

**Eleventh session**

The Hague, 14-22 November 2012

**Report of the Court on proposed amendments to the
Financial Regulations and Rules*****A. Introduction**

1. At its ninth session, the Assembly of States Parties (“the Assembly”) endorsed the recommendation of the Committee on Budget and Finance (“the Committee”) that the International Criminal Court (“the Court”) should commence implementation of International Public Sector Accounting Standards (IPSAS).¹
2. The Court aims to go live on all aspects of IPSAS with effect from 1 January 2014. For this purpose, amendments to the Court’s Financial Regulations and Rules (FRR) are necessary.
3. At its seventeenth session, the Committee recommended that a draft proposal of all required changes to the Financial Regulations and Rules be submitted to the Committee at its eighteenth session.²
4. The proposed amendments to the FRR were prepared by the Court in conjunction with an external consultant with significant IPSAS implementation experience.³ They were submitted for External Auditor and Audit Committee consideration. The Committee took note of the report of the Court on proposed amendments to the FRR at its eighteenth session. The Committee deferred consideration of this matter pending the results of the preliminary consideration by the Audit Committee and the External Auditor. This report is now submitted subsequent to that preliminary consideration, and takes account of the views expressed. In response to detailed questions raised by the Committee, mainly related to the impact on budgeting practice, a separate report has been submitted.

B. Background information

5. The Financial Regulations and Rules currently do not specify the accounting framework under which accounts are maintained and reported. In previous years, the Court prepared financial statements which stated compliance with United Nation System Accounting Standards (UNSAS).
6. UNSAS represented a modified cash basis of accounting, while IPSAS entail a transition to accounting on a full accrual basis. Accrual basis⁴ means a basis of accounting

* Previously issued as CBF/19/7.

¹ *Official Records of the Assembly of States Parties to the Rome Statute of the International Criminal Court, Ninth session, New York, 6-10 December 2010* (ICC-ASP/9/20), vol. I, part II D, paras. 7-9.

² *Ibid.*, part B.2. para 71.

³ Prof. dr. FDJ van Schaik, international accounting expert specialised in IPSAS, partner with Deloitte, Netherlands, member of IPSASB (International Public Sector Accounting Standards Board), Toronto, Canada.

⁴ IPSAS 1, Presentation of financial statements, paragraph 6.

under which transactions and other events are recognized when they occur (and not only when cash or its equivalent is received or paid). Therefore, the transactions and events are recorded in the accounting records and recognized in the financial statements of the periods to which they relate. The elements recognized under accrual accounting are assets, liabilities, net assets/equity, revenue and expenses.

7. As a result, certain amendments to the Financial Regulation and Rules are required. The existing text, the full details of the proposed new text, and the reason for the change, as well as the impact of the change, are shown in tabular form in the Annex to this report.

C. External Auditor consideration

8. The proposed amendments to the FRR were submitted for consideration by the External Auditor in February 2012. Several comments were received, which were either addressed by modifying the proposed amendment to the FRR or through a written response. A summary of the comments that were not otherwise addressed in the proposed amendments is given below:

(a) In respect of the amendments to Rule 111.3(b), the External Auditor noted that accruals-based budgeting is preferable and if not initially possible, planning for future adoption would be desirable. The Court reiterated its position that it follows the approach taken by other international organisations and has left accrual budgeting for future consideration.

(b) In respect of the amendment to regulation 4.6, the External Auditor noted that, if the practice of calculating and distributing a cash surplus to Member States continues, the figures used in calculation would have to be reconciled to the corresponding figures in IPSAS-compliant financial statements. This could result in additional work for the Court and for the auditors, which could consequently lead to additional costs. The Court replied that aligning the cash surplus calculation to IPSAS financial statements is not possible due to basic difference in accruals and cash-related figures. The cash surplus calculation would remain within the scope of the audit, as the Court was not attempting to make any changes in this area.

(c) A general comment was made that, where the current FRR specify accounting treatment (e.g. rule 111.6, rule 107.1(a) and (b)), these need to be checked to ensure they do not contradict the treatment under IPSAS. The Court replied that, for rules specifying accounting treatment, the amendment involves the addition of the phrase “for the purposes of budgetary accounting”, where this is necessary because of the different bases used for budget and financial statement preparation. In this way it is ensured that the existing rules governing budgetary accounting are kept distinct from those relating to the preparation of financial statements, which fall under IPSAS.

9. In August 2012, the External Auditor issued his Report on the 2011 Financial Statement audit. In addition to other matters, the audit report focused on the Court’s plans for the implementation of IPSAS. The External Auditor stated in the report that he had reviewed the proposed amendments to the Court’s FRR, and in that respect he issued a recommendation that the Court develop the processes and procedures for a full cost accruals budget to be implemented within two years of preparing IPSAS financial statements.

