



**United Nations**

**International Residual Mechanism for  
Criminal Tribunals**

# **Financial report and audited financial statements**

**for the year ended 31 December 2023**

**and**

## **Report of the Board of Auditors**

**General Assembly  
Official Records  
Seventy-ninth Session  
Supplement No. 50**





**International Residual Mechanism for Criminal Tribunals**

**Financial report and audited  
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**Report of the Board of Auditors**



United Nations • New York, 2024

*Note*

Symbols of United Nations documents are composed of letters combined with figures. Mention of such a symbol indicates a reference to a United Nations document.

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## Letters of transmittal

### **Letter dated 31 March 2024 from the Secretary-General addressed to the Chair of the Board of Auditors**

In accordance with financial regulation 6.2, I have the honour to transmit herewith the financial statements of the International Residual Mechanism for Criminal Tribunals of the United Nations for the year ended 31 December 2023, which I hereby approve. The financial statements have been completed and certified by the Controller as correct in all material respects.

Copies of these financial statements are also being transmitted to the Advisory Committee on Administrative and Budgetary Questions.

*(Signed)* António **Guterres**

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**Letter dated 24 July 2024 from the Chair of the Board of Auditors  
addressed to the President of the General Assembly**

I have the honour to transmit to you the report of the Board of Auditors, together with the financial report and audited financial statements of the International Residual Mechanism for Criminal Tribunals of the United Nations for the year ended 31 December 2023.

*(Signed)* **Hou Kai**  
Auditor General of the People's Republic of China  
Chair of the Board of Auditors

## Chapter I

### **Report of the Board of Auditors on the financial statements: audit opinion**

#### **Opinion**

We have audited the financial statements of the International Residual Mechanism for Criminal Tribunals, which comprise the statement of financial position (statement I) as at 31 December 2023 and the statement of financial performance (statement II), the statement of changes in net assets (statement III), the statement of cash flows (statement IV) and the statement of comparison of budget and actual amounts (statement V) for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Mechanism as at 31 December 2023 and its financial performance and cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (IPSAS).

#### **Basis for opinion**

We conducted our audit in accordance with the International Standards on Auditing and the International Standards of Supreme Audit Institutions. Our responsibilities under those standards are described in the section below entitled “Auditor’s responsibilities for the audit of the financial statements”. We are independent of the Mechanism in accordance with the ethical requirements relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Information other than the financial statements and the auditor’s report thereon**

The Secretary-General of the United Nations is responsible for the other information, which comprises the financial report for the year ended 31 December 2023, contained in chapter IV below, but does not include the financial statements and our auditor’s report thereon.

Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, on the basis of the work that we have performed, we conclude that there is a material misstatement in the other information, we are required to report that fact. We have nothing to report in this regard.

#### **Responsibilities of management and those charged with governance for the financial statements**

The Secretary-General of the United Nations is responsible for the preparation and fair presentation of the financial statements in accordance with IPSAS and for such internal control as management determines to be necessary to enable the



preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the ability of the Mechanism to continue as a going concern, disclosing, as applicable, matters related to the going concern and using the going-concern basis of accounting unless management intends either to liquidate the Mechanism or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the financial reporting process of the Mechanism.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the International Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

(a) Identify and assess the risks of material misstatement in the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentation or the overriding of internal control;

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Mechanism;

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

(d) Draw conclusions as to the appropriateness of management's use of the going-concern basis of accounting and, on the basis of the audit evidence obtained, whether a material uncertainty exists in relation to events or conditions that may cast significant doubt on the ability of the Mechanism to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Mechanism to cease to continue as a going concern;

(e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings,

including any significant deficiencies in internal control that we identify during our audit.

#### **Report on other legal and regulatory requirements**

In our opinion, the transactions of the Mechanism that have come to our notice or that we have tested as part of our audit have, in all significant respects, been in accordance with the Financial Regulations and Rules of the United Nations and legislative authority.

In accordance with article VII of the Financial Regulations and Rules of the United Nations, we have also issued a long-form report on our audit of the Mechanism.

*(Signed)* **Hou Kai**  
Auditor General of the People's Republic of China  
Chair of the Board of Auditors

*(Signed)* **Dorothy Pérez Gutiérrez**  
Acting Comptroller General of the Republic of Chile  
(Lead Auditor)

*(Signed)* **Pierre Moscovici**  
First President of the French Cour des comptes

24 July 2024

## Chapter II

### Long-form report of the Board of Auditors

#### *Summary*

On 22 December 2010, the Security Council adopted resolution 1966 (2010), by which it established the International Residual Mechanism for Criminal Tribunals. The Mechanism was created to complete the remaining tasks of the International Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Humanitarian Law Committed in the Territory of the Former Yugoslavia since 1991 and the International Criminal Tribunal for the Prosecution of Persons Responsible for Genocide and Other Serious Violations of International Humanitarian Law Committed in the Territory of Rwanda and Rwandan Citizens Responsible for Genocide and Other Such Violations Committed in the Territory of Neighbouring States between 1 January and 31 December 1994. It operates from two branches, located in Arusha, United Republic of Tanzania, and The Hague, Kingdom of the Netherlands.

The Board of Auditors has completed the audit of the Mechanism for the financial year ended 31 December 2023. The interim audit visit was carried out through a combination of field and remote audits at the branch in The Hague, at the branch in Arusha and at the field office in Kigali from 13 November to 13 December 2023. The final audit visit was conducted at the headquarters in The Hague from 2 April to 10 May 2024.

#### **Scope of the report**

The report covers matters that, in the opinion of the Board, should be brought to the attention of the General Assembly and have been discussed with the Mechanism's management, whose views have been appropriately reflected.

The audit was conducted primarily to enable the Board to form an opinion as to whether the financial statements present fairly the financial position of the Mechanism as at 31 December 2023 and its financial performance and cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (IPSAS). The audit included a general review of financial systems and internal controls and a test examination of the accounting records and other supporting evidence to the extent that the Board considered necessary to form an opinion on the financial statements.

The Board also reviewed the Mechanism's operations under regulation 7.5 of the Financial Regulations and Rules of the United Nations, which allows the Board to make observations on the efficiency of the financial procedures, the accounting system, the internal financial controls and, in general, the administration and management of operations.

The Board also reviewed a detailed follow-up of action taken in response to recommendations made in previous years.

#### **Audit opinion**

In the Board's opinion, the financial statements present fairly, in all material respects, the financial position of the Mechanism as at 31 December 2023 and its financial performance and cash flows for the year then ended, in accordance with IPSAS.

## Overall conclusion

The Board did not identify significant errors, omissions or misstatements from the review of the financial records of the Mechanism for the year ended 31 December 2023. However, the Board identified scope for improvement in the areas of the closure of the Kigali field office, property management, procurement management and information and communications technology.

Total revenue in 2023 was \$76.24 million (2022: \$80.24 million) against expenses of \$79.30 million (2022: \$85.72 million), resulting in a deficit of \$3.06 million (2022: deficit of \$5.47 million). The largest expenses for the Mechanism were employee salaries, allowances and benefits of \$56.94 million (2022: \$64.69 million), accounting for 71.81 per cent of the total expenses. Other relevant expenses were judges' honorariums and allowances of \$3.46 million (2022: \$2.63 million) and other operating expenses of \$13.53 million (2022: \$13.38 million). As for the latter, it includes mainly contracted services (\$8.81 million) and the rental of offices and premises (\$3.40 million).

As at 31 December 2023, assets totalled \$227.72 million (2022: \$225.09 million), with cash, cash equivalents and investments amounting to \$159.95 million, equivalent to 70.24 per cent of total assets. Meanwhile, the Mechanism reported total liabilities of \$145.79 million as at 31 December 2023 (2022: \$136.30 million). Of the total liabilities for 2023, 57.20 per cent (\$83.39 million) were employee benefits liabilities (2022: \$75.09 million). The current ratio of 5.12:1 indicates that current liabilities are covered in large part by current assets.

## Key findings

The Board's key findings are as follows:

### *Uncertainty regarding the Kigali field office's transfer of functions*

The Board observed that the Mechanism had not planned, nor taken preparatory steps towards, the closure of the Kigali field office and the handover of the services provided to Rwandan victims and witnesses by its medical clinic. In addition, the 2024 proposed budget was reviewed in order to go through the estimate of the budgetary impact of the field office's closure. While the Board noted a decrease of 21.7 per cent between the 2023 budget and the 2024 budget, the budget proposal for 2024 did not disclose nor break down the information relating to the expenses of the field office for that budgetary period. In addition, when asked about the estimates to determine the amounts requested in the 2024 budget, most of the sections of the Mechanism in question provided the expenses for 2023.

### *Shortcomings in asset information, control and planning*

The Board conducted a physical inspection of the Kigali field office's warehouse, for which a random sample of items was selected, with the aim of verifying that the equipment displayed in the warehouse was registered in the list of capitalized and non-capitalized assets provided by the office. The results of that verification presented items that were not registered in the indicated list, items that did not have a technical identification number and several non-serialized assets that were observed in their original packaging boxes, which had not been included in the list provided by the field office.

*Unassigned assets*

In order to assess whether the Mechanism had implemented any control measures aimed at avoiding losses of equipment during its downsizing process and closing of offices, the Board reviewed the handover vouchers employed to assign the assets to the users responsible whom the Mechanism had given an “Equipment assigned/operation” status in Umoja as at 20 November 2023. The Board found assets without supporting documentation relating to their assignment and reception by the staff in the three offices (Kigali field office, Arusha branch and The Hague branch).

*Delays in asset disposal*

The Board conducted a review of the asset disposal process at the Kigali field office, as well as at both the Arusha and The Hague branches. The analyses considered the review of the supporting documentation in Umoja for 71 capitalized assets that had a write-off status, which found that capitalized assets (vehicles) had a write-off notification approved years ago, authorizing their sale. However, during the Board’s physical verification, it was observed that the vehicles remained on the premises of the Mechanism without having been used for a long period, with their sales management process delayed for years.

**Main recommendations**

On the basis of the audit findings, the Board recommends that the Mechanism:

- (a) **Develop preparatory arrangements for the successful transfer of the Kigali field office’s continuous functions, including the care of witnesses, to a pertinent successor as part of the planned closure of the field office;**
- (b) **Formulate an updated list of all capitalized and non-capitalized assets at the Kigali field office and plan for their appropriate disposal, in view of the closure of the field office;**
- (c) **Ensure that assets assigned for individual use undergo a complete and timely updating of the handover vouchers and the Umoja records, aiming towards a clear identification of the users responsible for those items;**
- (d) **Ensure that assets assigned for collective use are identified in Umoja with the name of the office responsible and their assigned focal point, aiming towards a clear identification of the users responsible for those items;**
- (e) **Resume and finalize the disposal process of the detected assets as soon as possible to avoid greater losses of their market value;**
- (f) **Formulate a disposal plan, which consider the actions to be followed, deadlines for the phases of the write-off and disposal process, the assignment of responsibilities (persons or sections) and control mechanisms.**

**Follow-up of previous recommendations**

Of 23 pending recommendations up to the year ended 31 December 2022, 10 (44 per cent) recommendations were implemented, 5 (22 per cent) were under implementation, 7 (30 per cent) were not implemented and 1 (4 per cent) was overtaken by events. Details of the status of implementation of the recommendations are presented in the annex to chapter II.

**Key facts**

<b>\$81.95 million</b>	Final budget approved by the General Assembly for the year 2023
<b>\$76.24 million</b>	Total revenue for 2023
<b>\$79.30 million</b>	Total expenses for 2023
<b>\$3.06 million</b>	Total deficit for 2023
<b>\$227.72 million</b>	Total assets as at 31 December 2023
<b>\$145.79 million</b>	Total liabilities as at 31 December 2023
<b>335</b>	Total number of staff (301 on a fixed-term contract, 28 temporary staff and 6 on a permanent contract)

**A. Mandate, scope and methodology**

1. The International Residual Mechanism for Criminal Tribunals was established by the Security Council in its resolution [1966 \(2010\)](#) to continue the jurisdiction, rights and obligations and essential functions of the International Criminal Tribunal for Rwanda and the International Tribunal for the Former Yugoslavia after the completion of their relevant mandates, including a range of judicial activities, the enforcement of sentences, the resettlement of acquitted and released persons, the protection of victims and witnesses, and the management of archives.
2. The Mechanism has two branches: one in Arusha, United Republic of Tanzania, and the other in The Hague, Kingdom of the Netherlands. The Arusha branch, which covers functions inherited from the International Criminal Tribunal for Rwanda, commenced its operations on 1 July 2012 and has, under its scope, the operations of the field office located in Kigali. The branch in The Hague, which covers functions inherited from the International Tribunal for the Former Yugoslavia, commenced its operations on 1 July 2013 and had, under its scope, the operations of the field office located in Sarajevo. The Sarajevo field office had ceased all its operational functions by the end of March 2023 and was closed by the end of April 2023.
3. The Mechanism consists of three organs, namely, the Chambers, the Office of the Prosecutor and the Registry. The Chambers comprise a full-time President, an Appeals Chamber common to both branches, a Trial Chamber for each branch, a duty judge at the Arusha branch and single judges appointed at both branches. The Chambers are responsible for all judicial work of the Mechanism, including the enforcement of sentences, administrative review, trials, appeals, proceedings for review of final judgment, contempt and false testimony proceedings, and disposition of other requests relating to, for example, access to confidential material and witness protection. The Office of the Prosecutor is responsible for investigation and prosecution. The Registry, which services both the Chambers and the Office of the Prosecutor, is responsible for the administration and servicing of the Mechanism.
4. The Board has audited the financial statements of the Mechanism and reviewed its activities for the year ended 31 December 2023, in accordance with General Assembly resolution [74 \(I\)](#) of 1946, and in conformity with article VII of the Financial Rules and Regulations of the United Nations and the annex thereto, as well as the International Standards on Auditing and the International Standards of Supreme Audit Institutions. Those standards require that the Board comply with ethical requirements

and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

5. The audit was conducted to enable the Board to form an opinion as to whether the financial statements presented fairly the financial position of the Mechanism as at 31 December 2023 and its financial performance and cash flows for the year then ended, in accordance with IPSAS. This included an assessment as to whether the expenditure recorded in the financial statements had been incurred for the purposes approved by the governing bodies and whether revenue and expenses had been properly classified and recorded in accordance with the Financial Regulations and Rules of the United Nations.

6. The audit included a general review of financial systems and internal controls and a test examination of the accounting records and other supporting evidence to the extent that the Board considered necessary to form an opinion on the financial statements.

7. The Board also reviewed the Mechanism's operations under financial regulation 7.5, by which the Board is required to make observations with respect to the efficiency of the financial procedures, the accounting system and the internal financial controls and, in general, the administration and management of the Mechanism's operations.

8. The present report covers matters that, in the Board's opinion, should be brought to the attention of the General Assembly. The Board's observations and conclusions were discussed with the Mechanism's management, whose views have been appropriately reflected in the report.

## B. Findings and recommendations

### 1. Follow-up of previous recommendations

9. Of 23 pending recommendations up to the year ended 31 December 2022, 10 (44 per cent) recommendations were implemented, 5 (22 per cent) were under implementation, 7 (30 per cent) were not implemented and 1 (4 per cent) had been overtaken by events. Details on the status of implementation of the recommendations are presented in the annex to chapter II.

Table II.1  
Status of implementation of recommendations

<i>Report (audit year)</i>	<i>Recommendations pending as at 31 December 2022</i>	<i>Implemented</i>	<i>Under implementation</i>	<i>Not implemented</i>	<i>Overtaken by events</i>	<i>Recommendations pending as at 31 December 2023</i>
<a href="#">A/73/5/Add.15</a> , chap. II (2017)	1	–	1	–	–	1
<a href="#">A/74/5/Add.15</a> , chap. II (2018)	1	–	–	1	–	1
<a href="#">A/75/5/Add.15</a> , chap. II (2019)	6	1	2	3	–	5
<a href="#">A/76/5/Add.15</a> , chap. II (2020)	5	4	–	–	1	–
<a href="#">A/77/5/Add.15</a> , chap. II (2021)	6	2	2	2	–	4
<a href="#">A/78/5/Add.15</a> , chap. II (2022)	4	3	–	1	–	1
<b>Total</b>	<b>23</b>	<b>10</b>	<b>5</b>	<b>7</b>	<b>1</b>	<b>12</b>
<b>Percentage</b>	–	<b>44</b>	<b>22</b>	<b>30</b>	<b>4</b>	–

10. The Board noted that the rate of implementation of the outstanding recommendations was 44 per cent in 2023, which, while showing a significant increase compared with 2022 (24 per cent), remained low. Notwithstanding the aforementioned, the Board expects the Mechanism to further expedite its efforts on the matter, especially regarding the recommendation dating from 2017, which remains under implementation and concerns the supervision of the architectural firm tasked with reviewing the control system for air quality, temperature and relative humidity of the archive repositories in the Lakilaki facility and modifying the system to ensure that it meets standard requirements. In addition, the Board expects further efforts to be made regarding the recommendation dating from 2018 on the development of a fraud risk assessment for the enterprise risk management document, which remains not implemented. Lastly, regarding the recommendations issued in 2021, the Board considers it highly relevant that the Mechanism improve its planning and documentation of the information technology equipment needs, requirements and implementation, with the aim of using the purchased assets in the short term and thus obtaining the full use of their capabilities within the total allocated useful life.

*Recommendations issued over the past six audit periods*

11. As a result of the audits performed from 2018 to 2023, the Board issued 66 recommendations and conducted 146 assessments on previous years' recommendations. A breakdown of recommendations submitted in the indicated audit period is detailed in table II.2.

Table II.2  
**Implementation rates of issued recommendations (2018–2023)**

Report (audit year)	Number of audit recommendations issued	Number of audit outstanding recommendations	Audit recommendations fully implemented as at the end of each audited period	
			(Number)	(Percentage)
<a href="#">A/74/5/Add.15</a> , chap. II (2018)	8	18	7	38
<a href="#">A/75/5/Add.15</a> , chap. II (2019)	20	19	7	37
<a href="#">A/76/5/Add.15</a> , chap. II (2020)	11	29	8	28
<a href="#">A/77/5/Add.15</a> , chap. II (2021)	10	32	13	41
<a href="#">A/78/5/Add.15</a> , chap. II (2022)	4	25	6	24
<a href="#">A/79/5/Add.15</a> , chap. II (2023)	13	23	10	44
<b>Total</b>	<b>66</b>	<b>146</b>	<b>51</b>	<b>35</b>

12. Most of the 66 recommendations issued during the past six audit periods were related to human resources management, procurement management and asset and inventory management. Others were focused on risk management, travel management and information and communications technology. The situations observed were linked primarily to the management challenges posed by the uncertainty arising from the advances of the Mechanism's judicial procedures and the downsizing process, established for the entity by the Security Council pursuant to its resolution [1966 \(2010\)](#). This context contributed to long-term vacancies and frequent turnover of personnel in key positions, which also hampered the Mechanism's ability to implement policies and practices throughout the entity to address the processes outlined by the outstanding recommendations.

13. With respect to the 146 outstanding recommendations assessments carried out during the past six years, it was observed that the trend of implementation reached by the Mechanism did not exceed 45 per cent over that time.



## 2. Financial overview

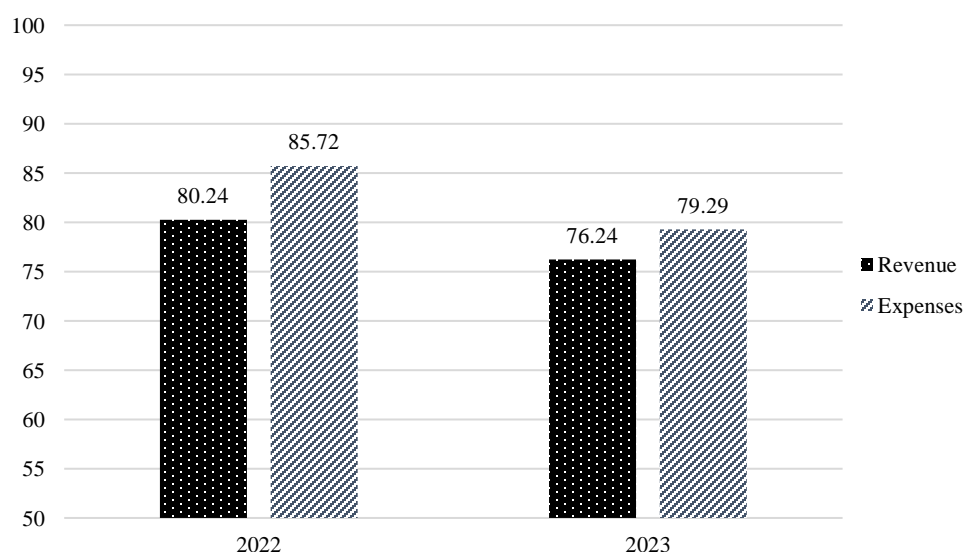
14. With regard to the financial performance, total revenue in 2023 was \$76.24 million (2022: \$80.24 million), against expenses of \$79.29 million (2022: \$85.72 million), resulting in a deficit of \$3.06 million (2022: deficit of \$5.47 million). The deficit for 2023 decreased by \$2.41 million (44.05 per cent) compared with the one recorded in 2022 and was attributable mainly to a decrease in expenses to \$79.30 million (2022: \$85.72 million), resulting from a decline in employee salaries, allowances and benefits, which amounted to \$56.94 million (2022: \$64.69 million) and accounted for 71.81 per cent of the Mechanism's total expenses. The decline in this category can be explained by the minimization of judicial activity, the downsizing of the Mechanism and a corresponding reduction in staff levels.

15. Other relevant expenses were other operating expenses in the amount of \$13.53 million (2022: \$13.38 million). By contrast, judges' honorariums and allowances experienced an increase, amounting to \$3.46 million (2022: \$2.63 million). A comparison of revenue and expenses for financial years 2022 and 2023 is illustrated in figure II.I.

Figure II.I

### Revenue and expenses

(Millions of United States dollars)



Source: Analysis by the Board of Auditors of the Mechanism's financial statements for the year ended 31 December 2023.

### Assets and liabilities

16. As at 31 December 2023, assets totalled \$227.72 million (2022: \$225.09 million). Cash, cash equivalents and investments amounted to \$159.95 million, equivalent to 70.24 per cent of total assets.

17. The Mechanism reported total liabilities of \$145.79 million as at 31 December 2023 (2022: \$136.30 million). Of the total liabilities for 2023, 57.20 per cent (\$83.39 million) were employee benefits liabilities (2022: \$75.09 million). The increase in employee benefits liabilities by \$8.30 million compared with 2022 is attributable primarily to the net increase of \$7.74 million in defined employee benefits liabilities. The latter resulted mainly from an actuarial gain of \$5.25 million arising from changes in the financial assumptions in the most recent actuarial valuation,

which was conducted in 2023 for employee benefits liabilities. These changes refer mostly to the update of the currency distribution used for calculating the discount rates and health-care costs trend rates, which had an impact on after-service health insurance.

18. Another important variation for 2023 refers to the accounts payable and accrued liabilities, which accounted for \$2.17 million (2022: \$2.32 million), representing a decrease of 6.21 per cent, owing mainly to the decrease in payables to other United Nations entities by 100.00 per cent (2023: \$0 million; 2022: \$0.28 million) and other accounts payable by 8.32 per cent (2023: \$0.84 million; 2022: \$0.91 million). Lastly, there were provisions for credits to Member States in the amount of \$23.32 million, which was equivalent to 15.99 per cent of the total liabilities for 2023 and represented an increase of 13.44 per cent (\$2.76 million) compared with the previous period (2022: \$20.56 million).

19. Table II.3 contains key financial ratios, as extracted from the Mechanism's financial statements for the year ended 31 December 2023.

Table II.3  
**Ratio analysis**

Description of ratio	31 December 2023	31 December 2022
<b>Total assets: total liabilities<sup>a</sup></b>		
Total assets: total liabilities	1.56	1.65
<b>Current ratio<sup>b</sup></b>		
Current assets: current liabilities	5.12	4.95
<b>Quick ratio<sup>c</sup></b>		
Cash and short-term investments and accounts receivable: current liabilities	5.08	4.92
<b>Cash ratio<sup>d</sup></b>		
Cash and short-term investments: current liabilities	3.55	3.37

Source: The Mechanism's financial statements for the year ended 31 December 2023.

<sup>a</sup> A high ratio indicates an entity's ability to meet its overall obligations.

<sup>b</sup> A high ratio indicates an entity's ability to pay off its short-term obligations.

<sup>c</sup> The quick ratio is more conservative than the current ratio because it excludes inventory and other current assets, which are more difficult to turn into cash. A higher ratio means a more liquid current position.

<sup>d</sup> The cash ratio indicates an entity's liquidity by measuring the amount of cash, cash equivalents or invested funds in current assets to cover current liabilities.

20. The overall financial ratios in 2023 indicate that the liquidity position of the entity remained stable, compared with the preceding year. The current ratio of 5.12:1 indicates that current liabilities are covered in large part by current assets. The quick ratio of 5.08:1 and the cash ratio of 3.35:1 imply that the Mechanism is in a position to pay its short-term obligations from its current resources. The solvency of the Mechanism decreased slightly, as indicated by the total assets to total liabilities ratio of 1.56:1 (2022: 1.65:1).

### 3. Closure of the Kigali field office

21. By its resolution [2637 \(2022\)](#), the Security Council requested the Mechanism to take steps to further enhance efficient, effective and transparent management and to provide options regarding the transfer of its remaining activities in due course. Accordingly, the Mechanism has worked towards streamlining and consolidating its

operations, which include closing the Sarajevo field office in Bosnia and Herzegovina and the United Nations Detention Facility in Arusha. Most recently, in the proposed budget for the Mechanism for the year 2024, the Mechanism announced that it would close its remaining field office in Kigali in September 2024 owing to a significant reduction in the judicial workload of the Mechanism ([A/78/534](#), para. 61 (b) (i) c).

22. The organizational structure of the Mechanism's Kigali field office includes an Office of the Prosecutor, in charge of fugitive tracking, and judicial assistance to Rwandan authorities. In addition, the field office has a Witness Support and Protection Unit, which is in charge of protecting victims and witnesses during and after their testimony, mainly through the protection of identity and travel arrangements during trials, as well as medical and psychosocial support, health monitoring and the provision of food and nutritional supplements through its clinic.

*Uncertainty regarding the Kigali field office's transfer of functions*

23. The Kigali field office clinic was set up in 2004 to support the long-term medical and psychological needs of witnesses in Rwanda. Therefore, as mentioned in the Mechanism's eleventh annual report to the General Assembly and the Security Council, dated 28 July 2023 ([A/78/257](#), para. 85), the medical clinic at the field office continued to provide medical, nutritional and psychosocial assistance to nearly 1,000 witnesses, including more than 100 who were living with HIV/AIDS as a result of being victims of sexual and gender-based violence during the genocide in Rwanda.

24. During the interim audit visit held in 2023, the Mechanism informed the Board that the cessation of operations at the Kigali field office was planned for the end of August 2024 and that its administrative liquidation would take place at the end of September 2024.

25. As part of that closure, it was indicated that the functions of the Office of the Prosecutor at the Kigali field office would continue to be performed by a reduced team, main function of which would be to assist the Rwandan authorities in their investigations and which would be relocated to an office that would be rented from another United Nations agency. The witness protection activities performed by the Registry at the field office would be transferred to Arusha.

26. In that regard, the Board requested the planning and preparatory steps or early communication taken by the Mechanism towards the closure of the Kigali field office and the handover to the Government of Rwanda or to a non-governmental or international agency of the services provided by the medical clinic at the field office. The Mechanism stated that, while it was premature to have a full-fledged plan developed at that point, it had already engaged with Rwandan authorities in a series of meetings. Furthermore, it mentioned that, with the completion of the 2024 budget process, the Mechanism would be ready to move forward with more concrete and specific coordination with the Rwandan authorities and the other stakeholders.

27. The Board reviewed the 2024 proposed budget in order to review estimations of the budgetary impact of the Kigali field office's closure, noting a total decrease of 21.7 per cent (\$17,964.30) compared with the 2023 budget (estimated total of \$82,945.30) and the 2024 budget (estimated total of \$64,981.00).

28. With the purpose of understanding to what degree that decrease was due to the Kigali field office's closure, the Board analysed the post resource requirements, observing that 8 of 31 posts were considered for the 12 months of 2024 for the field office. Notwithstanding the fact that those remaining staff members would continue to conduct their work within the Mechanism's functions at the Office of the Prosecutor, their posts should be assigned to the budget for the Arusha branch for those months following the administrative liquidation of the field office in September 2024.

29. With respect to the non-post resource requirements, the Board reviewed the budget proposal for 2024, and it was noticed that it did not disclose and break down the information relating to the expenses of the Kigali field office for that budgetary period. In addition, when asked about the estimates to determine the amounts requested in the 2024 budget, the sections in question provided the expenses for 2023, with the exception of the Information Technology Services Section, which provided the estimates for arriving at the amounts shown in the 2024 budget. Moreover, in the 2024 budget, items such as “purchase of an uninterruptible power supply” and “engineering materials”, were included for the field office.

30. The Board considers that the closure of the Kigali field office requires adequate and timely planning in order to ensure the continuity of the Mechanism’s functions, in particular those established in article 20 of its mandate (Security Council resolution [1966 \(2010\)](#), annex 1) referring to the protection of witnesses, who have been receiving medical, nutritional and psychological assistance from the United Nations for 20 years, initially through the International Criminal Tribunal for Rwanda and, afterwards, through the Mechanism. Moreover, the Board is of the view that the legacy of the Mechanism and the United Nations in that regard would be affected closely by the outcome of the transfer process of these care services currently given to Rwandan witnesses.

31. The Board considers that, if some of the Kigali field office posts are to be continued after its closure, these should be assigned, for those remaining months of the year, to the budget for the Arusha branch.

**32. The Board recommends that the Mechanism develop preparatory arrangements for the successful transfer of the Kigali field office’s continuous functions, including the care of witnesses, to a pertinent successor as part of the planned closure of the field office.**

33. The Mechanism did not accept the recommendation. It stated that developing a closure plan at the time when the recommendation was issued, less than a year before the closure of the Kigali field office, was premature. In the same vein, the Mechanism stated that the General Assembly had adopted a resolution by which it approved the 2024 budget, with modifications and reductions as recommended by the Advisory Committee on Administrative and Budgetary Questions and the Fifth Committee, which included discussions on the ongoing need for the services provided by the field office.

34. Given that the closure and liquidation dates of the Kigali field office had been decided and made clear, the Board deems that having an organized and known planning process for the parties involved in a transition, which includes the steps to follow, is a cornerstone of good governance, which does not compete with the budgetary dynamic. In this regard, the Board reiterates the relevance of early planning and conducting the arrangements necessary to ensure the continuity of the defined assistance to the witnesses who have testified in court in front of the International Criminal Tribunal for Rwanda and/or the Mechanism and have been receiving medical, nutritional and psychological assistance from the United Nations for 20 years. Therefore, the Board maintains its recommendation.

#### *Inaccurate recording of assets*

35. It is established in section 6 of administrative instruction [ST/AI/2015/4](#) on the management of property that, unless as provided otherwise, all property of the United Nations shall be monitored and controlled throughout the life cycle of each item of property, from receipt to disposal. Physical verification of the property of the United Nations shall be conducted regularly and as deemed necessary to ensure adequate control over the property. Furthermore, for capitalized property, the physical

verification shall be performed at least once during each financial year. The findings of the verification process shall be reconciled with the property records.

36. In section 7 of the same administrative instruction, on the write-off and disposal of property, it is established that: (a) items of tangible property that are surplus to operational requirements, unserviceable or obsolete and are not encumbered by any third-party rights shall be promptly identified, written off and disposed of; and (b) loss, damage, impairment or other discrepancy in respect of items of property shall be written off. In addition, when a local property survey board, established pursuant to financial rule 105.22, is not required, the write-off and disposal of property shall be implemented by the official with the requisite delegation of authority to do so.

