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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

Financial report and audited financial statements

for the biennium ended 31 December 2013

and

Report of the Board of Auditors

United Nations • New York, 2014

Note

Symbols of United Nations documents are composed of capital 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 2014 from the Secretary-General addressed to the Chair of the Board of Auditors

In accordance with financial regulation 6.5, I have the honour to submit the accounts of 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 for the biennium ended 31 December 2013, which I hereby approve. The financial statements have been completed and certified as correct by the Controller.

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

(*Signed*) **BAN** Ki-moon

Letter dated 30 June 2014 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 on the financial statements of 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 for the biennium ended 31 December 2013.

(*Signed*) Sir Amyas C. E. **Morse**
Comptroller and Auditor General of the
United Kingdom of Great Britain and Northern Ireland
Chair of the Board of Auditors

Chapter I

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

Report on the financial statements

We have audited the accompanying financial statements of 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 for the biennium ended 31 December 2013, which comprise the statement of income and expenditure and changes in reserves and fund balances (statement I), the statement of assets, liabilities and reserves and fund balances (statement II), the statement of cash flows (statement III), the statement of appropriations (statement IV) and the notes to the financial statements.

Management's responsibility for the financial statements

The Secretary-General is responsible for the preparation and fair presentation of these financial statements in accordance with the United Nations system accounting standards and for such internal control as management deems necessary to permit the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing. Those standards require that we 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.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence that we have obtained is appropriate and sufficient to provide a basis for our audit opinion.

Audit opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the International Criminal Tribunal for Rwanda as at

31 December 2013 and its financial performance and cash flows for the biennium then ended, in accordance with the United Nations system accounting standards.

Report on other legal and regulatory requirements

Furthermore, in our opinion, the transactions of the Tribunal 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 and the related annex, we have also issued a long-form report on our audit of the Tribunal's financial statements.

(*Signed*) Sir Amyas C. E. **Morse**
Comptroller and Auditor General of the
United Kingdom of Great Britain and Northern Ireland
Chair of the Board of Auditors

(*Signed*) Ludovick S. L. **Utouh**
Controller and Auditor General of the
United Republic of Tanzania
(Lead Auditor)

(*Signed*) **Liu** Jiayi
Auditor General of China

30 June 2014

Chapter II
Long-form report of the Board of Auditors

Summary

The Board of Auditors has audited the financial statements and reviewed the operations of the International Criminal Tribunal for Rwanda for the biennium ended 31 December 2013. The audit was carried out at the Tribunal's headquarters in Arusha, United Republic of Tanzania.

Audit opinion

The Board issued an unqualified audit opinion on the financial statements of the Tribunal for the biennium ended 31 December 2013. The opinion of the Board is reflected in chapter I of the present report.

Overall conclusion

The Board found no significant errors, omissions or misstatements during the audit that could affect its opinion on the Tribunal's financial statements. However, it noted a number of areas with scope for improvement, including the uncertainties of completing pending cases and handing over its mandate within the specified time frame, delays in the archiving of records, inadequate procurement management and contract management and weak access controls in information technology systems.

The Tribunal adopted the International Public Sector Accounting Standards (IPSAS) from 1 January 2014. It has made good progress, but there are some delays in finalizing data-cleansing for the preparation of actual IPSAS-compliant opening balances. The Tribunal needs to work on these deficiencies more expeditiously to ensure that IPSAS-compliant opening balances are complete before it ceases its operations by July 2015.

Key findings

Progress towards the implementation of the International Public Sector Accounting Standards

The preliminary activities for the preparation of IPSAS opening balances, which were scheduled to be completed by 24 March 2014, were not implemented as at the time of audit (April 2014). Those activities included updating lease agreements, reviewing pending claims and assessment for setting up provisions and reviewing all adjustments made to funds and reserve balances under United Nations system accounting standards.

The Board considers that it is important for the Tribunal to prepare accurate and complete opening balances for IPSAS accounts in 2014. IPSAS-compliant financial statements will provide a comprehensive record of the completion of the Tribunal's operations and set a foundation for transferring its operations to its successor, which will also be closing its accounts under IPSAS. The Tribunal has already invested a significant amount of resources in producing IPSAS balances. The successful adoption of IPSAS would therefore be beneficial before the Tribunal relinquishes its mandate.

Completion strategy

The Tribunal's completion strategy reports showed that one appeal activity was projected to be completed by the end of July 2015, which would exceed the time frame of 31 December 2014 set by the Security Council in its resolution 1966 (2010). The Tribunal explained that the projected extension was due to the extended time required by the prosecution to respond to the expanded appeals, to the loss of experienced staff members of the Tribunal and to the time required for translations.

The Board considers that the Tribunal should prepare formal contingency arrangements for risks to the timetable for the completion of the Tribunal's mandate.

Procurement and contract management

The Tribunal did not have an acquisition plan for biennium 2012-2013, contrary to section 8.1.4 (a) of the Procurement Manual. The lack of procurement plans prevents the Tribunal from identifying and obtaining scale economies through consolidation of similar items into one contract and tender. It also hinders effective monitoring and evaluation of the procurement process.

In addition, from the review of 162 procurements, the Board noted 100 cases in which the delivery of goods took up to 203 days, with one extreme case of 889 days, from the dates requisitions were approved. This contravened the Procurement Manual, which requires that the usual bid and proposal validity period to range from 60 to 180 days only. The Board considers that the Tribunal should streamline its procurement process, so as to ensure that the procurement process supports the needs of the organization effectively.

Information technology: inadequate access control in the Sun system

The Board found that 25 access accounts were in use in the Sun system, of which 4 had administrator's rights. Of the four accounts, two were given to information technology staff, one to a business user and one to an administrator with dual data entry and system administrator roles.

Though the Board did not find fraudulent transactions, it is concerned that the Tribunal is aware of allocation of information technology accounts with dual user and administrator roles but does not conduct regular reviews of audit logs in the Sun system to determine the propriety of transactions and how the activities of the administrator accounts are authorized.

Recommendations

In the light of the above key findings, the Board has made detailed recommendations in the main body of the present report. In summary, the main recommendations are that the Tribunal:

(a) **Complete the remaining IPSAS implementation opening balances activities as planned, with a view to the successful completion and handover to its successor of its mandate;**

(b) **Consider preparing formal contingency arrangements for risks to the timetable for the completion of its mandate;**

(c) **Develop an efficient acquisition plan that will suit the downsizing and winding-up strategy and reduce the procurement lead time process;**

(d) **Designate a senior officer who will regularly review the activities of system administrators with dual roles, as a control measure to minimize the risks of fraud.**

A. Mandate, scope and methodology

1. 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 is located in Arusha, United Republic of Tanzania, and Kigali, Rwanda. The Tribunal was established by the Security Council in its resolution 955 (1994). According to articles 2, 3 and 4 of its statute, the Tribunal was conferred with powers to prosecute persons responsible for genocide and other serious violations of international humanitarian law committed in the territory of Rwanda and neighbouring States between 1 January and 31 December 1994. In accordance with article 10 of its statute, the Tribunal consists of three organs, namely, the Chambers, the Office of the Prosecutor and the Registry.