D. Audit Committee consideration

10. The proposed amendments to the FRR were discussed at the seventeenth and eighteenth Audit Committee meetings, held on 26-27 March and 25-26 June 2012 respectively. The minutes of the eighteenth Audit Committee meeting state that amendments to the FRR had already been reviewed at the seventeenth meeting and advised the Court to convey the discussion to the Committee. The Audit Committee further noted that there were different decisions that the Court could undertake with regard to implementing IPSAS. The Audit Committee pointed out that it had not provided this type of technical in-depth advice in the past.

11. The Audit Committee made a comment that the statement in the column ‘reason for change’ for rule 111.7, namely that “IPSAS does not deal with commitments”, is not accurate. This statement was reworded and now states that IPSAS defines terms such as liability, provision and contingent liability and provides accounting treatment relating to recognition, measurement, valuation, presentation and disclosure for these categories.⁵ Rule 111.7 deals with “obligations established prior to the financial period to which they pertain”. This rule was amended only by adding the word “budgetary”, since “obligation” as defined in the FRR is a budgetary accounting category and has no impact on the timing of recognition of liabilities under IPSAS.⁶

E. Action by the Committee

12. As stated in paragraph 2 above, the Court aims to go live on all aspects of IPSAS with effect from 1 January 2014. To enable the Court to achieve this objective, the Committee, having considered this report, may wish to recommend to the Assembly that, at its eleventh session, it adopt the proposed amendments to the Financial Regulations and Rules necessitated by the implementation of IPSAS, as set out in the annex hereto, with a view to their taking effect on 1 January 2014.

Annex

<i>Current FRR</i>	<i>Amended FRR</i>	<i>Reason for change/Impact</i>
<p>Regulation 4 Appropriations</p> <p>4.6 At the end of the twelve-month period provided in regulation 4.5 the then remaining unspent balance of appropriations retained after deducting therefrom any contributions from States Parties relating to the financial period of the appropriations which remain unpaid shall be treated as a cash surplus as in regulation 4.5. Any obligations remaining a valid claim at that time shall be charged against current appropriations.</p> <p>The provisional cash surplus for the financial period shall be determined by establishing the balance between credits (assessed contributions actually received for the financial period and miscellaneous income received during the financial period) and charges (all disbursements against the appropriations for that financial period and provisions for unliquidated obligations for that financial period).</p> <p>The cash surplus for the financial period shall be determined by crediting to the provisional cash surplus any arrears of prior periods’ assessed contributions from States Parties received during this period and any savings from the provisions made for unliquidated obligations as mentioned above. Any remaining outstanding obligations shall be re-obligated against the appropriations of the current financial period.</p>	<p>Regulation 4 Appropriations</p> <p>4.6 At the end of the twelve-month period provided in regulation 4.5 the then remaining unspent balance of appropriations retained after deducting therefrom any contributions from States Parties relating to the financial period of the appropriations which remain unpaid <u>and changes in provisions and accruals established under applicable accounting standards as referred to in rule 111.3</u> shall be treated as a cash surplus as in regulation 4.5. Any obligations remaining a valid claim at that time shall be charged against current appropriations.</p> <p>The provisional cash surplus for the financial period shall be determined by establishing the balance between credits (assessed contributions actually received for the financial period and miscellaneous income received during the financial period) and charges (all disbursements against the appropriations, for that financial period and provisions for unliquidated obligations, <u>and changes in the provisions and accruals established under applicable accounting standards as referred to in rule 111.3</u> against the appropriations for that financial period).</p> <p>The cash surplus for the financial period shall be determined by crediting to the provisional cash surplus any arrears of prior periods’ assessed contributions from States Parties received during this period and any savings from the provisions made for unliquidated obligations as mentioned above. Any remaining outstanding obligations shall be re-obligated against the appropriations of the current financial period.</p>	<p>Reason for change:</p> <p>4.6: The amendment aims to align the cash surplus calculation with the existing practice of retaining cash for funding non-current liabilities (mostly provisions and accruals in respect of employee benefits). Over the years the Court has changed its accounting policies in respect of employee benefits and provisions, as a gradual preparation for IPSAS adoption (which was allowed by UNSAS) and applied them retrospectively. At that time, adjustments in respect of previous financial periods were deducted from both opening fund balances and cash surplus calculation. Increases in provisions are charged against the budget of the current financial period.</p> <p>Impact:</p> <p>The existing text of regulation 4.6 did not explicitly deal with provisions and accruals which would be recognised under accounting standards but settled in cash only in the long or medium term. It recognised only disbursements and unliquidated obligations (which are supposed to be settled within 12 months after financial period end) as charges against receipts of the period. The proposed changed text would explicitly require that the funding is provided in the period in which liabilities are incurred.</p>

⁵See 2012 Handbook of International Public Sector Accounting Pronouncements, Glossary of defined terms, IPSASB.