37. On 29 November 2023, the Board conducted a physical verification of the 52 items recorded as capitalized assets in the property, plant and equipment subledger for the Kigali field office and observed the following situations:

(a) A total of 11 assets, which had been capitalized between 1999 and 2020, were stored in the office's warehouse, unused. One of those assets was capitalized in 2017 and was fully depreciated; however, it was packaged and apparently not in use. The 11 assets had an "Equipment assigned/operation" status in Umoja;

(b) A single asset, capitalized in 2020, assigned to the field office, was not found in that location but rather at The Hague branch, and there was no transfer record;

(c) A total of 3 items in the subledger were recorded with wrong or incomplete information: 2 of the assets, capitalized in 2013 and 2020, did not have their code assigned, while, in the other case, capitalized in 2020, the description included in the subledger did not match the asset seen during the physical verification;

(d) A total of 3 vehicles did not have a licence plate. Two of them were not in the property, plant and equipment subledger of capitalized assets nor in use; the third was listed as capitalized and in the "transfer" category and it had an "Equipment assigned/operation" status in Umoja.

38. The Board is of the opinion that the shortcomings detected regarding the record of the Kigali field office's assets in the property, plant and equipment subledger of capitalized assets could mean a potential loss of assets, a lack of maintenance, shortcomings in the assets' acquisition planning and issues with the depreciation calculations, and affect the accuracy of their presentation in the Mechanism's financial statements. Furthermore, it could hinder the transfer or disposal of these assets during the planned closure of the field office.

39. The Board therefore considers that, in order to enable the assets' most efficient use and their accurate financial representation, it is essential that an updated and reliable asset record be maintained.

**40. The Board recommends that the Mechanism, before the closure of the Kigali field office, strengthen its physical verification procedure for all capitalized assets that the field office owns, in order to maintain updated information for their effective valuation and accurate recording in the financial statements, and thereby ultimately avoid the loss or disappearance of equipment.**

41. The Mechanism did not accept the recommendation, stating that several processes for the aforementioned assets were ongoing, such as the deletion of sensitive confidential information and the maintenance, replacement and write-off of assets. The Mechanism also mentioned that it already planned to conduct a physical verification of assets at the Kigali field office as part of its drawdown exercise prior to closure.

42. The Board acknowledges that the Mechanism has time to correct the issues contained in the assessment, which are to be verified during next year's audit exercise. However, the Board stresses that the Mechanism has historically experienced challenges concerning its asset management, which is imperative to consider in closure plan development, which, as observed above, has not been prepared yet. Furthermore, the Board reiterates that the facts described refer to assets that were capitalized several years ago; however, notwithstanding various physical verification processes conducted by the Mechanism at the Kigali field office in previous years, none of them had detected the aforementioned issues. Therefore, the Board maintains its recommendation.

*Absence of medical inventory control*

43. In paragraph II.2 of the policy and guidance on the physical verification of property, issued by the Department of Management Strategy, Policy and Compliance, the existence of property must be confirmed and the reliability and accuracy of property records need to be validated by the entities.

44. In line with Secretary-General's bulletin [ST/SGB/2019/2](#) on the delegation of authority in the administration of the Staff Regulations and Rules and the Financial Regulations and Rules, the Secretary-General has delegated to heads of entities the authority for property management under financial rules 105.20 and 105.21 and the responsibility for the maintenance of property records and controls as defined in [ST/AI/2015/4](#).

45. Furthermore, in paragraph 3.6 of [ST/AI/2003/5](#), it is stated that each head of department or office shall ensure that a comprehensive physical inventory of supplies, equipment and other property of the United Nations is conducted every two years. Such inventories shall be coordinated and consolidated by the Facilities Management Division in order to make the property records available to controlling bodies. Accordingly, special inventories may be conducted, as needed.

46. The Kigali field office has a medical clinic providing witnesses with medical, nutritional and psychosocial assistance. This clinic holds a contract with the Kigali Hospital for patient care in cases in which the clinic does not have the necessary capacity or means that a patient requires, as well as for the delivery of medications that are not in stock at the time that medical attention is given. Once the care is completed, the hospital must inform the clinic's doctor of the treatment administered so that the patient can be registered and transferred to their home. If the hospital does not have the medications that the patient needs for his or her care, these are sought in other medical institutions, including commercial pharmacies, in order to deliver what is necessary for the witness.

47. On 22 November 2023, the Board visited the medical clinic at the Kigali field office and noted that the medication inventory process, which would allow for the maintenance of a record of the quantities of medication in stock, had not been carried out by the clinic's personnel.

48. Notwithstanding a record of the medicines and quantities given to the witnesses that was being kept by medical personnel, no count was made of the medications that were in the clinic at the time of the visit. Therefore, it was not possible to control inventory and review the records of medications in stock. It should be noted that the total expenditure for medicines, food and nutritional supplements during 2023 at the Kigali field office was \$91,129.

49. There were some medications out of stock or with limited stock, and it was verified that the clinic did not have an established benchmark of critical stock to avoid having a medical item unavailable when required by a patient. If any medical item

were out of stock and required by a patient, the patient would be referred to an external provider that would later charge the Mechanism for that supply.

50. The Board is of the view that maintaining adequate inventory control may allow improved handling of that stock, reducing losses owing to expiration dates and theft and result in more efficient purchasing, which would ultimately improve cash flow planning.

51. Moreover, the Board considers that maintaining a minimum critical level of stock is essential for the clinic, in view of its mandate of care and protection of witnesses. This would reduce the effects of delivery delays and improve demand response, as well as reduce the risk of shortages and uncertainty regarding the eventual costs of referring the witnesses to external providers for their required medications.

**52. The Board recommends that the Mechanism implement an inventory control mechanism for the Kigali field office that allows its medical clinic to be aware of the stock level of its medications and maintain control over their safekeeping, in line with the physical verification policies of the Secretary-General.**

**53. The Board recommends that the Mechanism establish a critical level of stock for the clinic at the Kigali field office to avoid having them go out of stock.**

54. The Mechanism did not accept the recommendations, stating that the applicable policy guidance did not require the physical verification of non-capitalized expendable property as a matter of compliance. Therefore, the Mechanism stated that the current stock control level of medicines met the operational requirements of the Kigali field office clinic. It also considered that the current control level adequately mitigated any associated risks levels of misuse, loss or damage.

55. Considering what is stated by the aforementioned administrative instruction, the Board is of the view that medical stock should not be considered regular non-capitalized expendable property, but as special inventory that, in this case, is crucial to the fulfilment of the Kigali field office's mandate. Accordingly, the Board deems that the records established by the Mechanism to handle these types of items are insufficient for adequate control of their stock and for anticipating potential shortage situations. Therefore, the Board maintains the recommendations.

#### *Shortcomings in asset information, control and planning*

56. It is established in section 6 of [ST/AI/2015/4](#) that, unless as provided otherwise, all property of the United Nations shall be monitored and controlled throughout the life cycle of each item of property, from receipt to disposal. Expendable property shall be monitored and controlled until it is issued for use or consumption. A physical verification may be performed when, at the discretion of the head of the department or office concerned, such verification is necessary to ensure adequate control over the property and accountability.

57. Furthermore, pursuant to the recommendation issued by the Board in 2023 ([A/78/5/Add.15](#), chap. II, para. 32), the Security and Safety Unit conducted an investigation (reference 23/001, dated 14 June 2023) to determine responsibility for the loss of 554 assets that had not been located at the Arusha branch during the 2022, 2021 and 2020 physical verifications. Those assets consisted of 13 capitalized assets with an acquisition value of \$395,289.95 and a net book value of \$0.00, and 541 non-capitalized equipment with an acquisition value of \$457,307.96 and a residual value of \$41,143.82. The investigation concluded that those items were originally part of the International Criminal Tribunal for Rwanda's assets that were supposed to be transferred to the Arusha branch, when the Criminal Tribunal concluded its operations

in December 2015. However, the investigation was unable to determine responsibility for the loss of those assets.

58. On 30 November 2023, the Board enquired about the planning and control procedures that had been implemented for the disposal of the capitalized and non-capitalized assets, in preparation for the closure of the Kigali field office. The Mechanism responded that the planning was in its initial phase, indicating seven action measures that would be carried out, but it did not provide any formal planning that would indicate the timing, resources and coordination, either carried out to date or needed in the upcoming months.

59. In consideration of the above and given that, during the physical verification of the property, plant and equipment at the Kigali field office, it was noted that its warehouse contained several items of unused equipment, the Board requested the list of capitalized and non-capitalized assets held in the field office's warehouse, receiving a list with 154 items.

60. With the information provided by the Mechanism, the Board conducted a physical inspection of the Kigali field office's warehouse on 6 December 2023, for which a random sample of 60 items was selected, with the intention of verifying that the equipment in the warehouse was registered in the list provided. The results of the verification are as follows:

(a) A total of 29 of the 60 items were not registered in the list provided. The total acquisition value for 28 of those 29 items was \$97,219.79; the remaining item was not found in Umoja;

(b) A total of 6 of the 60 items did not have a technical identification number and therefore could not be identified in the list. It should be noted that the list did not include the serial number, either;

(c) Many non-serialized assets were observed in their original packaging boxes, which were not included in the list provided by the Kigali field office, such as 25 ergonomic desk chairs, 4 desks, 15 chests of drawers and 15 electric standing desk frames. This furniture was received on 14 August 2023 and has remained in storage since then. As expressed by the field office, this purchase was to improve the health and occupational safety of staff.

61. Given the upcoming closure of the Kigali field office, the Board considers it crucial that the Mechanism develop an asset management plan for the field office, allowing it to assess and identify the best future use of its assets and take the needed action on this matter accurately and in a timely manner.

62. Moreover, the Board considers that keeping assets stored and unused for an extended period could result in impairment, obsolescence and possible loss of equipment acquired by the Mechanism to fulfil its mandate.

63. The Board considers it paramount that the Kigali field office have an updated list of all capitalized and non-capitalized assets in order to reduce the risks associated with the loss of items or the failure to locate assets promptly during the field office's closure process.

**64. The Board recommends that the Mechanism formulate an updated list of all capitalized and non-capitalized assets at the Kigali field office and plan for their appropriate disposal, in view of the closure of the field office.**

65. The Mechanism did not accept the recommendation. It said that, while the statements with regard to the investigation of the International Criminal Tribunal for Rwanda's lost assets were factually correct, the wording presented overlooked the issue that the losses experienced at the Arusha International Conference Centre were



due mainly to a faulty handover by the Criminal Tribunal and not by deficiencies in the Mechanism's asset management.

66. While the Board acknowledges the information provided by the Mechanism in its response, the facts described above by the Board refer to the lack of identification of the equipment still held at the Kigali field office, which had announced its closure less than a year from the first notification of the recommendation, and thus will be conducting the disposal process of its assets by the date of its closure. Accordingly, the Board is of the view that the identification of equipment before its disposal, even that which is expendable, should be part of the proper management of assets, especially in the face of the imminent closure of the field office. Therefore, the Board maintains its recommendation.

#### **4. Property management**

67. In paragraph 10 of the guidance on the assignment of property to an end user, issued in April 2020, it is established that it is mandatory that any property that is intended for the sole personal use by an individual undergo a formal and documented assignment of the property to the individual. Through a formal and documented assignment, the individual accepts the custodianship of the property and all related responsibilities for the use, safekeeping and safeguarding of such property.

68. In paragraphs 12 and 13 of the same guidance, it is indicated that, for property issued for shared use among a group of United Nations personnel, the responsibility and accountability for the care, guardianship and safekeeping of that property reside with the group of United Nations personnel (office responsible) that uses the property. In these cases, although it is not required to formally assign the property to a specific individual, the name of the office responsible that uses the property should be identified and documented in the system of record.

69. Furthermore, in order to facilitate the identification and management of property issued for shared use by a group of United Nations personnel (including its maintenance, assessments of changes to condition and periodic physical verification), it is also recommended in the guidance that a primary point of contact within the group be identified as the focal point. This focal point should have knowledge of the location of the property and the ability to administratively support property management requirements.

##### *Internal investigation regarding the loss of assets*

70. As described above, pursuant to the recommendation issued by the Board in its previous report (ibid.), the Mechanism's Security and Safety Unit conducted an investigation (reference 23/001, dated 14 June 2023) to determine responsibility for the loss of 554 assets that had not been located at the Arusha branch during the 2022, 2021 and 2020 physical verifications. The main conclusions of the investigation were:

(a) There was an absence of handover vouchers signed by the staff members when they received the assets. In addition, staff were not aware of the responsibilities and assets assigned to them;

(b) Those items were originally part of International Criminal Tribunal for Rwanda assets that were supposed to be transferred to the Arusha branch when the Criminal Tribunal concluded its operations in December 2015;

(c) A lack of proper documentation in the Property Management Unit was noted, such as the handover and takeover records and the physical verification documents for 2016, as well as the Mechanism's disposal plan for the assets used in the Arusha International Conference Centre premises that were not transferred to the

new Lakilaki premises. Accordingly, the investigation highlighted the “chaotic and disorganized nature of the transfer of assets during that period”;

(d) Owing to the aforementioned and the fact that more than seven years had elapsed, it was not possible for the investigation to identify whether there was any malicious intent and/or fraudulent action by any individual, such as theft of the unlocated items.

#### *Unassigned assets*

71. In order to assess whether the Mechanism had implemented control measures aimed at avoiding similar losses of equipment during its downsizing process and closing of offices, a sample was taken from the assets that the Mechanism had in “Equipment assigned/operation” status in Umoja as at 20 November 2023, considering the Kigali field office and the Arusha and The Hague branches. The sample was composed of assets that were intended both for individual and collective use, as classified by the Mechanism. For the assets intended for individual use, the Board requested the assets’ handover vouchers signed by the staff members that had assigned and received them; for the assets intended for collective use, the Board reviewed the identification of the office responsible and the assigned focal point. The following situations were detected:

#### *Kigali field office*

(a) With regard to the sampled assets intended for individual use, 10 of the 12 (all of them non-capitalized) did not have supporting documentation relating to assignment and reception by the staff;

(b) 1 of the 2 assets that had the supporting documentation, which referred to a smartphone, had three signed handover vouchers containing the same technical identification number but different serial numbers;

(c) The remaining asset, which referred to a refrigerator, had a signed handover voucher, but this information had not been updated in Umoja. At the time of the audit, there was no corresponding information in the system;

(d) With respect to the sampled assets intended for collective use, all 38 (20 capitalized and 18 non-capitalized) did not have the name of the office responsible, nor an assigned focal point;

#### *Arusha branch*

(e) With regard to the assets intended for individual use, 12 of the 19 sampled assets (1 capitalized and 18 non-capitalized) did not have supporting documentation relating to assignment and reception by staff;

(f) 1 of the 7 assets that had supporting documentation, which referred to a generator, had the associated handover voucher, but it was not signed;

(g) Another 1 of the 7 assets that had supporting documentation, which referred to a Lenovo computer, had two handover vouchers signed by different people on different dates. Although one staff member’s “manual issue/handover voucher” had a more recent date, it was not updated in Umoja, for the records indicated that the person responsible for the equipment was another staff member;

(h) With respect to the sampled assets intended for collective use, all 41 assets intended for collective use by the Mechanism (29 capitalized and 12 non-capitalized) did not have the name of the office responsible, nor an assigned focal point;

*The Hague branch*

(i) With regard to the assets intended for individual use, 13 of 44 sampled assets (22 capitalized and 22 non-capitalized) did not have supporting documentation relating to assignment and reception by staff;

(j) For 3 of the 31 assets that had the supporting documentation, the user's name was not registered in the system;

(k) In another 3 of the 31 assets that had supporting documentation, the system had a user other than the one recorded in the supporting documentation;

(l) Another 1 of the 31 assets that had the supporting documentation, which referred to a firewall, had the associated handover voucher; however, it was not signed;

(m) With respect to the sampled assets intended for collective use, all 16 sampled assets (8 capitalized and 8 non-capitalized) did not have the name of the office responsible, nor an assigned focal point.

72. The Board considers it essential that clear protocols and appropriate processes for asset allocation, transfer and maintenance be established and adhered to, in accordance with the established United Nations regulations. This includes improved documentation, updated records and clear assignment of responsibilities, which contribute to transparency, accountability and integrity in asset management.

73. Moreover, the application of the aforementioned guidance on the assignment of property to an end user regarding the assignment of a focal point and its documentation in the registration system takes on greater relevance, given the downsizing process and closure of offices that the Mechanism must carry out.

74. The Board is of the view that the lack of tracking and proper documentation has already made it difficult to identify responsibilities in previous investigations, which can lead to asset misuse, property loss or even fraud. Addressing the factors that contribute to situations in which asset misuse or loss can happen is crucial to preventing financial losses, ensuring effective resource utilization and maintaining trust in the management and transparency of the Mechanism.

**75. The Board recommends that the Mechanism ensure that assets assigned for individual use undergo a complete and timely updating of the handover vouchers and the Umoja records, aiming towards a clear identification of the users responsible for those items.**

**76. The Board recommends that the Mechanism ensure that assets assigned for collective use are identified in Umoja with the name of the office responsible and their assigned focal point, aiming towards a clear identification of the users responsible for those items.**

77. The Mechanism did not accept the recommendations. First, it considered that, while the statements with regard to the investigation of the International Criminal Tribunal for Rwanda's lost assets were factually correct, they did not expose the fact that the Arusha International Conference Centre's assets were unilaterally dumped by the Criminal Tribunal into the Mechanism's equipment register without following established procedures of joint physical inspection and explicit acceptance of the transfer. Second, the Mechanism reaffirmed that this was not evidence of deficient property management practices on its part, but rather the chaotic way that the Criminal Tribunal operated in the final days of its liquidation. Third, the Mechanism stated that the findings were made prior to the completion of the annual physical verification and were not indicative of systematic weaknesses. Lastly, the Mechanism

did provide documentation pertaining to some assets in Arusha and Kigali, showing advancement in terms of those recommendations.

78. The Board reiterates that the Mechanism's aforementioned investigation originated from a recommendation made by the Board in its previous report (A/78/5/Add.15), which had denoted the entity's deficiencies in handling the assigned assets, and that no investigation to assess the causes of their loss had been conducted, nor had a disposal process been initiated. Furthermore, the Board notes that the submitted documentation did not cover all the analysed assets and that further efforts to complete the handover voucher assignments were yet to be completed. Therefore, the Board maintains the recommendations.

*Unused and stored special security equipment*

79. It is established in paragraph 2.3 of ST/AI/2015/4 that the responsibilities of heads of departments or offices or other officials of the Secretariat include the receipt, recording, valuation, safekeeping, physical verification and appropriate use and disposal of the property of the United Nations.

80. In addition, in paragraph 6 of the policy and guidance on the physical verification of property, issued on 8 June 2020 by the Department of Management Strategy, Policy and Compliance, it is stated that, during the physical verification process, property is to be checked for its existence and the data details of the property, including description, location, end-user details, status of property, quantity, manufacturer serial number, barcode number, authorization group, focal point for physical verification, office responsible for shared property and/or bin location, which are cross-checked for accuracy and confirmed against system records. Any discrepancies between the data details from the physical verification and the data details in the system records must be documented and subject to further review and reconciliation. The verification date and the name of the staff that performs the physical verification must be documented as confirmation that the physical verification has occurred.

81. On 27 November 2023, the Board conducted a physical verification of 57 sampled capitalized assets at the Arusha branch and noted that 5 items of narcotics and explosives detection equipment were stored in the warehouse cage assigned to the Security and Safety Section. After consultations with the security personnel in charge of the warehouse, it was verified that that equipment was not being used.

82. However, according to the information registered in Umoja, those special devices had been assigned and in operational status since 2021. In that regard, additional information was requested of the Security and Safety Section, from whose response the Board noted the following main points:

(a) The equipment was transferred from the former International Criminal Tribunal for Rwanda in May 2016;

(b) Those devices had been stored and not used either by the International Criminal Tribunal for Rwanda or by the Mechanism since 2016;

(c) Since the retirement of the Chief of Security and Safety Section and his staff in 2020, the remaining security management staff were unaware of those detectors.

83. The Board also enquired about the operational status of the detectors and the limitations for their use, to which the Mechanism responded as follows:

(a) There was no record of their operational status, either in the International Criminal Tribunal for Rwanda or in the Mechanism;

(b) The devices were under a review process in order to make them operational, which included the review of the remaining life of the liquids required for their use;

(c) There were no trained staff members among the Security and Safety Section staff to operate the narcotic and explosive detector assets;

(d) In the 2024 proposed budget, that equipment was not considered for maintenance nor for training needed for its operation.

84. The Board is of the view that leaving such assets with special features unused for several years while not having trained personnel to employ their features could significantly affect the appropriate and timely use of these items within their expected useful life period and in meeting the needs for which they were initially procured. Furthermore, this situation also causes the equipment to deteriorate over time without adequately being used by the Mechanism or another entity that could receive them.

85. Therefore, the Board considers that checking the operating condition of the equipment and training the operators, as well as keeping a record with updated information on the operation and status of the equipment aligned with the information considered in the Umoja system, are relevant elements for the proper use of these devices.

**86. The Board recommends that the Mechanism develop a technical and financial assessment to evaluate the operational status and employment needs of the narcotics and explosives detectors, to identify the suitability of having equipment with these detection capabilities in operation or to carry out the most appropriate disposal method.**

87. The Mechanism accepted the recommendation.

#### *Delays in asset disposal*

88. In paragraph 3 of the policy interpretation and guidance for the disposal of property issued in November 2022 by the Global Asset Management Policy Service in the Department of Management Strategy, Policy and Compliance, it is indicated that, “the disposal process is defined as all the administrative actions required for the removal of a property from its operations and the derecognition/deactivation of its record. The disposal process shall commence as soon as the property is identified as surplus, unserviceable, obsolete, lost or stolen to enable timely derecognition and/or deactivation of property records and for the accurate reporting and generation of financial statements”.

89. In addition, in paragraph 12 of the same guidance, it is established that, “pursuant to United Nations Financial Rule 105.23 the preferred method for the disposal of property that is declared surplus, unserviceable or obsolete is sale via competitive bidding. The competitive bidding process shall be executed in compliance with the rules of the Organization and processes as outlined in the Procurement Manual”.

90. It is stated in paragraph 42 of the aforementioned guidance that, “in compliance with the Organizational IPSAS Policy Framework on the principle of derecognition, capitalized property shall be promptly derecognized upon approval by the official with delegated authority for property management”.

91. The Board conducted a review of the asset disposal process at the Kigali field office, as well as both the Arusha and The Hague branches. The analysis considered the review of the supporting documentation in Umoja for 71 capitalized assets that had a write-off status as of November 2023, observing the following:

(a) Two capitalized assets, which referred to vehicles with a total acquisition value of \$61,838 and a book value of \$0.00 (because they were fully depreciated), had a write-off notification approved in August 2021, which authorized their sale. However, during the physical verification carried out on 12 December 2023, it was observed that both vehicles were in the parking lot without having been used for a long period of time, with their sales management process delayed for two years and four months, respectively;

(b) One asset, which referred to a BMW vehicle at The Hague branch with an acquisition value of \$63,386 and a book value of \$0.00 (because it was fully depreciated), had a write-off notification approved in December 2019, authorizing its sale. Its final disposal through sale was completed in March 2024. The vehicle was sold; however, its sales invoice was dated 4 September 2023, which meant that the sales management process had been delayed for three years and nine months. In addition, it should be noted that, as at the date of the review, the sale transaction and the derecognition of asset accounts were not recorded in Umoja;

(c) One asset, held in the Arusha branch, did not have a write-off document approved by the official with delegated authority for initiating its disposal process. The asset referred to an armoured Nissan Patrol 4x4, with an acquisition value of \$123,671 and a \$0.00 book value (fully depreciated equipment). It should be noted that the asset was one of the nine items mentioned in the previous report of the Board (*ibid.*) that were included in the physical verification conducted in November 2022, in order to assess the status of the recommendation included in its previous report (A/75/5/Add.15, para. 45). Accordingly, during the physical verification carried out during the 2023 audit visit, it was observed that the write-off status for that asset had been assigned on 14 November 2023 in Umoja, notwithstanding that at least 12 months had elapsed since the Board drew the Mechanism's attention to said asset, which was not operational, and that the disposal process should have begun.

92. The Board is of the view that timely implementation of the disposal process by an organization is a critical element in the property management of its assets. This becomes even more relevant for the Mechanism, considering the time that has already elapsed since the write-off for the disposal of the vehicles was authorized. Therefore, the vehicles have been losing value, remaining idle within the Mechanism's facilities. Regardless of the vehicles being fully depreciated and no accounting adjustments being required to be applied by the Mechanism, they still have a market value; therefore, the Mechanism could have obtained an income through their timely sale.

**93. The Board recommends that the Mechanism resume and finalize the disposal process of the detected assets as soon as possible to avoid greater losses of their market value.**

**94. The Board recommends that the Mechanism formulate a disposal plan, which consider the actions to be followed, deadlines for the phases of the write-off and disposal process, the assignment of responsibilities (persons or sections) and control mechanisms.**

95. The Mechanism accepted the first recommendation.

96. The Mechanism did not accept the second recommendation. It stated that the policy and guidance documents promulgated by the Global Asset Management Policy Service adequately covered the process of property write-off, property disposal and related monitoring, the reporting framework, the timelines and assignment of key performance indicators, and the appropriate process owners.

97. The Board concurs that the current regulation does state the requirements and general steps for disposal; however, in the face of the Mechanism's downsizing process, in which the amount of assets that will cease to be used by the decreasing

workforce at the Mechanism is expected to be higher each year, the development of a specific and clear plan with a further identification of deadlines and responsibilities for the disposal would help to streamline this process. Therefore, the Board maintains the recommendation.

## 5. Procurement management

### *Incomplete training of procurement staff*

98. In section 2.3 of the United Nations Procurement Manual, titled “Procurement Official”, it is stated that the procurement of goods and services is carried out by professional staff with proper training, knowledge and experience or by administrative staff with the appropriate procurement expertise, training and qualifications if approved by the Assistant Secretary-General for Supply Chain Management.

99. Accordingly, to be considered qualified as a procurement officer or similar, the completion of basic and advanced procurement courses is required, in line with the United Nations Procurement Training Campus. In addition, all procurement officers (excluding the Director/Chief of Mission Support/Administration or equivalent) must be professionally certified by an internationally recognized procurement certification authority, such as the Chartered Institute of Procurement and Supply, at its level 4 or equivalent to the required level, as authorized by the Under-Secretary-General for Operational Support.

100. The staff member who holds the role of requisitioner of the various sections or departments must complete the mandatory Umoja basic training courses designed for this role and is strongly encouraged to complete the courses in the Procurement Training Campus before assuming responsibilities in the acquisition process.

101. Moreover, the basic and advanced courses are mandatory for all United Nations procurement practitioners and personnel with procurement delegation of authority. Therefore, the basic procurement courses cover an overview of the United Nations Procurement Manual, the best value for money, ethics and integrity of procurement and the fundamentals of procurement.

102. The advanced courses deal with contractual issues in purchasing, acquisition planning and contract management.

103. During its interim visit, the Board requested information about the level of procurement certification for the staff member who held the position of procurement officer at the Arusha branch and for the staff member who held this position at The Hague branch. In addition, evidence was requested regarding the level of completion of the basic procurement courses for those 2 procurement officers and for the 17 requisitioners in the Mechanism. After reviewing the information provided, the Board observed the following:

(a) For the 2 procurement officers, only 1 had the professional certification of the Chartered Institute of Procurement and Supply (level 4) and neither of them had completed the required advanced courses;

(b) For the 17 requisitioners and 2 procurement officers:

(i) There were 10 staff members who had not completed any of the four mandatory procurement courses;

(ii) 3 staff members had completed only one of the four mandatory procurement courses;

(iii) 1 staff member had completed only two of the four mandatory procurement courses;

(iv) 5 staff members had completed three of the four mandatory procurement courses.

104. The Board noted that, even though some of the requisitioners had already been instructed by the Administration to enrol in procurement courses in the Procurement Training Campus, those instructions had not been complied with by the time of the audit visit.

105. The Board is of the view that the procurement process plays a fundamental role in supporting the operational continuity and performance of the Mechanism. In this regard, not having staff with the appropriate procurement expertise, training and the requested qualifications could jeopardize compliance with the procedures and regulations that guide the acquisition process, as well as ensuring that this process meets end-user requirements efficiently and effectively. This situation becomes more relevant owing to the abolishment of the Chief of Unit, Procurement post that, as explained in the Mechanism's 2023 proposed budget, was due to the assumption that the post was no longer required because internal personnel had the capacity to assume those procurement functions. In addition, the Board notes that the Mechanism's Procurement Unit was operating with the minimum structure described above, which could limit its monitoring capacity and effectiveness regarding the expected outcomes.

106. Furthermore, the Board recalls a previous report (see [A/77/5/Add.15](#)), in which it noted that the Mechanism lacked procurement demand plans and a consolidated entity-level acquisition plan and had accumulated unused stored assets that had been depreciating for several months. The two first situations were corrected during the following year (see [A/78/5/Add.15](#)), but the latter issue persists.

**107. The Board recommends that the Mechanism ensure that its procurement officers obtain professional certification and complete the basic and advanced procurement courses, pursuant to the United Nations Procurement Manual.**

**108. The Board recommends that the Mechanism ensure and document that each requisitioner completes basic procurement courses, in accordance with the Procurement Manual, before being listed as a requisitioner.**

109. The Mechanism accepted the first recommendation.

110. The Mechanism did not accept the second recommendation. It stated that the two aforementioned sources of information (United Nations Procurement Manual and Procurement Training Campus) presented discrepancies regarding the mandatory nature of the courses. In that regard, the Mechanism stated that the Procurement Manual should be considered as the definitive source and that the courses for the requisitioners were highly recommended and not mandatory.

111. The Board noted that the two sources cited above were complementary and that the need to complete the courses established in the Procurement Training Campus was stressed in the United Nations Procurement Manual. Moreover, the Board considers that there are relevant elements that may hinder the Mechanism's procurement cycle: (a) the post of the Chief of Unit, Procurement, was abolished; (b) the procurement units in the Arusha and The Hague branches had a minimal structure (one staff member at each branch); (c) the downsizing process would generate a high turnover of staff who carry out the function of requisitioner; (d) the outcomes of the Board's past physical verifications indicated a significant number of items that had been purchased and kept stored in warehouses for a long time ([A/77/5/Add.15](#), chap. II, para. 86); and (e) the Mechanism has just implemented an acquisition plan and a demand plan because of the Board's recommendations stemming from its audit for the year 2021 (*ibid.*, chap. II, paras. 66–67). This makes it essential for the tasks of coordination and control to be carried out efficiently by



these roles, by encouraging the completion of the courses stated in the United Nations Procurement Manual as a strengthening measure for improving the performance of the requisitioners' functions. Therefore, the Board maintains its recommendation.

## 6. Information and communications technology

### *Incomplete data for monitoring Umoja users*

112. It is stated in paragraph 3.5 of the SEC.02.PROC access control for the United Nations Secretariat information and communications technology (ICT) technical procedure (issued in 2013 and last reviewed in 2019) that:

When users no longer require access, the function that requested the account shall notify the relevant help desk or system owner to disable the user's account and/or authorizations. The procedures shall include communication with ICT staff, security staff (i.e., facilities), and any other relevant areas that will need to remove access rights as appropriate to that facility. In case a service is not accessed for more than three consecutive months, then access rights shall be removed.

113. Accordingly, the job aid for the security liaison officer access validation in Umoja establishes this process as a twice-monthly revalidation of user access to ensure that only active users have access to Umoja. Any user in the target population for this validation of user access considered inactive or who should not retain access in line with United Nations human resources policies, should be deactivated. The security access validation process considers the deactivation of users with active accounts who have not logged on to Umoja for more than 90 days and of withdrawn or retired staff who keep active accounts beyond 31 days, pursuant to human resources policies.

