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**Trust Fund for Victims
financial statements for the period
1 January to 31 December 2006**

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Letter of transmittal

29 March 2007

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 2006.

(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

Financial Statements of the Trust Fund for Victims for the year ended 31 December 2006

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 2006.

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 2006 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, 5 July 2007

External Auditor's Report 2006

The audit of the financial statements of the Trust Fund for Victims for 2006

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Executive Summary

This section of the report summarises:

- The overall results of the audit – an unqualified audit opinion.
- Financial results.
- Planning for the operation of the Fund.
- 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 2006.

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 €1,135,667 in 2006 and, as a result of the significantly higher cash balances held, interest income increased to €37,201. As the Fund has yet to undertake any activities in relation to victims, expenditure remained very low at €5,821.

Planning for the future operation of the Fund

5. As the International Criminal Court is expected to hold its first trial in 2007, it is possible that the Trust Fund for Victims may begin to discharge its responsibilities in relation to victims at that time. On that basis consideration will need to be given to managing the additional administrative burden of the Fund moving into full operation; these include the financial management of the Fund in the SAP accounting system, the additional tasks involved with administration of the Fund's activities and potential foreign exchange risks related to the conversion of currency to make payments to victims. We encourage the Fund to ensure that suitable arrangements are in place to manage the increased activities following the first trial.

Progress on Previous Audit Recommendations

6. In our 2005 report we recommended that the Fund's cash investments be kept under regular review and that investment risks are actively managed. We are pleased to note that the Fund's Secretariat are actively monitoring investments to safeguard the Fund balances and to achieve the best level of return possible.

Detailed report findings

This section of the report summarises:

- Financial results.
- Planning for future operations.
- Progress on prior year recommendations.

Financial results

7. The incoming resources of the Fund increased substantially during 2006, with voluntary contributions totalling €1,135,667, compared with €1,024,367 in the previous year. Interest income also increased to €37,201. Total expenditure for the year was €5,821, compared with €6,086 in 2005, and comprised bank charges and audit fees for 2006.

8. The overall Fund balance increased from €1,283,661 in 2005 to 2,450,708. This increase was directly attributable to the increase in voluntary contributions.

Planning for the operation of the Fund

9. As the International Criminal Court is expected to hold its first trial in 2007, it is possible that the Trust Fund for Victims may begin to discharge its responsibilities in relation to victims at that time.

10. Before the Fund moves into full operation, the Fund Secretariat need to consider the practical implications of the fund becoming active and making payments, including the security of data relating to victims, the method of payment and the additional administrative burden involved.

11. The Fund will be administered in SAP and going forward the Secretariat need to ensure that there is appropriate reporting functionality in SAP to produce meaningful data on the Fund's activities. Currently, Trust expenditure and income are posted to the main FI module and separated out using a single fund code - 'VTF'. For more transparent reporting and segregation of financial data, the Fund should consider the need for more descriptive fund codes (which include reference to the financial year), as well as separate ledger codes for different aspects of expenditure, such as administrative costs and payments to victims.

12. The Fund needs to ensure the security of data relating to victims. To do so, such payments should be separately recorded in the accounting system and access to these transactions should be restricted to the members of the Secretariat of the Fund and members of Court staff who are integral to the administration of the Fund.

13. As the activity of the Fund increases, an extra burden will be placed on the finance staff who are currently involved in the administration of the Fund. Consideration will need to be given to the adequacy of resources and capacity in finance.

14. Lastly, the Fund will need to consider how payments to victims are to be made. In particular the Fund will need to manage the conversion to the relevant currencies required for payments, and minimise the risk of financial loss due to fluctuations in exchange rates that may arise from paying out sums of money in a variety of different currencies to victims. There are several ways in which exchange rate risk might be mitigated, including maintaining bank accounts in the currency in which payments are expected to be made; the forward purchase of currency at agreed rates in the future; and currency options which allow the Fund to either use a forward or current rate.

Recommendation 1:

We recommend that the Fund consider improving the coding structure for its activities in the SAP accounting system, to ensure better financial reporting and the security of the Fund's data related to victims.

Recommendation 2:

We further recommend that the Fund review the administrative support requirement to discharge its functions and ensure that an appropriate level of support is available.

Recommendation 3:

We also recommend that the Fund consider the issues presented by working with several different foreign currencies to make payments to victims; and the way in which exposure to exchange rate fluctuations will be managed.

Follow up to Previous Audit Recommendations

15. In our 2005 report we recommended that the Fund's cash investments be kept under regular review and that investment risks are actively managed. We are pleased to note that the Fund's Secretariat are actively monitoring investments to safeguard the Fund balances and to achieve the best level of return possible. 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.