⁶Idem.

<i>Current FRR</i>	<i>Amended FRR</i>	<i>Reason for change/Impact</i>
<p>Regulation 7 Other income</p> <p>7.1 All other income except:</p> <p>(a) Assessed contributions made by States Parties to the budget;</p> <p>(b) Funds provided by the United Nations in accordance with article 115, subparagraph (b), of the Rome Statute;</p> <p>(c) Voluntary contributions in accordance with article 116 of the Rome Statute and regulation 7.3, made by States Parties, other States, international organizations, individuals, corporations and other entities;</p> <p>(d) Direct refunds of expenditures made during the financial period, shall be classed as miscellaneous income, for credit to the General Fund.</p>	<p>Regulation 7 Other income</p> <p>7.1 All other income except:</p> <p>(a) Assessed contributions made by States Parties to the budget;</p> <p>(b) Funds provided by the United Nations in accordance with article 115, subparagraph (b), of the Rome Statute;</p> <p>(c) Voluntary contributions in accordance with article 116 of the Rome Statute and regulation 7.3, made by States Parties, other States, international organizations, individuals, corporations and other entities;</p> <p>(d) Direct refunds of expenditures made during the financial period, shall be classed as miscellaneous income, <u>for the purpose of regulation 4.6 and 6.1</u>, for credit to the General Fund.</p>	<p>Reason for Change:</p> <p>7.1: The amendment makes it clear that regulation 7 applies to the determination of the cash surplus for the period in accordance with regulations 4.6 and 6.1 and does not impact accounting policies dealing with revenue recognition and presentation in the financial statements.</p> <p>Impact:</p> <p>The impact is that regulation 7 would not prescribe classification of miscellaneous income items in the Statement of Financial Performance, but would only be relevant for the cash surplus calculation and fund accounting.</p>
<p>Regulation 10 Internal control</p> <p>Writing off losses of cash, receivables and property</p> <p>Rule 110.11 Writing off losses of property</p> <p>(a) The Registrar may, after full investigation, authorize the writing off of losses of property of the Court, and adjust the record to bring the balance shown into conformity with actual, physical property. A detailed statement of losses of non-expendable property shall be provided to the Auditor not later than three months following the end of the financial period.</p> <p>(b) The investigation shall, in each case, fix the responsibility, if any, attaching to any Court official for the loss or losses. Such official(s) may be required to reimburse the Court either partially or in full. Final determination as to all charges to be made against staff members or others as a result of losses will be made by the Registrar.</p>	<p>Regulation 10 Internal control</p> <p>Writing off losses of cash, receivables and property</p> <p>Rule 110.11 Writing off losses of property</p> <p>(a) The Registrar may, after full investigation, authorize the writing off of losses of property of the Court, and adjust the record to bring the balance shown into conformity with actual, physical property. A detailed statement of losses of non-expendable inventories, property, plant and equipment shall be provided to the Auditor not later than three months following the end of the financial period.</p> <p>(b) The investigation shall, in each case, fix the responsibility, if any, attaching to any Court official for the loss or losses. Such official(s) may be required to reimburse the Court either partially or in full. Final determination as to all charges to be made against staff members or others as a result of losses will be made by the Registrar.</p>	<p>Reason for Change:</p> <p>110.11: Amendment aims to align terminology with IPSAS.</p> <p>Impact:</p> <p>The change is restricted to terminology and should not have any impact on the treatment of property losses.</p>
<p>Property management Rule 110.20</p> <p>Authority and responsibility on property management</p> <p>(a) The Registrar is responsible for the management of the property of the Court, including all systems governing its receipt, recording, utilization, safe keeping, maintenance and disposal, including by sale, and shall designate the officials responsible for performing property management functions</p> <p>(b) A summary statement of non-expendable Court property shall be provided to the Auditor not later than three months following the end of the financial period (see rule 111.8 (b) (ii)).</p>	<p>Property management Rule 110.20</p> <p>Authority and responsibility on property management</p> <p>(a) The Registrar is responsible for the management of the property of the Court, including all systems governing its receipt, recording, utilization, safe keeping, maintenance and disposal, including by sale, and shall designate the officials responsible for performing property management functions.</p> <p>(b) A summary statement of non-expendable Court property shall be provided to the Auditor not later than three months following the end of the financial period (see rule 111.8 (b) (ii)).</p>	<p>Reason for Change:</p> <p>110.20 (b): The audited IPSAS financial statements include a disclosure note for property, plant and equipment. Therefore there is no longer a need for a summary statement of non-expendable Court property. 'Non-expendable' property is not defined by IPSAS accounting standards; moreover, (b) refers to a rule which is proposed for deletion.</p> <p>Impact:</p> <p>There should be no impact, as the statement of Court property is an integral part of financial statements and will be audited as such.</p>