114. The Board requested evidence of the last security access validation exercise for 2023, a notification for the undertaking of which was given on 24 November 2023 by the Secretariat's Enterprise Resource Planning Solution Division and for which the Mechanism's security liaison officer was given 21 days to conduct it. However, the Mechanism did not provide a response to the Board's request.

115. In view of the above, the Board reviewed the users' last access to the system for the 444 active user accounts held by the Mechanism as at 17 November 2023, identifying 72 users with active accounts who had not logged on to Umoja for more than 90 days. These users had the following assigned roles in Umoja:

- (a) 1 case had budget office user, user access provisioning and employee self-service roles;
- (b) 5 cases had user access provisioning and employee self-service roles;
- (c) 1 case had only the user access provisioning role;
- (d) 65 cases had only the employee self-service role.

116. In addition, the Board obtained from Umoja a list of staff who had a "retiree", "inactive" or "withdrawn" employment status, identifying 61 such users who also still had an active status in Umoja. It was also verified that 21 of those users had logged into the system on a later date than the one in which their employment status had changed to either "retiree", "inactive" or "withdrawn". The assigned roles that these 61 still active users had were the following:

- (a) 1 case had budget office user, user access provisioning and employee self-service roles;
- (b) 6 cases had user access provisioning and employee self-service roles;

(c) 2 cases had only the user access provisioning role;

(d) 52 cases had only the employee self-service role.

117. Moreover, of those 61 cases, the following situations were identified to have happened after the correspondent staff member's employment status had changed to inactive:

(a) In six cases, the user access provisioning role was added;

(b) In one case, the user was locked owing to failed login attempts in Umoja and was unlocked the next day.

118. In the case of the separated staff from the Sarajevo field office, it was verified that three of the four people were not blocked, even though they had been separated for more than six months.

119. In response to the audit finding, the Mechanism provided the notification that it received from the United Nations security access validation process, which contained a list of users who were about to be deprovisioned unless the Mechanism stated otherwise. The Board noted that the aforementioned user list contained different and fewer users than the one manually obtained from Umoja by the Board, with some users not having assigned the categorization referring to the Mechanism, and thus, not included in the Mechanism's user list sent for the security access validation process.

120. The Board is of the view that an effective, regular and routine review by security liaison officers would help to identify and resolve in a timely manner any irregularities concerning the notification by the Human Resources Section to the Information Technology Services Section about the separation of staff members, which has the purpose of disabling the user's account and/or authorizations.

121. Furthermore, the Board is of the opinion that delays in the deprovisioning of separated staff user accounts exposes the Mechanism to the risk of unauthorized access, which could compromise the confidentiality and the integrity of the data of the system. In the context of the Mechanism's downsizing, the separation of personnel will be recurring over time. For this reason, strengthening the process of disabling users in all systems or ICT resources, as well as monitoring of users, has increasing relevance.

**122. The Board recommends that the Mechanism, in coordination with the Umoja help desk, confirm that the security access validation processes utilize a complete list with all the entity's active users.**

123. The Mechanism declined to accept the recommendation. It stated that it had already fully participated in the security access validation, which is run centrally and outside the Mechanism's control or purview. Furthermore, it stressed that none of the users identified in the Board's assessment had access to production roles. The Mechanism later expressed that it had been informed by United Nations Headquarters that the security access validation process had been subsequently fixed and that the Enterprise Resource Planning Solution Division had verified that 61 users had been properly handled by the security liaison officer, with an automated deprovisioning development change awaiting approval to move it to production.

124. No evidence was provided concerning the correction of the security access validation process. Therefore, the Board maintains its recommendation.

## C. Transmissions of information by management

### 1. Write-off of cash, receivables and property

125. Pursuant to financial rule 106.7 (a), the Mechanism reported write-offs of property, plant and equipment of \$0.009 million and of receivables of \$0.004 million for the year 2023. There were no reported write-offs of cash, inventories or intangibles during the year 2023.

### 2. Ex gratia payments

126. The Mechanism reported to the Board that there were no ex gratia payments in 2023.

### 3. Cases of fraud and presumptive fraud

127. In accordance with the International Standards on Auditing (ISA 240), the Board plans its audits of the financial statements so that it has a reasonable expectation of identifying material misstatements and irregularities (including those resulting from fraud). The audit, however, should not be relied upon to identify all misstatements or irregularities. The primary responsibility for preventing and detecting fraud rests with management.

128. During the audit, the Board made enquiries of management regarding its oversight responsibility for assessing the risks of material misstatements due to fraud and the processes in place for identifying and responding to the risks of fraud, including any specific risks of fraud that management had identified or that had been brought to its attention. The Board also enquired as to whether management had knowledge of any actual, suspected or alleged fraud. No cases of fraud were brought to the Board's attention.

## D. Acknowledgement

129. The Board expresses its sincere appreciation and gratitude to the management and staff of the Mechanism for the assistance and cooperation extended during the conduct of this audit.

(Signed) **Hou Kai**  
Auditor General of the People's Republic of China  
Chair of the Board of Auditors

(Signed) **Dorothy Pérez Gutiérrez**  
Acting Comptroller General of the Republic of Chile  
(Lead Auditor)

(Signed) **Pierre Moscovici**  
First President of the French Cour des comptes

24 July 2024

## Annex

## Status of implementation of recommendations up to the financial year ended 31 December 2022

No.	Audit report year	Report reference	Recommendation	Management's response	Board's assessment	Status after verification			
						Implemented	Under implementation	Not implemented	Overtaken by events
1.	2017	<a href="#">A/73/5/Add.15</a> , chap. II, para. 20	The Mechanism agreed with the Board's recommendation to supervise the architectural firm tasked with reviewing the control system for air quality, temperature and relative humidity of the archive repositories in the Lakilaki facility and modifying the system to ensure that it meets standard requirements.	The remediation of heating, ventilation and air conditioning systems is at the solicitation stage. The request for proposals was launched and market responses were received by 31 May 2023. The bids went through a technical evaluation and they are undergoing a commercial evaluation for contract awarding for the heating, ventilation and air conditioning remediation work.	The Board reviewed the requirement issued by the Mechanism and its technical and commercial evaluation. However, the work for the control system for air quality, temperature and relative humidity of the archive repositories in the Lakilaki facility had not been resumed. Therefore, the recommendation remains under implementation.		X		
2	2018	<a href="#">A/74/5/Add.15</a> , chap. II, para. 20	The Board recommends that the Mechanism conduct a systematic fraud risk assessment following the provisions of the Anti-Fraud and Anti-Corruption Framework.	The Mechanism considered that demonstrating sufficient compliance with the fraud mandatory training would suffice for the purpose of closing the recommendation. Therefore, it provided a list that showed that 98.7 per cent of Mechanism staff had completed the training on fraud prevention. The Mechanism is of the view that this recommendation should be closed	The Board recalls that staff completion of the mandatory online anti-fraud training pertains to a different recommendation, which was included in the report for the year ended 31 December 2018 ( <a href="#">A/74/5/Add.15</a> , chap. II, para. 21) and was already implemented during the audit for the year ended 31 December 2019 (see <a href="#">A/75/5/Add.15</a> ). Concerning the advances towards the conduction of a systematic fraud risk assessment, no documentation was observed during the 2023 interim audit visit. The Mechanism did not provide a document from the United			X	

No.	Audit report year	Report reference	Recommendation	Management's response	Board's assessment	Status after verification			
						Implemented	Under implementation	Not implemented	Overtaken by events
3	2019	<a href="#">A/75/5/Add.15</a> , chap. II, para. 45	The Board recommends that the Mechanism improve its procedures of physical verification for the inventory of all capitalized assets, adjusting this information in the Umoja records, to ensure the integrity of the data maintained in the system.	During the past two cycles (2021 and 2022), the Mechanism conducted the physical verification exercises and met the required physical verification target of 100 per cent as part of instructions for the preparation of the financial statements. The Mechanism will continue to maintain this standard of compliance in conducting the physical verification exercises going forward. The Mechanism considers this recommendation to be implemented and requests its closure by the Board.	Nations Secretariat that would exempt it from conducting such an assessment. Therefore, the recommendation remains not implemented.  The Board carried out a physical verification exercise of the capitalized assets in Arusha, Kigali and The Hague. In that review, it was observed that the Mechanism had improved significantly its procedures of physical verification of all capitalized assets and the available information in the Umoja records. Notwithstanding, during its physical verification exercise, the Board noted assets that were uninstalled and not in working condition and that most of them were fully depreciated; however, they appeared in Umoja as assigned and operational or as idle equipment. Furthermore, most of those uninstalled assets had been included in the 10 per cent manual adjustment, which is applied to assets that are both fully depreciated and in use, whereas those assets were uninstalled and not in working condition. Accordingly, the recommendation is considered under implementation.		X		
4	2019	<a href="#">A/75/5/Add.15</a> , chap. II, para. 84	The Board recommends that the Mechanism reinforce its policy regarding the importance of requesting and approving annual and home leave in Umoja prior to the use	The Mechanism has made efforts to reinforce the policy on requesting annual and home leave and improved compliance in that regard. However, given that,	While the Board acknowledges that the Mechanism has made efforts to improve the processes regarding leave requests and approval, there remained cases of annual leave		X		

No.	Audit report year	Report reference	Recommendation	Management's response	Board's assessment	Status after verification			
						Implemented	Under implementation	Not implemented	Overtaken by events
			of these entitlements, communicating such matters to its staff.	structurally, there would be some rare instances of post facto approvals of leave, full compliance with the principle is not possible. The Mechanism considers this recommendation to be implemented and requests its closure by the Board.	and home leave that had an approval date in Umoja later than the effective start of the leave. There were also cases of home leave for which fewer than seven days of leave had been requested without an approval register in Umoja, in breach of staff regulations and rules. Therefore, this recommendation remains under implementation.				
5	2019	<a href="#">A/75/5/Add.15</a> , chap. II, para. 104	The Board recommends that the Mechanism improve its procedures for the planning of training to be conducted for staff, aimed at the proper execution of a training plan and its relevant budget, by drafting a document that identifies the corresponding staff in charge, dates, training topics, units, number of staff to be trained, and budget planned and expended per activity, among other possible issues.	The Mechanism has appointed a dedicated training and career development assistant who will manage and track all relevant data relating to training, including expenses, objectives, participants, locations, costs and outcomes. It added that a training plan for 2023 and for 2024 was in development.	The Mechanism did not provide information relating to the training plan and the budget allocated for the implementation of it. Therefore, the recommendation remains not implemented.				X
6	2019	<a href="#">A/75/5/Add.15</a> , chap. II, para. 109	The Board recommends that the Mechanism take action leading to registering in Umoja all the absences corresponding to the travel days.	The Mechanism notes that, in several cases, travel days are structurally reported in the system after the fact. When taking home leave, for example, travel days are converted only after staff provide a completed expense report to the Human Resources Section, given that the number of travel days provided depends on the actual length of travel.	The Board extracted from Umoja the Mechanism's 580 travel requests with a "submitted" status as at 31 December 2023 and observed that the record of the absence required for travel days had been registered in Umoja only in 30 cases, contrary to what was established in information circular <a href="#">ST/IC/2019/16</a> . Therefore, this recommendation remains not implemented.				X

No.	Audit report year	Report reference	Recommendation	Management's response	Board's assessment	Status after verification			
						Implemented	Under implementation	Not implemented	Overtaken by events
7	2019	<a href="#">A/75/5/Add.15</a> , chap. II, para. 122	The Board recommends that the Mechanism have supporting documentation regarding the selection of the most economical offer, in order to ensure that this requirement is met at the time of purchasing the tickets.	The Mechanism did not provide additional information.	The Board required the supporting documentation regarding the selection of the most economical offer for travel, which was not provided by the Mechanism. Therefore, the recommendation remains not implemented.			X	
8	2019	<a href="#">A/75/5/Add.15</a> , chap. II, para. 138	The Board recommends that the Mechanism perform and keep a record of the disaster recovery exercise at least annually, incorporating the disaster recovery planning document and the lessons learned after the testing, and ensuring that this exercise includes the key employees involved in the recovery process, as established in the information and communications technical procedure on disaster recovery planning (SEC.08. PROC).	A disaster recovery exercise was performed on 15 November 2023, in line with the required technical procedure. In addition, the disaster recovery plan was updated accordingly.	The Board reviewed the disaster recovery plan that had been updated on 25 April 2023 and noted that it considered the execution, the regularity and a test result report of the disaster recovery exercises. The Board also reviewed the documentation of the disaster recovery exercises that were performed on 15 and 21 November 2023. Therefore, the recommendation is considered implemented.	X			
9	2020	<a href="#">A/76/5/Add.15</a> , chap. II, para. 44	The Board recommends that the Mechanism regularly remind programme managers and supervisors of the performance evaluation deadlines (e-performance or form P.333) to ensure that all staff members have a performance evaluation for each cycle or appointment.	The Human Resources Section regularly reminds programme managers of the performance evaluation deadlines. The Mechanism considers this recommendation to be implemented and requests its closure by the Board.	During the last review conducted during the 2023 period, no exceptions or instances of non-compliance were detected regarding the timely submission of performance evaluations. Therefore, this recommendation is considered implemented.	X			
10	2020	<a href="#">A/76/5/Add.15</a> , chap. II, para. 45	The Board recommends that the Mechanism's Human Resources Section reinforce its regular monitoring of the personnel files with the aim of verifying that the educational certificates related to the	As part of the Mechanism's downsizing, the Human Resources Section has begun to receive staff administration services from the United Nations Office at Nairobi. Electronic official status files	The Board reviewed a sample of personnel files to verify that the educational certificates relating to the personnel's functions had been included. A significant improvement was observed regarding the	X			

No.	Audit report year	Report reference	Recommendation	Management's response	Board's assessment	Status after verification			
						Implemented	Under implementation	Not implemented	Overtaken by events
			functions for which the staff members were appointed are included.	will be transferred to the Office and contents, including educational certificates, will be reviewed as part of the transfer.	Mechanism's monitoring and control of personnel documents, compared with the reviews conducted during previous periods. Furthermore, no missing education certificates were detected among the files of personnel appointed during the period. Therefore, this recommendation is considered implemented.				
11	2020	<a href="#">A/76/5/Add.15</a> , chap. II, para. 59	Moreover, the Board recommends that the Mechanism evaluate the future use of the letters of appointment module in Umoja and, if not viable, define a control measure for the updating and harmonization of the information contained in the current staff's letters of appointment in a centralized and accessible manner.	As part of the Mechanism's downsizing, the Human Resources Section has begun to receive staff administration services from the United Nations Office at Nairobi. Going forward, the Office will create the letters of appointment and the Mechanism will work with the Office to ensure that the letters of appointment are available in a centralized and accessible manner.	The Board verified that the Mechanism had requested assistance from the United Nations service help desk concerning the implementation of the letters of appointment module in Umoja. The response received was that the module was configured for United Nations Secretariat entities only, while all non-Secretariat entities that used Umoja were required to issue the letter of appointment outside of Umoja. The Board reviewed personnel folders and the update of information in the Umoja system and did not detect discrepancies between the letters of appointment and the staff information in Umoja. Therefore, the recommendation is considered implemented.	X			
12	2020	<a href="#">A/76/5/Add.15</a> , chap. II, para. 69	The Board recommends that the Mechanism take measures to improve the compliance of its staff with the policy guidance on alternate working	Given that the worldwide health emergency relating to the COVID-19 pandemic has passed, the Mechanism has reverted to its pre-pandemic	The Board observed the reminders issued during 2023 by the Administration to staff members, which focused on recalling the reporting of	X			



No.	Audit report year	Report reference	Recommendation	Management's response	Board's assessment	Status after verification			
						Implemented	Under implementation	Not implemented	Overtaken by events
			arrangements and flexible working arrangements in the context of the COVID-19 pandemic, in order to reflect the working days of the staff, and keep this information updated in Umoja on a weekly basis.	policies on flexible working arrangements. The Mechanism considers this recommendation to be overtaken by events and requests its closure by the Board.	telecommuting, in order to improve their compliance with the policy guidance on alternate working arrangements and flexible working arrangements. In addition, the Board confirmed the compliance of staff members with the policy guidance by reviewing the telecommuting records conducted during 2023 and did not detect relevant omissions in them. Thus, the recommendation is considered implemented.				
13	2020	<a href="#">A/76/5/Add.15</a> , chap. II, para. 89	The Board recommends that the Mechanism streamline the process to fill the Chief Procurement Manager position in the short term.	Owing to downsizing pressures, the post of Chief of Unit, Procurement, was abolished from the staffing table of the Mechanism as from 1 January 2023. The Mechanism considers this recommendation to be overtaken by events and requests its closure by the Board.	The Board observed that the Mechanism had abolished the post of Chief of Unit, Procurement, in line with annex III of its proposed budget for 2023 ( <a href="#">A/77/528</a> ), dated 17 October 2022, which was subsequently approved by the General Assembly in its resolution <a href="#">77/261</a> in January 2023. Therefore, the recommendation is considered overtaken by events.				X
14	2021	<a href="#">A/77/5/Add.15</a> , chap. II, para. 32	The Board recommends that the Mechanism develop a long-term organizational strategy, including key issues such as premises, equipment and personnel, involving the three organs that compose the Mechanism.	The Mechanism did not provide additional information.	The Board reviewed several documents that the Mechanism had been working on since 2021. First, a concept note and a road map for the development of a scenario-based workforce plan contained estimates of the future workload and activities in the coming years. Second, the Board reviewed the report on judicial functions on the basis of the evaluation	X			

No.	Audit report year	Report reference	Recommendation	Management's response	Board's assessment	Status after verification			
						Implemented	Under implementation	Not implemented	Overtaken by events
					<p>conducted by the correspondent panel of judges. In that document, an estimation of the duration and intensity of the judicial activities had been performed. In addition, it was seen that the panel of judges, having analysed the transferability of the Mechanism's judicial functions, concluded in the report on judicial functions that, at that stage, such a transfer was not recommended. Hence, a smaller Mechanism had been considered the best option to perform the mandated functions entrusted to it by the international community. Third, the Board reviewed the Mechanism's framework of operations to complete functions, which contained evaluations of the future workload and resources needed, in line with the budgetary requirement (for judicial and non-judicial functions). Fourth, the Board also reviewed the analyses performed in the Mechanism's coordination council. Lastly, the Board reviewed the minutes of meetings of the local committee on contracts during 2023. Considering the aforementioned documentation and the analyses, the Board considers this recommendation implemented.</p>				

No.	Audit report year	Report reference	Recommendation	Management's response	Board's assessment	Status after verification			
						Implemented	Under implementation	Not implemented	Overtaken by events
15	2021	<a href="#">A/77/5/Add.15</a> , chap. II, para. 41	The Board recommends that the Mechanism complete the risk control matrices, in order to fully perform the risk assessment procedures required by the United Nations Department of Management Strategy, Policy and Compliance regarding the statement on internal control.	The Mechanism completed the 2020, 2021 and 2022 annual risk self-assessment questionnaires and will be finalizing the final risk control matrices in the third and fourth quarters of 2023.	The Board reviewed the self-assessment questionnaires and the risk control matrices drafted and approved by the Mechanism. The documentation showed compliance with the risk assessment procedures required by the Department of Management Strategy, Policy and Compliance concerning the risk control matrices of the statement on internal control. Accordingly, the recommendation is considered implemented.	X			
16	2021	<a href="#">A/77/5/Add.15</a> , chap. II, para. 51	The Board recommends that the Mechanism maintain complete and updated information regarding the status of the vacant positions.	The Mechanism's Human Resource Section is maintaining complete and updated information on all vacant positions on a monthly basis.	The Board acknowledges the efforts made by the Mechanism towards evaluation and justification of its staffing needs. This notwithstanding, the Board observed that the entity still let positions remain vacant for more than two years. Moreover, it was verified that the information regarding the status of the vacant positions did not specify the organization unit description nor the extent of time in which the vacant position had been vacant. Therefore, this recommendation is considered under implementation.		X		
17	2021	<a href="#">A/77/5/Add.15</a> , chap. II, para. 67	The Board recommends that the Mechanism conduct a review of the acquisition plan on a quarterly basis, in order to make the necessary adjustments regarding the	The Mechanism's Procurement Section is in regular contact with requisitioners to review the annual acquisition plan and complies with the terms of the United Nations Procurement	While the Board acknowledges the efforts made by the Mechanism to conduct quarterly reviews of the acquisition plan, it was noted that the procedure used		X		

No.	Audit report year	Report reference	Recommendation	Management's response	Board's assessment	Status after verification			
						Implemented	Under implementation	Not implemented	Overtaken by events
			actual needs of the requisitioning units, as indicated in the Procurement Manual.	Manual as regards planning the actual needs of requisitioning units.	consisted of a purchase update between the Procurement Section and the requisitioners, rather than a review of the plan, in accordance with the Mechanism's operations. Furthermore, the reviews should be carried out in a timely manner and on a quarterly basis. Therefore, this recommendation is considered under implementation.				
18	2021	<a href="#">A/77/5/Add.15</a> , chap. II, para. 86	The Board recommends that the Mechanism improve its planning and documentation of the information technology equipment needs, requirements and implementation, with the aim of using these assets in the short term and thus obtaining the full use of their capabilities within the total allocated useful life.	<p>The Mechanism noted that, of the 18 assets referred to in the Board's assessment, 1 was a "hot spare" meant to be available in the event that operational equipment failed and that 16 were being held until there was a recess in the Kabuga trial, given they were assets intended for in-court use.</p> <p>However, given the recent developments in court proceedings, it is anticipated that the courtroom will no longer be in use, rendering the installation of these assets unnecessary.</p>	<p>The Board requested supporting documents of the planning and assessments of needs for information technology equipment within the non-post budget submission. In that regard, the Mechanism did not provide any evidence. This notwithstanding, the Board carried out a physical verification to validate the installation of the 18 pieces of equipment of the Information Technologies Services Section observed during the 2021 audit and detected that they had been installed as at 31 December 2023.</p> <p>Furthermore, 39 new assets acquired in March and June 2022 were reviewed; of those, 8 were in storage as of the date of the Board's physical review in mid-May 2024.</p> <p>Likewise, 31 new assets acquired between June and August 2023 were reviewed. Of those ones, 14 were in storage as of the date of the Board's physical review in mid-May 2024.</p>				X

No.	Audit report year	Report reference	Recommendation	Management's response	Board's assessment	Status after verification			
						Implemented	Under implementation	Not implemented	Overtaken by events
19	2021	<a href="#">A/77/5/Add.15</a> , chap. II, para. 96	The Board recommends that the Mechanism develop and approve an information and communications technology strategy aligned with its overall strategic planning and the general information and communications technology strategic initiatives of the United Nations, defining short- and middle-term objectives within the Mechanism's downsizing context and including the lessons learned from the COVID-19 pandemic.	The Mechanism declares that it follows the guidelines of the information and communications technology Office of the United Nations Secretariat.	Accordingly, the recommendation is considered not implemented.  The Board considers that the recommendation required the Mechanism to develop its own information and communications technology strategy according to its own situation and challenges. Such a document would consider the Mechanism's specific overall strategic planning, as well as the lessons learned from the COVID-19 pandemic, its downsizing process and an evaluation of its information technology needs, especially relating to purchases, which would allow the Mechanism to prioritize the allocation of resources.  However, such a document has not been approved by the Mechanism. Thus, the recommendation remains not implemented.				X
20	2022	<a href="#">A/78/5/Add.15</a> , chap. II, para. 31	The Board recommends that the Mechanism take action to initiate the disposal processes of the assets with the status "equipment not found", in accordance with the instructions in force.	The Safety and Security Section of the Mechanism conducted a thorough investigation of the lost property and reported its findings in a report dated 14 June 2023. The report has been forwarded to the Local Property Survey Board and the disposal process has been conducted. The Mechanism considers this recommendation to be implemented and requests its closure by the Board.	The Board reviewed the report of the investigation carried out concerning the loss of the observed assets and the minutes of the Local Property Survey Board approving the derecognition of those assets. The Board also detected that those assets had been removed from the subsidiary ledger as at 31 December 2023. Accordingly, the recommendation is considered implemented.	X			

No.	Audit report year	Report reference	Recommendation	Management's response	Board's assessment	Status after verification			
						Implemented	Under implementation	Not implemented	Overtaken by events
21	2022	<a href="#">A/78/5/Add.15</a> , chap. II, para. 32	The Board recommends that the Mechanism carry out the process to assign responsibilities, in order to determine eventual obligations and root causes for the loss of assets, in a timely and effective manner.	The loss of the property was investigated by the Mechanism's Security Section and reported the circumstances and findings in its report (No. 23/001, dated 14 June 2023).	The Board reviewed the conclusions of the investigation carried out by the Mechanism regarding the loss of the 13 capitalized assets detected in the Board's recommendation (with an acquisition value of \$395,289.95 and a net book value of \$0.00) and 541 non-capitalized assets (acquisition value of \$457,307.96). It stands out that there was no person responsible detected, reportedly because all the assets came from the International Criminal Tribunal for Rwanda and there was no proper documentation on the handover and responsibility of the asset to the user. The losses were attributed to the chaotic transfer process owing to the liquidation and closing down of the Criminal Tribunal, outgoing staff members and the Mechanism's initial setup. Although no responsibility was established for the loss of those assets, given the fact the investigation was carried out, the recommendation is considered implemented.	X			

No.	Audit report year	Report reference	Recommendation	Management's response	Board's assessment	Status after verification				
						Implemented	Under implementation	Not implemented	Overtaken by events	
22	2022	<a href="#">A/78/5/Add.15</a> , chap. II, para. 38	The Board recommends that the Mechanism keep an updated annual record of the training expenses and the training given to staff members, including their objectives, participants, location, costs and learning outcomes.	The Mechanism has appointed a dedicated Training and Career Development Assistant who will manage and track all relevant data relating to training, including expenses, objectives, participants, locations, costs and outcomes.	The Board enquired about the documentation of training expenses and outcomes; however, these were not provided by the Mechanism. Thus, the recommendation is considered not implemented.				X	
23	2022	<a href="#">A/78/5/Add.15</a> , chap. II, para. 48	The Board recommends that the Mechanism carry out an assessment of the temporary appointment positions that are recurrent and necessary for the operation of the Mechanism in order to evaluate the use of other forms of appointments for them, when appropriate, in consideration of the Mechanism's downsizing process, temporary mandate and annual budget cycles.	The Human Resources Section conducted a comparative review process for staff retention in 2024 and implemented the 2024 staffing table, during which all temporary appointments were reviewed and recruitments for fixed-term appointments initiated, where mandated.	The Board reviewed the data concerning the temporary appointments and did not find non-compliance with the normative with regard to the recruitment requirements, data recording or needed break-in service time. Therefore, this recommendation is considered implemented.	X				
Total number of recommendations						23	10	5	7	1
Percentage of total number of recommendations						100	44	22	30	4

## Chapter III

### Certification of the financial statements

#### **Letter dated 31 March 2024 from the Assistant Secretary-General, Controller, addressed to the Chair of the Board of Auditors**

The financial statements of the International Residual Mechanism for Criminal Tribunals for the year ended 31 December 2023 have been prepared in accordance with regulation 6.1 of the Financial Regulations and Rules of the United Nations.

The summary of significant accounting policies applied in the preparation of these statements is included as notes to the financial statements. The notes provide additional information and clarification of the financial activities undertaken by the International Residual Mechanism for Criminal Tribunals during the period covered by these statements for which the Secretary-General has administrative responsibility.

I certify that the appended financial statements of the International Residual Mechanism for Criminal Tribunals, numbered I to V, are correct in all material respects.

(Signed) Chandramouli **Ramanathan**  
Assistant Secretary-General  
Controller



## Chapter IV

### Financial report for the year ended 31 December 2023

#### A. Introduction

1. The Registrar has the honour to submit herewith the financial report on the accounts of the International Residual Mechanism for Criminal Tribunals for the year ended 31 December 2023.

2. The financial situation of the Mechanism is presented in five statements and the accompanying notes that explain the Mechanism's accounting and financial reporting policies and provide additional information on the individual amounts contained in the statements. The present report is designed to be read in conjunction with the financial statements. It presents an overview of the position and performance of the Mechanism, highlighting trends and significant movements.

3. The Mechanism was established by the Security Council in its resolution [1966 \(2010\)](#) to continue the jurisdiction, rights and obligations and essential functions of the International Criminal Tribunal for Rwanda and the International Tribunal for the Former Yugoslavia after the completion of their mandates. In accordance with its mandate, the Mechanism has assumed responsibility for essential functions of the two Tribunals, including a range of judicial activities, the enforcement of sentences, the resettlement of acquitted and released persons, the protection of victims and witnesses and the management of archives.

4. One of the major developments relating to the Mechanism's judicial activities was the delivery of the appeal judgment in *Prosecutor v. Jovica Stanišić and Franko Simatović* on 31 May 2023, one month earlier than expected. The completion of the appeal in this case, which the Mechanism inherited from the International Tribunal for the Former Yugoslavia, represents the conclusion of all core crimes proceedings brought before that Tribunal. This milestone also occurred during the same month as the thirtieth anniversary of the historic decision of the Security Council to establish the Tribunal, on 25 May 1993.

5. With respect to the final case concerning core crimes derived from the International Criminal Tribunal for Rwanda, *Prosecutor v. Félicien Kabuga*, on 6 June 2023 the Trial Chamber determined that Félicien Kabuga was unfit to stand trial and decided to proceed with an alternative finding procedure. The Trial Chamber's decision was appealed by the parties, and, on 7 August 2023, the Appeals Chamber confirmed Mr. Kabuga's unfitness for trial but rejected the alternative finding procedure owing to jurisdictional limitations. Consequently, the case was remanded to the Trial Chamber for an indefinite stay of proceedings. The Trial Chamber issued its order on 8 September 2023 and is now seized of overseeing issues relating to Mr. Kabuga's health and provisional release from custody.

6. In relation to other core functions, the reporting period saw a major breakthrough with the arrest of fugitive Fulgence Kayishema on 24 May 2023, in South Africa, after having been on the run since 2001. In addition, on 14 November 2023, the Office of the Prosecutor announced the death of another fugitive, Aloys Ndimbati. With regard to cases referred to national jurisdictions, the Mechanism is pleased to report that its monitoring duties have been further reduced with the end of the case against Ladislav Ntaganzwa in Rwanda. Following his arrest in the Democratic Republic of the Congo in December 2015 and transfer to Rwanda for proceedings that lasted from 2017 to 2023, the completion of his case is another significant step in advancing accountability in accordance with international fair trial standards. In conjunction with this progress, the Mechanism continued to make

headway with the supervision of the enforcement of sentences, assistance to national jurisdictions and the protection of victims and witnesses.

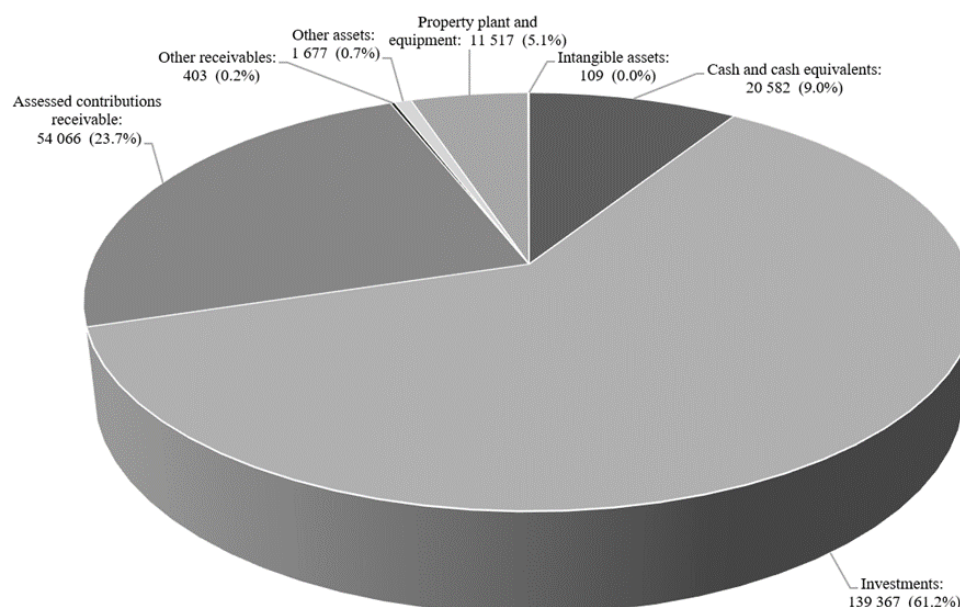
## B. Overview of assets, liabilities and liquidity

7. Assets as at 31 December 2023 totalled \$227.721 million, compared with the balance as at 31 December 2022 of \$225.092 million.