Acknowledgement

16. 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 A

Scope and Audit Approach

Audit Scope and objectives

Our audit examined the financial statements of the International Criminal Court for the financial period ended 31 December 2006 in accordance with the Financial Regulations. The main purpose of the audit was to enable us to form an opinion on whether the financial statements fairly presented the Fund's financial position, its surplus, funds and cash flows for the year ended 31 December 2006; and whether they had been properly prepared in accordance with the Financial Regulations.

Audit Standards

Our audit was conducted in accordance with International Standards on Auditing as issued by the International Auditing and Assurance Standards Board. These standards required us to plan and carry out the audit so as to obtain reasonable assurance that the financial statements are free from material misstatement. Management were responsible for preparing these financial statements and the External Auditor is responsible for expressing an opinion on them, based on evidence obtained during the audit.

Audit Approach

Our audit included a general review of the accounting systems and such tests of the accounting records and internal control procedures as we considered necessary in the circumstances. The audit procedures are designed primarily for the purpose of forming an opinion on the Court's financial statements. Consequently our work did not involve detailed review of all aspects of financial and budgetary systems from a management perspective, and the results should not be regarded as a comprehensive statement of all weaknesses that exist or all improvements that might be made

Our audit also included focused work in which all material areas of the financial statements were subject to direct substantive testing. A final examination was carried out to ensure that the financial statements accurately reflected the Court's accounting records; that the transactions conformed to the relevant financial regulations and governing body directives; and that the audited accounts were fairly presented.

Trust Fund for Victims
Statement of income and expenditure and changes in fund balances
for the period ending 31 December 2006
(in euros)

	2006	Notes Ref.	2005
<i>Income</i>			
Voluntary contributions	1,135,667	3.4	1,024,367
Interest income	37,201		14,654
Other/miscellaneous income	-		1,979
Total income	1,172,868		1,041,000
<i>Expenditure</i>			
Expenditures	1,821	3.5	3,086
Unliquidated obligations	4,000	3.5	3,000
Total expenditure	5,821		6,086
Excess/(shortfall) of income over expenditure	1,167,047		1,034,914
Fund balances at beginning of financial period	1,283,661		248,747
Fund balances as at 31 December	2,450,708		1,283,661

Signed (Marian Kashou')
Chief Finance Officer

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Statement II

Trust Fund for Victims
Statement of assets, liabilities, reserves and fund balances
as at 31 December 2006
(in euros)

	2006	Notes Ref.	2005
<i>Assets</i>			
Cash and term deposits	2,444,592		1,284,263
Other accounts receivable	13,115	3.6	5,398
Total assets	2,457,707		1,289,661
<i>Liabilities</i>			
Unliquidated obligations	4,000		3,000
Interfund balances payable	2,999	3.7	3,000
Total liabilities	6,999		6,000
<i>Reserves and fund balances</i>			
Cumulative surplus	2,450,708		1,283,661
Total reserves and fund balances	2,450,708		1,283,661
Total liabilities, reserves and fund balances	2,457,707		1,289,661

Signed (Marian Kashou')
Chief Finance Officer

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Trust Fund for Victims
Statement of cash flow as at 31 December 2006
(in euros)

	2006	2005
<i>Cash flows from operating activities</i>		
Net excess/(shortfall) of income over expenditure (Statement I)	1,167,047	1,034,914
Interfund balances receivable (increase)/decrease	-	16,406
Other accounts receivable (increase)/decrease	(7,717)	(4,871)
Unliquidated obligations increase/(decrease)	1,000	3,000
Interfund balances payable increase/(decrease)	(1)	3,000
Less: interest income	(37,201)	(14,654)
Net cash from operating activities	1,123,128	1,037,795
<i>Cash flows from investing and financing activities</i>		
Plus: interest income	37,201	14,654
Net cash from investing and financing activities	37,201	14,654
<i>Cash flows from other sources</i>		
Net increase/(decrease)	-	-
Net cash from other sources	-	-
Net increase/(decrease) in cash and term deposits	1,160,329	1,052,449
Cash and term deposits at beginning of period	1,284,263	231,814
Cash and term deposits at 31 December 2006 (Statement II)	2,444,592	1,284,263

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 that resolution, 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 the annex to 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 2006.

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 €1,135,667 were received from governments, individuals, organisations and other entities.

3.5 **Expenditures:** the total amount of expenditures of €5,821 comprises disbursed expenditures of €1,821 and outstanding obligations of €4,000.

3.6 **Other accounts receivable** in the amount of €13,115 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 should 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 should 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 € 114,514.

In its resolution ICC-ASP/4/Res.8, the Assembly of States Parties approved an appropriation for the Secretariat of the Trust Fund of Victims for the amount of €569,500 as part of the regular budget of the ICC. Total expenditures relating to the Secretariat during 2006 amount to €75,554 (disbursed expenditures of €64,501 and unliquidated obligations of €11,053).