Current FRR	Amended FRR	Reason for change/Impact
<p>Regulation 11 The accounts</p> <p>11.1 The Registrar shall submit to the Auditor accounts for the financial period not later than 31 March following the end of such period. In addition, the Registrar shall maintain, for management purposes, such accounting records as are necessary. The accounts for the financial period shall show:</p> <p>(a) The income and expenditures of all funds;</p> <p>(b) The status of appropriations, including:</p> <p>(i) The original budget appropriations;</p> <p>(ii) The appropriations as modified by any transfers;</p> <p>(iii) Credits, if any, other than the appropriations adopted by the Assembly of States Parties;</p> <p>(iv) The amounts charged against those appropriations and/or other credits;</p> <p>(c) The assets and liabilities of the Court.</p> <p>The Registrar shall also give such other information as may be appropriate to indicate the current financial position of the Court.</p>	<p>Regulation 11 The accounts</p> <p>11.1 The Registrar shall submit to the Auditor <u>financial statements and statement of appropriations accounts</u> for the financial period not later than 31 March following the end of such period. <u>Copies of financial statements shall also be transmitted to the Committee on Budget and Finance.</u> In addition, the Registrar shall maintain, for management purposes, such accounting records as are necessary. The accounts for the financial period shall show:</p> <p>(a) The <u>financial statements for the financial period shall include income and expenditures of all funds;</u></p> <p>(i) <u>Statement of financial position;</u></p> <p>(ii) <u>Statement of financial performance;</u></p> <p>(iii) <u>Statement of changes in net assets/equity;</u></p> <p>(iv) <u>Cash-flow statement;</u></p> <p>(v) <u>Statement of comparison of budget and actual amounts for the reporting period;</u></p> <p>(vi) <u>Notes, including a summary of significant accounting policies.</u></p> <p>(b) The <u>statement status</u> of appropriations, <u>shall include:</u></p> <p>(i) The original budget appropriations;</p> <p>(ii) The appropriations as modified by any transfers;</p> <p>(iii) <u>Any supplementary budget appropriations in accordance with regulation 3.6;</u></p> <p>(iv#) Credits, if any, other than the appropriations adopted by the Assembly of States Parties;</p> <p>(iv) The amounts charged against those appropriations and/or other credits;</p> <p>(vi) <u>Unencumbered balances of appropriations.</u></p> <p>(c) The assets and liabilities of the Court.</p> <p>The Registrar shall also give such other information as may be appropriate to indicate the current financial position of the Court.</p>	<p>Reason for Change:</p> <p>11.1: Rule 111.8 has been incorporated into regulation 11.1 in order to avoid duplication.</p> <p>11.1 (a): The amendment makes it clear that the accounts for the period will include IPSAS financial statements.</p> <p>11.1 (b): Item (iii) has been added to disclose any supplementary budget appropriations as envisaged in regulation 3.6.</p> <p>11.1 (c): Item (c) has been deleted, as assets and liabilities are reported in the statement of financial position at (a) (i).</p> <p>Impact:</p> <p>11.1: There is no impact.</p> <p>11.1 (a) and (c): The format of the financial statements will be changed in line with IPSAS 1, "Presentation of Financial Statements" and IPSAS 24, "Presentation of Budget information in Financial Statements". The requirements in (a) and (c) are combined and listed under (a). The main financial statements (Statement I to Statement III) will be renamed and will include IPSAS-compliant presentation of assets, liabilities, net assets/equity, revenues, expenses and cash flows. An additional statement of changes in net/assets equity and statement of comparison of budget and actual amounts will be presented. Notes to financial statements will change accordingly.</p> <p>11.1 (b): The budget reporting (appropriations and charges against appropriations) as listed under (b) will be retained with all information previously required. Item (iii) is added, as any supplementary budget would be presented along with the original budget appropriations.</p>

