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Briefing by
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on behalf of
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BAI

BOARD OF AUDIT AND INSPECTION
REPUBLIC OF KOREA

Madam President,

Your Excellencies and Distinguished Delegates,

Ladies and Gentlemen,

It is my honor to present to you today the reports prepared by the External Auditor during 2024, in accordance with Article 12 of the Financial Rules and Regulations (FRR) of the International Criminal Court (ICC).

I am Yangchan CHO, Director of the Division of Audit on International Organizations from the Board of Audit and Inspection (BAI) of the Republic of Korea. I am here today on behalf of the External Auditor Mr. Jaehae CHOE, Chair of the BAI. He expresses his deep regret 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 issued in 2024 by the External Auditor: (a) financial statements of the ICC for the year ended 31 December 2023; (b) financial statements of the TFV for the year ended 31 December 2023; and (c) performance audit on Cybersecurity.

Based on the financial audit, the External Auditor believes that the accompanying financial statements present fairly, in all material respects for the 2023, and audit evidence that has been obtained is sufficient and appropriate. **Therefore, the External Auditor provided unmodified audit opinion on the 2023 financial statements for both the ICC and the TFV.**

a. Financial statements of the ICC for the year 2023

Madam President,

Now, I would like to address the audit report on the financial statements of the ICC for the financial year 2023.

Regarding the financial position, total assets increased (from €235.65M to €240.12M), primarily due to a significant rise in cash and cash equivalents, despite a decrease in accounts receivable. At the same time, total liabilities declined (from €162.69M to €159.14M), largely driven by reductions in deferred revenue and accrued expenses.

Regarding the financial performance, it was found that both total revenues and expenses experienced substantial growth in 2023 (from €159.89M to €191.13M and from €163.78M to €180.79M, respectively). The major part of our revenues, assessed contributions, saw a notable increase (from €150.89M to €166.64M), alongside a significant rise in voluntary contributions (from €8.69M to €21.96M). On the expenses side, employee benefit expenses, which form a significant portion of our total expenses, also increased (from €119.84M to €132.29M).

In the 2023 financial audit, the External Auditor examined Travel Expenses, the OTP Trust Fund, and Asset Management in light of the following circumstances:

First, Travel Expenses were reviewed due to their increasing trend and concerns over excessive allocation. Second, the OTP Trust Fund was analyzed to address concerns about its potential impact on the regular budget. Lastly, Asset Management was assessed as risk factors in internal controls were identified during the interim audit. The External Auditor made 9 recommendations as follows:

Regarding Travel Expenses, the External Auditor recommended improving the approval process for business trips to address delays and ensure compliance with home leave approvals. Strengthening control procedures was also recommended, as 12% of the trips in 2023 were retroactively approved. Additionally, the External Auditor recommended enhancing internal controls, as nearly half of the Travel Expense Reports for 2022 and 2023 were submitted late. Finally, the improvement in the travel budget formulation process was recommended to address discrepancies between budgeted and actual travel expenses.

With respect to the OTP Trust Fund, the External Auditor noted that only 13.8% of the fund was utilized by the end of 2023 and recommended developing measures to improve the execution rate. The External Auditor also recommended implementing a regular monitoring system as the current system mainly focuses on financial aspects. Lastly, the External Auditor recommended implementing internal control procedures to assess the trust fund's impact on the regular budget before execution as the OTP had not fully established such procedures.

In terms of Asset Management, a significant number of assets remained unverified, and inefficiencies were found in the barcode method. Thus, the External Auditor recommended developing a plan to improve asset management and establish internal controls.

b. Financial statements of the TFV for the year 2023

Madam President,

Allow me to present the audit report on the financial statements of the Trust Fund for Victims including its financial position and performance for 2023.

Regarding the financial position, total assets decreased (from €15.94M to €15.46M), primarily due to a reduction in cash and cash equivalents. Provisions, which made up a significant portion of total liabilities, slightly decrease from the previous year (from €2.54M to €2.04M). Net assets and equity also declined significantly (from €9.80M to €7.38M).

Regarding the financial performance, the deficit trend has continued from the previous year (from €1.14M to €2.43M), mainly due to voluntary contributions, which do not exceed programme expenses. However, there was an increase in total revenue (from €6.91M to €7.61M), driven by the growth in assessed contributions.

In the 2023 TFV financial audit, the External Auditor focused on the mobilization of resources, due to the significant expansion of the reparations program and the anticipated increase in prosecuted cases. The External Auditor made 3 recommendations as follows:

The External Auditor found that the TFV lacks consistent fundraising strategies and recommended establishing systematic plans to secure the resources needed for its mission. Regarding the strategic plan goals and implementation, the External Auditor recommended developing future strategic plans including KPIs as the TFV's plan had no specific fundraising targets or performance indicators.

c. Performance audit on Cybersecurity

Madam President,

In 2024, the External Auditor conducted a performance audit on the ICC's cybersecurity to assess its status and enhance confidentiality, integrity, and availability. The audit focused on policies and governance in accordance with international standards.

For reference, the audit placed less emphasis on technical reviews, and the External

Auditor did not perform a penetration test as the ICC stated that it had already investigated the cause of the cybersecurity incident in September 2023.

Furthermore, some disclosures were made according to the ICC's consultations while cybersecurity audit results are typically confidential. Although certain portions were redacted, I believe this presentation still provides an overview of key issues in the Court's cybersecurity area.

At the beginning of the audit, the External Auditor conducted vulnerability assessment, and made three recommendations with a focus on confidentiality, integrity, and availability:

From the confidentiality perspective, the External Auditor identified areas for improvement in access rights and data leakage prevention. In this regard, the External Auditor provided recommendations such as implementing strong authentication controls.

From the integrity perspective, the External Auditor highlighted areas for improvement in prevention and protection, and made recommendations such as implementation of controls to protect against malicious software.

Lastly, from the availability perspective, the External Auditor recommended actions such as developing Business Continuity Plans (BCPs) and Disaster Recovery Plans (DRPs).

The External Auditor found the main causes of these vulnerabilities in the issues related to governance for cybersecurity, risk management, and internal controls, and made five recommendations.

In terms of governance, the ICC has not updated its high-level Information Security Policy (ISP), making information security activities challenging to align with the latest international standards. Thus, the External Auditor recommended revising the high-level ISP to follow the latest one.

Moreover, the External Auditor recommended expediting the revision of data classification levels and ensuring that the Information Management Governance Board (IMGB) actively fulfills its governance role in cybersecurity and that the Information Management Security Section (IMSS) reports issues to the governing body in a timely manner.

Regarding risk management, the External Auditor recommended that the ICC define its risk appetite for non-strategic cybersecurity risks. Additionally, given the technical vulnerabilities identified through penetration testing and automated scans, the External Auditor recommended allocating sufficient priority and resources to address these issues.

Lastly, in terms of internal control, the External Auditor noticed that some of the recommendations made by the Office of Internal Audit (OIA) regarding cybersecurity and IT governance over the past decade were either not accepted, acknowledged as risks, or not implemented on time.

Madam President,

I would like to conclude my presentation and also extend my appreciation to all of you for giving me the opportunity to deliver my presentation. The External Auditor hopes that these efforts contribute to improving the performance of the ICC.