2. In its resolution 1966 (2010), the Security Council decided to establish the International Residual Mechanism for Criminal Tribunals with two branches: the branch for the International Criminal Tribunal for Rwanda, based in Arusha, which commenced operations on 1 July 2012; and the branch for the International Tribunal for the Former Yugoslavia, based in The Hague, the Netherlands, which commenced operations on 1 July 2013. The Mechanism has coexisted with both Tribunals during the biennium 2012-2013 and shared resources, provided mutual support and coordinated beneficially. The Tribunal has been provided with a budget until July 2015, meaning that it will continue its operations for an additional seven months after the expiration of the 31 December 2014 deadline set out in resolution 1966 (2010). Any residual functions required in 2016 will be funded through the Mechanism.

3. The Board of Auditors has audited the financial statements of the Tribunal and has reviewed its operations for the biennium ended 31 December 2013 in accordance with General Assembly resolution 74 (I) of 7 December 1946. The audit was conducted in conformity with article VII of the Financial Regulations and Rules of the United Nations and the annex thereto, as well as the International Standards on Auditing. 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.

4. The audit was conducted primarily to enable the Board to form an opinion as to whether the financial statements presented fairly the financial position of the Tribunal as at 31 December 2013 and the financial performance and cash flows for the biennium then ended, in accordance with the United Nations system accounting standards. This included an assessment as to whether the expenditure recorded in the financial statements had been incurred for the purposes approved and whether income and expenditures had been properly classified and recorded in accordance with the Financial Regulations and Rules of the United Nations. 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.

5. In addition to the audit of the accounts and financial transactions, the Board carried out reviews of the Tribunal's operations under financial regulation 7.5, which requires the Board to make observations with respect to the efficiency of the

financial procedures, the accounting system, the internal financial controls and, in general, the administration and management of the Tribunal's operations. Furthermore, the General Assembly had requested the Board to follow up on previous recommendations and to report thereon. These matters are addressed in the relevant sections of the present report.

6. The Board coordinates with the Office of Internal Oversight Services in the planning of its audits to avoid duplication of effort and to determine the extent of reliance that could be placed on its work.

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

B. Findings and recommendations

1. Follow-up on previous audit recommendations

8. Of the 10 recommendations issued for biennium 2010-2011, 9 (90 per cent) were implemented and 1 was still under implementation. Details of the status of implementation of the recommendations are shown in the annex to the present chapter.

9. The Board is generally satisfied with the Tribunal's implementation of recommendations and considers that there is adequate management follow-up to address the outstanding recommendations.

10. The recommendation under implementation required the Tribunal to improve the archive management for an orderly transfer to its successor, namely, the International Residual Mechanism for International Criminal Tribunals. The recommendation is under implementation because there remains a backlog of archiving activities, which needs to be completed in order to facilitate a smooth transfer to the Mechanism. The activities include redacting audiovisual recordings, rehousing and metadata verification.

11. **The Board reiterates its earlier recommendation of addressing the backlog of activities required for the transfer of archives to the Mechanism.**

2. Financial overview

12. For the period under review, total income was $182.84 million, compared with $260.64 million for the previous biennium, a decrease of 30 per cent, or $77.80 million. Total expenditure amounted to $178.15 million, compared with $254.93 million for the previous biennium, a decrease of 30 per cent, or $76.78 million, which reflects the decrease of activities as the Tribunal is in the process of closing down.

13. Total assets for the period under review amounted to $71.24 million, while total liabilities were $82.56 million. The reserves and fund balances recorded a deficit of $11.31 million for the biennium under review, compared with a deficit of $27.88 million for the previous biennium.

3. Evaluation of overall service sustainability

14. The Tribunal is in the process of scaling down its operations ahead of closing down its operations by 31 December 2014, when the remaining operations will be taken over by the Residual Mechanism for International Criminal Tribunals. The closing-down process has resulted in a high rate of staff turnover and assets disposal, leading in turn to a risk that the archive project might not be completed on time. The Tribunal has been provided with a budget until July 2015, meaning that it will continue its operations for an additional seven months after the 31 December 2014 deadline set out in Security Council resolution 1966 (2010). After July 2015, any residual functions up to 2016 will be funded through the Mechanism.

4. Progress towards implementation of the International Public Sector Accounting Standards

15. During the follow-up on IPSAS implementation, the Board noted that the preliminary activities for the preparation of IPSAS opening balances, which were scheduled to be completed by 24 March 2014, had not been implemented as at the time of audit in April 2014. Those activities included updating all missing lease agreements, reviewing pending claims and assessment for setting up provisions, as well as reviewing all adjustments made to funds and reserve balances under the United Nations system accounting standards.

16. Although the Tribunal had expected to have prepared the IPSAS opening balances by the end of June 2014, it considers the remaining time frame before it completes its mandate to be short and now expects that the realization of IPSAS benefits will be limited. The adoption of IPSAS for the Tribunal will therefore be limited to the disclosure of additional information and the standardization of reporting formats with other agencies across the United Nations system.

17. The Board notes the importance that the Tribunal prepare accurate and complete opening balances for IPSAS accounts in 2014. IPSAS-compliant financial statements will provide a comprehensive record of the completion of the Tribunal's operations and set a foundation for transferring its operations to its successor, which will also be closing its accounts under the IPSAS framework. Furthermore, the Tribunal has already invested a significant amount of resources in producing IPSAS balances. The successful adoption of IPSAS would therefore be beneficial before the Tribunal relinquishes its mandate.

18. **The Board recommends that the Tribunal complete the remaining activities to implement IPSAS opening balances as planned, so as to establish a comprehensive financial record of the completion of its operations.**

19. While the Board was finalizing its audit, data-cleansing for the preparation of the IPSAS opening balances was still in progress. The Tribunal subsequently informed the Board that the IPSAS opening balances exercise had been completed and submitted to Headquarters for further action. The Tribunal should therefore follow up and coordinate with Headquarters to ensure the timely submission of the opening balances for audit reviews.

Delays in the completion of the remaining appeals

20. The Security Council, in its resolutions 1503 (2003), 1534 (2004) and 1966 (2010), requested that the Tribunal take all possible measures to complete its remaining work by no later than 31 December 2014. The Board noted that the

Tribunal had developed a strategy for the completion of its activities as directed by the Council.