Figure IV.I

### Assets of the Mechanism as at 31 December 2023

(Thousands of United States dollars)



8. As figure IV.I illustrates, the main assets of the Mechanism as at 31 December 2023 were cash and cash equivalents and investments, totalling \$159.949 million (representing 70.2 per cent of total assets); assessed contributions receivable from Member States of \$54.066 million (23.7 per cent); property, plant and equipment of \$11.517 million (5.1 per cent); other assets of \$1.677 million (0.7 per cent); and other accounts receivable of \$0.403 million (0.2 per cent).

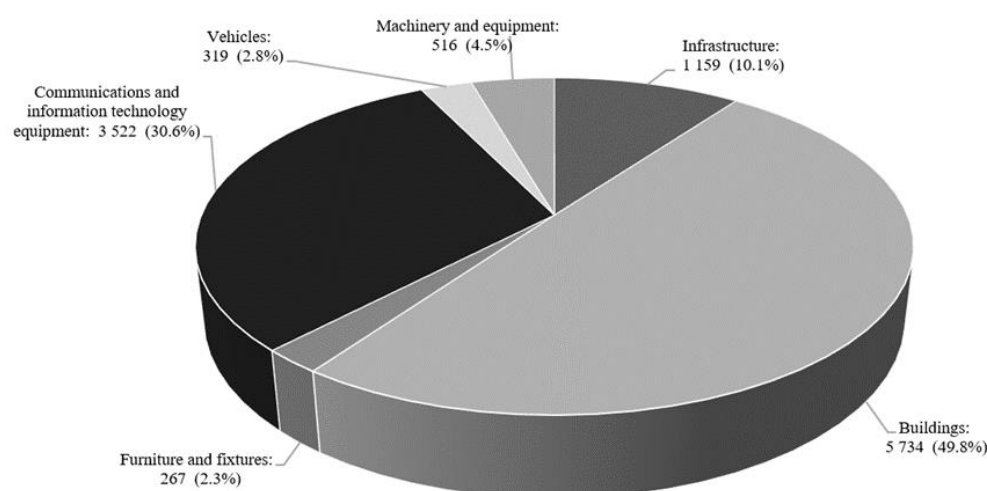
9. Cash and cash equivalents and investments of \$159.949 million as at 31 December 2023 were held in the United Nations main cash pool. This represents an increase of \$1.167 million compared with the balance of \$158.782 million held at the end of 2022.

10. Assessed contributions receivable increased by \$2.384 million, from \$51.682 million at the end of 2022 to \$54.066 million at the end of 2023. This increase was attributable to an increase in the arrears due to the Mechanism from \$25.219 million at the end of 2022 to \$27.613 million at the end of 2023 and a decrease in arrears due to the International Tribunal for the Former Yugoslavia from \$21.063 million at the end of 2022 to \$21.053 million at the end of 2023.

11. The Mechanism's property, plant and equipment assets consist primarily of buildings and communications and information technology equipment (valued at \$5.734 million and \$3.522 million, respectively), as shown in figure IV.II.

**Figure IV.II**  
**Property, plant and equipment**

(Thousands of United States dollars)



12. In relation to the Arusha premises (in use since 2016), the Mechanism continues the work on the remediation of the heating, ventilation and air-conditioning system.

13. In 2023, additions of \$0.854 million were capitalized to communications and information technology equipment, relating primarily to the replacement of obsolete servers and network equipment.

14. The decrease in other accounts receivable from \$0.762 million at the end of 2022 to \$0.403 million at the end of 2023 is due in large part to the decrease in recoverable value added tax (VAT), given that tax authorities of relevant host States paid a number of claims. The balance of recoverable VAT at the end of 2023 includes \$0.258 million from the United Republic of Tanzania (2022: \$0.517 million), \$0.022 million from the Kingdom of the Netherlands (2022: \$0.200 million) and \$0.127 million from Rwanda (2022: \$0.179 million).

15. Other assets increased by \$0.555 million, from \$1.122 million at the end of 2022 to \$1.677 million at the end of 2023, owing primarily to the increase in deferred charges for the renewal of multi-year agreements for software subscriptions and licences, as well as for information technology support and maintenance services. The balance of other assets at the end of 2023 includes deferred charges of \$1.074 million (2022: \$0.575 million), advances to staff of \$0.307 million (2022: \$0.425 million), other assets of \$0.018 million (2022: \$0.040 million) and advances to the United Nations Development Programme and other United Nations agencies of \$0.278 million (2022: \$0.035 million).

### **Liabilities**

16. Liabilities as at 31 December 2023 totalled \$145.785 million (31 December 2022: \$136.299 million).

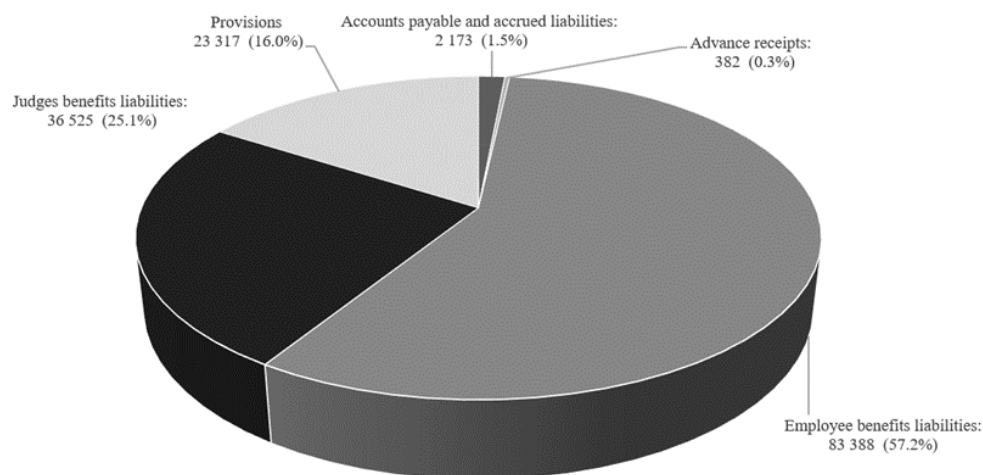
17. As shown in figure IV.III, the largest liability concerns employee benefits earned by staff members and retirees in the amount of \$83.388 million, representing 57.2 per cent of the Mechanism's total liabilities (31 December 2022: \$75.090 million, representing 55.1 per cent of the total liabilities). The increase in these liabilities in the amount of \$8.298 million (11.1 per cent) in 2023 was due primarily to the net increase of \$7.740 million in defined employee benefits liabilities from

\$68.621 million as at 31 December 2022 to \$76.361 million as at 31 December 2023. This increase in defined employee benefits liabilities is based mainly on a total net actuarial loss of \$5.252 million, explained primarily by a lower discount rate as reported in the most recent actuarial valuation, conducted in 2023.

Figure IV.III

**Liabilities as at 31 December 2023**

(Thousands of United States dollars)

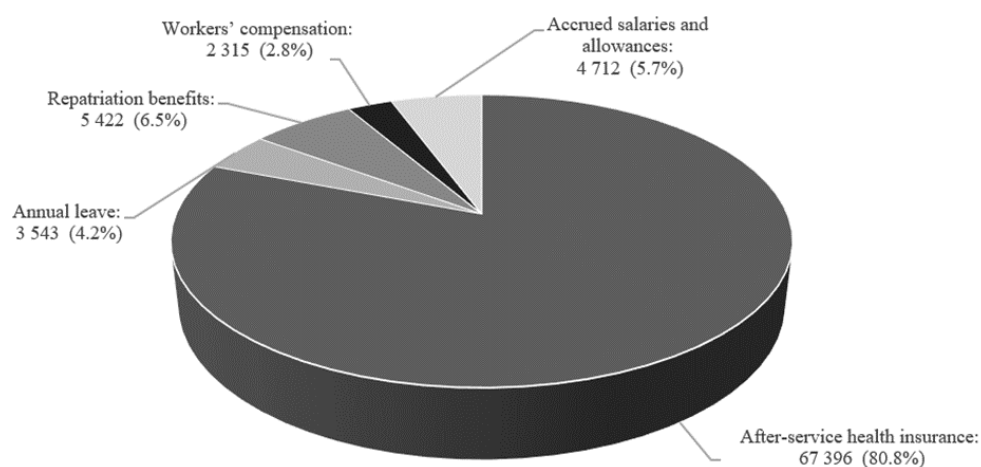


18. As illustrated in figure IV.IV, employee benefits liabilities valued by independent actuaries consisted mainly of liabilities relating to after-service health insurance (\$67.396 million), annual leave (\$3.543 million) and repatriation benefits (\$5.422 million).

Figure IV.IV

**Employee benefits liabilities**

(Thousands of United States dollars)



19. As at 31 December 2023, the liabilities relating to judges' honorariums and allowances amounted to \$36.525 million (31 December 2022: \$38.048 million), representing mainly the judges' pension liabilities that are now held by the Mechanism because of the amalgamation of the two former Tribunals. Of the total amount of judges' benefits liabilities as at 31 December 2023, \$21.297 million relates

to liabilities for retired judges of the International Tribunal for the Former Yugoslavia (\$22.658 million as at 31 December 2022) and \$15.228 million relates to liabilities for retired judges of the International Criminal Tribunal for Rwanda (\$15.390 million as at 31 December 2022).

20. Provisions amounted to \$23.317 million (2022: \$20.555 million), relating entirely to credits to Member States. The provision increase is explained by the release of provision for the cancellation of 2020 commitments and savings from prior periods (\$3.030 million) and for the unencumbered balance of the appropriations for 2021 (\$7.173 million) and by the additional provisions made for the cancellation of 2022 commitments and savings from prior periods (\$0.959 million), for revenue (\$7.939 million) and for the unencumbered balance of the appropriations for 2023 (\$4.067 million).

### Net assets

21. The movement in net assets during the year reflects a decrease of \$6.857 million, from \$88.793 million in 2022 to \$81.936 million in 2023, owing primarily to an actuarial loss on defined benefit liabilities of \$5.252 million, and an overall deficit of \$3.056 million from the performance during the year, offset in part by a fair value gain on the revaluation of investment of \$1.222 million. As at 31 December 2023, the net assets of the Mechanism included a restricted portion of \$3.564 million relating to the balance of the special account for the construction of the Arusha facility.

### Liquidity position

22. As at 31 December 2023, liquid assets totalled \$182.675 million (cash and cash equivalents of \$20.582 million, short-term investments of \$106.159 million, and assessed contributions receivable, other accounts receivable and other current assets totalling \$55.934 million), whereas total current liabilities amounted to \$35.685 million. The table below highlights current assets and current liabilities at the segment level for the year ended 31 December 2023.

(Thousands of United States dollars)

	<i>Note</i>	<i>Former ICTY</i>	<i>Former ICTR</i>	<i>IRMCT</i>	<i>31 December 2023</i>
<b>Current assets</b>					
Cash and cash equivalents	6	11 524	8 091	967	20 582
Investments	6	59 447	41 739	4 973	106 159
Assessed contributions receivable	7	21 053	5 400	27 613	54 066
Other accounts receivable	7	–	–	403	403
Other assets	8	11	–	1 454	1 465
<b>Total current assets</b>		<b>92 035</b>	<b>55 230</b>	<b>35 410</b>	<b>182 675</b>
<b>Current liabilities</b>					
Accounts payable and accrued liabilities	11	7	–	2 166	2 173
Advance receipts	12	–	–	382	382
Employee benefits liabilities	13	615	753	5 511	6 879
Judges' benefits liabilities	14	1 745	1 189	–	2 934
Provisions	15	5 445	3 772	14 100	23 317
<b>Total current liabilities</b>		<b>7 812</b>	<b>5 714</b>	<b>22 159</b>	<b>35 685</b>

*Abbreviations:* ICTR, International Criminal Tribunal for Rwanda; ICTY, International Tribunal for the Former Yugoslavia; IRMCT, International Residual Mechanism for Criminal Tribunals.

23. The table below summarizes four key liquidity indicators for the financial year ended 31 December 2023, with comparatives for the year ended 31 December 2022.

<i>Liquidity indicator</i>	<i>Year ended 31 December</i>	
	<i>2023</i>	<i>2022</i>
Ratio of liquid assets to current liabilities	5.1:1	4.9:1
Ratio of liquid assets less accounts receivable to current liabilities	3.6:1	3.4:1
Ratio of liquid assets to total assets	0.8:1	0.7:1
Average months of cash, cash equivalents and investments on hand	24.9	22.9

24. The ratio of liquid assets to current liabilities is a measure of the ability of the Mechanism to pay its short-term obligations from its liquid resources. The ratio of 5.1:1 indicates that current liabilities are covered in large part by liquid assets.

25. As at 31 December 2023, the Mechanism's liquid assets were approximately 80.2 per cent of its total assets and it held sufficient cash and cash equivalents and investment to cover its estimated average monthly expenses (less depreciation and amortization) of \$6.427 million for 24.9 months.

## C. Overview of financial performance

### Revenue

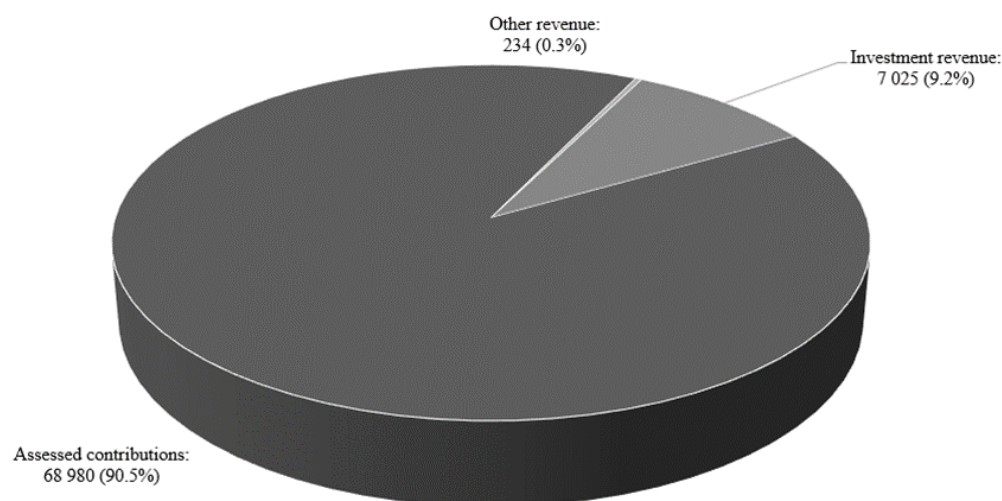
26. In 2023, revenue totalled \$76.239 million (2022: \$80.243 million). As illustrated in figure IV.V, the main source of revenue was assessed contributions of \$68.980 million assessed to Member States after deducting from the gross appropriation the cancellation of commitments, the savings from prior periods, other revenue and the unencumbered balance for 2023, as shown in the table below. This revenue has been recorded in accordance with the Financial Regulations and Rules of the United Nations and the relevant resolutions of the General Assembly.

(Thousands of United States dollars)

	<i>2023</i>
Assessment for 2023 (resolution <a href="#">77/261</a> )	81 945
Cancellation of commitments for the year 2022, savings from prior periods and revenue recorded as provisions in the 2023 financial statements	(8 898)
Unencumbered balance of the appropriations for 2023 recorded as provisions in the 2023 financial statements	(4 067)
<b>Revenue from assessed contributions</b>	<b>68 980</b>

27. The other sources of revenue included mainly investment revenue and other revenue of \$7.025 million and \$0.234 million, respectively.

**Figure IV.V**  
**Revenue by nature**  
 (Thousands of United States dollars)



## Expenses

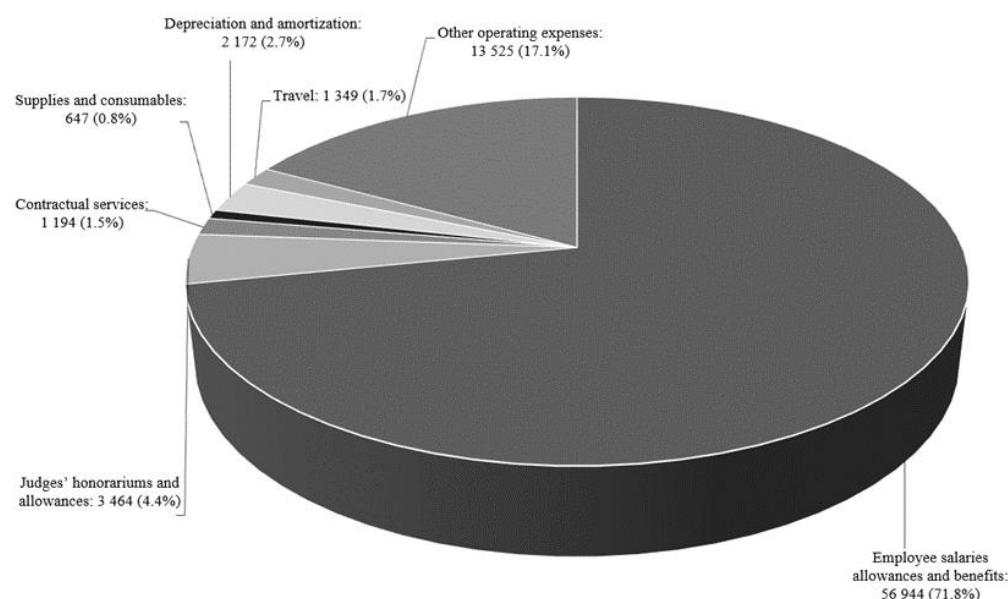
28. Expenses reported in statement II are shown on a full accrual basis. This contrasts with statement V, which shows expenditure on a modified cash basis. The main difference between the two is the cost of after-service employee and judges' benefits liabilities, which are accrued as the service is delivered in statement II, but shown on a cash basis in statement V. Other key differences are the depreciation of property, plant and equipment and intangible assets, which are expenses in statement II only, and commitments of funds for goods and services that have not yet been delivered, which are shown as expenses in statement V but not in statement II.

29. For the year ended 31 December 2023, expenses totalled \$79.295 million (2022: \$85.716 million), which is a decrease of \$6.421 million from 2022. As illustrated in figure IV.VI, the main expense categories were employee salaries, allowances and benefits of \$56.944 million, which constituted 71.8 per cent of total expenses; other operating expenses of \$13.525 million (17.1 per cent); judges' honorariums and allowances of \$3.464 million (4.4 per cent); depreciation and amortization of \$2.172 million (2.7 per cent); and travel expenses of \$1.349 million (1.7 per cent). The remaining \$1.841 million (2.3 per cent) were expenses for contractual services and supplies and consumables.

30. The main decrease was under employee salaries, allowances and benefits, which decreased by \$7.742 million, from \$64.686 million in 2022 to \$56.944 million in 2023. It can be explained mainly by continued downsizing of the Mechanism and a reduction in staff levels.

Figure IV.VI  
**Expenses by nature**

(Thousands of United States dollars)



### Operating results

31. The deficit of revenue of \$76.239 million over expenses of \$79.295 million in 2023, as measured under IPSAS, was \$3.056 million. This was due primarily to the additional provision of \$12.965 million for credits to Member States for the cancellation of prior year commitments, savings from prior periods and revenue, and the unencumbered balance of the 2023 appropriations that was offset in part only by the use by \$10.203 million of the historical provision for credits to Member States. This provision decreases the budgeted revenue assessed in 2023 in the amount of \$81.945 million.

## D. Budgetary performance

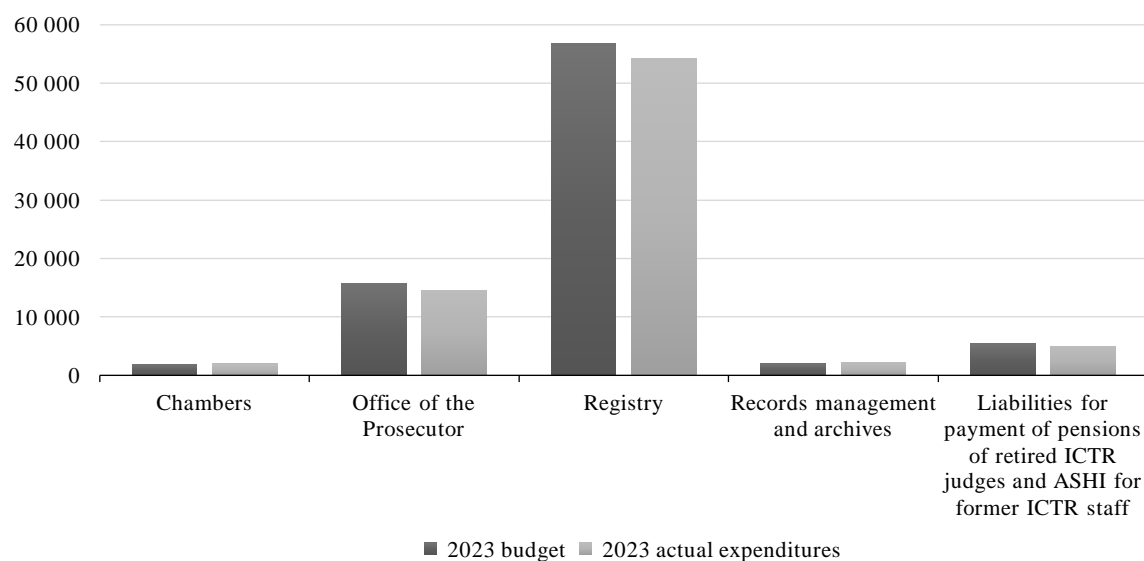
32. Figure IV.VII shows the relative proportion of the 2023 budget of the Mechanism for each of its programme components; the annual budget, totalling \$81.945 million (2022: \$89.690 million); and expenditure, amounting to \$77.879 million (2022: \$82.708 million). As shown in statement V of the financial statements, actual expenditure was less than the annual budget by 4.96 per cent. The comparative budget and expenditure of the Mechanism are presented in figure IV.VII.



Figure IV.VII

**Budget and expenditure of the organs of the International Residual Mechanism for Criminal Tribunals (annual basis)**

(Thousands of United States dollars)



*Abbreviations:* ASHI, after-service health insurance; ICTR, International Criminal Tribunal for Rwanda.

## Chapter V

### Financial statements for the year ended 31 December 2023

#### International Residual Mechanism for Criminal Tribunals

#### I. Statement of financial position as at 31 December 2023

(Thousands of United States dollars)

	Note	31 December 2023	31 December 2022
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	6	20 582	22 836
Investments	6	106 159	91 593
Assessed contributions receivable	7	54 066	51 682
Other accounts receivable	7	403	762
Other assets	8	1 465	939
<b>Total current assets</b>		<b>182 675</b>	<b>167 812</b>
<b>Non-current assets</b>			
Investments	6	33 208	44 353
Property, plant and equipment	9	11 517	12 582
Intangible assets	10	109	162
Other assets	8	212	183
<b>Total non-current assets</b>		<b>45 046</b>	<b>57 280</b>
<b>Total assets</b>		<b>227 721</b>	<b>225 092</b>
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	11	2 173	2 317
Advance receipts	12	382	289
Employee benefits liabilities	13	6 879	7 780
Judges' benefits liabilities	14	2 934	2 988
Provisions	15	23 317	20 555
<b>Total current liabilities</b>		<b>35 685</b>	<b>33 929</b>
<b>Non-current liabilities</b>			
Employee benefits liabilities	13	76 509	67 310
Judges' benefits liabilities	14	33 591	35 060
<b>Total non-current liabilities</b>		<b>110 100</b>	<b>102 370</b>
<b>Total liabilities</b>		<b>145 785</b>	<b>136 299</b>
<b>Net of total assets and total liabilities</b>		<b>81 936</b>	<b>88 793</b>
<b>Net assets</b>			
Accumulated surpluses/(deficits) – unrestricted	16	78 372	84 810
Accumulated surpluses/(deficits) – restricted	16	3 564	3 983
<b>Total net assets</b>		<b>81 936</b>	<b>88 793</b>

The accompanying notes to the financial statements are an integral part of these financial statements.

## International Residual Mechanism for Criminal Tribunals

### II. Statement of financial performance for the year ended 31 December 2023

(Thousands of United States dollars)

	<i>Note</i>	<i>31 December 2023</i>	<i>31 December 2022</i>
<b>Revenue</b>			
Assessed contributions	17	68 980	79 339
Other revenue	17	234	108
Investment revenue	17, 19	7 025	796
<b>Total revenue</b>		<b>76 239</b>	<b>80 243</b>
<b>Expenses</b>			
Employee salaries, allowances and benefits	18	56 944	64 686
Judges' honorariums and allowances	18	3 464	2 630
Contractual services	18	1 194	424
Supplies and consumables	18	647	503
Depreciation and amortization	9, 10	2 172	2 484
Travel	18	1 349	1 607
Other operating expenses	18	13 525	13 382
<b>Total expenses</b>		<b>79 295</b>	<b>85 716</b>
<b>Deficit for the year</b>		<b>(3 056)</b>	<b>(5 473)</b>

The accompanying notes to the financial statements are an integral part of these financial statements.

## International Residual Mechanism for Criminal Tribunals

### III. Statement of changes in net assets for the year ended 31 December 2023

(Thousands of United States dollars)

	<i>Note</i>	<i>Accumulated surpluses/ (deficits) – unrestricted</i>	<i>Accumulated surpluses/ (deficits) – restricted</i>	<i>Total</i>
<b>Net assets as at 1 January 2022</b>		<b>52 914</b>	<b>4 401</b>	<b>57 315</b>
<b>Changes in net assets in 2022</b>				
Actuarial gain/(loss) on defined benefits liabilities		25 465	–	25 465
Actuarial gain/(loss) on workers' compensation liabilities		208	–	208
Actuarial gain/(loss) on judges' pensions		11 279	–	11 279
Surplus/(deficit) for the year		(5 056)	(417)	(5 473)
<b>Net assets as at 31 December 2022</b>		<b>84 810</b>	<b>3 983</b>	<b>88 793</b>
<b>Impact of adoption of IPSAS 41</b>	<b>2</b>	<b>121</b>	<b>–</b>	<b>121</b>
<b>Net assets as at 1 January 2023</b>		<b>84 931</b>	<b>3 983</b>	<b>88 914</b>
<b>Changes in net assets in 2023</b>				
Actuarial gain/(loss) on defined benefits liabilities	13	(5 252)	–	(5 252)
Actuarial gain/(loss) on workers' compensation liabilities	13	(44)	–	(44)
Actuarial gain/(loss) on judges' pensions	14	152	–	152
Fair value gain on revaluation of investments recognized directly in net assets	16	1 221	1	1 222
Deficit for the year		(2 636)	(420)	(3 056)
<b>Net assets as at 31 December 2023</b>		<b>78 372</b>	<b>3 564</b>	<b>81 936</b>

The accompanying notes to the financial statements are an integral part of these financial statements.

## International Residual Mechanism for Criminal Tribunals

### IV. Statement of cash flows for the year ended 31 December 2023

(Thousands of United States dollars)

	Note	31 December 2023	31 December 2022
<b>Cash flows from operating activities</b>			
<b>Deficit for the year</b>		<b>(3 056)</b>	<b>(5 473)</b>
<i>Non-cash movements</i>			
Depreciation and amortization	9, 10	2 172	2 484
Actuarial gain/(loss) on defined benefits liabilities	13	(5 252)	25 465
Actuarial gain/(loss) on workers' compensation liabilities	13	(44)	208
Actuarial gain/(loss) on judges' pensions	14	152	11 279
Impact of adoption of IPSAS 41	2	121	–
Fair value gain on revaluation of investment recognized directly in net assets/equity	16	1 222	–
Net (gain)/loss on disposal of property, plant and equipment and intangible assets	9, 10	(27)	115
Other adjustments on property, plant and equipment	9, 10	–	56
<i>Changes in assets</i>			
(Increase)/decrease in assessed contributions receivable	7	(2 384)	331
(Increase)/decrease in other receivables	7	358	181
(Increase)/decrease in other assets	8	(555)	423
<i>Changes in liabilities</i>			
Increase/(decrease) in accounts payable – other	11	(143)	(1 379)
Increase/(decrease) in advance receipts	12	93	(35)
Increase/(decrease) in employee benefits payable	13	8 298	(20 391)
Increase/(decrease) in judges' benefits liabilities	14	(1 523)	(13 056)
Increase/(decrease) in provisions	15	2 762	(1 895)
Investment revenue presented as investing activities	17	(7 025)	(796)
<b>Net cash flows from/(used in) operating activities</b>		<b>(4 832)</b>	<b>(2 483)</b>
<b>Cash flows from investing activities</b>			
Pro rata share of net changes in the cash pools	6, 19	(3 421)	8 751
Investment revenue presented as investing activities	17	7 025	796
Acquisition of property, plant and equipment	9	(1 063)	(2 066)
Proceeds from disposal of property, plant and equipment		37	–
<b>Net cash flows from/(used in) investing activities</b>		<b>2 578</b>	<b>7 481</b>
<b>Cash flows from financing activities</b>			
<b>Net cash flows from/(used in) financing activities</b>		<b>–</b>	<b>–</b>
Net increase/(decrease) in cash and cash equivalents		(2 254)	4 998
Cash and cash equivalents at beginning of year		22 836	17 838
<b>Cash and cash equivalents – end of year</b>		<b>20 582</b>	<b>22 836</b>

The accompanying notes to the financial statements are an integral part of these financial statements.

## International Residual Mechanism for Criminal Tribunals

### V. Statement of comparison of budget and actual amounts for the year ended 31 December 2023

(Thousands of United States dollars)

<i>Current year:</i>	<i>2023 budget (appropriation)<sup>a</sup></i>	<i>Actual 2023 expenditure (budget basis)</i>	<i>2023 difference<sup>b</sup> in budget and actual expenditure (percentage)</i>
<b>Mechanism</b>			
Chambers	1 885	1 945	3.18
Office of the Prosecutor	15 798	14 546	(7.93)
Registry	56 869	54 168	(4.75)
Records management and archives	1 967	2 208	12.23
Liabilities for payment of pensions of retired ICTR/ICTY judges and ASHI	5 426	5 012	(7.63)
<b>Total</b>	<b>81 945</b>	<b>77 879</b>	<b>(4.96)</b>

*Abbreviations:* ASHI, after-service health insurance; ICTR, International Criminal Tribunal for Rwanda; ICTY, International Tribunal for the Former Yugoslavia.

<sup>a</sup> The budget for 2023 is the appropriation approved by the General Assembly for the year in its resolution [77/261](#). The relevant element of assessed contributions is recognized as revenue at the beginning of the year.

<sup>b</sup> Total expenditure (budget basis) less final budget. Differences greater than 5 per cent are considered in note 5.

## **International Residual Mechanism for Criminal Tribunals**

### **Notes to the 2023 financial statements**

#### **Note 1**

#### **Reporting entity**

##### *United Nations and its activities*

1. The United Nations is an international organization founded in 1945 after the Second World War. The Charter of the United Nations, which was signed on 26 June 1945 and became effective on 24 October 1945, sets out the primary objectives of the United Nations, as follows:

- (a) The maintenance of international peace and security;
- (b) The promotion of international economic and social progress and development programmes;
- (c) The universal observance of human rights;
- (d) The administration of international justice and law.

