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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 2025, 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. Inhoe KIM, Acting 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 2025 by the External Auditor: (a) financial statements of the ICC for the year ended 31 December 2024; (b) financial statements of the Trust Fund for Victims (TFV) for the year ended 31 December 2024; and (c) performance audit on trust funds.

Based on the financial audit, the External Auditor believes that the accompanying financial statements present fairly, in all material respects for the 2024, and audit evidence that has been obtained is sufficient and appropriate. **Therefore, the External Auditor provided unmodified audit opinion on the 2024 financial statements for both the ICC and the TFV.**

a. Financial statements of the ICC for the year 2024

Madam President,

Now, I would like to address the audit report on the financial statements of the ICC for the financial year 2024.

Regarding the financial position, total assets increased (from €240.12M to €247.93M), primarily due to a significant rise in cash and cash equivalents. At the same time, total liabilities slightly increased (from €159.14M to €162.01M), due to a rise in deferred revenue and accrued expenses.

Regarding the financial performance, it was found that both total revenues and expenses experienced growth in 2024 (from €191.13M to €198.14M and from €180.79M to €194.94M, respectively). On the revenue side, despite a decrease in voluntary contributions (from €21.96M to €14.52M), total revenue increased due to a significant rise in assessed contributions (from €166.64M to €179.70M). On the expenses side, total expenses increased, primarily due to the rise in employee benefit expenses (from €132.29M to €140.63M), which represent the most significant portion of our overall costs.

In the 2024 financial audit, the procurement function was reviewed due to the significant growth in procurement volume over recent years and the absence of updates to the 2007 Procurement SOP. The External Auditor therefore focused on discrepancies between the SOP and actual practices and presents the key findings and recommendations as follows:

In relation to the procurement internal controls, some procurement requisitions (PRs) were submitted with a nominal amount of €1 or less solely for the purpose of procurement planning. The requesting sections would then proceed with the procurement by changing the PR to reflect the actual budget upon receiving additional allocations at a later stage. Therefore, the External Auditor recommended strengthening controls to ensure PRs reflect realistic estimates at the time of submission.

With respect to the review process, several Procurement Review Committee (PRC) reviews were conducted only after purchase commitments had already been made, due to time constraints and unclear procedures. The External Auditor recommended establishing clear rules to prevent ex-post-facto PRCs and safeguard the integrity of the review process.

Regarding the data management, key procurement dates in SAP were often missing or recorded identically, making it difficult to monitor delays or analyze their causes. Thus, the External Auditor recommended improving the accuracy of procurement data and introducing KPIs to track the duration of procurement processes.

b. Financial statements of the TFV for the year 2024

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 2024.

Regarding the financial position, total assets decreased (from €15.46M to €13.50M), primarily due to a reduction in cash and cash equivalents. . Provisions, which made up a significant portion of total liabilities, slightly increased from the previous year (from €2.04M to €2.74M), but total liabilities decreased (from €8.08M to €7.06M) due to a reduction in deferred revenue and accrued expenses. Net assets and equity also declined slightly (from €7.38M to €6.45M).

Regarding the financial performance, the deficit trend has continued from the previous year (from €2.43M to €1.04M). Total revenue increased (from €7.61M to €11.56M) due to a significant rise in voluntary contributions; however, programme expenses also grew substantially. Nevertheless, the deficit narrowed compared to the previous year.

c. Performance audit on Trust Funds

Madam President,

In 2025, the External Auditor conducted a performance audit on the ICC's trust funds to assess whether they were being managed efficiently and appropriately. The objective was to provide States Parties with information that supports their decision-making on voluntary contributions and strengthens their oversight of the trust funds.

The External Auditor focused in particular on the appropriateness of the procedures for establishing trust funds, the validity of cost planning and execution, the transparency of reporting to States Parties, and the existence of monitoring and evaluation mechanisms. Based on these areas of focus, the External Auditor presents the audit findings and recommendations as follows.

a) Establishment

In this section, the External Auditor focused on their purpose, the safeguarding of the Court's independence, and the assessment of financial implications for the regular budget.

With regard to the purpose, the General Trust Fund (T000) had been operated without a clearly defined purpose and used for activities such as one-off expenditures or holding contributions intended for another trust fund. Thus, the External Auditor recommended

clarifying the purpose of the General Trust Fund and ensuring that future trust funds have well-defined objectives.

In relation to the independence safeguards, safeguards to protect the Court's independence when accepting contributions lacked consistency, as donor declarations were not always obtained and independence-related clauses varied across agreements. There were also no clear criteria for assessing whether contributions could affect independence. Accordingly, the External Auditor recommended standardizing independence safeguards and establishing clear assessment criteria.

Regarding the financial implications for the regular budget, no criteria had been established to determine such implications, and related rationales were often undocumented. Some funds initially assessed as having no financial impact were later supported by regular budget resources. Therefore, the External Auditor recommended creating clear criteria for assessing financial implications and strengthening related controls.

b) Budgeting and Implementation

For this part, the External Auditor focused on cost planning, the use of trust fund and regular budget resources, and the management of Programme Support Costs.

With respect to planning, some trust funds did not prepare complete cost plans, and information on trust fund resources was not sufficiently shared during the PPB review, limiting the ASP's ability to assess the overall resource situation. Thus, the External Auditor recommended strengthening cost planning and improving the provision of financial information for budget deliberations.

In relation to the use of trust fund and regular budget resources, certain programme expenditures related to trust funds were initially charged to the regular budget and later reclassified to the relevant trust fund. Accordingly, the External Auditor recommended reinforcing internal controls to ensure that such expenditures are charged directly to trust fund contributions.

Regarding the management of Programme Support Costs, clear criteria for PSC waivers or reductions had not been established, and PSC was applied mainly to a limited number of sections without a formal allocation policy, leading to accumulating PSC balances. Therefore,

the External Auditor recommended establishing clear PSC criteria and adopting a more balanced allocation system to prevent indirect costs from shifting to the regular budget.

c) Reporting, Evaluation, and Closure

In this part, the audit focused on reporting practices, performance evaluation, and the treatment of unspent balances.

With respect to reporting, information on newly established and closed trust funds was not clearly distinguished, making changes identifiable only by comparing prior-year reports. One extra-budgetary resource that was *not* a trust fund was also reported as such. In addition, the Report on Activities and Programme Performance did not consistently provide fund-specific financial information, including PSC. Thus, the External Auditor recommended improving the clarity of reporting and enhancing the visibility of each fund's financial and operational information.

In relation to the performance evaluation, some trust funds were subject to KPI-based assessments, but this framework did not apply to all trust funds. Accordingly, the External Auditor recommended expanding the use of KPIs to strengthen performance evaluation across all trust funds.

Regarding the management of unspent balances, one trust fund that ended its activities in 2018 still retained a remaining balance due to difficulty in obtaining the donor's response. Therefore, the External Auditor recommended clarifying provisions on the treatment of unspent balances to facilitate timely fund closure.

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.
