
Assembly of States Parties

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**Report on monitoring of the Court's implementation
of external audit recommendations***

1. As requested by the Committee on Budget and Finance (CBF) in its report on the work of its eighth session,¹ the present report sets out the progress made by the Court in the application of external audit recommendations, for consideration by the Committee at its next session. In this connection, the Committee had recalled its recommendation contained in paragraph 24 of the report on the work of its seventh session, which suggested that the inclusion of a table in future reports setting out the progress made towards the implementation of previous recommendations would be a useful tool for the Committee and the Assembly of States Parties (ASP).²

2. The tables below are listed by External Auditor's report:

- 2004 External Auditor's report
- 2004 External Auditor's report to the Assembly on the Financial Statements Sept. 2002 to Dec. 2003
- 2005 External Auditor's report.

3. The tables comprise four columns providing the following information:

1. The text of the recommendation
2. The assigned Court organ responsibility
3. The action plan to address the recommendation
4. The expected completion date of the action plan.

Progress made in implementing recommendations

4. Table 1 and graph 1 below summarize the implementation status of external audit recommendations (2004 and 2005). Twenty-five of the 29 recommendations have either been completely or substantially implemented. Preparation for implementation is under way for a further three recommendations. One recommendation has been rejected.

* Previously issued as ICC-ASP/6/CBF.2/3.

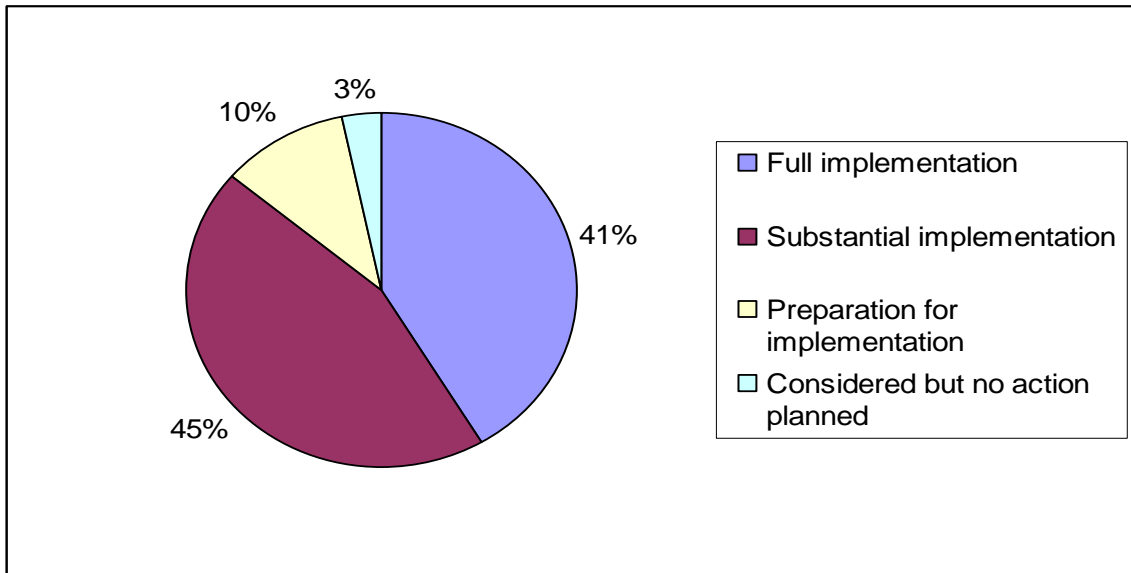
¹ ICC-ASP/6/2.

² ICC-ASP/5/23.

Table 1: implementation status of recommendations

<u>Implementation status</u>	<u>Number of recommendations</u>	<u>%</u>
Full implementation	12	41%
Substantial implementation	13	45%
Preparation for implementation	3	10%
Considered but no action planned	1	3%
Total	29	100%

Graph 1: implementation status of recommendations



5. The information presented in this document has been extracted from the Court's audit monitoring system, which tracks the implementation of all audit recommendations. The system will be developed further in the future to include, among other things, a calendar of recommendation reviews.

2004 External Auditor's report

Recommendation 1	Responsibility	Action Plan	Expected completion date
We recommend that the Court develop a prudent procurement plan which will allow it to better utilize financial resources over the year, avoiding the present significantly high levels of obligated expenditure, which should be kept under strict review.	Registry & Office of the Prosecutor (OTP)	Procurement plan implemented. Still needs improvement.	Ongoing exercise
Recommendation 2	Responsibility	Action Plan	Expected completion date
We recommend that the Court establish a clear and systematic framework for budgetary control and monitoring, to provide comprehensive budgetary reporting and variance analysis; and to support improved scrutiny of financial performance by senior management.	Registry & OTP	Implementation of the recommended procedures has been ongoing since 2006, and they will be further refined once the new budget structure has been implemented in the SAP system. The comprehensive budgetary reporting is constantly improved.	Ongoing
Recommendation 3	Responsibility	Action Plan	Expected completion date
We recommend that States Parties consider the benefits of restricting transfers within major programmes and between budgeted staff and non-staff appropriations; and consider a requirement for the reporting to States Parties of significant transfers from the original budget approvals.	ASP Registry & OTP	a) obsolete (see Assembly resolution) b) in progress	Completed
Recommendation 4	Responsibility	Action Plan	Expected completion date
We recommend that management establish a clear strategic approach to budget planning by formulating high-level objectives and priorities which provide the basis for the prioritization of subprogramme resources.	Registry & OTP	Almost done, strategic plan, budget 2007	Ongoing 2008