21. The Tribunal's completion strategy reports showed that one appeal activity was projected to be completed by the end of July 2015, which would exceed the time frame of 31 December 2014 set by the Security Council. The Tribunal explained that the projected extension was due to the extended time required by the prosecution to respond to the expanded appeals, to the loss of experienced staff members of the Tribunal and to the time required for translations.

22. In the Board's view, any time slippage has certain cost implications; it therefore considers that the Tribunal needs to come up with an alternative means of completing the remaining activities in order to successfully hand over its mandate within the allocated time frame.

23. **The Tribunal agreed with the Board's recommendation that it consider preparing formal contingency arrangements for addressing the risks within the timetable for the completion of the Tribunal's mandate.**

5. Budget management

Inadequate review of budget costing sheets

24. The Board noted that the Tribunal lacked adequate procedures for validating budget assumptions and for preventing computation errors in the budget costing sheets. For example, owing to computation error, the costing sheets showed that there were 188 travelling witnesses, while in fact the correct number was 141. That error caused a budget overrun of $129,158. Furthermore, the Board noted that the Office of the Prosecutor estimated special protection measures activities in the amount of $538,000, yet the Tribunal could not provide a basis for estimating that cost. The amount proved to have been given without any analysis of past trends or current-year costing element, or any other form of documentation to support and validate the budget assumptions applied. In that case, the Board considers that the budget reviewing mechanism within the Tribunal could not detect the noted anomaly.

25. The Tribunal stated that its resource utilization was heavily dependent on the judicial calendar, which is highly unpredictable. However, in the month of September in both years of the previous biennium, it projected the resources needed to implement the remaining activities. At the time of the budget formulation for 2012-2013, there was greater uncertainty than usual with regard to the projected judicial activities for that biennium and the related resource requirements. Furthermore, the Tribunal explained that, at the time of the budget formulation, it had been unclear as to how many witnesses would be requested by the prosecution and defence teams and how many individuals would be permitted by the Trial Chamber to actually present their evidence.

26. The Board is of the view that the Tribunal did not make reasonable budget assumptions and estimations based on trends and forecasts, as it could not provide supporting data. The Board recognizes that the Tribunal is scheduled to complete all substantive activities by December 2014, with an additional budget allocated to cover its extended activities until July 2015; however, any further delay in the completion of cases will cause an additional budget requirement.

27. **The Board recommends that the Tribunal continue to pay close attention to resource utilization by projecting how the remaining activities can be completed within the available resources and in a timely manner.**

6. Procurement and contract management

Non-maintenance of acquisition plan and long procurement lead time

28. Section 8.1.4 (a) of the Procurement Manual requires that requisitioners and procurement officers communicate and meet on an annual basis to set up spending plans.

29. The Board noted, however, that the Tribunal did not have an acquisition plan for the biennium 2012-2013, as its procurements are processed as and when a user department raises a request. The lack of procurement plan prevents the Tribunal from identifying and obtaining scale economies through consolidation of similar items into one tender and contract. It also hinders effective monitoring and evaluation of the procurement process.

30. Furthermore, from a review of 162 procurements, the Board noted 100 cases, with a total value of $938,600, in which the delivery of goods took up to 203 days, including one extreme case of 889 days, from the dates requisitions were approved. This contravened the Procurement Manual, which requires the usual bid and proposal validity period to range from 60 to 180 days only. The Board is concerned that deliveries for the Tribunal are made too late and therefore do not ensure the expected value for money.

31. **The Board recommends that the Tribunal develop an efficient acquisition plan that will suit the downsizing and winding-up strategy and reduce the procurement lead time process.**

7. Human resources management

Leaves accumulated for more than 60 days

32. United Nations staff rule 5.1 (d) states that a staff member who holds a fixed-term or a continuing appointment may accumulate and carry forward up to 60 working days of annual leave by 1 April of any year or such other date as the Secretary-General may set for a duty station.

33. The Board reviewed 92 staff files in 2012 and 117 staff files in 2013 of both local and international categories and found that staff had accumulated and carried forward annual leave days exceeding 60 working days, contrary to the limit set in the above-mentioned staff rule (see the table below).

Analysis of accumulated leave days

	Year and staff category			
	2012		*2013*	
Accumulated leave days	*Local*	*International*	*Local*	*International*
61-69 days	40	26	31	36
70-90 days	19	7	35	15
Total staff	**59**	**33**	**66**	**51**

Source: Field Personnel Management System (e-Leave).

34. The Tribunal informed the Board that, although staff members had planned to make use of their leave days, the Tribunal's judicial calendar had been interrupted by activities emanating from unprecedented occurrences in the judicial process.

35. The Board is of the view that the accumulation and carrying forward of annual leave to the extent of losing leave days is against United Nations staff rule 5.1 (b), might decrease staff efficiency and motivation and, since there is not enough time left before the Tribunal is wound up, presents a need to plan how the affected staff will be compensated.

36. **The Tribunal agreed with the Board's recommendation that it present a plan for compensating the affected staff for their accumulated leave within the remaining closure time frame, without disrupting the pending activities of the Tribunal.**

8. Information technology

Inadequate access control in the Sun system

37. General data processing controls are concerned primarily with the operation and protection of computer resources. The adequacy of such controls within an organization provides the basis for the level of reliance placed upon application controls and, in turn, the business and accounting controls for the accuracy and integrity of business and financial information generated.

38. The Board reviewed the information technology systems supporting the financial reporting of the Tribunal, including Mercury, Galileo, the Sun system and the payroll system. This included a review of the roles and access rights of users for the period ended December 2013. Of the 25 access accounts in the Sun system, the Board found that 4 had administrator's rights, of which 2 were given to information technology staff, 1 to a business user and 1 to an administrator who had dual data entry and system administrator roles.

39. The Board is concerned that, while the Tribunal is aware of the allocation of information technology accounts with dual roles, it does not conduct regular reviews of audit logs in the Sun system to determine the propriety of transactions and how the activities of the administrator accounts are authorized.

40. The Board recognizes that the Tribunal is scaling down its operations as it approaches the end of its mandate and that information technology activities have increased while resources have decreased. Though the Board did not detect fraudulent transactions, it considers that retaining accounts with dual roles without proper monitoring increases information technology system security and fraud risks.

41. **The Tribunal agreed with the Board's recommendation that it designate a senior officer who will regularly review the activities of system administrators with dual roles as a control measure to minimize the risks of fraud.**

C. Disclosures by management

42. The Tribunal made the below disclosures relating to write-offs, ex gratia payments and cases of fraud and presumptive fraud. In the Board's view, controls should be strengthened to minimize loses.

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

43. The Tribunal informed the Board that, in accordance with financial rule 106.9, losses amounting to $190,000 had been written off in respect of non-expendable properties during the biennium 2012-2013. This reflects an increase of 42 per cent compared with losses of $134,083 written off in the biennium 2010-2011.