Current FRR	Amended FRR	Reason for change/Impact
<p>Rule 111. Principal accounts</p> <p>In accordance with regulations 11.1 and 11.3, the principal accounts of the Court shall include detailed, comprehensive and up-to-date records of assets and liabilities for all sources of funds. The principal accounts shall consist of:</p> <p>(a) Programme budget accounts, showing</p> <p>(i) Original appropriations;</p> <p>(ii) Appropriations as modified by transfers;</p> <p>(iii) Credits (other than appropriations made available by the Assembly of States Parties);</p> <p>(iv) Expenditures, including payments and other disbursements and unliquidated obligations;</p> <p>(v) Unencumbered balances of allotments and appropriations;</p> <p>(b) General ledger accounts, showing: all cash at banks, investments, receivables and other assets, payables and other liabilities;</p> <p>(c) The Working Capital Fund and all trust funds or other special accounts.</p>	<p>Rule 111.2 Principal accounts</p> <p>In accordance with regulations 11.1 and 11.3, the principal accounts of the Court shall include detailed, comprehensive and up-to-date records of assets and liabilities for all sources of funds. The principal accounts shall consist of:</p> <p>(a) Programme budget accounts, <u>showing detailing the statement of appropriations in accordance with regulation 11.1 (b)</u></p> <p>(i) Original appropriations;</p> <p>(ii) Appropriations as modified by transfers;</p> <p>(iii) Credits (other than appropriations made available by the Assembly of States Parties);</p> <p>(iv) Expenditures, including payments and other disbursements and unliquidated obligations;</p> <p>(v) Unencumbered balances of allotments and appropriations;</p> <p>(b) General ledger accounts <u>detailing all revenues, expenses, assets, liabilities and net assets/equity, showing: all cash at banks, investments, receivables and other assets, payables and other liabilities;</u></p> <p>(c) <u>Funds, including t</u>The Working Capital Fund and all trust funds or other special accounts.</p>	<p>Reason for Change:</p> <p>111.2 (a): listing replaced by reference to 11.1 (b) to avoid repetition.</p> <p>111.2 (b): New general ledger accounts will be added for IPSAS compliance (e.g., property, plant and equipment, intangible assets).</p> <p>111.2 (c): Amended to include all funds.</p> <p>Impact:</p> <p>111.2 (a): There is no impact.</p> <p>111.2 (b): The amended rule states that general ledger accounts will include more information than the original listing. This is necessitated by the new accounting standards.</p> <p>111.2 (c): The rule is now more comprehensive. Previously, for example, the Contingency Fund was not mentioned. However, there should be no impact in substantive terms.</p>
<p>Rule 111.3 Accrual basis accounting</p> <p>Unless otherwise directed by the Registrar, or by the particular terms governing the operation of a trust fund, reserve or special account, all financial transactions shall be recorded in the accounts on an accrual basis.</p>	<p>Rule 111.3 Accrual basis accounting<u>Accounting Standards</u></p> <p>Unless otherwise directed by the Registrar, or by the particular terms governing the operation of a trust fund, reserve or special account, all financial transactions shall be recorded in the accounts on an accrual basis</p> <p>(a) <u>Financial statements shall be prepared on an accrual basis in accordance with International Public Sector Accounting Standards (IPSAS).</u></p> <p>(b) <u>The budget shall be prepared on a modified cash basis of accounting. The notes to the financial statements shall explain the budgetary basis and classification basis adopted in the approved budget.</u></p>	<p>Reason for Change:</p> <p>111.3: The amendment makes it clear that financial statements will be prepared in accordance with IPSAS, while no changes are made to the way budgets have been prepared in previous years.</p> <p>Impact:</p> <p>111.3 (a): Even though current rule 111.3 states that transactions shall be recorded on an accruals basis, this statement, without a reference to a specific accounting standards framework, can be subject to different interpretations. IPSAS provide comprehensive standards specifying what accounting treatment is required for particular transactions accounted for on an accrual basis.</p> <p>111.3 (b): Paragraph (b) establishes that the budget is prepared on a different basis, which can be referred to as 'modified cash basis'. This statement, however, is purely descriptive and has no impact on budget preparation as such. Budget preparation is regulated in detail in other parts of the FRR. IPSAS 24 requires that the budgetary basis and the classification basis are also explained in the financial statements.</p>

