenty-first Session of the Assembly of States Parties

World Forum, The Hague-Thursdays, December 7, 2022

Presentation of the Reports of the External Auditor

Madam President,

Distinguished Ambassadors,

Distinguished Delegates,

Ladies and Gentlemen,

I am pleased to present to you today the reports prepared by your external auditor during 2021, in accordance with article 12 of the Court's Financial Regulations and Rules.

Mr. Jaehae Choe, Chair of the Board of Audit and Inspection of Korea and External Auditor of the ICC, expressed his deep regrets through me for not being able to make this presentation himself.

I would like to give you a brief overview of the three audit reports which were filed in July 2022 and which deal with the following:

- The financial statements of the International Criminal Court for the year ended 31 December 2021;
- The financial statements of the Trust Fund for Victims for the year ended 31 December 2021;
- The performance audit on the temporary personnel in all organs of ICC.

Based on our audit, we have provided an unmodified audit opinion on the financial statements of the ICC and the TFV for the year ended 31 December 2021, by concluding that they present fairly, in all material respects, the financial position, financial performance, changes in net assets, cash flows, and comparison of budget and actual amounts in accordance with the International Public Sector Accounting Standards (IPSAS).

Let me first address the audit report on the financial statements of the International Criminal Court for the financial year 2021.

It is observed that the total net assets increased by € 9.4 million, despite a loss of € 9.6 million in the financial performance in 2021.

While the Court's staff costs decreased slightly by 2.6 percent in 2021 from 2020, Contractual services and Counsel fees increased by 18 percent in 2021.

There were noticeable factors contributing to the changes made to the total net assets during the year. For example, assessed contributions receivable decreased by € 2.1 million due to slight increase of the collection rate, property, plant, and equipment (PP&E) decreased by € 8.0 million from the annual depreciation, employee benefit liabilities decreased by € 17.1 million from the change in actuarial assumptions such as discount rate, and deferred revenue and accrued expenses decreased by € 2.8 million mainly from the decrease in advance payment received.

The External Auditor recommended that the ICC make appropriate action plans to recover the overpayments of the relocation grants for judges and strengthen the monitoring of salaries and allowances, formalize procedures for capitalization of components replaced as part of the capital replacement plan and derecognition of replaced parts in line with IPSAS 17, develop an Administrative Instruction on special post

allowance considering the UN system and other international organizations, establish the amounting criteria for approval of Registrar or Prosecutor regarding fund transfer, and finally limit elevated SAP access, mitigate the risk of unauthorized programme deployments and configuration changes, ensure that a full SAP data change history is available, and perform SAP access review annually or quarterly.

Let me now present the audit report on the financial statements of the Trust Fund for Victims.

With the expansion of projects in both reparations and assistance programmes, the TFV's financial performance for the FY 2021 recorded a substantial deficit of € 2.780 million, contrary to the surplus for the past two years. In 2021, programme expenses surged by over € 4 million compared to the previous year, amounting to € 5.879 million; however, on the revenue side, with a voluntary contribution of € 2.969 million, the TFV suffered a continued stagnation in the growth of funding sources. Accordingly, net assets/equity as at the end of 2021

decreased by a similar amount of € 2.795 million totaling € 11.096 million, a 20 percent decline from the prior year, and the level of cash and cash equivalents diminished from € 19.526 million in 2020 to € 15.512 million in 2021.

The External Auditor recommended that the TFV strengthen its multi-layered control system on the implementing partners to enhance the compliance and performance of their activities and that the detailed information including the accounting policy concerning provisions of the TFV, changes in provisions, and status of projects as at the reporting date be clearly and concisely stated in Notes or Annex to financial statements to offer more sufficient and understandable information to readers.

With regard to the follow-up of previous recommendations, two came from the financial audits, one from the ICC, the other from the TFV.

Regarding the recommendation to the ICC, voting rights of States in arrears, it is noted that the recommendation is not fully implemented yet despite continuous efforts by the Court.

Pertaining to the TFV, we have not identified a multi-annual budget of the TFV showing its annual revenue of voluntary contributions and allocation of resources to a specific programme for the years ahead.

We concluded both are identified as partially implemented.

Next, with respect to our performance audit report on the temporary personnel in all organs of the ICC, we specifically reviewed the budget process, the rules and policies and geographical representation of staff in non-established positions.

Regarding the efficiency and transparency of budget process for temporary personnel, we found that the level of funding for GTA is not substantiated with reasonable justifications for operational needs and the Court does not apply standard vacancy rates to GTA positions. This creates a considerable amount of budgetary slack which can be used to fund the categories of temporary personnel that are not budgeted for.

Accordingly, we recommended the Court to improve the relevancy and transparency of the GTA budget, which includes reviewing the necessity of long-term vacant GTA positions, considering application of standard vacancy rates to GTA positions, and creating a separate budget-line for individual contractors.

We also looked into the practice of using unapproved GTAs. The CBF has urged the Court to refrain from using GTAs without approval from ASP, but the number of unapproved GTAs has increased since 2017. As a result, the total costs incurred due to unapproved GTAs over the last five years exceeded 10 million euros.

Accordingly, we recommended the Court to either include the unapproved GTA positions in the budget proposal or discontinue them after reviewing their operational needs, while recommending the Court to refrain from the practice of using unapproved GTAs in the future.

The next area that we looked into was the suspended GTA reform and the management of STAs. The Court proposed a reform of the GTA policy in 2015, which would ensure that GTAs are not used to cover regular and on-going functions and reported to the CBF that this new policy would be promulgated in 2017. However, the reform has neither been implemented nor discussed in the subsequent CBF sessions. Moreover, the Court does not report to the CBF the list of vacant positions covered by STA. So, we recommended the Court to conduct a

holistic review of the long-term GTA, implement the reform of the GTA policy proposed in 2015 and 2017, and implement measures to enhance the transparency of the use of STAs.

Last but not least, it was found that the geographical representation of the Court is more imbalanced than that of the UN. We observed that the ICC calculates its desirable range for geographical representation for established posts only, which does not show the actual status of the ICC. In addition, from 2019 to 2021 the ICC recruited the most from over-represented States Parties and the least from non-represented States Parties for professional staff in GTA positions.

Accordingly, we recommended the Court to include professional staff in approved GTA positions when setting targets for geographical representation, report to ASP the progress to be made, and to strive to achieve meaningful outcomes toward the equitable geographical representation by employing various methods.

I have finished with the presentation of the three reports that submitted in 2022 for the 2021 financial year.

Let me conclude by mentioning that it is a great pleasure to present the audit reports after completing the first year of discharging the mandate as the External Auditor and hope that these efforts contribute to improving the ICC's performance, thereby ultimately enhancing the international status of the ICC.

Madam President, ladies and gentlemen, thank you for your attention and I am at your disposal to answer your questions.

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