2. These objectives are implemented through the principal organs of the United Nations, as follows:

- (a) The General Assembly focuses on a wide range of political, economic and social issues, as well as financial and administrative aspects of the Organization;
- (b) The Security Council is responsible for various aspects of peacekeeping and peacebuilding, including efforts to resolve conflicts, restore democracy, promote disarmament, provide electoral assistance, facilitate post-conflict peacebuilding, engage in humanitarian activities to ensure the survival of groups deprived of basic needs, and oversee the prosecution of persons responsible for serious violations of international humanitarian law;
- (c) The Economic and Social Council plays a specific role in economic and social development, including a major oversight role in the efforts of other organizations of the United Nations system to address international economic, social and health problems;
- (d) The International Court of Justice has jurisdiction over disputes between Member States brought before it for advisory opinions or binding resolutions.

3. The United Nations has its headquarters in New York. It has major offices in Geneva, Vienna and Nairobi, and peacekeeping and political missions, economic commissions, tribunals, training institutes and other centres around the world.

##### *Reporting entity*

4. The present financial statements relate to the International Residual Mechanism for Criminal Tribunals, a separate financial reporting entity of the United Nations. The Mechanism was established by the Security Council in its resolution [1966 \(2010\)](#), with two branches, to continue the jurisdiction, rights and obligations and essential functions of the International Criminal Tribunal for Rwanda and the International Tribunal for the Former Yugoslavia:

- (a) The Arusha branch inherited functions from the International Criminal Tribunal for Rwanda (which commenced operations on 1 July 2012) and is located in Arusha, United Republic of Tanzania;

(b) The Hague branch inherited functions from the International Tribunal for the Former Yugoslavia (which commenced operations on 1 July 2013) and is located in The Hague, Kingdom of the Netherlands.

5. Essential functions assumed by the Mechanism comprise all activities mandated by the Security Council in its resolution 1966 (2010) that are ongoing in nature – that is, activities that need to be carried out at all times, irrespective of whether the Mechanism is conducting any trials or appeals. Such activities include the protection of witnesses, the tracking of fugitives, the supervision of the enforcement of sentences, the provision of assistance to national jurisdictions and the management of the archives.

6. In accordance with Security Council resolution 1966 (2010) and pursuant to article 4 of its statute, the Mechanism consists of three organs that serve both of its branches: (a) the Chambers, which are presided over by the President; (b) the Prosecutor; and (c) the Registry. Each of the organs is headed by a full-time principal, common to both branches. The responsibilities of each organ are as follows:

(a) The Chambers comprises a Trial Chamber for each branch of the Mechanism and an Appeals Chamber. The Mechanism has a roster of 25 independent judges, including the President, not more than 2 of whom are nationals of the same State. Each Trial Chamber is composed of three judges from the roster. In the event of an appeal against a decision by a Trial Chamber, the Appeals Chamber shall be composed of five judges;

(b) The Office of the Prosecutor is responsible for the investigation and prosecution of persons responsible for serious violations of international humanitarian law committed in the territory of the former Yugoslavia since 1991, and serious violations of international humanitarian law committed in the territory of Rwanda and Rwandan citizens responsible for such violations committed in the territory of neighbouring States between 1 January and 31 December 1994. The Prosecutor acts independently as a separate organ of the Mechanism;

(c) The Registry is responsible for the administration and servicing of the Mechanism, including the Chambers and the Office of the Prosecutor.

7. The Mechanism is regarded as an autonomous financial reporting entity that neither controls nor is controlled by any other United Nations reporting entity. Owing to the uniqueness of the governance and budgetary process of each of the United Nations reporting entities, the Mechanism is not deemed to be subject to common control. Therefore, these financial statements include only the operations of the Mechanism.

## Note 2

### Basis of preparation and authorization for issue

#### *Basis of preparation*

8. In accordance with the Financial Regulations and Rules of the United Nations, the present financial statements have been prepared on an accrual basis in accordance with IPSAS. They have been prepared on a going-concern basis and the accounting policies have been applied consistently in their preparation and presentation. In accordance with the requirements of IPSAS, the financial statements, which present fairly the assets, liabilities, revenue and expenses of the Mechanism, consist of the following:

- (a) Statement of financial position (statement I);
- (b) Statement of financial performance (statement II);
- (c) Statement of changes in net assets (statement III);



- (d) Statement of cash flows (using the indirect method) (statement IV);
- (e) Statement of comparison of budget and actual amounts (statement V);
- (f) Notes to the financial statements, comprising a summary of significant accounting policies and other explanatory notes;
- (g) Comparative information in respect of all amounts presented in the financial statements indicated in (a) to (d) above and, where relevant, comparative information for narrative and descriptive information presented in the notes to these financial statements.

*Going concern*

9. The present financial statements have been prepared on a going-concern basis, and the accounting policies, as summarized in note 3, have been applied consistently in their preparation and presentation. The going-concern assertion is based on resolution 1966 (2010), by which the Mechanism was mandated to operate for an initial period of four years, starting 1 July 2012, and subsequently for periods of two years following reviews by the Security Council of the progress of its work, including in completing its functions, unless the Council decided otherwise. Since its establishment, the progress of the work of the Mechanism has been reviewed on four occasions, in 2016, 2018, 2020 and 2022, and the next review is scheduled for 2024.

*Authorization for issue*

10. The financial statements are certified by the Controller and approved by the Secretary-General. In accordance with financial regulation 6.2, the Secretary-General transmitted the financial statements as at 31 December 2023 to the Board of Auditors by 31 March 2024. In accordance with financial regulation 7.12, the reports of the Board of Auditors are to be transmitted to the General Assembly through the Advisory Committee on Administrative and Budgetary Questions, together with the audited financial statements.

*Measurement basis*

11. These financial statements are prepared using the historical-cost convention, except for investment held in the cash pools recorded at fair value through net assets/equity.

*Functional and presentation currency*

12. The functional currency and the presentation currency of the Mechanism is the United States dollar. The financial statements are expressed in thousands of United States dollars unless otherwise stated.

13. Transactions in currencies other than the functional currency (foreign currencies) are translated into United States dollars at the United Nations operational rate of exchange at the date of the transaction. The United Nations operational rates of exchange approximate the spot rates prevailing at the dates of the transactions. At year end, monetary assets and liabilities denominated in foreign currencies are translated at the United Nations operational rates of exchange. Non-monetary foreign currency denominated items that are measured at fair value are translated at the United Nations operational rate of exchange at the date on which the fair value was determined. Non-monetary items measured at historical cost in a foreign currency are not translated at year end.

14. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities

denominated in foreign currencies at year-end exchange rates are recognized in the statement of financial performance on a net basis.

*Materiality and use of judgment and estimation*

15. Materiality is central to the preparation and presentation of the Mechanism's financial statements, and its materiality framework provides a systematic method in guiding accounting decisions relating to presentation, disclosure, aggregation, offsetting and retrospective versus prospective application of changes in accounting policies. In general, an item is considered material if its omission or its aggregation would have an impact on the conclusions or decisions of the users of the financial statements.

16. Preparing financial statements in accordance with IPSAS requires the use of estimates, judgments and assumptions in the selection and application of accounting policies and in the reported amounts of specific assets, liabilities, revenue and expenses.

17. Accounting estimates and underlying assumptions are reviewed on an ongoing basis, and revisions to estimates are recognized in the year in which the estimates are revised and in any future year affected. Significant estimates and assumptions that may result in material adjustments in future years include actuarial measurements of employee benefits and judges' pensions; assumptions in measurements of judges' honorariums and allowances; selection of useful lives and the depreciation/amortization methods for property, plant and equipment/intangible assets; impairment of assets; classification of financial instruments; valuation of inventory; inflation and discount rates used in the calculation of the present value of provisions; and classification of contingent assets/liabilities.

*Adoption of International Public Sector Accounting Standard 41*

18. Effective 1 January 2023, the Mechanism adopted IPSAS 41: Financial instruments, which was issued in August 2018. The Standard replaced IPSAS 29: Financial instruments: recognition and measurement, and substantially improves the relevance of information for financial assets and financial liabilities by introducing:

- (a) Simplified classification and measurement requirements for financial assets;
- (b) A forward-looking impairment model.

19. The changes from the initial adoption of the standard are effective on that date and therefore do not require the restatement of the prior-period amounts. Consequently, the financial assets, financial liabilities, non-exchange and exchange receivables and investment revenue as at 31 December 2022 presented in the financial statements have been accounted for in accordance with the accounting policies as stated in the 2022 financial statements.

*New classification and measurement principles for financial assets*

20. IPSAS 41 introduces a principles-based approach to the classification of financial assets and requires the use of two criteria: the entity's model for managing its financial assets; and the contractual cash-flow characteristics of those assets. Depending on these criteria, financial assets are classified into the following categories: financial assets at amortized cost; financial assets at fair value through net assets/equity; and financial assets at fair value through surplus or deficit.

21. On 1 January 2023, the application of the new criteria led to the reclassification of all cash pool investment from the financial assets at fair value through surplus or

deficit to the financial assets at fair value through net assets/equity category. The fair value changes were classified to the accumulated surplus or deficit of net assets.

*New impairment model*

22. Whereas the previous impairment model was based on incurred losses, IPSAS 41 has introduced a forward-looking impairment model based on expected credit losses over the lifetime of the financial asset. The expected credit losses take into account possible default events and the evolution of the credit quality of the financial assets. The new impairment model applies to all financial assets measured at amortized cost or at financial assets at fair value through net assets/equity.

23. The table below shows the original measurement categories under IPSAS 29 as applied to the 2022 financial statements and the new measurement categories under IPSAS 41 for the Mechanism's financial assets as at 1 January 2023. There were no changes in the measurement categories of the financial liabilities of the Mechanism.

(Thousands of United States dollars)

	<i>Measurement category prior to the adoption of IPSAS 41</i>	<i>Net carrying amount as at 31 December 2022</i>	<i>Measurement category under IPSAS 41</i>	<i>Net carrying amount as at 1 January 2023</i>
<b>Financial assets</b>				
Pro rata share of investment in the cash pools	Financial assets at fair value through surplus or deficit	135 946	Financial assets at fair value through net assets/equity	135 946
Cash and cash equivalents (investment pool)	Amortized cost	22 830	Amortized cost	22 830
Cash and cash equivalents, other	Amortized cost		Amortized cost	6
Assessed contributions receivable	Amortized cost	51 682	Amortized cost	51 682
Other accounts receivable (note 7)	Amortized cost	762	Amortized cost	883

24. The table below presents an analysis of the impact of the transition to IPSAS 41 of the Mechanism's financial assets and receivables. It reconciles the carrying amounts from their previous measurement category, IPSAS 29, as applied to the 2022 financial statements, to their new measurement categories under IPSAS 41 on 1 January 2023.

(Thousands of United States dollars)

			<i>Balance as at 1 January 2023</i>			
	<i>Balance as at 31 December 2022</i>	<i>Reclassification</i>	<i>Remeasurement</i>	<i>Financial assets at fair value through surplus or deficit</i>	<i>Financial assets at fair value through net assets/equity</i>	<i>Amortized cost</i>
<b>Financial assets (investment and cash and cash equivalents)</b>						
Short-term investment	91 593	(91 593)	—	—	91 593	—
Long-term investment	44 353	(44 353)	—	—	44 353	—
Cash and cash equivalents	22 836	—	—	—	—	22 836
<b>Total financial assets (investment and cash and cash equivalents)</b>	<b>158 782</b>	<b>(135 946)</b>	<b>—</b>	<b>—</b>	<b>135 946</b>	<b>22 836</b>

	Balance as at 31 December 2022	Reclassification	Remeasurement	Balance as at 1 January 2023		
				Financial assets at fair value through surplus or deficit	Financial assets at fair value through net assets/equity	Amortized cost
<b>Receivables balance</b>	<b>52 444</b>	<b>–</b>	<b>121</b>	<b>–</b>	<b>–</b>	<b>52 565</b>
<b>Total impact of the adoption of IPSAS 41</b>	<b>–</b>	<b>(135 946)</b>	<b>121</b>	<b>–</b>	<b>135 946</b>	<b>–</b>

*Future accounting pronouncements*

25. The progress and impact of the following significant future IPSAS Board accounting pronouncements on the Mechanism's financial statements continue to be monitored:

(a) Exposure draft 85: Improvements to IPSAS, 2023, proposes minor improvements to accrual basis IPSAS that arise through publications of the International Accounting Standards Board;

(b) Natural resources: the Standards Board approved exposure draft 86: Exploration for and evaluation of mineral resources, which provides the accounting guidance relating to the costs incurred in the exploration and evaluation of mineral resources, and exposure draft 87: Stripping costs in the production phase of a surface mine (amendments to IPSAS 12: Inventories), which provides guidance on how to account for costs incurred to remove waste material in a surface mining operation. The Standards Board agreed on revised recognition criteria and initial measurement proposals, consistent with the Standards Board's Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities and IPSAS for tangible assets. The Standards Board also decided that guidance on natural resources should be in a stand-alone IPSAS;

(c) Public sector leasing issues: the Standards Board will continue consideration of public sector-specific leasing issues, such as concessionary leases, in its other lease-type arrangements project. The Standards Board decided to develop and then expose a stand-alone exposure draft with non-authoritative guidance on the remaining arrangements included in the request for information, concessionary and other arrangements similar to leases. The new exposure draft will complement exposure draft 84: Concessionary leases and right-of-use assets in-kind, and proposes to update the most recent IPSAS on revenue and transfer expenses on this topic;

(d) The Standards Board reviewed the objectives, scope and conceptual foundations for the development of the draft climate-related disclosures standard for the public sector. The Standards Board emphasized the public sector specificities, including its main objective to deliver services, its role as a policy-setter and regulator, and its responsibilities at various levels of government;

(e) The Standards Board agreed on a consultation paper on the presentation of financial statements that would explore an approach allowing various presentation approaches in IPSAS. The provision of these presentation approaches was supported on the basis of the increased flexibility that it would provide to public sector entities to provide a presentational approach more useful to the entities' specific users.

*Recent and future requirements of the International Public Sector  
Accounting Standards*

26. The Standards Board issued the following standards:

(a) IPSAS 43: Leases, issued in January 2022 and effective 1 January 2025;

(b) IPSAS 44: Non-current assets held for sale and discontinued operations, issued in May 2022 and effective 1 January 2025;

(c) IPSAS 45: Property, plant and equipment, issued in May 2023 and effective 1 January 2025;

(d) IPSAS 46: Measurement, issued in May 2023 and effective 1 January 2025;

(e) IPSAS 47: Revenue, issued in May 2023 and effective 1 January 2026;

(f) IPSAS 49: Retirement benefit plans, approved in September 2023 and effective 1 January 2026.

The impact of these standards on the Mechanism's financial statements and the comparative period therein has been evaluated to be as follows:

<i>Standard</i>	<i>Anticipated impact in the year of adoption</i>
IPSAS 43	IPSAS 43: Leases, replaced IPSAS 13: Leases, aligning guidance with International Financial Reporting Standard 16. The newly issued standard introduces new contract and lease definitions and prescribes a right-of-use recognition and measurement model for all leases apart from those meeting short-term and low-value exemption categories. IPSAS 43 also provides additional guidance on application of the risks and rewards model for lessor accounting. Adoption of the standard is mandatory for the Mechanism's financial year ending 31 December 2025. The impact of IPSAS 43 will continue to be assessed over the 2024 calendar year prior to the 1 January 2025 effective date. The broadened lease definition is estimated to result in recognition of more binding arrangements as leases with a corresponding increase in lease liabilities and right-of-use assets.
IPSAS 44	IPSAS 44: Non-current assets held for sale and discontinued operations, promulgates accounting for assets held for sale and the presentation and disclosure requirements of discontinued operations, in alignment with International Financial Reporting Standard 5. Adoption of the standard is mandatory for the Mechanism's financial year ending 31 December 2025. The impact of IPSAS 44 will be assessed to prepare the Mechanism for its implementation prior to the 1 January 2025 effective date. Given the definitions and scope of non-current assets held for sale, the recognition and measurement impacts are, on a preliminary basis, estimated as not significant for the Mechanism, given that the presentation and disclosure changes will depend on the identification of discontinued operations, if any, in the future starting on 1 January 2025.
IPSAS 45	IPSAS 45: Property, plant and equipment, replaces IPSAS 17: Property, plant and equipment. IPSAS 45 removes the scope exclusion for heritage property, plant and equipment, provides application and implementation guidance on infrastructure assets and captures property, plant and equipment-related measurement impacts from IPSAS 46. The impact of IPSAS 45 will be assessed prior to the 1 January 2025 effective date.
IPSAS 46	IPSAS 46: Measurement, is the International Accounting Standards Board's first measurement-dedicated standard, which draws upon International Financial Reporting Standard 13: Fair value measurement, with the addition of public sector-specific elements, including the current operational value measurement basis. The impact of IPSAS 46 will be assessed prior to the 1 January 2025 effective date. The adoption of IPSAS 46 is not expected to change the Mechanism's accounting policy choice to apply the historical cost model to tangible and intangible assets.

<i>Standard</i>	<i>Anticipated impact in the year of adoption</i>
IPSAS 47	<p>IPSAS 47: Revenue, replaces the three existing revenue standards:</p> <ul style="list-style-type: none"> <li>(a) IPSAS 9: Revenue from exchange transactions;</li> <li>(b) IPSAS 11: Construction contracts;</li> <li>(c) IPSAS 23: Revenue from non-exchange transactions (taxes and transfers).</li> </ul> <p>IPSAS 47 aligns to the Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities and presents two accounting models based on the existence of a binding arrangement. Where a binding arrangement exists, revenue accounting is aligned with International Financial Reporting Standard 15: Revenue from contracts with customers. Otherwise, the accounting model is consistent with the core principles of IPSAS 23.</p> <p>Adoption of the standard is mandatory for the financial reporting for the year ending 31 December 2026. The impact of IPSAS 47 will be assessed prior to the 1 January 2026 effective date.</p>
IPSAS 49	<p>IPSAS 49: Retirement benefit plans, aligns to International Accounting Standard 26: Accounting and reporting by retirement benefit plans and prescribes the accounting and reporting requirements for public sector retirement benefit plans, which provide retirement benefits to public sector employees and other eligible participants. A retirement benefit plan that prepares and presents financial statements under the accrual basis of accounting shall apply IPSAS 49. The Standard does not deal with other forms of employment benefits such as employment termination benefit or health and welfare plans.</p> <p>Adoption of the Standard is mandatory for the Mechanism's financial year ending 31 December 2026. The detailed impact of IPSAS 49 will be assessed prior to the 1 January 2026 effective date.</p>

**Note 3****Significant accounting policies***Financial asset measurement and classification*

27. The classification of financial assets depends primarily on the purpose for which the financial assets are acquired. The Mechanism classifies its financial assets in one of the categories shown below at initial recognition and re-evaluates the classification at each reporting date. Note 2 describes a change in classification due to the adoption of IPSAS 41 effective 1 January 2023.

<i>Classification</i>	<i>Financial assets</i>
Fair value through net assets/equity	Investments in cash pools
Amortized cost	Cash and cash equivalents and receivables

28. Financial assets with maturities in excess of 12 months at the reporting date are categorized as non-current assets in the financial statements. Assets denominated in foreign currencies are translated into United States dollars at the United Nations operational rates of exchange prevailing at the reporting date, with net gains or losses recognized in surplus or deficit in the statement of financial performance.

29. With the adoption of IPSAS 41, financial assets previously designated at fair value through a surplus or deficit have been reclassified to fair value through net assets/equity after an assessment of their contractual cash flows characteristics and the determination of the United Nations management model of such financial assets, which is to both collect contractual cash flows and sell the financial assets. These assets are measured at fair value at each reporting date, and any gains or losses arising from changes in the fair value are now presented in the statement of financial performance in the year in which they arise.

30. Financial assets at amortized cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are initially recorded at fair value plus transaction costs and are subsequently reported at amortized cost calculated using the effective interest method. Interest revenue is recognized on a time proportion basis using the effective interest rate method on the relevant financial asset.

31. Financial assets are subject to a forward-looking impairment model on the basis of expected credit losses over the lifetime of the financial assets. The expected credit losses take into account possible default events and the evolution of the credit quality of the financial assets. Expected credit losses are recognized in the statement of financial performance in the year in which they are being identified.

32. Financial assets are derecognized when the rights to receive cash flows have expired or have been transferred and the Mechanism has transferred substantially all risks and rewards of the financial asset. Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

#### *Investment in cash pools*

33. The United Nations Treasury invests funds pooled from Secretariat entities and other participating entities. These pooled funds are combined in two internally managed cash pools. Participation in a cash pool implies sharing the risk and returns on investment with the other participants. Given that the funds are commingled and invested on a pool basis, each participant is exposed to the overall risk of the investment portfolio to the extent of the amount of cash invested.

34. The Mechanism's investments in the cash pools are included as part of cash and cash equivalents, short-term investments and long-term investments in the statement of financial position, depending on the maturity period of the investment.

35. The investment pools are subject to an expected credit loss assessment for the reporting period, and the assessment is done using Fitch Ratings, which is a provider of credit ratings, research and analysis for the global financial markets. The expected credit loss on investments is calculated using the Fitch default rating with a combination of the Fitch issuer rating and the type of issuer. The expected default rates are derived by Fitch using historical data over a period of 32 years (1990–2022). The Fitch rating by type of issuer is obtained for each investment position. The default rate is obtained from the transition matrix for the specific type of issuer, for example, supranational, sovereign or corporate.

36. Owing to the conservative and risk-averse investment strategy/model, the United Nations does not invest in risky low-grade investments. Consequently, most of the investments carry a zero-default rating, and there is no history of non-collection in the past. Therefore, expected credit loss will be assessed at the end of each reporting period and impairment loss recognized only if material.

*Cash and cash equivalents*

37. Cash and cash equivalents comprise cash at bank and on hand, and short-term, highly liquid investments with a maturity of three months or less from the date of acquisition.

*Receivables from non-exchange transactions: contributions receivable*

38. Contributions receivable represent uncollected revenue from assessed contributions committed to the Mechanism by Member States and non-Member States on the basis of enforceable agreements. These non-exchange receivables are stated at nominal value, less impairment for estimated irrecoverable amounts (i.e., the loss allowance). Receivables are subject to impairment using the expected credit loss model applicable to the donor or customer type.

39. For assessed contributions receivable, the loss allowance is calculated using objective historical evidence of collections of receivables – in this case, Member States.

40. For ongoing IPSAS 41 compliance, payment data are monitored for any indication of changes in payment patterns. Where data are indicative of expected credit loss, loss allowance is recognized in accordance with IPSAS 41.

41. On the basis of the analysis of historical data of the collection history of assessed contributions receivable, no expected credit loss has been established in which no evidence of any loss pattern for Member States exists, except for the specific receivables detailed below, where, under the forward-looking model, the expected credit loss shall be provided for:

(a) Assessed contributions receivable from Member States that are subject to Article 19 of the Charter of the United Nations on voting rights restrictions in the General Assembly because of arrears equalling or exceeding the amount of the contributions due from them for the preceding two full years, are included in the loss allowance. These receivables carry higher credit risk owing to a historical pattern of non-payment or delays over a specific number of years;

(b) Assessed contributions receivable that are past due for which the General Assembly has granted special treatment, for example, unpaid assessed contributions from Member States that were transferred to a special account pursuant to Assembly resolutions;

(c) Assessed contributions receivables outstanding for completed projects and for contested balances that are at a higher risk of credit loss. These are included in the lifetime expected credit loss allowance because collection is uncertain.

*Receivables from exchange transactions: other receivables*

42. Other receivables include primarily government tax receivable amounts, amounts receivable for goods or services provided to other entities, amounts receivable for leased-out assets and receivables from staff. Receivables from other United Nations reporting entities are also included in this category.

43. For other receivables outside government recoverable taxes, the forward-looking model applies historical percentages of previous credit losses as the basis for determining the expected credit losses of receivable balances. This historical percentage is updated at each year end. Given that the United Nations operates in a worldwide environment with dynamic macroeconomic variables, it is therefore difficult to factor the worldwide gross domestic product growth rate in the calculation of the loss allowance. The evolution of the outstanding balances is assessed over a period of years to determine the historical transition rate. The transition rate is



reassessed at end of each reporting period and applied to the exposure balance to determine the loss allowance. Material balances of government tax receivable are subject to specific review and a loss allowance is assessed on the basis of historical and current recoverability.

*Other assets*

44. Other assets include education grant advances and prepayments that are recorded as an asset until goods are delivered or services are rendered by the other party, at which point the expense is recognized.

*Heritage assets*

45. Heritage assets are not recognized in the financial statements, but significant heritage asset transactions are disclosed in the notes thereto.

*Property, plant, and equipment*

46. Property, plant, and equipment are classified into different groups on the basis of their nature, functions, useful lives and valuation methodologies, such as vehicles, temporary and mobile buildings, communications and information technology equipment, machinery and equipment, furniture and fixtures, and real estate assets (building, infrastructure and assets under construction). Recognition of property, plant and equipment is as follows:

(a) Property, plant and equipment are capitalized when their cost per unit is greater than or equal to the threshold of \$5,000 or \$100,000 for buildings, leasehold improvements, infrastructure assets and self-constructed assets;

(b) All property, plant and equipment other than real estate assets are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost comprises the purchase price, any costs directly attributable to bringing the asset to its location and condition and the initial estimate of dismantling and site restoration costs. Standard rates of 7 per cent of the cost of purchase are used in place of actual associated costs;

(c) Owing to the absence of historical cost information, buildings and infrastructure real estate assets were initially recognized at fair value using a depreciated replacement cost methodology for initial IPSAS implementation. The method involves calculating the cost per unit of measurement, for example, cost per square metre, by collecting construction cost data, utilizing in-house cost data (where available) or using external cost estimators for each catalogue of real estate assets and multiplying that unit cost by the external area of the asset to obtain the gross replacement cost. Depreciation allowance deductions from the gross replacement cost to account for physical, functional and economic use of the assets have been made to determine the depreciated replacement cost of the assets;

(d) With regard to property, plant and equipment acquired at nil or nominal cost, including donated assets, the fair value at the date of acquisition is deemed to be the cost to acquire equivalent assets.

47. Property, plant and equipment are depreciated over their estimated useful lives using the straight-line method up to their residual value, except for land and assets under construction, which are not subject to depreciation. Given that not all components of a building have the same useful lives or the same maintenance, upgrade or replacement schedules, significant components of owned buildings are depreciated using the component approach. Depreciation begins in the month in which the Mechanism gains control over an asset in accordance with international commercial terms and no depreciation is charged in the month of retirement or

disposal. Given the expected pattern of usage of property, plant and equipment, the residual value is nil unless residual value is likely to be significant.

48. As with other accounting estimates and underlying assumptions, estimated useful life assumptions are reviewed on an ongoing basis. Changes in accounting estimates result from new information, new developments or more experience, for example, adjustment of the periodic consumption of an asset that results from the assessment of the present status of and expected future benefits associated with assets. Such changes are accounted for as a change in accounting estimate. It is recognized prospectively by inclusion in surplus or deficit in the period of change and future periods if the change affects both. Such prospective recognition is applied to transactions, other events and conditions from the date of the change in estimate.

49. Following recommendations of the Board of Auditors to review the useful lives of all classes of assets and because other United Nations system entities also received similar recommendations, the Task Force on Accounting Standards, which reports to the Finance and Budget Network, carried out a system-wide survey on useful lives of assets. As a result of the exercise and in analysing the historical data on asset utilization, 13 of the 25 asset subclasses in the table below were revised. The updated useful lives have been applied to the Mechanism's property plant and equipment prospectively as from 1 January 2023. The estimated useful lives of property, plant and equipment classes applicable to the Mechanism are set out below.

<i>Class</i>	<i>Subclass</i>	<i>Estimated useful life</i>
Communications and information technology equipment	Information technology equipment	4–5 years <sup>a</sup>
	Communications	7–8 years <sup>a</sup>
	Audiovisual equipment	7–10 years <sup>a</sup>
Vehicles	Light-wheeled vehicles	6–7 years <sup>a</sup>
	Marine vessels	10 years
	Specialized vehicles, trailers and attachments	6–12 years
	Heavy-wheeled and engineering support vehicles	12 years
Machinery and equipment	Light engineering and construction equipment	5–8 years <sup>a</sup>
	Medical equipment	5–6 years <sup>a</sup>
	Security and safety equipment	5–6 years <sup>a</sup>
	Mine detection and clearing equipment	5 years
	Water treatment and fuel distribution equipment	7–10 years <sup>a</sup>
	Ground transportation equipment	7–10 years <sup>a</sup>
	Heavy engineering and construction equipment	10–12 years <sup>a</sup>
Furniture and fixtures	Printing and publishing equipment	20 years
	Library reference material	3 years
	Office equipment	4–5 years <sup>a</sup>
	Fixtures and fittings	7–10 years <sup>a</sup>
	Furniture	10 years

<i>Class</i>	<i>Subclass</i>	<i>Estimated useful life</i>
Buildings	Temporary and mobile buildings	7–10 years <sup>a</sup>
	Fixed buildings	Up to 50 years
	Major buildings components	Up to 50 years
	Finance lease or donated right-to-use buildings	Shorter of term of arrangement or life of building
Infrastructure assets	Telecommunications, energy, protection, transport, waste and water management, recreation, landscaping	Up to 50 years
Leasehold improvements	Fixtures, fittings and minor construction work	Shorter of lease term or 5 years

<sup>a</sup> In 2023, following the review of the estimates of the periods over which asset subclasses are expected to be available for use, estimated useful lives for 12 subclasses were increased by between one and three years and 1 subclass, heavy engineering and construction equipment, was reduced by two years. These changes are applicable for acquisitions on or after 1 January 2023.

50. In exceptional cases, the recorded useful lives for some assets converted for IPSAS reporting may be different from the useful lives prescribed at the asset subclass level as set out above (although they would remain within the range at the asset class level), because when preparing the 2014 IPSAS opening balance, a thorough review of the remaining economic useful lives for these assets was made and the result had been entered in the master record of the asset. Although the total useful life entered in the asset master record looks beyond standard useful life, the remaining useful life when calculated from the date of capitalization remains within the asset class prescribed range.

51. Where there is a material cost value of fully depreciated assets that are still in use, adjustments to accumulated depreciation are incorporated into the financial statements to reflect a residual value of 10 per cent of historical cost based on an analysis of the classes and useful lives of the fully depreciated assets.

52. The Mechanism chose the cost model for measurement of property, plant and equipment after initial recognition instead of the revaluation model. Costs incurred after initial acquisition are capitalized only when it is probable that future economic benefits or service potential associated with the item will flow to the Mechanism and the subsequent cost exceeds the threshold for initial recognition. Repairs and maintenance are expensed in the statement of financial performance in the year in which they are incurred.

53. A gain or loss resulting from the disposal or transfer of property, plant or equipment arises when proceeds from disposal or transfer differ from the carrying amount. Those gains or losses are recognized in the statement of financial performance as part of other revenue or other expenses.

54. Impairment assessments are conducted during annual physical verification procedures and when events or changes in circumstance indicate that carrying amounts may not be recoverable. Land, buildings and infrastructure assets with a year-end net book value greater than \$500,000 per unit are reviewed for impairment at each reporting date. The equivalent threshold for other property, plant and equipment items (excluding assets under construction and leasehold improvements) is \$25,000.

*Intangible assets*

55. Intangible assets are carried at cost, less accumulated amortization and accumulated impairment loss. For intangible assets acquired at nil or nominal cost, including donated assets, the fair value at the date of acquisition is deemed to be the cost of the asset. The thresholds for recognition are \$100,000 per unit for internally generated intangible assets and \$5,000 per unit for externally acquired intangible assets.

56. Acquired computer software licences are capitalized on the basis of the costs incurred to acquire and bring into use the specific software. Development costs that are associated directly with the development of software for use by the Mechanism are capitalized as an intangible asset. Directly associated costs include software development employee costs, consultant costs and other applicable overhead costs.

57. Intangible assets with finite useful lives are amortized on a straight-line method, starting from the month of acquisition or when they become operational. The useful lives of major classes of intangible assets have been estimated as shown below.