2. Ex gratia payments and cases of fraud and presumptive fraud

44. The disclosure showed that the Tribunal had neither made ex gratia payments nor reported cases of fraud or presumptive fraud during the biennium.

D. Acknowledgement

45. The Board wishes to express its appreciation to the President, the Prosecutor, the Registrar and the staff of the Tribunal for the cooperation and assistance extended to its staff.

(*Signed*) Sir Amyas C. E. **Morse**
Comptroller and Auditor General of the
United Kingdom of Great Britain and Northern Ireland
Chair of the Board of Auditors

(*Signed*) Ludovick S. L. **Utouh**
Controller and Auditor General of the
United Republic of Tanzania
(Lead Auditor)

(*Signed*) **Liu** Jiayi
Auditor General of China

30 June 2014

Annex

Status of implementation of recommendations of the Board of Auditors for the biennium ended 31 December 2011

Summary of recommendation	*Paragraph reference*	*Financial period first made*	*Implemented*	*Under implementation*
Expedite its preparations, proactively identify its need for the implementation of IPSAS and communicate with the Headquarters IPSAS implementation team to better prepare the implementation of IPSAS	20	2010/11	X	
Continue to work closely with the Registrar of the Mechanism to take every effort to accelerate the process of lateral transfers and recruitment through the approved procedures	25	2010/11	X	
Develop an action plan to guide the process for its orderly closure, including but not limited to issues to be addressed and the milestones, risks and benefits regarding the closure	29	2010/11	X	
Clearly state the parameters of the data regarding cases and set out the number of cases excluded from the analysis contained in the reports on the completion strategy, along with a clear rationale for their exclusion; and revise the incorrect number of days between transfer of the accused and delivery of trial judgement in its next report	34	2010/11	X	
Review its budget formulation and expenditure management system to ensure overexpenditure is minimized and approval of redeployment is obtained from Headquarters	37	2010/11	X	
Establish more realistic training budgets and more effective management and monitoring of training activity	39	2010/11	X	
Comply with the requirement of the Financial Regulations and Rules of the United Nations to accurately record the refunds from previous bienniums as miscellaneous income	43	2010/11	X	
The agreement between the Tribunal and the travel agency should be supplemented and signed in a timely manner and a tracking system established to monitor the accuracy and integrity of the refund from the agency; and guidelines or standard operating procedures should be established to reinforce the regularity of travel management	48	2010/11	X	
Expedite the work on archive management to effect an orderly transition to the Mechanism	52	2010/11		X
Further strengthen the cooperation among relevant sections to expedite the process of write-off and decrease the accumulation of assets pending write-off; as part of its completion strategy, continue to pay close attention to the timely and efficient disposal of written-off assets in order to ensure full compliance with the requirements of the Property Management Manual; and continue to actively search for the assets that have not yet been found and update the assets records accordingly	55	2010/11	X	
Total		**10**	**9**	**1**
Percentage		**100**	**90**	**10**

Chapter III
Certification of the financial statements

Letter dated 31 March 2014 from the Assistant Secretary-General, Controller, addressed to the Chair of the Board of Auditors

The financial statements of the United Nations 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 for the biennium ended 31 December 2013 have been prepared in accordance with financial rule 106.10.

The summary of significant accounting policies applied in the preparation of these statements is included in the notes to the financial statements. These notes provide additional information on and clarification of the financial activities undertaken by the Tribunal during the period covered by these statements, for which the Secretary-General has administrative responsibility.

I certify that the appended financial statements of the United Nations 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, numbered I to IV, are correct.

(*Signed*) Maria Eugenia **Casar**
Assistant Secretary-General
Controller

Chapter IV
Financial report for the biennium ended 31 December 2013

A. Introduction

1. The Secretary-General has the honour to submit his financial report on the accounts of 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 for the biennium 2012-2013. The accounts consist of four statements and the related notes.

2. The present report is designed to be read in conjunction with the financial statements. Attached hereto is an annex, which includes supplementary information that is required to be reported to the Board of Auditors under the Financial Regulations and Rules.

B. Overview

3. The total income for the biennium decreased by 29.8 per cent from $260.6 million to $182.8 million, owing mainly to a decrease in assessed contributions of $75.5 million. Lower interest rates combined with lower investable average balances are the main factors for the reduction in interest income.

4. The budget of the Tribunal for the biennium 2012-2013 totalled $180.4 million, as appropriated by the General Assembly in its resolutions 66/238, 67/242 and 68/255. Against this amount, actual expenditures for the biennium amounted to $178.1 million, leaving an unencumbered balance of $2.3 million which was attributable mainly to a surplus of $1.5 million in records management and archives offset by deficits in the Chambers and Staff assessment. The 2012-2013 total expenditure of $178.1 million represented a decrease of $76.8 million, or 30.1 per cent, over the total expenditures of $254.9 million in the biennium 2010-2011, which is attributable mainly to the scaling down of operations and reduction of posts at the Tribunal in line with the completion strategy and eventual transition to the International Residual Mechanism for Criminal Tribunals.

5. The following table shows the amount of expenditure by functional category:

(Thousands of United States dollars)

Functional category	*2013*	*2011*	*Increase (Decrease)*
Staff and other personnel costs	154 341	220 353	(66 012)
Travel	3 507	7 060	(3 553)
Contractual services	9 442	10 257	(815)
Operating expenses	7 421	12 349	(4 928)
Acquisitions	1 644	2 936	(1 292)
Other	1 793	1 974	(181)
Total	**178 148**	**254 929**	**(76 781)**

6. Overall cash as at 31 December 2013 totalled $49.5 million, reflecting a slight decrease of $2.3 million compared to $51.8 million as at 31 December 2011.

7. The Tribunal's end-of-service liabilities relating to after-service health insurance, repatriation benefits and unused vacation days were determined on an actuarial basis, as described in note 7 to the financial statements, and amounted to $40.9 million, $9.1 million and $2.9 million, respectively, as at 31 December 2013. The Tribunal's liabilities for judges' pension benefits were also determined on an actuarial basis and amounted to $21.6 million. Furthermore, pursuant to General Assembly resolution 65/258, the Tribunal estimated the liabilities for judges' relocation allowance benefits and ad litem judges' ex gratia benefits in the amounts of $0.4 million and $0.1 million, respectively. The total of all these liabilities stood at $75.0 million. This represents a decrease of $11.6 million compared to the total of $86.6 million as at 31 December 2011, owing primarily to the payment of vacation days and repatriation benefits to separated staff and judges and the use of higher discount rate by the actuary from 4.5 per cent as at 31 December 2011 to 5.0 per cent as at 31 December 2013.