Recommendation 5	Responsibility	Action Plan	Expected completion date
We recommend that the parameters and core assumptions which underpin the budget process are agreed earlier. Furthermore, we encourage the Court to consider the need to extend the timetable for the submission of a draft budget to allow sufficient time for management review.	Registry & OTP	Completed without success. CBF decided to the contrary.	Completed
Recommendation 6	Responsibility	Action Plan	Expected completion date
We recommend that management establish clear, specific and measurable objectives in the budget process; complemented by procedures to provide for reporting on the achievement of these objectives to States Parties.	Registry & OTP	Completed and in progress	Completed
Recommendation 7	Responsibility	Action Plan	Expected completion date
We recommend that the Court should now take steps to establish a Property Survey Board, in compliance with the Financial Regulations.	Registry	Property Survey Board is established as stated in the Financial Regulations.	Completed
Recommendation 8	Responsibility	Action Plan	Expected completion date
We recommend that the Assembly considers the need to clarify the accountability arrangements for the use of financial resources within the structures and organs of the Court, and to consider the new areas not previously covered in Regulations relating to the Secretariat and the Secretariat for the Trust Fund for Victims.	ASP	The recommendation should be considered by the Assembly. The Secretariat of the Assembly will bring up the issue at the ninth session of the CBF.	End 2007
Recommendation 9	Responsibility	Action Plan	Expected completion date
We recommend that the Court establish an annual statement of internal control as part of the financial statements, to confirm the operation of internal controls over the financial period.	Registry & OTP	The Court asked the External Auditor for clarifications on the recommendation.	Ongoing

Recommendation 10	Responsibility	Action Plan	Expected completion date
We recommend that the Committee on Budget and Finance and the Assembly consider the establishment of an audit committee with appropriate terms of reference to review the adequacy of internal controls and to provide objective assurance on the operation of the internal and external audit functions on a regular basis.	CBF & ASP	Oversight Committee	Completed
Recommendation 11	Responsibility	Action Plan	Expected completion date
We recommend that the Court establish a systematic risk assessment and management process to assist managers in identifying and controlling operational or business risks.	Registry & OTP	In combination with strategic planning, a risk management project was launched in March 2006. The first phase consists of establishing a risk management structure. The second phase is the implementation of this structure. Regular reviews will take place in future stages.	First phase: first quarter 2008 Second phase: third quarter 2008
Recommendation 12	Responsibility	Action Plan	Expected completion date
We recommend that the IT strategy of the Court be aligned to its core business objectives and that the need for prioritization and the consideration of cost benefits should be incorporated in IT planning processes. Furthermore, we encourage greater use of clear and concise high-level reporting to senior management to facilitate sound resource management and control.	Registry & OTP	Completed	Completed and ongoing (see budget 2008)
Recommendation 13	Responsibility	Action Plan	Expected completion date
We recommend that management prepare a detailed action plan to review and monitor how external audit recommendations are being addressed. This should be part of an ongoing process and subject to scrutiny by the Committee on Budget and Finance, so as to enhance the Court's existing governance arrangements.	Registry & OTP	Completed and in progress	Completed and ongoing

2004 External Auditor's report to the Assembly on the Financial Statements Sept. 2002 to Dec. 2003

Recommendation 1	Responsibility	Action Plan	Expected completion date
Continue to monitor and report to the Committee on Budget and Finance on the status of assessed contributions.	Registry	Completed	Ongoing
Recommendation 2	Responsibility	Action Plan	Expected completion date
The Court should keep under review the current accounting policy in relation to outstanding assessed contributions and the need for a provision for outstanding contributions.	Registry	The Court rejects the recommendation.	Completed
Recommendation 3	Responsibility	Action Plan	Expected completion date
The Court should establish a procurement planning strategy and appropriate procedures related to the budget cycle and the financial period.	Registry & OTP	In progress, strategic plan, procurement plan	Ongoing
Recommendation 4	Responsibility	Action Plan	Expected completion date
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.	Registry & OTP	The recommended procedures are being implemented in 2006 and will be further refined once the new budget structure has been implemented in the SAP system. The comprehensive budgetary reporting is constantly improved.	2006 – ongoing
Recommendation 5	Responsibility	Action Plan	Expected completion date
The Court should 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.	Registry	Funds from the United Nations relating to the Trust Fund were received in October 2004 and the related accounts are fully reconciled.	Completed in October 2004