<i>Class</i>	<i>Range of estimated useful life</i>
Licences and rights	2–6 years (period of licence/right)
Software acquired externally	3–10 years
Software developed internally	3–10 years
Copyrights	3–10 years
Assets under development	Not amortized

58. Annual impairment reviews of intangible assets are conducted where assets are under development or have an indefinite useful life. Other intangible assets are subject to impairment review only when indicators of impairment are identified.

*Financial liabilities classification*

59. Financial liabilities are classified as “other financial liabilities”. They include accounts payable, unspent funds held for future refunds and other liabilities, such as balances payable to other United Nations system reporting entities. Financial liabilities classified as other financial liabilities are initially recognized at fair value and subsequently measured at amortized cost. Financial liabilities with a duration of fewer than 12 months are recognized at their nominal value. The Mechanism re-evaluates the classification of financial liabilities at each reporting date and derecognizes financial liabilities when its contractual obligations are discharged, waived, cancelled or expired. The adoption of IPSAS 41 has no change on the classification and measurement of the financial liabilities of the Mechanism.

*Financial liabilities: accounts payable and accrued liabilities*

60. Accounts payable and accrued liabilities arise from the purchase of goods and services that have been received but not paid for at the reporting date. Payables are measured at their nominal value if classified as current liabilities or at the fair value if classified as non-current liabilities.

*Advance receipts*

61. Advance receipts consist of contributions or payments received in advance.

*Leases*

*The Mechanism as lessee*

62. Leases of property, plant and equipment in which the Mechanism has substantially all of the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the start of the lease at the lower of fair value or the present value of the minimum lease payments. The rental obligation, net of finance charges, is reported as a liability in the statement of financial position. Assets acquired under finance leases are depreciated in accordance with property, plant and equipment policies. The interest element of the lease payment is charged to the statement of financial performance as an expense over the lease term on the basis of the effective interest rate method.

63. Leases in which all the risks and rewards of ownership are not substantially transferred to the Mechanism are classified as operating leases. Payments made under operating leases are charged to the statement of financial performance as an expense on a straight-line basis over the term of the lease.

*Mechanism as lessor*

64. The Mechanism often leases out assets under operating leases. Leased-out assets are reported under property, plant and equipment, and lease revenue is recognized in the statement of financial performance over the term of the lease on a straight-line basis.

*Donated right to use*

65. Land, buildings, infrastructure assets, machinery and equipment may be granted to the Mechanism, primarily by host Governments at nil or nominal cost, through donated right-to-use arrangements. These arrangements are accounted for as operating leases or finance leases depending on whether an assessment of the agreement indicates that control over the underlying assets is transferred to the Mechanism.

66. Where a donated right-to-use arrangement is treated as an operating lease, an expense and corresponding revenue equal to the annual rental value of the asset or similar property are recognized in the Mechanism's financial statements. Where a donated right-to-use arrangement is treated as a finance lease (principally with a lease term of more than 35 years for premises), the fair market value of the property is capitalized and depreciated over the shorter of the useful life of the property or the term of the arrangement. In addition, a liability for the same amount is recognized, which is progressively recognized as revenue over the lease term. Donated right-to-use land arrangements are accounted for as operating leases in which the Mechanism does not have exclusive control over the land and/or title to the land is transferred under restricted deeds.

67. Where title to land is transferred to the Mechanism without restrictions, the land is accounted for as donated property, plant and equipment and recognized at fair value at the acquisition date.

68. The threshold for the recognition of revenue and expense is an annual rental value equivalent to \$5,000 per unit for donated right to use premises, land, infrastructure, machinery and equipment.

*Employee benefits*

69. Employees comprise staff members, as described under Article 97 of the Charter of the United Nations, whose employment and contractual relationship with the

Mechanism are defined in a letter of appointment subject to regulations promulgated by the General Assembly pursuant to Article 101, paragraph 1, of the Charter. Employee benefits are classified as short-term benefits, long-term benefits, post-employment benefits and termination benefits.

*Short-term employee benefits*

70. Short-term employee benefits are employee benefits (other than termination benefits) that are payable within 12 months after the end of the year in which the employee renders the related services. Short-term employee benefits comprise first-time employee benefits (assignment grants), regular daily/weekly/monthly benefits (wages, salaries and allowances), compensated absences (paid sick leave and maternity/paternity leave) and other short-term benefits (death grant, education grant, reimbursement of taxes and home leave travel) provided to current employees on the basis of services rendered. All such benefits that are accrued but not paid at the reporting date are recognized as current liabilities within the statement of financial position.

*Post-employment benefits*

71. Post-employment benefits comprise after-service health insurance, end-of-service repatriation benefits and a pension through the United Nations Joint Staff Pension Fund.

*Defined benefit plans*

72. The following benefits are accounted for as defined benefit plans: after-service health insurance, repatriation benefits (post-employment benefits) and accumulated annual leave that is commuted to cash upon separation from the Mechanism (other long-term benefits). Defined benefit plans are those in which the Mechanism's obligation is to provide agreed benefits, and therefore the Mechanism bears the actuarial risks. The liability for defined benefit plans is measured at the present value of the defined benefit obligation. Changes in the liability for defined benefit plans, excluding actuarial gains and losses, are recognized in the statement of financial performance in the year in which they occur. The Mechanism has chosen to recognize changes in the liability for defined benefit plans from actuarial gains and losses directly through the statement of changes in net assets. As at the end of the reporting year, the Mechanism held no plan assets as defined pursuant to IPSAS 39: Employee benefits.

73. The defined benefit obligations are calculated by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using the interest rates of high-quality corporate bonds with maturity dates approximating those of the individual plans.

74. After-service health insurance: worldwide coverage for medical expenses of eligible former staff members and their dependants is provided through after-service health insurance. Upon end of service, staff members and their dependants may elect to participate in a defined benefit health insurance plan of the United Nations, provided that they have met specific eligibility requirements, including 10 years of participation in a United Nations health plan for those who were recruited after 1 July 2007 and 5 years for those recruited before that date. The after-service health insurance liability represents the present value of the share of the Mechanism's medical insurance costs for retirees and the post-retirement benefit accrued to date by active staff. A factor in the after-service health insurance valuation is to consider contributions from all plan participants in determining the Mechanism's residual liability. Contributions from retirees are deducted from the gross liability together

with a portion of the contributions from active staff to arrive at the Mechanism's residual liability in accordance with cost-sharing ratios authorized by the General Assembly.

75. Repatriation benefits: upon end of service, staff who meet specific eligibility requirements, including residency outside their country of nationality at the time of separation, are entitled to a repatriation grant that is based on length of service, and travel and removal expenses. A liability is recognized from when the staff member joins the Mechanism and is measured as the present value of the estimated liability for settling these entitlements.

76. Annual leave: the liabilities for annual leave represent unused accumulated leave days that are projected to be settled through a monetary payment to employees upon their separation from the Mechanism. The United Nations recognizes as a liability the actuarial value of the total accumulated unused leave days of all staff members, up to a maximum of 60 days (18 days for temporary staff) as at the date of the statement of financial position. The methodology applies a last-in, first-out assumption in the determination of the annual leave liabilities, whereby staff members have access to current period leave entitlements before they gain access to accumulated annual leave balances relating to prior periods. Effectively, the accumulated annual leave benefit is accessed more than 12 months after the end of the reporting period in which the benefit arose and, overall, there is an increase in the level of accumulated annual leave days, pointing to the commutation of accumulated annual leave to a cash settlement at end of service as the true liability of the Mechanism. The accumulated annual leave benefit reflecting the outflow of economic resources from the Mechanism at end of service is therefore classified under the category of other long-term benefits, while noting that the portion of the accumulated annual leave benefit that is expected to be settled by way of monetary payment within 12 months after the reporting date is classified as a current liability. In line with IPSAS 39: Employee benefits, other long-term benefits must be valued similarly to post-employment benefits; therefore, the United Nations values its accumulated annual leave benefit liability as a defined, post-employment benefit that is actuarially valued.

*Pension plan: United Nations Joint Staff Pension Fund*

77. The Mechanism is a member organization participating in the United Nations Joint Staff Pension Fund, which was established by the General Assembly to provide retirement, death, disability and related benefits to employees. The Pension Fund is a funded, multi-employer defined benefit plan. As specified in article 3 (b) of the Regulations of the Fund, membership in the Fund shall be open to the specialized agencies and to any other international intergovernmental organization that participates in the common system of salaries, allowances and other conditions of service of the United Nations and the specialized agencies.

78. The Pension Fund exposes participating organizations to actuarial risks associated with the current and former employees of other organizations participating in the Fund, with the result that there is no consistent and reliable basis for allocating the obligation, plan assets and costs to individual organizations participating in the plan. The Mechanism and the Fund, in line with the other participating organizations in the Fund, are not in a position to identify the Mechanism's proportionate share of the defined benefit obligation, the plan assets and the costs associated with the plan with sufficient reliability for accounting purposes. Hence, the Mechanism has treated this plan as if it were a defined contribution plan in line with the requirements of IPSAS 39. The Mechanism's contributions to the Pension Fund during the financial period are recognized as expenses in the statement of financial performance.

*Termination benefits*

79. Termination benefits are recognized as an expense only when the Mechanism is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate the employment of a staff member before the normal retirement date or provide termination benefits as a result of an offer made in order to encourage voluntary redundancy. Termination benefits to be settled within 12 months are reported at the amount expected to be paid. Where termination benefits fall due more than 12 months after the reporting date, they are discounted if the impact of discounting is material.

*Other long-term employee benefits*

80. Other long-term employee benefit obligations are benefits or portions of benefits that are not due to be settled within 12 months after the end of the year in which employees provide the related service. Accumulated annual leave is an example of long-term employee benefits.

81. Appendix D to the Staff Rules of the United Nations governs compensation in the event of death, injury or illness attributable to the performance of official duties on behalf of the United Nations. These liabilities are valued by actuaries.

*Provisions*

82. Provisions are liabilities recognized for future expenditure of uncertain amount or timing. A provision is recognized if, as a result of a past event, the Mechanism has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. The amount of the provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date. Where the effect of the time value of money is material, the provision is the present value of the amount required to settle the obligation.

83. Uncommitted balances of the appropriations at the end of the budget period and expired balances of appropriations retained from prior periods are to be reported as provisions for credits to Member States. These provisions will remain until the General Assembly decides the manner of their disposal.

*Contingent liabilities*

84. Any possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Mechanism are disclosed as contingent liabilities. Contingent liabilities are also disclosed where present obligations that arise from past events cannot be recognized because it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligations, or the amount of the obligations cannot be reliably measured.

85. Provisions and contingent liabilities are assessed continually to determine whether an outflow of resources embodying economic benefits or service potential has become more or less probable. If it becomes more probable that such an outflow will be required, a provision is recognized in the Mechanism's financial statements of the year in which the change of probability occurs. Similarly, where it becomes less probable that such an outflow will be required, a contingent liability is disclosed in the notes to the Mechanism's financial statements.



86. An indicative threshold of \$10,000 applies in recognizing provisions and/or disclosing contingent liabilities in the notes to the Mechanism's financial statements.

*Contingent assets*

87. Contingent assets are possible assets that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the effective control of the Mechanism. Contingent assets are disclosed in the notes when it is more likely than not that economic benefits will flow to the Mechanism.

*Commitments*

88. Commitments are future expenses to be incurred by the Mechanism with respect to open contracts that the Mechanism has minimal, if any, discretion to avoid in the ordinary course of operations. Commitments include capital commitments (the amount of contracts for capital expenses that are not paid or accrued by the reporting date), contracts for the supply of goods and services that are not delivered as at the end of the reporting period, non-cancellable minimum lease payments and other non-cancellable commitments.

*Non-exchange revenue*

*Assessed contributions*

89. Appropriations are financed by contributions from Member States that are assessed according to the scale of assessments determined by the General Assembly. These assessments are subject to adjustments in respect of, among other things, supplementary appropriations for which contributions have not previously been assessed, revenue attributable to Member States, contributions resulting from the assessment of new Member States, any uncommitted balance of the appropriations at the end of the budget period and expired balances of the appropriations retained from prior periods that are due to be surrendered to Member States. Appropriations for the regular budget are approved and assessed for a one-year budget period; the relevant portion of assessed contributions is recognized as revenue at the beginning of each year.

*In-kind contributions*

90. In-kind contributions of goods, above the recognition threshold of \$5,000 per discrete contribution, are recognized as assets and revenue once it is probable that future economic benefits or service potential will flow to the Mechanism and the fair value of those assets can be measured reliably. Contributions in kind are initially measured at their fair value at the date of receipt determined by reference to observable market values or by independent appraisals. The Mechanism has elected not to recognize in-kind contributions of services but to disclose in-kind contributions of service above the threshold of \$5,000 per discrete contribution in the notes to the financial statements.

*Exchange revenue*

91. Exchange transactions are those in which the Mechanism sells goods or services in exchange for compensation. Revenue comprises the fair value of consideration received or receivable for the sale of goods and services. Revenue is recognized when it can be reliably measured, when the inflow of future economic benefits is probable and when specific criteria have been met.

92. Revenue from commissions and fees for technical, procurement, training, administrative and other services rendered to Governments, United Nations entities

and other partners is recognized when the service is performed. Exchange revenue also includes revenue from the rental of premises, the sale of used or surplus property, guided tours and net currency exchange gains.

#### *Investment revenue*

93. Investment revenue includes the Mechanism's share of net cash pool revenue and other interest revenue. The net cash pool revenue includes any gains and losses on the sale of investments, which are calculated as the difference between the sale proceeds and book value. Transaction costs that are attributable directly to the investment activities are netted against revenue and the net revenue is distributed proportionately to all cash pool participants on the basis of their average daily balances.

#### *Expenses*

94. Expenses are decreases in economic benefits or service potential during the reporting year in the form of outflows or consumption of assets or incurrence of liabilities that result in decreases in net assets and are recognized on an accrual basis when goods are delivered and services are rendered, regardless of the terms of payment.

95. Employee salaries include international, national and general temporary staff salaries, post adjustment and staff assessment. The allowances and benefits include other staff entitlements, such as pension and insurance subsidies and staff assignment, repatriation, hardship and other allowances.

96. Judges' honorariums and allowances consist of pensions, honorariums and other allowances.

97. Contractual services include non-employee compensation such as consultant fees and related allowances and benefits.

98. Supplies and consumables relate to the cost of inventory used and expenses for supplies and consumables.

99. Other operating expenses include acquisition of goods and intangible items under capitalization thresholds, maintenance, utilities, contracted services, training, security services, shared services, rent, insurance, loss allowance, write-off expenses, foreign exchange losses, contributions in kind, hospitality and official functions, donations, and transfers of assets.

#### **Note 4**

##### **Segment reporting**

100. A segment is a distinguishable activity or group of activities for which financial information is reported separately to evaluate an entity's past performance in achieving its objectives and for making decisions about the future allocation of resources.

101. These financial statements represent the activities of the Mechanism, that is, one activity that was established under a single Security Council resolution. While the budgetary process reflects a breakdown of the organizational structure into the Chambers, the Prosecutor and the Registry, none of these organs meet the definition of a segment, given that none of them encompass different activities for which financial information is reported separately in order to evaluate past performance in achieving its objectives and for making decisions about the future allocation of resources. Therefore, for reporting purposes, the Mechanism has one segment.

## Note 5

### Comparison to budget

102. The statement of comparison of budget and actual amounts (statement V) presents the difference between budget amounts, which are prepared on a modified cash basis, and actual expenditure on a comparable basis.

103. Approved budgets are those that permit expenses to be incurred and are approved by the General Assembly. The budget for 2023 is the budget approved by the Assembly in its resolution 77/261. Annual budgets are funded by assessments to Member States, 50 per cent in accordance with the scale of assessments applicable to the United Nations regular budget and 50 per cent in accordance with the scale of assessments applicable to peacekeeping operations.

104. The annual budget for 2023 represents the appropriations for 2023. Actual expenditure amounts include commitments and actuals incurred in the period on a budget basis. Explanations for material differences (i.e., those greater than 5 per cent) between the final budget amounts and actual expenditure on a modified cash basis are considered in the table below.

<i>Budget area</i>	<i>Material differences greater than 5 per cent (final budget versus actual expenses on budget basis)</i>
Office of the Prosecutor	Lower-than-budgeted expenditure, in particular in terms of general temporary assistance at the Arusha branch, was due to the earlier-than-expected termination of the <i>Kabuga</i> trial and attrition in advance of downsizing, resulting in reduced resource requirements under general temporary assistance
Records management and archives	Higher-than-budgeted expenses due mainly to separation of long-serving Professional staff resulting in high separation benefits payouts
Liabilities for payment of pensions of retired judges and after-service health insurance	Lower-than-budgeted due to a reduction in census data

### *Reconciliation between actual amounts on a comparable basis and the statement of cash flows*

105. The reconciliation between the actual amounts on a comparable basis in the statement of comparison of budget and actual amounts and the actual amounts in the statement of cash flows is as follows:

### Reconciliation of actual amounts on a comparable basis to the statement of cash flows

(Thousands of United States dollars)

<i>Current year: 2023</i>	<i>Operating</i>	<i>Investing</i>	<i>Financing</i>	<i>Total</i>
Actual amounts on a comparable basis (statement V)	(77 668)	(210)	–	(77 878)
Basis differences	4 755	(853)	–	3 902
Entity differences	(1 206)	–	–	(1 206)

<i>Current year: 2023</i>	<i>Operating</i>	<i>Investing</i>	<i>Financing</i>	<i>Total</i>
Presentation differences	69 286	3 641	–	72 927
<b>Actual amounts in the statement of cash flows (statement IV)</b>	<b>(4 833)</b>	<b>2 578</b>	<b>–</b>	<b>(2 255)</b>
<i>Prior-year comparative: 2022</i>	<i>Operating</i>	<i>Investing</i>	<i>Financing</i>	<i>Total</i>
<b>Actual amounts on a comparable basis (statement V)</b>	<b>(82 632)</b>	<b>(76)</b>	<b>–</b>	<b>(82 708)</b>
Basis differences	(41)	(1 991)	–	(2 032)
Entity differences	829	–	–	829
Presentation differences	79 361	9 548	–	88 909
<b>Actual amounts in the statement of cash flows (statement IV)</b>	<b>(2 483)</b>	<b>7 481</b>	<b>–</b>	<b>4 998</b>

106. Basis differences comprise the differences resulting from preparing the budget on a modified cash basis. In order to reconcile the budgetary results to the statement of cash flows, the modified cash elements, such as unliquidated obligations, which are commitments against budget but do not represent a cash flow, outstanding assessed contributions and payments against prior-year obligations that do not apply to the current year, must be eliminated. Similarly, IPSAS-specific differences, such as cash flows relating to acquisition of property, plant and equipment or intangibles, and indirect cash flows relating to changes in receivables due to movements in the allowance for doubtful receivables and accrued liabilities, are included as basis differences to be reconciled to the statement of cash flows.

107. Entity differences arise when the actual amounts on the budget basis omit programmes or funds that are part of the Mechanism, as reported in the statement of cash flows, or vice versa. Those differences represent cash flows to or from funds other than the regular budget fund that are reported in the financial statements. The financial statements include results for all the Mechanism's funds.

108. Presentation differences are differences in the format and classification schemes in the statement of cash flows and the statement of comparison of budget and actual amounts, which include the latter not presenting income and the net changes in cash pool balances. Other presentation differences are that the amounts included in the statement of comparison of budget and actual amounts are not segregated into the operating, investing and financing activities.

109. Timing differences occur when the budget period differs from the reporting period reflected in the financial statements. There are no timing differences because the budget reflects the 2023 annual budget.

#### *Status of appropriations*

110. In accordance with General Assembly resolution [77/261](#), gross appropriations and gross assessed contributions for the Mechanism for 2023 are as follows:

(Thousands of United States dollars)

	<i>Gross appropriation</i>
<b>Mechanism</b>	
Initial appropriation for 2023 (General Assembly resolution 77/261)	81 945
Cancellation of commitments for the year 2020	(3 030)
Surplus resulting from the final expenditure for the budget for 2021	(7 173)
<b>Balance to be assessed (resolution 77/261)</b>	<b>71 742</b>

## Note 6

### Cash and cash equivalents and investments

(Thousands of United States dollars)

	<i>31 December 2023</i>	<i>31 December 2022</i>
Cash and cash equivalents – main pool	20 579	22 830
Cash and cash equivalents – other	3	6
Short term investments – main pool	106 159	91 593
Long term investments – main pool	33 208	44 353
<b>Total cash, cash equivalents and investments</b>	<b>159 949</b>	<b>158 782</b>

111. Of \$139.367 million in investments and \$20.582 million in cash and cash equivalents, \$62.885 million relates to the sub-account for the International Criminal Tribunal for Rwanda and \$89.565 million relates to the sub-account for the International Tribunal for the Former Yugoslavia, which were amalgamated into the Mechanism. These amounts of cash and investments are restricted pending a decision of the General Assembly on its disposal following the closure of both Tribunals.

## Note 7

### Accounts receivable

#### Assessed contributions receivable

(Thousands of United States dollars)

	<i>31 December 2023</i>	<i>31 December 2022</i>
Assessed contributions	54 134	51 780
Loss allowance on assessed contributions receivable	(68)	(98)
<b>Total assessed contributions receivable</b>	<b>54 066</b>	<b>51 682</b>

112. Of the \$54.066 million at the end of the fiscal year, \$5.400 million corresponds to arrears to the International Criminal Tribunal for Rwanda for which final assessment was issued in 2016, and \$21.053 million corresponds to arrears to the International Tribunal for the Former Yugoslavia, for which final assessment for 2017 was issued in January 2018. Payments received during 2023 for the assessed contributions for the International Criminal Tribunal for Rwanda and for the International Tribunal for the Former Yugoslavia amounted to only \$0.012 million and \$0.028 million, respectively. The remaining assessed contributions receivable for the Mechanism amount to \$27.613 million, of which \$10.989 million corresponds to the 2023 assessment.

113. Countries subject to Article 19 of the Charter of the United Nations are considered to be those with regard to which the General Assembly has decided that failure to pay the minimum amount under that Article was due to conditions beyond their control. Those countries are therefore permitted to vote, notwithstanding their accumulated arrears (see Assembly resolutions 74/1, 75/2 and 76/2). In accordance with past practice, it is considered that there are no Member States with valid multi-year payment plans. Full loss allowance was recorded on the Article 19 Members States' assessed contributions receivable.

### Other accounts receivable

(Thousands of United States dollars)

	31 December 2023	31 December 2022
<b>Current other receivables</b>		
Member States	407	903
Receivables from other United Nations entities	16	–
Loss allowance on other receivables	(20)	(141)
<b>Total other receivables (current)</b>	<b>403</b>	<b>762</b>

114. Receivables from Member States include primarily a balance of recoverable VAT of \$0.407 million for the Mechanism (2022: \$0.903 million), including \$0.258 million from the United Republic of Tanzania (2022: \$0.517 million), \$0.127 million from Rwanda (2022: \$0.179 million) and \$0.022 million from the Kingdom of the Netherlands (2022: \$0.200 million).

115. In 2023, the Mechanism continued to liaise with the relevant authorities pursuing collection, with significant progress achieved during the reporting period, thus reducing the VAT receivable balance. The allowance decreased in 2023 owing to the adoption of IPSAS 41. The loss allowance is now based on expected loss, while in 2022 it was statistical based on ageing.

### Movement in the receivable loss allowance

(Thousands of United States dollars)

	31 December 2023	31 December 2022
Opening receivable loss allowance	240	625
Loss allowance adjustment on opening balance (note 2)	(121)	–
Loss allowance adjustment for current year	(31)	(385)
<b>Closing loss allowance on receivables</b>	<b>88</b>	<b>240</b>

## Note 8

### Other assets

(Thousands of United States dollars)

	31 December 2023	31 December 2022
Deferred charges	862	392
Advances to staff	307	425
Advances to vendor	–	47

	31 December 2023	31 December 2022
Advances to the United Nations Development Programme and other United Nations entities	278	35
Other	18	40
<b>Total other assets (current)</b>	<b>1 465</b>	<b>939</b>
	31 December 2023	31 December 2022
Deferred charges	212	183
<b>Total other assets (non-current)</b>	<b>212</b>	<b>183</b>

116. Deferred charges (current and non-current) refer mainly to multi-year information technology maintenance services in the amount of \$0.920 million and travel advance payments in the amount of \$0.154 million.

117. Current and non-current other assets include mainly education grant advances to staff and prepayments to vendors and other United Nations entities for goods or services to be delivered. They also include security deposits placed with landlords for lease agreements.

## Note 9

### Property, plant and equipment

118. The net book value of property, plant and equipment as at 31 December 2023 was \$11.517 million (2022: \$12.582 million). An impairment review was conducted and no significant impairment was identified. The Mechanism had no significant heritage assets as at the reporting date.

119. During the reporting period, the Mechanism disposed of fully depreciated property and equipment, which consisted primarily of communications and information technology equipment that was rendered obsolete or deemed to have discrepancies identified from physical verifications.

120. During the reporting period, additions of \$0.854 million were capitalized to communications and information technology equipment, relating primarily to the upgrade of servers and network equipment.

### Property, plant and equipment

(Thousands of United States dollars)

31 December 2023	Infrastructure	Buildings	Furniture and fixtures	Communications and information technology equipment	Vehicles	Machinery and equipment	Assets under construction	Total
<b>Cost</b>								
As at 1 January 2023	1 802	8 273	433	16 962	1 634	1 688	–	30 792
Additions	–	–	187	854	–	24	–	1 065
Disposals	–	–	(90)	(1 218)	(265)	(34)	–	(1 607)
Other changes	–	–	–	–	–	–	–	–
<b>As at 31 December 2023</b>	<b>1 802</b>	<b>8 273</b>	<b>530</b>	<b>16 598</b>	<b>1 369</b>	<b>1 678</b>	<b>–</b>	<b>30 250</b>

31 December 2023	Infrastructure	Buildings	Furniture and fixtures	Communications and information technology equipment	Vehicles	Machinery and equipment	Assets under construction	Total
<b>Accumulated depreciation and impairment</b>								
As at 1 January 2023	545	2 151	321	12 900	1 213	1 080	–	18 210
Depreciation and impairment	98	388	30	1 392	95	116	–	2 119
Disposals	–	–	(88)	(1 216)	(258)	(34)	–	(1 596)
Other changes	–	–	–	–	–	–	–	–
<b>As at 31 December 2023</b>	<b>643</b>	<b>2 539</b>	<b>263</b>	<b>13 076</b>	<b>1 050</b>	<b>1 162</b>	<b>–</b>	<b>18 733</b>
<b>Net carrying amount</b>								
As at 1 January 2023	1 257	6 122	112	4 062	421	608	–	12 582
<b>As at 31 December 2023</b>	<b>1 159</b>	<b>5 734</b>	<b>267</b>	<b>3 522</b>	<b>319</b>	<b>516</b>	<b>–</b>	<b>11 517</b>

(Thousands of United States dollars)

31 December 2022	Infrastructure	Buildings	Furniture and fixtures	Communications and information technology equipment	Vehicles	Machinery and equipment	Assets under construction	Total
<b>Cost</b>								
As at 1 January 2022	1 690	8 074	453	18 735	1 507	1 350	104	31 913
Additions	112	95	7	1 087	319	446	–	2 066
Disposals	–	–	(27)	(2 860)	(192)	(108)	–	(3 187)
Other changes	–	104	–	–	–	–	(104)	–
<b>As at 31 December 2022</b>	<b>1 802</b>	<b>8 273</b>	<b>433</b>	<b>16 962</b>	<b>1 634</b>	<b>1 688</b>	<b>–</b>	<b>30 792</b>
<b>Accumulated depreciation and impairment</b>								
As at 1 January 2022	451	1 738	299	14 047	1 257	1 025	–	18 817
Depreciation and impairment	94	413	49	1 713	32	107	–	2 408
Disposals	–	–	(27)	(2 860)	(76)	(108)	–	(3 071)
Other changes	–	–	–	–	–	56	–	56
<b>As at 31 December 2022</b>	<b>545</b>	<b>2 151</b>	<b>321</b>	<b>12 900</b>	<b>1 213</b>	<b>1 080</b>	<b>–</b>	<b>18 210</b>
<b>Net carrying amount</b>								
As at 1 January 2022	1239	6 336	154	4 688	250	325	104	13 096
<b>As at 31 December 2022</b>	<b>1 257</b>	<b>6 122</b>	<b>112</b>	<b>4 062</b>	<b>421</b>	<b>608</b>	<b>–</b>	<b>12 582</b>



**Note 10**  
**Intangibles**

(Thousands of United States dollars)

<i>31 December 2023</i>	<i>Software internally developed</i>	<i>Software acquired externally</i>	<i>Total</i>
<b>Cost</b>			
As at 1 January 2023	468	967	1 435
Additions	—	—	—
Disposals	—	—	—
<b>As at 31 December 2023</b>	<b>468</b>	<b>967</b>	<b>1 435</b>
<b>Accumulated amortization and impairment</b>			
As at 1 January 2023	468	805	1 273
Amortization and impairment	—	53	53
Disposals	—	—	—
<b>As at 31 December 2023</b>	<b>468</b>	<b>858</b>	<b>1 326</b>
<b>Net carrying amount</b>			
As at 1 January 2023	—	162	162
<b>As at 31 December 2023</b>	<b>—</b>	<b>109</b>	<b>109</b>

(Thousands of United States dollars)

<i>31 December 2022</i>	<i>Software internally developed</i>	<i>Software acquired externally</i>	<i>Total</i>
<b>Cost</b>			
As at 1 January 2022	468	967	1 435
Additions	—	—	—
Disposals	—	—	—
<b>As at 31 December 2022</b>	<b>468</b>	<b>967</b>	<b>1 435</b>
<b>Accumulated amortization and impairment</b>			
As at 1 January 2022	468	729	1 197
Amortization and impairment	—	76	76
Disposals	—	—	—
<b>As at 31 December 2022</b>	<b>468</b>	<b>805</b>	<b>1 273</b>
<b>Net carrying amount</b>			
As at 1 January 2022	—	238	238
<b>As at 31 December 2022</b>	<b>—</b>	<b>162</b>	<b>162</b>

**Note 11**  
**Accounts payable and accrued liabilities**

(Thousands of United States dollars)

	31 December 2023	31 December 2022
Vendor payables (accounts payable)	926	793
Accounts payable – other	837	913
Accruals for goods and services	410	333
Payables to other United Nations entities	–	278
<b>Total accounts payable and accrued liabilities (current)</b>	<b>2 173</b>	<b>2 317</b>

121. Accounts payable and accrued liabilities of \$2.173 million (2022: \$2.317 million) consist mainly of vendor payables of \$0.926 million (2022: \$0.793 million) and other accounts payable of \$0.837 million (2022: \$0.913 million), which includes \$0.538 million (2022: \$0.504 million) for detention facilities and \$0.030 million (2022: \$0.138 million) for defence teams' fees.

**Note 12**  
**Advance receipts**

122. Advance receipts represent assessed contributions received in advance or overpayments received from Member States, which amounted to \$0.382 million in 2023 (2022: \$0.289 million).

**Note 13**  
**Employee benefits liabilities**

(Thousands of United States dollars)

Year ended 31 December 2023	Current	Non-current	Total
After-service health insurance	1 430	65 966	67 396
Annual leave	399	3 144	3 543
Repatriation benefits	673	4 749	5 422
<b>Subtotal: defined benefits liabilities</b>	<b>2 502</b>	<b>73 859</b>	<b>76 361</b>
Appendix D/workers' compensation	111	2 204	2 315
Pension contribution liabilities	–	–	–
Accrued salaries and allowances	4 266	446	4 712
<b>Total employee benefits liabilities</b>	<b>6 879</b>	<b>76 509</b>	<b>83 388</b>

(Thousands of United States dollars)

Year ended 31 December 2022	Current	Non-current	Total
After-service health insurance	1 157	57 623	58 780
Annual leave	456	3 382	3 838
Repatriation benefits	827	5 176	6 003
<b>Subtotal: defined benefits liabilities</b>	<b>2 440</b>	<b>66 181</b>	<b>68 621</b>

<i>Year ended 31 December 2022</i>	<i>Current</i>	<i>Non-current</i>	<i>Total</i>
Appendix D/workers' compensation	37	693	730
Pension contribution liabilities	10	–	10
Accrued salaries and allowances	5 293	436	5 729
<b>Total employee benefits liabilities</b>	<b>7 780</b>	<b>67 310</b>	<b>75 090</b>

123. The liabilities arising from end-of-service/post-employment benefits and the workers' compensation programme under appendix D to the Staff Rules of the United Nations are determined by independent actuaries and are established in accordance with IPSAS 39: Employee benefits. Full actuarial valuation is undertaken annually.