8. The reserves and fund balances show a cumulative deficit of $11.3 million as at 31 December 2013 as the end-of-service and post-retirement benefits of $75.0 million recognized on the basis of actuarial valuation were not funded. Whereas the "pay-as-you-go" principle is currently applied towards the end-of-service and post-retirement benefits, the General Assembly, in its resolution 64/239, endorsed the recommendation of the Advisory Committee on Administrative and Budgetary Questions that the liabilities for future payments of pensions to judges and surviving spouses and after-service health insurance should be addressed in the final budget submission and performance report of the Tribunal.

Annex

Supplementary information

1. The present annex provides supplementary information that the Secretary-General is required to provide.

Write-off of losses of cash and receivables

2. In accordance with financial rule 106.8, there were no write-offs of cash and receivables during the biennium 2012-2013.

Write-off of losses of property

3. In accordance with the financial rule 106.9, property losses amounting to $189,504 were written off during the biennium 2012-2013.

Ex gratia payments

4. There were no ex gratia payments during the biennium 2012-2013.

Chapter V

Financial statements for the biennium ended 31 December 2013

International Criminal Tribunal for Rwanda[a]

I. Statement of income and expenditure and changes in reserves and fund balances for the biennium ended 31 December 2013

(Thousands of United States dollars)

	2013	*2011*
Income		
Assessed contributions[b]	181 441	256 964
Interest income	696	2 748
Other/miscellaneous income	706	927
Total income	**182 843**	**260 639**
Expenditure		
Staff and other personnel costs	154 341	220 353
Travel	3 507	7 060
Contractual services	9 442	10 257
Operating expenses	7 421	12 349
Acquisitions	1 644	2 936
Other	1 793	1 974
Total expenditure	**178 148**	**254 929**
Excess (shortfall) of income over expenditure	4 695	5 710
Non-budgeted accrued (expenses) for end-of-service and post-retirement benefits[c]	11 631	(29 831)
Prior-period adjustments	(6)	–
Net excess (shortfall) of income over expenditure	**16 320**	**(24 121)**
Cancellation of prior-period obligations	2 005	5 029
Transfers to other funds[d]	(1 756)	–
Reserves and fund balances, beginning of period	(27 883)	(8 791)
Reserves and fund balances, end of period	**(11 314)**	**(27 883)**

[a] See notes 2 and 3.

[b] In accordance with General Assembly resolutions 66/238 and 67/242, assessments for the Tribunal are based in part on the scale of assessments applicable to the United Nations regular budget and in part on the scale of assessments applicable to peacekeeping operations.

[c] Reflects reductions in eligible staff, and represents net decreases in accrued liabilities for after-service health insurance costs of $2,423,000, for repatriation benefits of $5,069,000 and for unused vacation days of $3,646,000. For judges, this represents net decreases in accrued liabilities for relocation allowance benefits of $166,000, for ad litem judges'
ex gratia benefits of $750,000 and a net increase for judges' pension benefits of $423,000. See note 7.

[d] Represents a transfer of credit in accordance with General Assembly resolutions 68/245 and 68/255.

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

International Criminal Tribunal for Rwanda[a]

II. Statement of assets, liabilities and reserves and fund balances as at 31 December 2013

(Thousands of United States dollars)

	2013	2011
Assets		
Cash and term deposits	259	375
Cash pool[b]	49 277	51 411
Assessed contributions receivable from Member States[c]	19 027	11 860
Other accounts receivable	1 603	2 137
Deferred charges	1 067	1 303
Other assets	8	60
Total assets	**71 241**	**67 146**
Liabilities		
Contributions or payments received in advance	367	262
Unliquidated obligations — current period	1 619	4 686
Inter-fund balances payable	2 484	176
Other accounts payable	3 142	3 331
End-of-service and post-retirement liabilities[d]	74 943	86 574
Total liabilities	**82 555**	**95 029**
Reserves and fund balances		
Cumulative surplus (deficit)	(11 314)	(27 883)
Total reserves and fund balances	**(11 314)**	**(27 883)**
Total liabilities and reserves and fund balances	**71 241**	**67 146**

[a] See notes 2 and 3.
[b] Represents share of the United Nations Main Cash Pool and comprises cash and term deposits of $10,299,173, short-term investments of $19,638,021, long-term investments of $19,272,050 and accrued interest receivable of $67,524. See note 6.
[c] Includes assessed contributions unpaid irrespective of collectability.
[d] Represents accrued liabilities for after-service health insurance costs of $40,895,000, for repatriation benefits of $9,159,000, for unused vacation days of $2,862,000, for judges' pension benefits of $21,579,000, for judges' relocation allowance benefits of $361,093 and for ad litem judges' ex gratia benefits of $87,341. See note 7.

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

International Criminal Tribunal for Rwanda[a]

III. Statement of cash flows for the biennium ended 31 December 2013

(Thousands of United States dollars)

	2013	*2011*
Cash flows from operating activities		
Net excess (shortfall) of income over expenditure (Statement I)	16 320	(24 121)
(Increase) decrease in assessed contributions receivable	(7 167)	(2 182)
(Increase) decrease in inter-fund balances receivable	–	1 202
(Increase) decrease in other accounts receivable	534	243
(Increase) decrease in deferred charges	236	(117)
(Increase) decrease in other assets	52	95
Increase (decrease) in contributions or payments received in advance	105	187
Increase (decrease) in unliquidated obligations	(3 067)	(14 504)
Increase (decrease) in inter-fund balances payable	2 308	176
Increase (decrease) in other accounts payable	(189)	1 383
Increase (decrease) in other liabilities	–	(150)
Increase (decrease) in end-of-service and post-retirement liabilities	(11 631)	29 831
Less: Interest income	(696)	(2 748)
Net cash flows from operating activities	**(3 195)**	**(10 705)**
Cash flows from investing activities		
Interest income	696	2 748
Net cash flows from investing activities	**696**	**2 748**
Cash flows from financing activities		
Cancellation of prior-period obligations	2 005	5 029
Transfers to other funds	(1 756)	–
Net cash flows from financing activities	**249**	**5 029**
Net increase (decrease) in cash and term deposits and cash pool	**(2 250)**	**(2 928)**
Cash and term deposits and cash pool, beginning of period	51 786	54 714
Cash and term deposits and cash pool, end of period	**49 536**	**51 786**

[a] See notes 2 and 3.

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

International Criminal Tribunal for Rwanda

IV. Statement of appropriations for the biennium ended 31 December 2013

(Thousands of United States dollars)

	Appropriations[a]			Expenditures			
Programme of work	*Original*	*Change*	*Revised*	*Disbursements*	*Unliquidated obligations*	*Total*	*Unencumbered balance*
A. Chambers	8 527	(531)	7 996	8 083	31	8 114	(118)
B. Office of the Prosecutor	33 880	(2 838)	31 042	30 451	49	30 500	542
C. Registry	104 193	13 543	117 736	115 633	1 427	117 060	676
D. Records management and archives	12 936	(2 789)	10 147	8 553	112	8 665	1 482
E. Staff assessment	12 087	1 399	13 486	13 809	–	13 809	(323)
Grand total	**171 623**	**8 784**	**180 407**	**176 529**	**1 619**	**178 148**	**2 259**

[a] The appropriations for the biennium 2012-2013 were approved by the General Assembly in its resolutions 66/238, 67/242 and 68/255.