Recommendation 6	Responsibility	Action Plan	Expected completion date
The Court should consider the establishment of a risk strategy and systematic risk management processes, as part of the continuing development of governance arrangements to support future operations.	Registry & OTP	In combination with strategic planning, a risk management project was launched in March 2006. The first phase consists of establishing a risk management structure. The second phase is the implementation of this structure. Regular reviews will take place in future stages.	First phase: first quarter 2008 Second phase: third quarter 2008
Recommendation 7	Responsibility	Action Plan	Expected completion date
The Court should introduce a systematic and periodic circularization of staff to confirm any financial or non-financial interests; and that all declarations are recorded in a central register of interests. Also, that the identification and recording of any gifts, hospitality or other funded benefits arising in the course of employment, in a format to enable management review and monitoring.	Registry & OTP	Every new staff member has to make the relevant declarations in writing upon entry on duty. All staff members are required to update this information annually. The recommendation has been implemented, but the Court might review its current operational implementation of the recommendation in the future, to simplify the process.	Completed

2005 External Auditor's report

Recommendation 1	Responsibility	Action Plan	Expected completion date
Given the continuing passage of time, we recommend that the Court makes best efforts to finalize the arrangements for the administration of the Judges' Pension Scheme and to arrange for a full actuarial valuation when the scheme administrator is appointed.	Registry & OTP	The insurer for the pension scheme of the judges has been selected and was approved by the Assembly at its last meeting in December 2006. A full actuarial valuation has been received from the insurer (Allianz NL) and the financial statements have been revised to reflect the new amounts. The final contract with Allianz is expected to be completed in the third quarter of 2007.	Third quarter 2007

Recommendation 2	Responsibility	Action Plan	Expected completion date
We recommend that a suite of management checks be implemented to verify the accuracy of data input to spreadsheets and other systems such as payroll on SAP.	Registry & OTP	More regular reviews are conducted on data and formulae used in spreadsheets and the Court is taking action to eliminate use of spreadsheets for staff payroll by extending these functions to SAP. SAP extension should be operational by the end of 2007.	December 2007
Recommendation 3	Responsibility	Action Plan	Expected completion date
We recommend that the Court ensures that management routinely review exception reports to verify changes and confirm the accuracy of standing data.		Exception reports to review payroll data have been planned as part of SAP projects. Current planning for implementation to be operational by the end of 2007.	December 2007
Recommendation 4	Responsibility	Action Plan	Expected completion date
We encourage the Court to progress the development of the budget monitoring system quickly so that this functionality is available for budget managers before the end of 2006. This will help budget managers to use their resources more effectively through more detailed monitoring.	Registry & OTP	Real-time budget reports are now available online through the SAP system.	Completed
Recommendation 5	Responsibility	Action Plan	Expected completion date
We recommend that the Registrar should develop an action plan for each review carried out by the Internal Auditor and that the action plan should be promulgated to the relevant parts of the Court to whom the findings relate.	Registry & OTP	Internal and external recommendations are recorded in one document. Responsibilities, as understood by Registry's Office of the Director of Administration are assigned to each recommendation, per organ. When possible, descriptions of expected actions and completion dates are attached to the recommendation. Implementation of review process ongoing.	Ongoing
Recommendation 6	Responsibility	Action Plan	Expected completion date
We recommend the adoption of the independent IPSAS accounting standards to the Court as an appropriate financial reporting framework and recommend that the Court prepares a detailed	Registry & OTP	The Court will conduct a review of the impact of changing its accounting standards to IPSAS, including the impact on its budget and the SAP system. Section heads (Finance and ICT) of the Common	December 2007

strategy to provide for this development.		Administrative Services Division took part in meetings of the SAP user group coordination in the United Nations system (SAP-SIG), which were partly dedicated to the IPSAS issue.	
Recommendation 7	Responsibility	Action Plan	Expected completion date
We recommend that the Court should establish an independent audit committee with a majority of external independent representatives. The audit committee should focus on promoting effective internal control; provide a focus to make best use of assurance resources; monitor internal and external audit outputs; and assess the effectiveness of risk management.	Court	Establishment of audit committee in process: interviews of potential external representatives should have taken place in May 2007. The interviews had to be postponed due to sickness of a candidate.	Dependent on result of interviews. Expected third quarter of the year.
Recommendation 8	Responsibility	Action Plan	Expected completion date
We recommend that as a part of the strategic planning process, the Court should identify risks and develop a risk register to form the basis for managing the likelihood of risks materializing and their impact. The Court should also assign risk owners to manage risk to an acceptable level. The risk register should be regularly reviewed and updated.		The Strategic Plan process is reaching the phase where strategies are defined, which includes risk assessment. In combination with strategic planning, a risk management project was launched in March 2006. The first phase consists of establishing a risk management structure. The second phase is the implementation of this structure. Regular reviews will take place in future stages.	First phase: first quarter 2008 Second phase: third quarter 2008
Recommendation 9	Responsibility	Action Plan	Expected completion date
We recommend that procurement plans be developed and submitted to the Procurement Department, so that procurement can be managed more effectively and evenly throughout the year. Such plans should mitigate against a year end peak in procurement.	Registry & OTP	A procurement plan was created in 2006, monitoring most of the Court's major accounts. This valuable experience brought to extend the scope of this procurement plan to a global Court financial forecast, including staffing costs. The implementation of this new structure is in process.	Completed and ongoing

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