124. The after-service health insurance programme provides eligible staff members with continued health insurance coverage throughout their retirement under the same health insurance schemes available to active staff. Premium rates established for all such health plans are reviewed and, where necessary, revised annually to ensure that a sufficient level of operational reserves is available to maintain each plan.

125. The General Assembly establishes contribution ratios for the health insurance plans between the share of the Organization and that of the staff. Currently, contribution ratios between the Organization and active and retired staff for the health insurance plans are 2 to 1 for all United States-based plans, 1 to 1 for non-United States-based plans administered by Headquarters and 3 to 1 for the Medical Insurance Plan.

126. The after-service health insurance programme is funded on a pay-as-you-go basis as medical benefits are accessed by retirees, with increasing cost attributable mainly to changing demographics, changing life expectancy and increased cost of health-care services. To address the growing costs of health insurance, cost-containment initiatives have been adopted over the years while ensuring that participants continue to have access to appropriate insurance coverage to meet their health-care needs. Health insurance costs are controlled by the manner in which the plans are structured and through ongoing reviews of plan provisions and benefits offered.

127. The General Assembly, in its resolution [70/243](#), authorized the Secretary-General to establish a sub-account within the Mechanism to address, on a pay-as-you-go basis, the requirement for the pensions of retired judges and their surviving spouses (note 14) and for the after-service health insurance benefits to former staff of the International Criminal Tribunal for Rwanda and the International Tribunal for the Former Yugoslavia following the closure of the Tribunals. Balances of defined benefit obligations to judges and staff in each sub-account are presented in note 23.

*Actuarial valuation: defined end-of-service/post-employment benefits liabilities*

128. The principal actuarial assumptions used to determine the employee benefit obligations in the 31 December 2023 valuation are as follows:

**Discount rates**

(Percentage)

<i>Assumptions</i>	<i>After-service health insurance</i>	<i>Repatriation benefits</i>	<i>Annual leave</i>
Discount rates: 31 December 2022	5.34	5.11	5.10
Discount rates: 31 December 2023	4.56	4.95	4.91

129. The yield curves used in the calculation of the discount rates in respect of the United States dollar, the euro and the Swiss franc are those developed by Aon Hewitt, a human capital and management consulting firm, consistent with the decision of the Task Force on Accounting Standards to harmonize actuarial assumptions across the United Nations system.

130. Another assumption that had an impact on the actuarially valued employee benefits liabilities, in addition to the discount rates discussed above, included changes in the per capita claims cost by age. The table below shows the per capita claims cost assumption at 65 years of age.

### Per capita claims cost (at 65 years of age)

(United States dollars)

<i>Plan</i>	<i>2023</i>	<i>2022</i>
<b>United States plans</b>		
Aetna/HIP/HMO – no Medicare	12 562	16 341
Aetna/HIP/HMO – Medicare	9 748	11 351
Blue Cross – no Medicare	13 837	12 990
Blue Cross – Medicare	8 000	11 107
<b>Non-United States plans</b>		
Cigna WWP	3 494	3 808
MIP – administered by the United Nations	2 305	2 140

*Abbreviations:* HIP, health insurance plan of New York; HMO, health maintenance organization; MIP, Medical Insurance Plan; WWP, worldwide plan.

131. The per capita claim costs for the after-service health insurance plans are updated to reflect recent claims and enrolment experience.

### Health-care cost trend assumptions

132. The health-care cost trend rate assumption reflects the current short-term expectations of the after-service health insurance plan cost changes in future years. The health-care cost trend rates are based on Aon Hewitt long-term assumptions for various currencies, as shown below.

<i>Cost trend assumptions</i>	<i>2023</i>			<i>2022</i>		
	<i>Initial (percentage)</i>	<i>Final (percentage)</i>	<i>Grade down</i>	<i>Initial (percentage)</i>	<i>Final (percentage)</i>	<i>Grade down</i>
United States non-Medicare	8.00	3.65	7 years	6.50	3.85	9 years
United States Medicare	7.40	3.65	7 years	6.50	3.85	9 years
Non-United States – Switzerland	8.00	2.35	4 years	4.25	2.55	6 years
Non-United States – eurozone	7.70	3.95	12 years	5.20	4.15	11 years

133. The table below presents the currency allocation used to determine the discount rates and health-care cost trend rates applicable to each plan. For currencies other than the dollar, euro or Swiss franc, the dollar was used as a proxy for the computation of the rates.

(Percentage)

<i>Benefits plan</i>		<i>Dollar</i>	<i>Swiss franc</i>	<i>Euro</i>
ASHI	Cigna WWP	73	6	21
	MIP – administered by the United Nations	95	–	5
	Aetna/Blue Cross	100	–	–
Repatriation Grant and annual leave		100	–	–

*Abbreviations:* ASHI, after-service health insurance; MIP, Medical Insurance Plan; WWP, worldwide plan.

### Mortality rates

134. For defined benefit plans, assumptions regarding future mortality are based on published statistics and mortality tables. Pre-retirement mortality, as well as withdrawal and retirement assumptions, are consistent with those used by the United Nations Joint Staff Pension Fund in making its actuarial valuation. In line with the recommendations of the Task Force on Accounting Standards, the post-retirement mortality table applied for the December 2022 and December 2023 valuations is the weighted headcount mortality table provided by Buck, a firm that provides consulting services on pensions and employee benefits.

### Other assumptions

135. With regard to the valuation of repatriation benefits as at 31 December 2023, inflation in travel costs was assumed to be 2.30 per cent (2022: 2.40 per cent) on the basis of the projected United States inflation rate over the next 20 years.

136. Annual leave balances were assumed to increase at the following annual rates during the staff member's projected years of service: 0 to 1 year, 8.1 per cent; 2 to 3 years, 4.1 per cent; 4 to 8 years, 1.9 per cent; 9 to 15 years, 1 per cent; and 16 years and over, 0.4 per cent.

137. The estimated duration of the benefit plans as at 31 December 2023 is as follows:

<i>Benefits plan</i>	<i>Estimated duration (years)</i>
After-service health insurance	19
Repatriation grant	8
Annual leave	7

138. Movement in post-employment benefit liabilities accounted for as defined benefit plans is shown below.

### Movement in post-employment benefit liabilities accounted for as defined benefit plans

(Thousands of United States dollars)

	<i>After-service health insurance</i>	<i>Repatriation grant</i>	<i>Annual leave</i>	<i>Total</i>
<b>Net defined benefit obligation as at 1 January 2023</b>	<b>58 780</b>	<b>6 003</b>	<b>3 838</b>	<b>68 621</b>
Current service cost	1 269	305	362	1 936
Interest on obligation	3 102	278	184	3 564
<b>Total cost recognized in the statement of financial performance</b>	<b>4 371</b>	<b>583</b>	<b>546</b>	<b>5 500</b>

	<i>After-service health insurance</i>	<i>Repatriation grant</i>	<i>Annual leave</i>	<i>Total</i>
Benefits paid	(1 398)	(1 135)	(479)	(3 012)
Actuarial (gains)/losses recognized directly in the statement of changes in net assets	5 643	(29)	(362)	5 252
Due to changes in financial assumptions	9 809	69	69	9 947
Due to changes in demographic assumptions	(380)	(21)	(3)	(404)
Due to experience adjustment	(3 786)	(77)	(428)	(4 291)
<b>Net defined benefit liability as at 31 December 2023</b>	<b>67 396</b>	<b>5 422</b>	<b>3 543</b>	<b>76 361</b>

(Thousands of United States dollars)

	<i>After-service health insurance</i>	<i>Repatriation grant</i>	<i>Annual leave</i>	<i>Total</i>
<b>Net defined benefit obligation as at 1 January 2022</b>	<b>77 749</b>	<b>8 108</b>	<b>5 291</b>	<b>91 148</b>
Current service cost	1 882	290	481	2 653
Interest on obligation	2 520	195	135	2 850
<b>Total cost recognized in the statement of financial performance</b>	<b>4 402</b>	<b>485</b>	<b>616</b>	<b>5 503</b>
Benefits paid	(1 217)	(869)	(479)	(2 565)
Actuarial (gains)/losses recognized directly in the statement of changes in net assets	(22 154)	(1 721)	(1 590)	(25 465)
Due to changes in financial assumptions	(18 968)	(1 415)	(745)	(21 128)
Due to changes in demographic assumptions	—	—	—	—
Due to experience adjustment	(3 186)	(306)	(845)	(4 337)
<b>Net defined benefit liability as at 31 December 2022</b>	<b>58 780</b>	<b>6 003</b>	<b>3 838</b>	<b>68 621</b>

139. The total employee benefits liability increased by \$8.298 million in 2023, owing mainly to the net increase in defined employee benefit liabilities of \$7.740 million for the Mechanism to a total of \$76.361 million for 2023. This increase in defined employee benefit liabilities is a result of an overall actuarial loss of \$5.252 million for the Mechanism. The actuarial loss is explained by a loss of \$9.947 million due to changes in financial assumptions, offset in part by a gain of \$4.291 million on experience adjustments and a gain of \$0.404 million due to changes in demographic assumptions in the recent actuarial valuation. The remaining difference is constituted by benefits paid offset by service costs, interest obligations, a decrease in accrued salaries and allowances, and an increase in appendix D/workers' compensation liabilities.

140. The increase in employee benefits liabilities accounted for as defined benefit plans in 2023 is due mainly to the increase in liabilities for after-service health insurance, attributable to an actuarial loss of \$5.643 million, which is due primarily to a loss of \$9.809 million due to changes in financial assumptions and a gain of \$3.786 million due to experience adjustments.

*Actuarial valuation: discount rate sensitivity analysis*

141. The changes in discount rates are driven by the discount curve, which is calculated on the basis of corporate bonds. The bond markets vary over the reporting

year, and the volatility has an impact on the discount rate assumption. Should the discount rate assumption vary by 0.5 per cent, its impact on the obligations would be as follows:

### Impact on obligations of changes in discount rate

(Thousands of United States dollars)

	<i>After-service health insurance</i>	<i>Repatriation benefits</i>	<i>Annual leave</i>
<b>31 December 2023:</b>			
Increase of discount rate by 0.5 per cent	(5 849)	(167)	(114)
As a percentage of year-end liability	(9)	(3)	(3)
Decrease of discount rate by 0.5 per cent	6 697	179	122
As a percentage of year-end liability	10	3	3
<b>31 December 2022:</b>			
Increase of discount rate by 0.5 per cent	(4 796)	(194)	(145)
As a percentage of year-end liability	(8)	(3)	(4)
Decrease of discount rate by 0.5 per cent	5 446	206	30
As a percentage of year-end liability	9	3	1

### Actuarial valuation: medical costs sensitivity analysis

142. The principal assumption in the valuation of the after-service health insurance is the rate at which medical costs are expected to increase in the future. The sensitivity analysis examines the change in liability owing to changes in the medical cost rates while holding other assumptions, such as the discount rate, constant. Should the medical cost trend assumption vary by 0.5 per cent, it would have an impact on the measurement of the defined benefit obligations as follows:

### Effect of movements in the assumed medical costs trend rates

(Thousands of United States dollars)

	<i>Increase</i>	<i>Decrease</i>
<b>31 December 2023 (movement by 0.5 per cent):</b>		
Effect on the defined benefit obligation	6 479	(5 721)
Effect on the aggregate of the current service cost and interest cost	518	(445)
<b>31 December 2022 (movement by 0.5 per cent):</b>		
Effect on the defined benefit obligation	5 311	(4 722)
Effect on the aggregate of the current service cost and interest cost	477	(417)

### Other defined benefit plan information

143. Benefits paid for 2023 are estimates of what would have been paid to separating staff and/or retirees during the year on the basis of the pattern of rights acquisition under each scheme: after-service health insurance, repatriation and commutation of accrued annual leave. The estimated defined benefit payments (net of participants' contributions in these schemes) are shown in the table below.

**Estimated defined benefit payments, net of participants' contributions**

(Thousands of United States dollars)

	<i>After-service health insurance</i>	<i>Repatriation benefits</i>	<i>Annual leave</i>	<i>Total</i>
2024	1 430	673	399	2 502
2023	1 398	1 135	479	3 012

**Historical information: total liability for after-service health insurance, repatriation benefits and annual leave as at 31 December**

(Thousands of United States dollars)

	<i>2023</i>	<i>2022</i>	<i>2021</i>	<i>2020</i>	<i>2019</i>	<i>2018</i>
Present value of the defined benefit obligations	76 361	68 621	91 148	95 517	85 645	117 290

144. Defined benefit liabilities have not been funded. The pertinent budget is provided on the basis of claims experience in the previous years.

*Appendix D/workers' compensation costs actuarial valuation: assumptions*

145. The workers' compensation liability is actuarially valued. The liabilities are determined from the projected benefits, which are increased for cost-of-living allowance, decreased for mortality and then discounted to the present value. Obligations as at 31 December 2023, estimated at \$2.315 million (2022: \$0.730 million), are based on an actuarial valuation as at the same date. The increase in the appendix D liabilities of \$1.585 million can be explained mainly by an increase of \$1.541 million in the service cost due to changes in workers compensation claims. Actuarial losses amount to \$0.044 million in 2023 (2022: actuarial gains of \$0.208 million).

146. The cost-of-living adjustment for 2023 as determined by Aon Hewitt is 2.3 per cent (2.4 per cent in 2022) and is calculated using market-based inflation. As with defined benefit liabilities, the Aon Hewitt yield curves were used in determining the 31 December 2023 obligation. Appendix D/workers' compensation uses mortality assumptions based on World Health Organization statistical tables.

*Appendix D/workers' compensation costs sensitivity analysis*

147. The sensitivity analysis looks at the change in liability resulting from changes in the cost-of-living adjustment and changes in assumed discount rates. A change of 1 per cent in the cost-of-living adjustment and 1 per cent in the assumed discount rates would have an impact on the measurement of the appendix D obligation as shown in the following table:

**Appendix D costs: effect of 1 per cent movement in cost-of-living adjustment sensitivity on year-end liability**

(Thousands of United States dollars and percentage)

	<i>31 December 2023</i>	<i>31 December 2022</i>
Increase of cost-of-living adjustment by 1 per cent	374	113
As a percentage of year-end liability	16	15
Decrease of cost-of-living adjustment by 1 per cent	(302)	(92)
As a percentage of year-end liability	(13)	(13)



**Appendix D costs: effect of movements in assumed discount rate on year-end liability**

(Thousands of United States dollars and percentage)

	<i>Increase</i>	<i>Decrease</i>
<b>31 December 2023 (movement by 1 per cent):</b>		
Effect on year-end liability	(283)	354
As a percentage of year-end liability	(12)	15
<b>31 December 2022 (movement by 1 per cent):</b>		
Effect on year-end liability	(86)	107
As a percentage of year-end liability	(12)	15

*Appendix D/workers' compensation costs funding*

148. The liabilities arising from appendix D/workers' compensation have not been funded. The pertinent budget is provided on the basis of claims experience in the previous years.

*Accrued salaries and allowances*

149. A significant portion of accrued salaries and allowances relates to the downsizing exercise and expected separation of more than 100 staff members from the Mechanism. Accruals for repatriation, annual leave and other separation benefits for staff departing from the Mechanism were recognized in accordance with the Staff Regulations and Rules and reported under accrued salaries and allowances for a total amount of \$3.379 million (2022: \$3.983 million).

150. The remaining accrued salaries and allowances as at year end consist mainly of accruals for home leave (\$0.485 million (2022: \$0.586 million)) and accruals for repatriation grant to be paid to former staff members other than staff members expected to separate mentioned in the paragraph above and other allowances (\$0.848 million (2022: \$1.170 million)).

*United Nations Joint Staff Pension Fund*

151. It is stated in the Regulations of the United Nations Joint Staff Pension Fund that the Pension Board shall have an actuarial valuation made of the Fund at least once every three years by the consulting actuary. The practice of the Pension Board has been to carry out an actuarial valuation every two years using the open group aggregate method. The primary purpose of the actuarial valuation is to determine whether the current and estimated future assets of the Pension Fund will be sufficient to meet its liabilities.

152. The Mechanism's financial obligation to the Pension Fund consists of its mandated contribution, at the rate established by the General Assembly (currently 7.90 per cent for participants and 15.80 per cent for member organizations), together with any share of any actuarial deficiency payments under article 26 of the Regulations of the Fund. Such deficiency payments are payable only if and when the Assembly invokes the provision of article 26, following a determination that there is a requirement for deficiency payments based on an assessment of the actuarial sufficiency of the Pension Fund as at the valuation date. Each member organization shall contribute to this deficiency an amount proportionate to the total contributions that each paid during the three years preceding the valuation date.

153. The most recent actuarial valuation for the Pension Fund was completed as at 31 December 2021 and the valuation as at 31 December 2023 is being performed, and

a roll-forward of the participation data as at 31 December 2021 to 31 December 2022 was used by the Pension Fund for its 2022 financial statements.

154. The actuarial valuation as at 31 December 2021 resulted in a funded ratio of actuarial assets to actuarial liabilities of 117.0 per cent (2019: 107.1 per cent). The funded ratio was 158.2 per cent when the current system of pension adjustments was not taken into account.

155. After assessing the actuarial sufficiency of the Pension Fund, the consulting actuary concluded that there was no requirement, as at 31 December 2021, for deficiency payments under article 26 of the Regulations of the Fund, given that the actuarial value of assets exceeded the actuarial value of all accrued liabilities under the plan. In addition, the market value of assets also exceeded the actuarial value of all accrued liabilities as at the valuation date. At the time of reporting, the General Assembly had not invoked the provision of article 26.

156. Should article 26 be invoked because of an actuarial deficiency, either during the ongoing operation or owing to the termination of the Pension Fund pension plan, deficiency payments required from each member organization would be based upon the proportion of that member organization's contributions to the total contributions paid to the Fund during the three years preceding the valuation date. Total contributions paid to the Pension Fund during the preceding three years (2020, 2021 and 2022) amounted to \$8,937.68 million, of which 0.27 per cent was contributed by the Mechanism.

157. During 2023, the Mechanism's contributions paid to the Fund amounted to \$6.773 million (2022: \$7.337 million). Expected contributions due in 2024 are approximately \$5.508 million.

158. Membership in the Pension Fund may be terminated by a decision of the General Assembly, upon the affirmative recommendation of the Pension Board. A proportionate share of the total assets of the Pension Fund at the date of termination shall be paid to the former member organization for the exclusive benefit of its staff who were participants in the Fund at that date, pursuant to an arrangement mutually agreed between the organization and the Fund. The amount is determined by the Pension Board on the basis of an actuarial valuation of the assets and liabilities of the Pension Fund on the date of termination; no part of the assets that are in excess of the liabilities are included in the amount.

159. The Board of Auditors carries out an annual audit of the Pension Fund and reports to the Pension Board and to the General Assembly on the audit every year. The Pension Fund publishes quarterly reports on its investments, which can be viewed on the Fund's website ([www.unjspf.org](http://www.unjspf.org)).

#### **Note 14** **Judges' honorariums and allowances liabilities**

(Thousands of United States dollars)

	31 December 2023	31 December 2022
Judges' pensions (defined benefit valuation)	36 525	38 048
<b>Total</b>	<b>36 525</b>	<b>38 048</b>
Current	2 934	2 988
Non-current	33 591	35 060
<b>Total</b>	<b>36 525</b>	<b>38 048</b>

160. For the 2023 actuarial valuations, the yield curve used in the calculation of the discount rate is that developed by Aon Hewitt issued for the dollar, given that the judges' salaries are denominated in dollars and the payment currency of future pensions cannot be presumed. The key assumptions for the valuations of judges' pension benefits liabilities as at 31 December 2023 are the discount rate of 4.98 per cent (2022: 5.18 per cent) and inflation rate of 2.30 per cent (2022: 2.40 per cent) over the next 20 years. The salary increase was assumed to be equal to the inflation rate, given that pension schemes are linked to salaries.

161. The General Assembly, in its resolution [70/243](#), authorized the Secretary-General to establish a sub-account within the Mechanism corresponding to the requirement for the pensions of retired judges and their surviving spouses of the International Criminal Tribunal for Rwanda and the International Tribunal for the Former Yugoslavia.

### Movement in judges' benefits liabilities accounted for as defined benefit plans

(Thousands of United States dollars)

	2023	2022
<b>Net defined benefit liability at 1 January</b>	<b>38 048</b>	<b>51 104</b>
Current service cost	—	—
Interest cost	1 885	1 407
<b>Total costs recognized in the statement of financial performance</b>	<b>1 885</b>	<b>1 407</b>
Benefits paid	(3 256)	(3 184)
Actuarial (gain)/losses recognized directly in the statement of changes in net assets	(152)	(11 279)
<b>Net recognized liability at 31 December</b>	<b>36 525</b>	<b>38 048</b>

162. Owing to the amalgamation of the International Criminal Tribunal for Rwanda and the International Tribunal for the Former Yugoslavia, the Mechanism now carries judges' defined benefits liabilities for retired judges of the former Tribunals, in addition to liabilities for the President, who is the only full-time active judge of the Mechanism. The actuarial gain is due mainly to gains in experience adjustments of \$0.486 million, offset by losses due to changes in financial assumptions of \$0.333 million.

### Note 15 Provisions

(Thousands of United States dollars)

	Credits to Member States	Litigation and claims	Total
<b>Provisions as at 1 January 2023</b>	<b>20 555</b>	—	<b>20 555</b>
<b>Change in provisions</b>			
Amounts used	(10 203)	—	(10 203)
Additional provisions made	12 965	—	12 965
<b>Provisions as at 31 December 2023 (current)</b>	<b>23 317</b>	—	<b>23 317</b>

163. A provision for credits to Member States has been established in the amount of \$23.317 million in the financial statements, of which \$3.772 million relates to the International Criminal Tribunal for Rwanda, \$5.445 million relates to the International Tribunal for the Former Yugoslavia and \$14.100 million relates to the Mechanism. The provision includes savings from prior periods and the cancellation of commitments, the unencumbered balance of the appropriations for 2023 and other revenue.

(Thousands of United States dollars)

<i>Credits to Member States</i>	<i>ICTR</i>	<i>ICTY</i>	<i>IRMCT</i>	<i>Total</i>
<b>Provisions as at 31 December 2022</b>	<b>1 617</b>	<b>2 394</b>	<b>16 545</b>	<b>20 555</b>
<b>Amounts used</b>				
Cancellation of 2020 commitments and savings from prior periods	(705)	(1 055)	(1 270)	(3 030)
Unencumbered balance of the appropriations for 2021	–	–	(7 173)	(7 173)
<b>Subtotal</b>	<b>(705)</b>	<b>(1 055)</b>	<b>(8 443)</b>	<b>(10 203)</b>
<b>Additional provisions made</b>				
Cancellation of 2022 commitments and savings from prior periods	–	–	959	959
Revenue	2 860	4 106	973	7 939
Unencumbered balance of the appropriations for 2023	–	–	4 067	4 067
<b>Subtotal</b>	<b>2 860</b>	<b>4 106</b>	<b>5 999</b>	<b>12 965</b>
<b>Provisions as at 31 December 2023</b>	<b>3 772</b>	<b>5 445</b>	<b>14 100</b>	<b>23 317</b>

*Abbreviations:* ICTR, International Criminal Tribunal for Rwanda; ICTY, International Tribunal for the Former Yugoslavia; IRMCT, International Residual Mechanism for Criminal Tribunals.

## Note 16

### Changes in net assets for the year ended 31 December

164. Net assets comprise the accumulated surpluses/deficits, which represent the residual interest in the assets of the Mechanism after all its liabilities have been deducted. The restricted balances represent the fund balance earmarked for the project to construct facilities in Arusha for the archives of the Mechanism (see General Assembly resolution 66/240 A).

165. The net assets balance decreased from \$88.793 million as at 31 December 2022 to \$81.936 million as at 31 December 2023. The balance of net assets, in addition to the movements of the year, is affected by the impact of the adoption of IPSAS 41 on 1 January 2023 in the amount of \$0.121 million.

166. The changes in net assets are due primarily to an overall actuarial loss of \$5.144 million on defined benefits liabilities, workers' compensation and judges' benefits liabilities, a net positive result of \$1.222 million for the investments' fair value changes, which are now recorded directly through net assets/equity, and an overall deficit of \$3.056 million from the performance during the year.

## Note 17

### Revenue

#### *Assessed contributions*

167. Assessed contributions for the year of \$68.980 million (2022: \$79.339 million) have been recorded for the Mechanism in accordance with the Financial Regulations

and Rules of the United Nations, the relevant resolutions of the General Assembly and the policies of the United Nations.

(Thousands of United States dollars)

	2023
Assessment for 2023 (resolution 77/261)	81 945
Cancellation of commitments for the year 2022, savings from prior periods and revenue recorded as provisions in the 2023 financial statements	(8 898)
Unencumbered balance of the appropriations for 2023 recorded as provisions in the 2023 financial statements	(4 067)
<b>Revenue from assessed contributions</b>	<b>68 980</b>

#### *Other revenue*

168. Other revenue includes other miscellaneous revenue of \$0.234 million (2022: \$0.108 million), consisting mainly of costs recovered for services provided to external entities, foreign exchange gains and gains on the sale of fixed assets.

#### *Investment revenue*

169. The reported investment revenue amounts to a gain of \$7.025 million in 2023 (2022: gain of \$0.796 million). Realized cash pool investment revenue was \$7.025 million in 2023 (2022: \$2.703 million). The realized rate of return in the main pool was 4.22 per cent (2022: 1.57 per cent). The increase in the realized rate of return between 2022 and 2023 was due to new and maturing funds being invested or reinvested in 2023 in the higher interest rate environment because the Federal Reserve continued to raise the target policy interest rate range several times during the year in response to inflation, which remained above the Federal Reserve's target. In 2022, unrealized gains and losses on cash pool participation were recognized in surplus and deficit, but in 2023 they are recognized directly in net assets/equity, as a result of the adoption of IPSAS 41. The unrealized result on cash pool participation was a \$1.222 million gain (2022: a \$1.907 million loss).

### **Note 18** **Expenses**

#### *Employee salaries, allowances and benefits*

170. Employee salaries include international, national and general temporary staff salaries, post adjustments and staff assessments. Allowances and benefits include other staff entitlements, such as pension and insurance subsidies and staff assignment, repatriation, hardship and other allowances.

171. The overall decrease in employee salaries, allowances and benefits can be explained mainly by the continued downsizing of the Mechanism and a reduction in staff levels.

(Thousands of United States dollars)

	31 December 2023	31 December 2022
Salary and wages	41 808	48 721
Pension and insurance benefits	13 692	13 092
Other benefits	1 444	2 873
<b>Total employee salaries, allowances and benefits</b>	<b>56 944</b>	<b>64 686</b>

*Judges' honorariums and allowances*

172. Judges' honorariums and allowances include pensions of former and current judges, as well as honorariums that include travel and other allowances. The increase in the judges' pensions is due to higher interest costs for the year. Honorariums have increased owing to increased judicial activity in 2023, given that the viability of the Kabuga trial was under review.

(Thousands of United States dollars)

	31 December 2023	31 December 2022
Judges' honorariums	1 597	1 238
Judges' pensions	1 867	1 392
<b>Judges' honorariums and allowances</b>	<b>3 464</b>	<b>2 630</b>

*Contractual services*

173. Contractual services expenses consist of fees paid to individuals for services provided to the Mechanism, such as consultancies, expert witnesses, interpreters and Tanzanian police officers. The increase in contractual services relates mainly to the increased engagement of individual contractors for security services in Arusha, following a significant downsizing of security staff at the end of 2022.

(Thousands of United States dollars)

	31 December 2023	31 December 2022
Consultants and individual contractors	1 194	424
<b>Total contractual services</b>	<b>1 194</b>	<b>424</b>

*Supplies and consumables*

174. Supplies and consumables include consumables, spare parts and fuel, as shown in the table below.

(Thousands of United States dollars)

	31 December 2023	31 December 2022
Fuel and lubricants	164	147
Rations	45	56
Spare parts	135	81
Consumables	303	219
<b>Total</b>	<b>647</b>	<b>503</b>

*Travel*

175. Travel expenses include all staff and non-staff travel that is not considered to be an employee allowance/benefit. Staff travel is official travel necessary to carry out the activities of the Mechanism and for training. Representative travel is undertaken by experts and participants to meetings and study tours. The decrease in travel expenses compared with 2022 is due mainly to decreased judicial activity. The split

of the travel expenses between staff and representatives was refined in 2023 and the presentation of the comparative balances adjusted accordingly.

(Thousands of United States dollars)

	31 December 2023	31 December 2022
Staff travel	1 196	1 308
Representative travel	153	299
<b>Total</b>	<b>1 349</b>	<b>1 607</b>

*Other operating expenses*

176. Other operating expenses include other contracted services, maintenance, utilities, training, security services, shared services, rental, insurance, receivable loss allowances and write-off expenses, hospitality and official functions, foreign exchange losses, losses on the sale of property, plant and equipment and donation/transfer of assets.

(Thousands of United States dollars)

	Note	31 December 2023	31 December 2022
Contracted services		8 813	8 728
Acquisition of goods		365	631
Acquisition of intangible items		396	612
Rent – offices and premises	21	3 403	2 856
Rental – equipment	21	32	47
Maintenance and repair		454	254
Receivable loss allowances and write-off expenses		(27)	(386)
Other/miscellaneous operating expenses		89	640
<b>Total</b>		<b>13 525</b>	<b>13 382</b>

177. Contracted services include companies' fees for air and ground transport, communications and information technology, facilities, security services, legal services (which include fees to defence teams and costs relating to detention services), audit, training, utilities, freight, and other services such as translation and verbatim reporting.

178. The increase in the cost of rent for offices and premises is due mainly to rent increase in the Hague, from a combination of the cost-of-living annual adjustment and currency exchange.

179. Other/miscellaneous operating expenses include mainly service fees from United Nations organizations, insurance premiums and bank service fees.

*Other operating expenses: contracted services*

(Thousands of United States dollars)

	31 December 2023	31 December 2022
Transport	10	59
Communications and information technology	1 415	1 572
Facilities	721	1 306

	31 December 2023	31 December 2022
Security services	121	123
Legal service defence counsel	542	923
Legal service detention service	2 467	2 426
Other legal	–	26
Training	183	212
Utilities	2 220	809
Freight	14	92
Administrative and audit services	443	345
Other	677	835
<b>Total</b>	<b>8 813</b>	<b>8 728</b>

180. The increase in contracted services during 2023 is due primarily to the increase in utilities in an amount of \$1.411 million, offset in part by decreases in facilities of \$0.585 million, decreases in legal service defence counsel of \$0.381 million and decrease in communication and information technology of \$0.157 million.

181. The increase in utilities is due to the increase in energy costs in 2023. The decrease in facilities is due mainly to non-recurring maintenance projects that were completed in 2022. The decrease in defence counsel fees is due to a decreased judicial activity in 2023 compared with 2022. The decrease in communication and information technology is consistent with the slowing-down of the Mechanism's activities.

182. Administrative and audit services comprise primarily finance and administrative services provided by the United Nations Office at Geneva, human resources services provided by the United Nations Office at Nairobi and costs associated with the audit conducted by the Board of Auditors.