International Criminal Tribunal for Rwanda
Notes to the financial statements

Note 1
United Nations and its activities

(a) The Charter of the United Nations was signed on 26 June 1945 and came into force on 24 October 1945. The Organization’s primary objectives, to be implemented through its five major organs, were as follows:

(i) The maintenance of international peace and security;

(ii) The promotion of international economic and social progress and development programmes;

(iii) The universal observance of human rights;

(iv) The administration of international justice and law;

(v) The development of self-government for Trust Territories.

(b) The General Assembly focuses on a wide range of political, economic and social issues, as well as financial and administrative aspects of the Organization.

(c) Under the direction of the Security Council, the Organization has been involved in various aspects of peacekeeping and peacemaking, 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 overseeing the prosecution of persons responsible for serious violations of international humanitarian law.

(d) The Economic and Social Council plays a particular 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.

(e) The International Court of Justice has jurisdiction over disputes between Member States brought before it for advisory opinions or binding resolutions.

(f) The Trusteeship Council completed its primary functions in 1994 with the termination of the Trusteeship Agreement for the last United Nations Trust Territory.

Note 2
Summary of significant accounting and financial reporting policies of the United Nations

(a) The accounts of the United Nations are maintained in accordance with the Financial Regulations and Rules of the United Nations as adopted by the General Assembly and the rules formulated by the Secretary-General as required under the regulations and administrative instructions issued by the Under-Secretary-General for Management, or the Controller. They also take fully into account the United Nations system accounting standards, as adopted by the United Nations System Chief Executives Board for Coordination. The Organization follows

International Accounting Standard 1, "Presentation of financial statements", regarding the disclosure of accounting policies, as modified and adopted by the Chief Executives Board, as shown below:

(i) Going concern, consistency, and accrual are fundamental accounting assumptions of the United Nations system accounting standards. Where fundamental accounting assumptions are followed in financial statements, the disclosure of such assumptions is not required. If a fundamental accounting assumption is not followed, that fact should be disclosed together with the reasons;

(ii) Prudence, substance over form and materiality should govern the selection and application of accounting policies;

(iii) Financial statements should include clear and concise disclosure of all significant accounting policies that have been used;

(iv) The disclosure of the significant accounting policies used should be an integral part of the financial statements. These policies should normally be disclosed in one place;

(v) Financial statements should show comparative figures for the corresponding period of the preceding financial period;

(vi) A change in an accounting policy that has a material effect in the current period or may have a material effect in subsequent periods should be disclosed together with the reasons. The effect of the change should, if material, be disclosed and quantified.

(b) The Organization's accounts are maintained on a fund-accounting basis. Separate funds for general or special purposes may be established by the General Assembly, the Security Council or the Secretary-General. Each fund is maintained as a distinct financial and accounting entity with a separate self-balancing double entry group of accounts. Financial statements reflect the activities of each fund or of a group of funds of the same nature.

(c) The financial period of the Organization is a biennium and consists of two consecutive calendar years for all funds other than peacekeeping accounts, which are reported on a fiscal year basis covering the period from 1 July to 30 June. These financial statements have been prepared for the biennium ended 31 December 2013, with comparative prior figures presented for the biennium ended 31 December 2011.

(d) Generally, income, expenditure, assets and liabilities are recognized on the accrual basis of accounting. For assessed income, the policy set out in paragraph (j) (ii) below applies.

(e) The financial statements of the Organization are presented in United States dollars, which is the functional and presentation currency of the United Nations. Accounts maintained in other currencies are translated into United States dollars at the time of the transaction at rates of exchange established by the United Nations. In respect of such currencies, the financial statements shall reflect the cash, investments, unpaid pledges and current accounts receivable and payable in currencies other than the United States dollar, translated at the applicable United Nations rate of exchange in effect as at the date of the statements. In the event that the application of actual exchange rates at the date of the statements would provide a valuation materially different from the application of the Organization's rate of exchange for the last month of the financial period, a footnote will be provided quantifying the difference.

(f) The Organization's financial statements are prepared on the historical cost basis of accounting and are not adjusted to reflect the effects of changing prices for goods and services.

(g) The statement of cash flows is based on the indirect method of cash flows as referred to in the United Nations system accounting standards.

(h) The Organization's financial statements are presented in accordance with the ongoing recommendations of the Task Force on Accounting Standards of the High-level Committee on Management.

(i) Separate financial statements are issued for the United Nations general and related funds, for the United Nations Iraq escrow accounts, for the United Nations Compensation Commission, for the International Tribunal for the Former Yugoslavia under the provisions of Security Council resolutions 808 (1993) and 827 (1993), for the International Criminal Tribunal for Rwanda under the provisions of Security Council resolution 955 (1994), for the International Residual Mechanism for Criminal Tribunals under the Security Council resolution 1966 (2010) and for the peacekeeping accounts which are reported on a fiscal year basis covering the period from 1 July to 30 June.

(j) Income:

(i) The amounts necessary to finance the activities of the United Nations regular budget and peacekeeping operations, the capital master plan, the International Tribunal for the Former Yugoslavia and the International Criminal Tribunal for Rwanda, the International Residual Mechanism for Criminal Tribunals as well as the Working Capital Fund are assessed to Member States in accordance with the scale of assessments determined by the General Assembly;

(ii) Income is recognized when assessments to Member States have been authorized by the General Assembly. Neither appropriations nor spending authorities are recognized as income except to the extent that a matching assessment on Member States has been levied;

(iii) Amounts assessed to non-Member States that agree to pay reimbursement of costs for their participation in the Organization's treaties, organs and conferences are credited to miscellaneous income;

(iv) Voluntary contributions from Member States and other donors are recorded as income on the basis of a written commitment to pay monetary contributions at specified times within the current financial period. Voluntary contributions made in the form of services and supplies that are acceptable to the Secretary-General are credited to income or are noted in the financial statements;

(v) Income received under inter-organization arrangements represents the allocation of funding from agencies to enable the Organization to administer projects or other programmes on their behalf;

(vi) Allocations from other funds represent monies appropriated or designated from one fund for transfer to and disbursement from another fund;

(vii) Income for services rendered includes amounts charged for salaries of staff members and other costs that are attributable to the provision of technical and administrative support to other organizations;

(viii) Interest income includes all interest earned on deposits in various bank accounts, investment income earned on marketable securities and other negotiable instrument and investment income earned in the cash pools. All gains/losses on investments and foreign exchange differences relating to the cash pools are offset against investment income. Investment income and costs associated with the operation of investments in the cash pools are allocated to participating funds;

(ix) Miscellaneous income includes income from the rental of premises, the sale of used or surplus property, refunds of expenditures charged to prior periods, net gains resulting from currency translations, amounts assessed on new Member States for the year of admission to the United Nations, amounts assessed on non-member States as stated in paragraph (j) (iii) above, monies accepted for which no purpose was specified, and other sundry income;

(x) Income relating to future financial periods is not recognized in the current financial period and is recorded as deferred income as referred to in paragraph (m) (iii) below.