Current FRR	Amended FRR	Reason for change/Impact
<p>Rule 111.5 Accounting for exchange rate fluctuations</p> <p>(a) The Registrar shall establish the operational rates of exchange between the euro and other currencies, on the basis of the operational rates of exchange established by the Secretariat of the United Nations. The operational rate(s) of exchange shall be used for the recording of all Court transactions.</p> <p>(b) Payments in currencies other than the euro will be determined on the basis of the operational rate(s) of exchange prevailing at the time of payment. Any difference between the actual amount(s) received on exchange and the amount(s) that would have been obtained at the operational rate(s) of exchange shall be accounted for as loss or gain on exchange.</p> <p>(c) When closing the final accounts for a financial period, any negative balance on the account for "loss or gain on exchange" shall be debited to the relevant budget account, while any positive balance shall be credited to miscellaneous income.</p>	<p>Rule 111.5 Accounting for exchange rate fluctuations</p> <p>(a) The Registrar shall establish the operational rates of exchange between the euro and other currencies, on the basis of the operational rates of exchange established by the Secretariat of the United Nations. The operational rate(s) of exchange shall be used for the recording of all Court transactions.</p> <p>(b) Payments in currencies other than the euro will be determined on the basis of the operational rate(s) of exchange prevailing at the time of payment. Any difference between the actual amount(s) received on exchange and the amount(s) that would have been obtained at the operational rate(s) of exchange shall be accounted for as loss or gain on exchange.</p> <p>(c) When closing the final accounts for a financial period, any negative balance on the account for "loss or gain on exchange" shall be debited to the relevant budget account, while any positive balance shall be credited to <u>miscellaneous income for the purposes of budgetary accounting</u>.</p>	<p>Reason for change:</p> <p>111.5 (c): The words 'for the purposes of budgetary accounting' have been added in order to make it clear that this rule relates to budgetary accounting only. In the IPSAS financial statements, foreign exchange losses or gains will be accounted for in accordance with IPSAS 4, "The Effects of Changes in Foreign Exchange Rates".</p> <p>Impact:</p> <p>111.5 (c): The impact is to restrict application of the rule to budgetary accounting. While in principle the rule is consistent with IPSAS requirements, the latter are much wider and there is no need or possibility to repeat in the FRR the entire IPSAS standard dealing with effects of changes in foreign exchange rates.</p>
<p>Rule 111.6 Accounting for proceeds from the sale of property</p> <p>The proceeds from the sale of property shall be credited as miscellaneous income except:</p> <p>(a) Where the Property Survey Board has recommended the application of these proceeds directly against the purchase price of replacement equipment or supplies (any balance shall be taken into account as miscellaneous income);</p> <p>(b) When the trade-in property is not considered to be a sale, and the allowance shall be applied against the cost of the replacement property;</p> <p>(c) Where the normal practice is to secure and use certain material or equipment in connection with a contract and to salvage and sell such material or equipment at a later stage;</p> <p>(d) When the proceeds from the sale of surplus equipment shall be credited to the relevant programme account, provided that it has not been closed;</p> <p>(e) When equipment transferred from one programme for use in another and the account of the releasing programme is open, the fair market value of such equipment shall be credited to the account of the releasing programme and charged to the account of the receiving programme.</p>	<p>Rule 111.6 Accounting for proceeds from the sale of property</p> <p>The proceeds from the sale of property shall be credited as miscellaneous income <u>for the purposes of budgetary accounting</u> except:</p> <p>(a) Where the Property Survey Board has recommended the application of these proceeds directly against the purchase price of replacement equipment or supplies (any balance shall be taken into account as miscellaneous income);</p> <p>(b) When the trade-in property is not considered to be a sale, and the allowance shall be applied against the cost of the replacement property;</p> <p>(c) Where the normal practice is to secure and use certain material or equipment in connection with a contract and to salvage and sell such material or equipment at a later stage;</p> <p>(d) When the proceeds from the sale of surplus equipment shall be credited to the relevant programme account, provided that it has not been closed;</p> <p>(e) When equipment transferred from one programme for use in another and the account of the releasing programme is open, the fair market value of such equipment shall be credited to the account of the releasing programme and charged to the account of the receiving programme.</p>	<p>Reason for Change:</p> <p>111.6: Amendment proposed in order to make it clear that this rule relates to treatment in budgetary accounting.</p> <p>In the IPSAS financial statements, the proceeds from the sale of property will be accounted for in accordance with IPSAS 17, "Property, Plant and Equipment".</p> <p>Impact:</p> <p>The impact is to restrict application of the rule to budgetary accounting. There is no need or possibility to repeat in the FRR the entire IPSAS standard dealing with property, plant and equipment transactions.</p>