183. Other expenses comprise primarily the costs associated with verbatim, translation and medical services.

## Note 19

### Financial instruments and financial risk management

#### Summary of financial instruments

(Thousands of United States dollars)

<i>Financial instruments</i>	<i>Note</i>	<i>31 December 2023</i>	<i>31 December 2022</i>
<b>Financial assets</b>			
<b>Fair value through net assets/equity<sup>a</sup></b>			
Short-term investments – main pool	6	106 159	91 593
Long-term investments – main pool	6	33 208	44 353
<b>Total investment through net assets/equity (surplus or deficit in prior year)</b>		<b>139 367</b>	<b>135 946</b>
<b>Cash and cash equivalents</b>			
Cash and cash equivalents – main pool	6	20 579	22 830
Cash and cash equivalents – other	6	3	6
<b>Subtotal, total cash and cash equivalents at amortized cost</b>		<b>20 582</b>	<b>22 836</b>



<i>Financial instruments</i>	<i>Note</i>	<i>31 December 2023</i>	<i>31 December 2022</i>
Assessed contributions receivable	7	54 066	51 682
Other accounts receivable	7	403	762
Other assets (excluding advances and prepayments)	8	–	7
<b>Subtotal, receivables from exchange and non-exchange transactions and loans at amortized cost</b>		<b>54 469</b>	<b>52 451</b>
<b>Total carrying amount of financial assets</b>		<b>214 418</b>	<b>211 233</b>
Of which relates to financial assets held in the cash pools		159 946	158 775
<b>Financial liabilities at amortized cost</b>			
Accounts payable and accrued liabilities	11	2 173	2 317
<b>Total carrying amount of financial liabilities</b>		<b>2 173</b>	<b>2 317</b>
<b>Summary of net income from financial assets</b>			
Net cash pool revenue	17	7 025	796
<b>Total</b>		<b>7 025</b>	<b>796</b>

<sup>a</sup> Financial assets were held at fair value through surplus or deficit in 2022.

#### *Financial risk management – general overview*

184. The Mechanism has exposure to the following financial risks:

- (a) Credit risk;
- (b) Liquidity risk;
- (c) Market risk.

185. Credit risk is the risk of financial loss resulting from a counterparty to a financial instrument failing to meet its contractual obligations. Credit risk arises from cash and cash equivalents, investment and credit exposure to outstanding receivables. The carrying value of financial assets is the maximum exposure to credit risk.

186. Liquidity risk is the risk that the Mechanism might not have adequate funds to meet its obligations as they fall due. The Mechanism's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Mechanism's reputation.

187. Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and prices of investment securities, will affect the Mechanism's revenue or the value of its financial assets and liabilities. The objective of market risk management is to manage and control market risk exposure within acceptable parameters. The main exposure to market rate risks relates to the cash pools and is detailed below. The market risk includes:

- (a) Interest rate risk, which is the risk of variability in financial instruments' fair values or future cash flows due to a change in interest rates. In general, as an interest rate rises, the price of a fixed-rate security falls, and vice versa. Interest rate risk is commonly measured by the fixed-rate security's duration, with duration being a number expressed in years. The longer the duration, the greater the interest rate risk;
- (b) Currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate owing to changes in foreign exchange rates. The Mechanism has transactions, assets and liabilities in currencies other than in its

functional currency and is exposed to currency risk arising from fluctuations in exchange rates. Management policies and the Investment Management Guidelines require the United Nations to manage its currency risk exposure.

*Financial risk management: Cash pool overview*

188. In addition to directly held petty cash and imprest accounts, the Mechanism participates in the United Nations Treasury cash pool.

189. The United Nations Treasury is responsible for investment and risk management for the cash pools, including conducting investment activities in accordance with the Investment Management Guidelines.

190. The objective of investment management is to preserve capital and ensure sufficient liquidity to meet operating cash requirements while attaining a competitive market rate of return on each investment pool. Investment quality, safety and liquidity are emphasized over the market-rate-of-return component of the objectives.

191. An investment committee periodically evaluates investment performance and assesses compliance with the Investment Management Guidelines and makes recommendations for updates.

192. The main pool comprises operational bank account balances in a number of currencies and investments in United States dollars. Pooling the funds has a positive effect on overall investment performance and risk, because of economies of scale, and by the ability to spread yield curve exposures across a range of maturities. The allocation of cash pool assets (cash and cash equivalents, short-term investment and long-term investment) and revenue is based on each participating entity's principal balance.

193. As at 31 December 2023, the Mechanism participated in the main pool, which held total assets of \$11,548.7 million (2022: \$11,873.9 million), of which \$159.946 million was due to the Mechanism (2022: \$158.775 million), including \$62.885 million (2022: \$60.534 million) and \$89.565 million (2022: \$86.218 million) relating to the International Criminal Tribunal for Rwanda and the International Tribunal for the Former Yugoslavia, respectively. The Mechanism's share of revenue from the cash pools was \$7.025 million, being the realized gain in 2023, the unrealized changes in fair value being presented directly in net assets in 2023 with the adoption of IPSAS 41 (2022: \$0.796 million consisting in realized gain of \$2.703 million, offset in part by an unrealized loss of \$1.907 million).

**Summary of assets and liabilities in the main pool as at 31 December 2023**

(Thousands of United States dollars)

	31 December 2023	31 December 2022
<b>Fair value through net assets/equity<sup>a</sup></b>		
Short-term investment	7 554 712	6 789 427
Long-term investment	2 397 703	3 316 889
<b>Total fair value through net assets/equity</b>	<b>9 952 415</b>	<b>10 106 316</b>
<b>Cash and cash equivalents and receivables held at amortized cost</b>		
Cash and cash equivalents, main pool	1 485 897	1 707 288
Accrued investment income	110 348	60 265
<b>Total amortized cost of financial assets</b>	<b>1 596 245</b>	<b>1 767 553</b>
<b>Total carrying amount of financial assets</b>	<b>11 548 660</b>	<b>11 873 869</b>

	31 December 2023	31 December 2022
<b>Main pool liabilities</b>		
Payable to the Mechanism	159 946	158 775
Payable to other main pool participants	11 388 714	11 715 094
<b>Total carrying amount of financial liabilities</b>	<b>11 548 660</b>	<b>11 873 869</b>
<b>Main pool net assets</b>	<b>–</b>	<b>–</b>

<sup>a</sup> Financial assets were held at fair value through surplus or deficit in 2022.

### Summary of net income and expenses of the main pool for the year ended 31 December 2023

(Thousands of United States dollars)

	31 December 2023	31 December 2022
Investment revenue	488 377	178 646
Unrealized gains/(losses) <sup>a</sup>	–	(137 034)
<b>Investment revenue from main pool</b>	<b>488 377</b>	<b>41 612</b>
Foreign exchange gains /(losses)	9 194	(7 670)
Bank fees	(808)	(772)
<b>Operating gains/(losses) from main pool</b>	<b>8 386</b>	<b>(8 442)</b>
<b>Revenue and expenses from main pool</b>	<b>496 763</b>	<b>33 170</b>

<sup>a</sup> An unrealized gain of \$91.603 million from the main cash pool mark to market revaluation is reported under the statement of net assets in accordance with IPSAS 41 in 2023. In 2022, the corresponding unrealized loss of \$137.0 million was included as part of the investment revenue from the main cash pool.

### *Financial risk management: cash pool credit risk*

194. The Investment Management Guidelines require ongoing monitoring of issuer and counterparty credit ratings. Permissible cash pool investments may include, but are not restricted to, bank deposits, commercial paper, supranational securities, government agency securities and government securities with maturities of five years or fewer. The cash pools do not invest in derivative instruments such as asset-backed and mortgage-backed securities or equity products.

195. The Investment Management Guidelines require that investments not be made in issuers whose credit ratings are below specifications and provide for maximum concentrations with given issuers. These requirements were met at the time the investments were made.

196. The credit ratings used for the cash pools are those determined by major credit-rating agencies; Standard & Poor's and Moody's and Fitch are used to rate bonds, certificates of deposit and discounted instruments; and the Fitch viability rating is used to rate bank term deposits. At year end, the credit ratings were as shown below.

**Investments of the cash pools by credit ratings as at 31 December 2023**

(Percentage)

<i>Main pool</i>					<i>Ratings as at 31 December 2023</i>					<i>Ratings as at 31 December 2022</i>				
<b>Bonds (long-term ratings)</b>					<b>Bonds (long-term ratings)</b>					<b>Bonds (long-term ratings)</b>				
	AAA/AA <u>Au</u>	AA+ <u>u</u> /AA+/AA	A+	NA		AAA/AA <u>Au</u>	AA+ <u>u</u> /AA+/AA	A+	NA		AAA/AA <u>Au</u>	AA+ <u>u</u> /AA+/AA	A+	NA
S&P	37.1	62.9		0.3	S&P	33.8	65.9		0.3					
	AAA/AA <u>Au</u>	AA+/AA/AA-		NA/NR		AAA	AA+/AA/AA-		NA/NR					
Fitch	28.4	53.3	1.3	17.0	Fitch	61.9	22.5	0.2	15.4					
	Aaa	Aa1/Aa2/Aa3	AI	NA		Aaa	Aa1/Aa2/Aa3	AI	NA					
Moody's	61.9	30.5		7.6	Moody's	66.7	30.9		2.4					
<b>Commercial papers/certificates of deposit (short-term ratings)</b>					<b>Commercial papers/certificates of deposit (short-term ratings)</b>					<b>Commercial papers/certificates of deposit (short-term ratings)</b>				
	A-1+/A-1					A-1+/A-1					A-1+/A-1			
S&P	100.0				S&P	100.0					100.0			
	F1+/F1			NR		F1+/F1			NR		F1+/F1			NR
Fitch	98.8			1.2	Fitch	97.7			2.3		97.7			2.3
	P-1/P2					P-1/P2					P-1/P2			
Moody's	100.0				Moody's	100.0					100.0			
<b>Term deposits/demand deposit account (Fitch viability ratings)</b>					<b>Term deposits demand deposit account (Fitch viability ratings)</b>					<b>Term deposits demand deposit account (Fitch viability ratings)</b>				
	aa/aa-	a+/a/a-				aa/aa-	a+/a/a-				aa/aa-	a+/a/a-		
Fitch	23.8	76.2			Fitch	35.9	64.1				35.9	64.1		

*Abbreviations:* NA, not applicable; NR, not rated.

197. The Organization's investment management guidelines and risk and investment strategies define specific limits and restrictions in order to limit the exposure of credit risk to the portfolio. Furthermore, there is a limit of 5 per cent of any single outstanding issue or bond offering per pool, and any new issuer is subject to a credit review process and approval by the Treasurer prior to an investment decision. The expected credit loss assessment was conducted using the Fitch annual global default rating by applying the default rates on the basis of the credit rating of each issuer in which the Organization holds an investment. Given that investments are limited to highly rated institutions, the impairment loss on such investment is relatively small and assessed as not material.

<i>Financial instrument</i>	<i>Expected credit loss calculation method</i>	<i>Calculation for 2023</i>
Commercial paper	Using the (Fitch) annual global default and rating transition study	Considered not material
Certificates of deposit	Using the (Fitch) annual global default and rating transition study	Considered not material
Term deposits	Using the (Fitch) annual global default and rating transition study	Considered not material
Bond investments	Using the (Fitch) annual global default and rating transition study	Considered not material

*Financial risk management: cash pool – liquidity risk*

198. The cash pools are exposed to liquidity risk associated with the requirement of participants to make withdrawals at short notice. They maintain sufficient cash and marketable securities to meet participants' commitments as and when they fall due. The major portion of cash and cash equivalents and investments is available within a day's notice to support operational requirements. Main pool liquidity risk is therefore considered to be low.

*Financial risk management: cash pool – interest rate risk*

199. The cash pools comprise the Mechanism's main exposure to interest rate risk, with fixed-rate cash and cash equivalents and investments being interest-bearing financial instruments. As at the reporting date, the cash pools had invested primarily in securities with shorter terms to maturity, with the maximum being fewer than four years (2022: five years). The average duration of the main pool as at 31 December 2023 was 0.65 years (2022: 0.77 years), which is considered to be an indicator of low risk.

200. The cash pool interest rate risk sensitivity analysis shows how the fair value of the main pool as at the reporting date would increase or decrease should the overall yield curve shift in response to changes in interest rates. Given that the investments are accounted for at fair value through net assets/equity, the change in fair value represents the increase or decrease in net assets. The impact of a shift up or down of up to 200 basis points in the yield curve is shown (100 basis points equals 1 per cent). The basis point shifts are illustrative.

**Main pool interest rate risk sensitivity analysis as at 31 December 2023**

(Millions of United States dollars)

	Shift in yield curve (basis points)								
	-200	-150	-100	-50	0	+50	+100	+150	+200
<b>Increase/(decrease) in fair value</b>									
Main pool total	144.78	108.58	72.38	36.19	–	(36.19)	(72.37)	(108.55)	(144.73)

**Main pool interest rate risk sensitivity analysis as at 31 December 2022**

(Millions of United States dollars)

	Shift in yield curve (basis points)								
	-200	-150	-100	-50	0	+50	+100	+150	+200
<b>Increase/(decrease) in fair value</b>									
Main pool total	168.98	126.73	84.48	42.24	–	(42.23)	(84.46)	(126.69)	(168.91)

*Financial risk management: cash pool – other market price risk*

201. The cash pools are not exposed to significant other price risks because they do not sell short, borrow securities or purchase securities on margin, which limits the potential loss of capital.

*Financial risk management: cash pool – accounting classifications and fair value hierarchy*

202. Investment in the cash pools is carried at fair value through net assets/equity. Cash and cash equivalents, receivables and accounts payable are valued at amortized cost, which is a fair approximation of fair value as at 31 December 2023.

203. The levels are defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: Inputs for the asset or liabilities that are not based on observable market data (i.e., unobservable inputs).

204. The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date and is determined by the independent custodian on the basis of the valuation of securities sourced from third parties. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's-length basis. The quoted market price used for financial assets held in the cash pools is the current bid price.

205. The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques that maximize the use of observable market data. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in level 2.

206. The following fair value hierarchy presents the cash pool assets that are measured at fair value at the reporting date. There were no level 3 financial assets nor any liabilities carried at fair value or any significant transfers of financial assets between fair value hierarchy classifications.

**Fair value hierarchy for investments as at 31 December: main pool**

(Thousands of United States dollars)

	31 December 2023			31 December 2022		
	Level 1	Level 2	Total	Level 1	Level 2	Total
<b>Financial assets at fair value through net assets/equity (surplus or deficit in prior year)</b>						
Bonds – corporate	118 115	–	118 115	65 200	–	65 200
Bonds – non-United States agencies	2 468 680	–	2 468 680	1 974 662	–	1 974 662
Bonds – supranational	770 234	–	770 234	789 587	–	789 587
Bonds – United States treasuries	1 185 059	–	1 185 059	1 348 056	–	1 348 056
Bonds – non-United States sovereigns	97 824	–	97 824	96 713	–	96 713
Commercial papers	–	510 193	510 193	–	1 747 461	1 747 461
Certificates of deposit	–	2 982 310	2 982 310	–	2 654 637	2 654 637
Term deposits	–	1 820 000	1 820 000	–	1 430 000	1 430 000
<b>Total</b>	<b>4 639 912</b>	<b>5 312 503</b>	<b>9 952 415</b>	<b>4 274 218</b>	<b>5 832 098</b>	<b>10 106 316</b>

*Financial risk management: assessed contributions and other receivables: credit risk*

207. A large portion of the contributions receivable is due from sovereign Governments and supranational agencies, including other United Nations entities that do not have significant credit risk. The maximum exposure to credit risk of financial assets equals their carrying amount. As at the reporting date, the Mechanism held no collateral as security for receivables.

208. The Mechanism uses the simplified approach to evaluate the lifetime expected credit loss at each reporting date. The loss allowance is established on the basis of historical collection and/or loss information and the exposure balance at year end for each financial asset category. Management-approved write-offs under the Financial Regulations and Rules or reversals of previously impaired receivables, if any, are recognized directly in the statement of financial performance.

209. The ageing of assessed contributions receivable and the associated allowance is as follows:

**Ageing of assessed contributions receivable**

**Ageing of assessed contributions receivable for the Mechanism, the International Criminal Tribunal for Rwanda and the International Tribunal for the Former Yugoslavia**

(Thousands of United States dollars)

	31 December 2023		31 December 2022	
	Gross receivable	Allowance	Gross receivable	Allowance
Less than one year	10 990	1	10 871	–
One to two years	3 282	1	4 357	–
More than two years	39 862	66	36 552	98
<b>Total</b>	<b>54 134</b>	<b>68</b>	<b>51 780</b>	<b>98</b>

**Ageing of assessed contributions receivable for the Mechanism**

(Thousands of United States dollars)

	31 December 2023		31 December 2022	
	Gross receivable	Allowance	Gross receivable	Allowance
Less than one year	10 990	1	10 871	–
One to two years	3 282	1	4 357	–
More than two years	13 349	6	9 999	8
<b>Total</b>	<b>27 621</b>	<b>8</b>	<b>25 227</b>	<b>8</b>

**Ageing of assessed contributions receivable for the International Criminal Tribunal for Rwanda**

(Thousands of United States dollars)

	31 December 2023		31 December 2022	
	Gross receivable	Allowance	Gross receivable	Allowance
Less than one year	—	—	—	—
One to two years	—	—	—	—
More than two years	5 423	23	5 435	35
<b>Total</b>	<b>5 423</b>	<b>23</b>	<b>5 435</b>	<b>35</b>

**Ageing of assessed contributions receivable for the International Tribunal for the Former Yugoslavia**

(Thousands of United States dollars)

	31 December 2023		31 December 2022	
	Gross receivable	Allowance	Gross receivable	Allowance
Less than one year	—	—	—	—
One to two years	—	—	—	—
More than two years	21 090	37	21 118	55
<b>Total</b>	<b>21 090</b>	<b>37</b>	<b>21 118</b>	<b>55</b>

*Financial risk management: other receivables – credit risk*

210. The ageing of other receivables and the associated allowance is as follows:

**Other receivables**

(Thousands of United States dollars)

	31 December 2023	31 December 2022
<b>Current other receivables</b>		
Member States	407	903
Receivables from other United Nations entities	16	—
Other exchange revenue receivables	—	—
Loss allowance for other receivables	(20)	(141)
<b>Total other receivables (current)</b>	<b>403</b>	<b>762</b>

**Ageing of other receivables**

(Thousands of United States dollars)

	31 December 2023		31 December 2022	
	Gross receivable	Allowance	Gross receivable	Allowance
Less than one year	355	—	650	—
One to two years	16	—	141	35
More than three years	52	20	112	106
<b>Total</b>	<b>423</b>	<b>20</b>	<b>903</b>	<b>141</b>



211. Loss allowance on receivables and its movements are presented below and related variance explanations are provided in note 7.

### Movement in the loss allowance on receivables

(Thousands of United States dollars)

	<i>Loss allowance for receivables</i>		
	<i>Assessed contributions</i>	<i>Other receivables</i>	<i>Total</i>
<b>As at 31 December 2021</b>	<b>97</b>	<b>527</b>	<b>625</b>
Bad debt/doubtful debt expenses	1	(386)	(385)
Amounts written off	–	–	–
<b>As at 31 December 2022</b>	<b>98</b>	<b>141</b>	<b>240</b>
Loss allowance remeasurement	–	(121)	(121)
<b>As at 1 January 2023</b>	<b>98</b>	<b>20</b>	<b>118</b>
Loss allowance	(30)	–	(30)
Amounts written off	–	–	–
<b>As at 31 December 2023</b>	<b>68</b>	<b>20</b>	<b>88</b>

### *Financial risk management – financial liabilities – liquidity risk*

212. The exposure to liquidity risk is based on the notion that the Mechanism may encounter difficulty in meeting its obligations associated with financial liabilities. This is highly unlikely owing to the cash and cash equivalents, receivables and investment available to the Mechanism and United Nations internal policies and procedures put in place to ensure that there are appropriate resources to meet the financial obligations. As at the reporting date, the Mechanism had pledged no collateral for any liabilities or contingent liabilities (2022: none) and, during the year, no accounts payable or other liabilities were forgiven by third parties. Maturities for financial liabilities based on the earliest date at which the Organization can be required to settle each financial liability are as shown below.

### Maturities for financial liabilities as at 31 December 2023

(Thousands of United States dollars)

	<i>&lt;3 months</i>	<i>3 to 12 months</i>	<i>&gt;1 year</i>	<i>Total</i>
Vendor payables (accounts payable)	926	–	–	926
Accruals for goods and services	410	–	–	410
Accounts payable – other	837	–	–	837
<b>Total</b>	<b>2 173</b>	<b>–</b>	<b>–</b>	<b>2 173</b>

**Maturities for financial liabilities as at 31 December 2022**

(Thousands of United States dollars)

	<3 months	3 to 12 months	>1 year	Total
Vendor payables (accounts payable)	793	—	—	793
Payables to other United Nations entities	278	—	—	278
Accruals for goods and services	333	—	—	333
Accounts payable – other	913	—	—	913
<b>Total</b>	<b>2 317</b>	<b>—</b>	<b>—</b>	<b>2 317</b>

**Note 20****Related parties****Key management personnel**

213. Key management personnel are those with the ability to exercise significant influence over financial and operating decisions. For the Mechanism, such personnel are the President and the Prosecutor, at the level of Under-Secretary-General; the Registrar, at the level of Assistant Secretary-General (who, together, constitute the Coordination Council of the Mechanism); and the Mechanism Registry's Chief of Administration. Those individuals have the relevant authority and responsibility for planning, directing and controlling the Mechanism's activities.

**Key management personnel**

(Thousands of United States dollars)

	31 December 2023	31 December 2022
Monetary benefits	1 208	1 240
<b>Total remuneration for the period</b>	<b>1 208</b>	<b>1 240</b>

214. As at 31 December 2023, after-service health insurance, repatriation and leave benefits for key management personnel included in employee benefits liabilities amounted to \$0.357 million (2022: \$0.298 million), as determined by actuarial valuation.

215. No close family members of key management personnel were employed by the Mechanism at the management level. Advances made to key management personnel are those made against entitlements in accordance with staff rules and regulations; any such advances against entitlements are widely available to all staff of the Mechanism.

*Related entity transactions*

216. In the ordinary course of business, to achieve economies in executing transactions, financial transactions are often executed by one financial reporting entity on behalf of another and then subsequently settled.

*Balances reflected in the Tax Equalization Fund*

217. The present financial statements report employee benefit expenses on a gross basis. The tax liabilities are reported separately as part of the Tax Equalization Fund in

the financial report and audited financial statements of the United Nations, volume I, which also has a financial reporting date of 31 December.

218. The Tax Equalization Fund was established under the provisions of General Assembly resolution 973 (X) to equalize the net pay of all staff members whatever their national tax obligations. The Fund operationally reports as income staff assessment with respect to staff members financed under the regular budget, assessed peacekeeping operations and the Mechanism.

219. The Tax Equalization Fund includes, as expenditure, credits against the assessments by the regular budget, peacekeeping and the Mechanism to Member States that do not levy taxes on the United Nations income of their nationals. Member States that do levy income taxes on their nationals working for the Organization do not receive this credit in full. Instead, their share is utilized in the first instance to reimburse staff members financed by the regular budget, peacekeeping and the Mechanism for taxes paid on their United Nations income. Such reimbursements for taxes paid are reported as expenditure by the Tax Equalization Fund. Staff members financed by extrabudgetary funds who are required to pay income tax are reimbursed directly from the resources of those funds. Given that the Organization acts as an agent in this arrangement, net of the related revenue and expenses is reported as a payable in the financial statements of the operations of the United Nations as reported in volume I.

220. The cumulative surplus accumulated in the Tax Equalization Fund as at 31 December 2023 was \$229.192 million (2022: \$190.392 million), consisting of amounts payable to the United States of America at year end of \$193.096 million (2022: \$162.073 million) and to other Member States of \$36.096 million (2022: \$28.319 million). The overall amount payable of the Fund is \$291.439 million (2022: \$250.190 million), which includes other liabilities of \$1.813 million (2022: 0) and an estimated tax liability of \$60.434 million relating to the 2023 and prior tax years (2022: \$59.798 million), of which approximately \$32.649 million was disbursed in January 2024 and approximately \$27.785 million is expected to be settled in April 2024.

## Note 21

### Leases and commitments

#### *Finance leases*

221. Similar to 2022, there were no finance leases as at 31 December 2023.

#### *Operating leases*

222. The Mechanism enters into operating leases for the use of premises and equipment. The building in The Hague is owned by the host State and is acknowledged by both sides to be technically and functionally outdated. The host State is planning the renovation process while ensuring the continuity of judicial activities. While a new lease agreement is under discussion, the previous lease agreement has been extended to 31 December 2024. The Arusha branch of the Mechanism has a lease arrangement in the field office in Kigali, which has been extended to 31 December 2024.

223. The total operating lease payments recognized in expenditure for 2023 were \$3.403 million for premises (2022: \$2.856 million) and \$0.032 million for equipment (2022: \$0.047 million). Future minimum lease payments under non-cancellable arrangements are set out in the following table:

**Obligations for operating leases: minimum lease payments**

(Thousands of United States dollars)

	31 December 2023	31 December 2022
Due in less than 2 years	3 463	3 377
Due in 1 to 5 years	—	—
<b>Total minimum operating lease obligations</b>	<b>3 463</b>	<b>3 377</b>

224. The Mechanism may lease out assets to other parties through operating leases. As at 31 December 2023, no leasing out arrangements had been entered into by the Mechanism.

225. As at 31 December 2023, the total of future minimum sublease payments expected to be received under subleases was \$0.042 million (2022: \$0.079 million).

226. On 5 February 2014, the Government of the United Republic of Tanzania granted the United Nations a 99-year exclusive right of occupancy to a parcel of land in Arusha, measuring approximately 6.549 hectares, at nominal cost. The land is to be used for the premises of the Arusha branch of the Mechanism and may be transferred, assigned or sublet, in whole or in part, to other United Nations entities.

*Contractual commitments*

227. As at the reporting date, the commitments for property, plant and equipment, and goods and services contracted but not delivered were as follows:

(Thousands of United States dollars)

	31 December 2023	31 December 2022
Property, plant and equipment	1 446	836
Intangible assets	—	398
Goods and services	2 184	1 779
<b>Total</b>	<b>3 630</b>	<b>3 013</b>

228. The commitments for goods and services are related mainly to alterations to buildings of \$0.433 million, legal fees of \$0.332 million, information technology equipment of \$0.228 million and training of \$0.157 million.

229. The commitments for property, plant and equipment relate to the purchase of information technology assets in the amount of \$1.446 million.

**Note 22****Contingent liabilities and contingent assets**

230. In the normal course of operations, the Mechanism is subject to claims that can be categorized as corporate and commercial; administrative law; and other, such as guarantees. At the reporting date, there were no contingent liabilities in which the probability of economic outflow is more than remote.

231. In accordance with IPSAS 19, the Mechanism discloses contingent assets where an event gives rise to a probable inflow of economic benefits or service potential to the Mechanism and there is sufficient information to assess the probability of that inflow. At the reporting date, there were no contingent assets.

**Note 23**

**Statements of financial position and financial performance as at 31 December 2023 by subentities**

232. The sub-accounts established for the former Tribunals upon amalgamation into the Mechanism hold primarily employee and judges' benefits liabilities, any assessed contributions receivable outstanding from prior assessments to Member States and cash and investment balances in the cash pools. After settlement of all other assets and liabilities, these sub-accounts will carry the defined benefit liabilities for retired staff and judges, for which the obligations are measured at each year end by actuarial valuation.

**I. Statement of financial position as at 31 December 2023**

(Thousands of United States dollars)

	<i>Note</i>	<i>ICTY</i>	<i>ICTR</i>	<i>IRMCT</i>	<i>31 December 2023</i>
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	6	11 524	8 091	967	20 582
Investments	6	59 447	41 739	4 973	106 159
Assessed contributions receivable	7	21 053	5 400	27 613	54 066
Other accounts receivable	7	—	—	403	403
Other assets	8	11	—	1 454	1 465
<b>Total current assets</b>		<b>92 035</b>	<b>55 230</b>	<b>35 410</b>	<b>182 675</b>
<b>Non-current assets</b>					
Investments	6	18 595	13 057	1 556	33 208
Property, plant and equipment	9	—	—	11 517	11 517
Intangible assets	10	—	—	109	109
Other assets	8	—	—	212	212
<b>Total non-current assets</b>		<b>18 595</b>	<b>13 057</b>	<b>13 394</b>	<b>45 046</b>
<b>Total assets</b>		<b>110 630</b>	<b>68 287</b>	<b>48 804</b>	<b>227 721</b>
<b>Current liabilities</b>					
Accounts payable and accrued liabilities	11	7	—	2 166	2 173
Advance receipts	12	—	—	382	382
Employee benefits liabilities	13	615	753	5 511	6 879
Judges' benefits liabilities	14	1 745	1 189	—	2 934
Provisions	15	5 445	3 772	14 100	23 317
<b>Total current liabilities</b>		<b>7 812</b>	<b>5 714</b>	<b>22 159</b>	<b>35 685</b>
<b>Non-current liabilities</b>					
Employee benefits liabilities	13	17 447	22 703	36 359	76 509
Judges' benefits liabilities	14	19 552	14 039	—	33 591
<b>Total non-current liabilities</b>		<b>36 999</b>	<b>36 742</b>	<b>36 359</b>	<b>110 100</b>
<b>Total liabilities</b>		<b>44 811</b>	<b>42 456</b>	<b>58 518</b>	<b>145 785</b>
<b>Net of total assets and total liabilities</b>		<b>65 819</b>	<b>25 831</b>	<b>(9 714)</b>	<b>81 936</b>

	Note	ICTY	ICTR	IRMCT	31 December 2023
<b>Net assets</b>					
Accumulated surpluses/(deficits) – unrestricted	16	65 819	25 831	(13 278)	78 372
Accumulated surpluses/(deficits) – restricted	16	–	–	3 564	3 564
<b>Total net assets</b>		<b>65 819</b>	<b>25 831</b>	<b>(9 714)</b>	<b>81 936</b>

Abbreviations: ICTR, International Criminal Tribunal for Rwanda; ICTY, International Tribunal for the Former Yugoslavia; IRMCT, International Residual Mechanism for Criminal Tribunals.

## II. Statement of financial performance for the year ended 31 December 2023

(Thousands of United States dollars)

	Note	ICTY	ICTR	IRMCT	31 December 2023
<b>Revenue</b>					
Assessed contributions	17	(4 106)	(2 860)	75 946	68 980
Other revenue	17	65	48	121	234
Investment revenue	17, 19	3 654	2 540	832	7 025
<b>Total revenue</b>		<b>(387)</b>	<b>(272)</b>	<b>76 899</b>	<b>76 239</b>
<b>Expenses</b>					
Employee salaries, allowances and benefits	18	251	1 923	54 771	56 944
Judges' honorariums and allowances	18	(842)	(529)	4 835	3 464
Contractual services	18	–	–	1 194	1 194
Supplies and consumables	18	–	–	647	647
Depreciation and amortization	9, 10	–	–	2 172	2 172
Travel	18	–	–	1 349	1 349
Other operating expenses	18	(15)	(10)	13 550	13 525
<b>Total expenses</b>		<b>(606)</b>	<b>1 384</b>	<b>78 518</b>	<b>79 295</b>
<b>Surplus/(deficit) for the year</b>		<b>219</b>	<b>(1 656)</b>	<b>(1 619)</b>	<b>(3 056)</b>

Abbreviations: ICTR, International Criminal Tribunal for Rwanda; ICTY, International Tribunal for the Former Yugoslavia; IRMCT, International Residual Mechanism for Criminal Tribunals.

### Note 24

#### Events after the reporting date

233. The closure of Kigali field office is planned for 2024. Witness Support and Protection Unit services and occasional liaison functions will continue from Arusha and The Hague.

234. There have been no other material events, favourable or unfavourable, that occurred between the date of the financial statements and the date on which the financial statements were authorized for issue that would have had a material impact on these statements.