(k) Expenditure:

(i) Expenditure is incurred against authorized appropriations or commitment authorities. Total expenditure reported includes unliquidated obligations and disbursements;

(ii) Expenditure incurred for non-expendable property is charged to the budget of the period when acquired and is not capitalized. The inventory of such non-expendable property is maintained at the historical cost;

(iii) Expenditure for future financial periods is not charged to the current financial period but is recorded as deferred charges, as referred to in item (l) (v) below.

(l) Assets:

(i) Cash and term deposits represent funds held in demand-deposit accounts and interest-bearing bank deposits;

(ii) Cash pools comprise participating funds' share of cash and term deposits, short-term and long-term investments and accrual of investment income, all of which are managed in the pools. The investments in the cash pools are stated at their fair value and include marketable securities and other negotiable instruments acquired to produce income. The share in the cash pools is reported separately in each participating fund's statement and the composition of its investments is disclosed in the footnotes to the statements. Currently, the International Criminal Tribunal for Rwanda participates in the Main Cash Pool only. Additional details are provided in note 6;

(iii) Assessed contributions represent legal obligations of contributors and, therefore, the balances of unpaid assessed contributions due from Member States are reported irrespective of collectability. It is the policy of the United Nations not to make provision for delays in the collection of such assessments;

(iv) Inter-fund balances reflect transactions between funds, and are included in the amounts due to and from the United Nations General Fund. Inter-fund balances also reflect transactions directly with the United Nations General Fund. Inter-fund balances are settled periodically, depending on the availability of cash resources;

(v) Deferred charges normally comprise expenditure items that are not properly chargeable to the current financial period. They will be charged as expenditure in a subsequent period. These expenditure items include commitments approved by the Controller for future financial periods in accordance with financial rule 106.7. Such commitments are normally restricted to administrative requirements of a continuing nature and to contracts or legal obligations where long lead times are required for delivery;

(vi) For purposes of the balance sheet statements only, those portions of education grant advances that are assumed to pertain to the scholastic years completed as at the date of the financial statement are shown as deferred charges. The full amounts of the advances are maintained as accounts receivable from staff members until the required proofs of entitlement are produced, at which time the budgetary accounts are charged and the advances settled;

(vii) Maintenance and repairs of capital assets are charged against the appropriate budgetary accounts. Furniture, equipment, other non-expendable property and leasehold improvements are not included in the assets of the Organization. Such acquisitions are charged against budgetary accounts in the year of purchase. The value of non-expendable property is disclosed in notes to the financial statements.

(m) Liabilities, reserves and fund balances:

(i) Operating and other types of reserves are included in the totals for reserves and fund balances shown in the financial statements;

(ii) Unliquidated obligations for future years are reported both as deferred charges and as unliquidated obligations;

(iii) Deferred income includes pledged contributions for future periods, advances received under revenue-producing activities, and other income received but not yet earned;

(iv) The commitments of the Organization relating to prior, current, and future financial periods are shown as unliquidated obligations. Current-period obligations related to the regular budget and special accounts remain valid for 12 months following the end of the biennium to which they relate. Obligations for most technical cooperation activities remain valid for 12 months after the end of each calendar year. Unliquidated obligations relating to amounts owed by peacekeeping operations to Member States may be retained for a period of five years beyond the end of the financial period. Unliquidated obligations relating to funds of a multi-year nature remain valid until the completion of the project;

(v) Accrued liabilities for end-of-service and post-retirement benefits comprise those for after-service health insurance, repatriation benefits, unused vacation days, judges' pension benefits, judges' relocation allowance benefits and ad litem judges' ex gratia benefits. The accrued liabilities for all these end-of-service and post-retirement benefits, except for judges' relocation allowance benefits and ad litem judges' ex gratia benefits, are determined on an actuarial basis;

(vi) Contingent liabilities, if any, are disclosed in the notes to the financial statements;

(vii) The United Nations is a member organization participating in the United Nations Joint Staff Pension Fund, which was established by the United Nations General Assembly to provide retirement, death, disability and related benefits. The Pension Fund is a funded, multi-employer defined benefit plan. An actuarial valuation of the Pension Fund's assets and pension benefits is prepared every two years. As there is no consistent and reliable basis for allocating the related liabilities/assets and costs to individual organizations participating in the plan, the United Nations is not in a position to identify its share of the underlying financial position and performance of the plan with sufficient reliability for accounting purposes, and hence has treated this plan as if it were a defined contribution plan; thus the United Nations share of the related net liability/asset position of the Pension Fund is not reflected in the financial statements. The Organization's contribution to the Pension Fund consists of its mandated contribution at the rate established by the General Assembly, currently 7.9 per cent of the applicable pensionable remuneration for the participant and 15.8 per cent for the Organization, together with its share of any actuarial deficiency payments under article 26 of the Regulations of the Pension Fund. Such deficiency payments are payable only if and when the General Assembly has invoked 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. As at the reporting date of the current financial statement, the General Assembly had not invoked that provision.

(n) The change from the United Nations system accounting standards to the International Public Sector Accounting Standards (IPSAS):

(i) The United Nations is transitioning from the use of the United Nations system accounting standards to IPSAS, which will guide presentation of the financial statements of the United Nations, including those of the International Criminal Tribunal for Rwanda, commencing from the 2014 financial year. Hence, the present financial statements are the last statements that will be prepared using the United Nations system accounting standards;

(ii) IPSAS are based on full accrual accounting, which means that all assets and liabilities are presented on the face of the financial statements and expenses and revenues are recognized when incurred/earned, irrespective of the cash flows. IPSAS also require significantly more note disclosures in the financial statements;

(iii) IPSAS require annual financial statements; commencing from the 2014 financial year, IPSAS-compliant financial statements will be prepared and audited annually.