<i>Current FRR</i>	<i>Amended FRR</i>	<i>Reason for change/Impact</i>
<p>Rule 111.7 Accounting for commitments against future financial periods</p> <p>Obligations established prior to the financial period to which they pertain, pursuant to regulation 3.7 and rule 103.5, shall be recorded against a deferred charge account. Deferred charges shall be transferred to the appropriate account when the necessary appropriations and funds become available.</p>	<p>Rule 111.7 Budgetary Accounting for commitments against future financial periods</p> <p>Obligations established prior to the financial period to which they pertain, pursuant to regulation 3.7 and rule 103.5, shall be recorded against a <u>budgetary</u> deferred charge account. Deferred charges shall be transferred to the appropriate account when the necessary appropriations and funds become available.</p>	<p>Reason for Change: 111.7: The amendment makes it clear that this rule relates to treatment in budgetary accounting.</p> <p>Impact: The impact is to restrict application of the rule to budgetary accounting, as IPSAS do not specifically prescribe accounting treatment for the term 'commitment'. In IPSAS, definitions are provided for liability, provision or contingent liability, as well as the relevant accounting treatment.</p>
<p>Rule 111.8 Financial statements</p> <p>(a) For all accounts of the Court, financial statements covering the financial period, as of 31 December, shall be submitted to the Auditor in euros not later than 31 March following the end of such period. Copies of financial statements shall also be transmitted to the Committee on Budget and Finance. Additional financial statements may be prepared as and when the Registrar deems necessary.</p> <p>(b) Financial statements submitted to the Auditor for all accounts shall include:</p> <p>(i) A statement of income, expenditures (including ex gratia payments) and changes in reserves and fund balances;</p> <p>(ii) A statement of assets (including written-off assets), liabilities, reserves and fund balances;</p> <p>(iii) A statement of cash flows;</p> <p>(iv) Such other schedules as may be required;</p> <p>(v) Notes to the financial statements.</p>	<p>Rule 111.8 Financial statements</p> <p>—— (a) — For all accounts of the Court, financial statements covering the financial period, as of 31 December, shall be submitted to the Auditor in euros not later than 31 March following the end of such period. Copies of financial statements shall also be transmitted to the Committee on Budget and Finance. Additional financial statements may be prepared as and when the Registrar deems necessary.</p> <p>(b) — Financial statements submitted to the Auditor for all accounts shall include:</p> <p>(i) — A statement of income, expenditures (including ex gratia payments) and changes in reserves and fund balances;</p> <p>(ii) — A statement of assets (including written off assets), liabilities, reserves and fund balances;</p> <p>(iii) — A statement of cash flows;</p> <p>(iv) — Such other schedules as may be required;</p> <p>(v) — Notes to the financial statements.</p>	<p>Reason for Change: 111.8: This rule is now incorporated in regulation 11.1, while the main financial statements are adjusted according to IPSAS requirements.</p> <p>Impact: Please refer to regulation 11.1.</p>
<p>Rule 111.9 Archives</p> <p>Accounting records, other financial and property records, and all supporting documents shall be retained for such periods as may be determined by the Registrar, through administrative instruction, in agreement with the Auditor. This period may not be less than ten years. Once this period has elapsed the records and supporting documents may be destroyed on the authority of the Registrar. Where appropriate, such records and supporting documents shall be preserved by electronic means. Records on activities and transactions in areas falling under the authority of the Prosecutor, by virtue of article 42, paragraph 2, of the Rome Statute, may only be destroyed with the explicit consent of the Prosecutor.</p>	<p>Rule 111.8⁹ Archives</p> <p>Accounting records, other financial and property records, and all supporting documents shall be retained for such periods as may be determined by the Registrar, through administrative instruction, in agreement with the Auditor. This period may not be less than ten years. Once this period has elapsed the records and supporting documents may be destroyed on the authority of the Registrar. Where appropriate, such records and supporting documents shall be preserved by electronic means. Records on activities and transactions in areas falling under the authority of the Prosecutor, by virtue of article 42, paragraph 2, of the Rome Statute, may only be destroyed with the explicit consent of the Prosecutor.</p>	<p>Reason for Change: Due to proposed deletion of rule 111.8.</p> <p>Impact: There is no impact.</p>

<i>Current FRR</i>	<i>Amended FRR</i>	<i>Reason for change/Impact</i>
<p>Regulation 12⁷ Audit</p> <p>12.7 The Auditor shall issue a report on the audit of the financial statements and relevant schedules relating to the accounts for the financial period, which shall include such information as the Auditor deems necessary with regard to matters referred to in regulation 12.3 and in the additional terms of reference as set out in the annex to these Regulations.</p>	<p>Regulation 12 Audit</p> <p>12.7 The Auditor shall issue a report on the audit of the financial statements and relevant schedules referred to in Regulation 11.1 relating to the accounts for the financial period, which shall include such information as the Auditor deems necessary with regard to matters referred to in regulation 12.3 and in the additional terms of reference as set out in the annex to these Regulations.</p>	<p>Reason for Change:</p> <p>12.7: The amendment makes it clear that ‘relevant schedules’ are those that the Registrar decides to present with financial statements.</p> <p>Impact:</p> <p>IPSAS implementation will result in a change to the format of financial statements. Some schedules currently included in the financial statements will be presented as annexes. In order to avoid misunderstanding on the scope of the audit, reference is made to Regulation 11.1 so that each schedule presented with the financial statement is audited.</p>
<p>Annex</p> <p>Additional terms of reference governing the audit of the International Criminal Court</p> <p>6. The report of the Auditor on the financial operations of the Court for the financial period shall be submitted to the Assembly of States Parties in accordance with regulations 12.8 and 12.9. It shall indicate:</p> <p>(a) The type and scope of the Auditor’s examination;</p> <p>(b) Matters affecting the completeness and accuracy of the accounts, including, where appropriate:</p> <p>(i) Information necessary to the correct interpretation of the accounts;</p> <p>(ii) Any amounts which ought to have been received but which have not been brought to account;</p> <p>(iii) Any amounts for which a legal or contingent obligation exists and which have not been recorded or reflected in the financial statements;</p> <p>(iv) Expenditures not properly substantiated;</p> <p>(v) Whether proper books of accounts have been kept; where in the presentation of statements there are deviations of a material nature from the generally accepted accounting principles applied on a consistent basis, these should be disclosed;</p> <p>(c) Other matters which the Auditor considers should be brought to the notice of the Assembly of States Parties, such as:</p> <p>(i) Cases of fraud or presumptive fraud;</p> <p>(ii) Wasteful or improper expenditure of the Court’s money or other assets, notwithstanding that the accounting for the transaction may be correct;</p> <p>(iii) Expenditure likely to commit the Court to further outlay on a large scale;</p> <p>(iv) Any defect in the general system or detailed regulations</p>	<p>Annex</p> <p>Additional terms of reference governing the audit of the International Criminal Court</p> <p>6. The report of the Auditor on the financial operations of the Court for the financial period shall be submitted to the Assembly of States Parties in accordance with regulations 12.8 and 12.9. It shall indicate:</p> <p>(a) The type and scope of the Auditor’s examination;</p> <p>(b) Matters affecting the completeness and accuracy of the accounts, including, where appropriate:</p> <p>(i) Information necessary to the correct interpretation of the accounts;</p> <p>(ii) Any amounts which ought to have been received but which have not been brought to account;</p> <p>(iii) Any amounts for which a legal or contingent obligation exists and which have not been recorded or reflected in the financial statements;</p> <p>(iv) Expenditures not properly substantiated;</p> <p>(v) Whether proper books of accounts have been kept; where in the presentation of statements there are deviations of a material nature from the generally accepted accounting principles <u>International Public Sector Accounting Standards</u> applied on a consistent basis, these should be disclosed;</p> <p>(c) Other matters which the Auditor considers should be brought to the notice of the Assembly of States Parties, such as:</p> <p>(i) Cases of fraud or presumptive fraud;</p> <p>(ii) Wasteful or improper expenditure of the Court’s money or other assets, notwithstanding that the accounting for the transaction may be correct;</p> <p>(iii) Expenditure likely to commit the Court to further outlay on a large scale;</p> <p>(iv) Any defect in the general system or detailed regulations governing the control of receipts and disbursements or of supplies and</p>	<p>Reason for Change:</p> <p>6. (b) (v): Makes it clear that ICC will present financial statements in accordance with IPSAS.</p> <p>Impact:</p> <p>The proposed amendment is a consequence of amendment to rule 111.3 and in itself has no impact.</p>

⁷ As amended by resolution ICC-ASP/9/Res.4, part VIII.

<i>Current FRR</i>	<i>Amended FRR</i>	<i>Reason for change/Impact</i>
<p>governing the control of receipts and disbursements or of supplies and equipment;</p> <p>(v) Expenditure not in accordance with the intention of the Assembly of States Parties after making allowance for duly authorized transfers within the budget;</p> <p>(vi) Expenditure in excess of appropriations as amended by duly authorized transfers within the budget;</p>	<p>equipment;</p> <p>(v) Expenditure not in accordance with the intention of the Assembly of States Parties after making allowance for duly authorized transfers within the budget;</p> <p>(vi) Expenditure in excess of appropriations as amended by duly authorized transfers within the budget;</p>	
<p>(vii) Expenditure not in conformity with the authority which governs it;</p> <p>(d) The accuracy or otherwise of the supplies and equipment records as determined by stock-taking and examination of the records;</p> <p>(e) If appropriate, transactions accounted for in a previous period concerning which further information has been obtained or transactions in a later period concerning which it seems desirable that the Assembly of States Parties should have early knowledge.</p>	<p>(vii) Expenditure not in conformity with the authority which governs it;</p> <p>(d) The accuracy or otherwise of the supplies and equipment records as determined by stock-taking and examination of the records;</p> <p>(e) If appropriate, transactions accounted for in a previous period concerning which further information has been obtained or transactions in a later period concerning which it seems desirable that the Assembly of States Parties should have early knowledge.</p>	