Note 3
International Criminal Tribunal for Rwanda (statements I-IV)

(a) The International Criminal Tribunal for Rwanda was established by the Security Council in its resolution 955 (1994). The Tribunal consists of the following organs:

(i) The Chambers are, by statute, made up of three Trial Chambers and an Appeals Chamber. The Chambers are composed of a maximum of 16 permanent independent judges, no 2 of whom may be nationals of the same State, and a maximum at any one time of 12 ad litem independent judges, no 2 of whom may be nationals of the same State. A maximum at any one time of three permanent judges and six ad litem judges are members of each Trial Chamber. Owing to the reduced workload of the Tribunal, however, there is currently only one Trial Chamber. The Trial Chamber comprises one ad litem judge, who serves as President of the Tribunal. The Appeals Chamber consists of 12 permanent judges and serves both the International Tribunal for the Former Yugoslavia and the International Criminal Tribunal for Rwanda;

(ii) The Office of the Prosecutor, who is responsible for the investigation and prosecution of persons responsible for 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 Tribunal;

(iii) The Registry, which services both the Chambers and the Prosecutor and is responsible for the administration and servicing of the Tribunal.

(b) The General Assembly, in its resolutions 66/238, 67/242 and 68/255, approved the budget appropriations for the biennium 2012-2013. Annual budget apportionments are funded by assessments to Member States, 50 per cent in accordance with the scale of assessment applicable to the United Nations regular budget and 50 per cent in accordance with the scale of assessments applicable to peacekeeping operations. States and intergovernmental and non-governmental organizations also contribute funds, equipment and services to the Trust Fund to support the activities of the International Criminal Tribunal for Rwanda to carry out its mandate. The financial statements for the Tribunal are prepared every 12 months, with a final accounting at the end of the biennium.

(c) Statement I reports the income and expenditure and changes in the reserves and fund balances during the financial period. It includes the calculation of the excess of income over expenditure for the current period and prior-period adjustments of income or expenditure.

(d) Statement II shows the assets, liabilities and reserves and fund balances as at 31 December 2013. Excluded from the assets is the value of non-expendable property (see note 8).

(e) Statement III shows the cash flows for the period prepared using the indirect method of cash flows as referred to in the United Nations system accounting standards.

(f) Statement IV reports on expenditures against the appropriation approved for the biennium.

Note 4
Status of appropriations

In accordance with General Assembly resolutions 66/238, 67/242, and 68/255, the appropriations and gross assessments for the biennium 2012-2013 are as follows:

(Thousands of United States dollars)

	2012	*2013*	*Total*
Initial budget appropriation (resolution 66/238)	85 811	85 812	171 623
Add: Appropriation under resolution 67/242	–	10 540	10 540
Less: Appropriation under resolution 68/255	–	(1 756)	(1 756)
Revised appropriation (resolution 68/255)	85 811	94 596	180 407
Less: Decrease in appropriation for the biennium 2010-2011 (resolution 66/238)	(722)	–	(722)
Add: Decrease in appropriation for the biennium 2012-2013 (resolution 68/255)	–	1 756	1 756
Gross amounts addressed to Member States	**85 089**	**96 352**	**181 441**

Note 5
Assets, liabilities and reserves and fund balances (statement II)

(a) The cash and term deposits figure represents the total cash balance (including funds held in local currency) at United Nations Headquarters and at the offices away from Headquarters.

(b) Assessed contributions unpaid:

(i) The assessed contributions receivable as at 31 December 2013 have been recorded in accordance with the Financial Regulations and Rules of the United Nations, the relevant resolutions of the General Assembly and the policy of the United Nations. On the basis of this policy, no provision has been made for delays in the collection of outstanding assessed contributions;

(ii) The total unpaid assessments as of 31 December 2013 are $19,026,848, of which $4,344,316 are over one year old and $14,682,532 are less than one year old.

(c) Other accounts receivable. The following is the composition of the other accounts receivable as at 31 December 2013 compared with those as at 31 December 2011:

(Thousands of United States dollars)

	2013	*2011*
Governments	210	168
Staff members	1 217	1 753
Vendors	43	12
United Nations entities	123	156
Other	10	48
Total	**1 603**	**2 137**

(d) Other accounts payable. The following is the composition of the other accounts payable balances as at 31 December 2013 compared with those as at 31 December 2011:

(Thousands of United States dollars)

	2013	*2011*
Staff members	1 251	944
Vendors	935	491
United Nations entities	105	221
Others	83	863
Provision for repatriation grants	768	812
Total	**3 142**	**3 331**

Note 6
Cash pool

(a) Background:

(i) The United Nations Treasury centrally invests surplus funds on behalf of the United Nations Secretariat, including the International Tribunal for Rwanda. Such surplus funds are combined in two internally managed cash pools, which invest in major segments of the money and fixed income markets. 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;

(ii) Investment activities of the cash pools are guided by the principles contained in the Investment Management Guidelines. An Investment Committee periodically assesses compliance with the Guidelines and makes recommendations for updates thereto, and also reviews performance.

(b) Investment management objectives:

Further to the Guidelines, investment objectives of the cash pools, in order of priority, are the following:

(i) Safety: ensure the preservation of capital;

(ii) Liquidity: ensure sufficient liquidity to enable the United Nations and participating entities to readily meet all operating requirements. Only assets which have a readily available market value and can be easily converted to cash are held;

(iii) Return on investment: attain a competitive market rate of return taking into account investment risk constraints and the cash flow characteristics of the pools. Benchmarks determine whether satisfactory market returns are being achieved in the cash pools.

(c) Cash pools:

(i) United Nations Headquarters Treasury manages investments in two cash pools — the Main Cash Pool and the Euro Cash Pool:

a. Effective 1 July 2013, the United Nations Headquarters and the United Nations Offices Away from Headquarters cash pools were combined to form the Main Cash Pool. The Main Cash Pool now comprises operational bank account balances and investments in United States dollars.

b. The Euro Cash Pool comprises investments in Euro currency; the Pool participants are mostly offices away from Headquarters that may have surplus of Euros from their operations.

(ii) The Tribunal participates in the Main Cash Pool only, which is invested in a variety of securities. Such securities 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 less. The Main Cash Pool does not invest in derivative instruments, asset-backed, mortgage-backed or equity products;

(iii) Investment transactions are now accounted for on a trade-date basis, reflecting a change from settlement date to trade date; the 2011 figures have not been restated as the impact of the change has been deemed to be immaterial. Investment income is recognized on the accrual basis; transaction costs that are directly attributable to the investment activity of the cash pool are expensed as incurred in the cash pool and the net income is distributed proportionately to the funds participating in the cash pool; operational bank account fees are not netted but distributed to cash pool participants. The unrealized market gains/losses on securities and foreign exchange gains/losses are distributed proportionately to all participants based on their end-of-year balances;

(iv) Gains and losses on the sale of investments are calculated as the difference between the sales proceeds and book value and are reflected in the net income distributed to the cash pool participants;

(v) As at 31 December 2013, investments in the Main Cash Pool have been revalued at fair value. The 31 December 2011 comparative figures represent the book value of investments. The 2011 figures have not been restated as the impact of the change in valuation has been deemed to be immaterial.

(d) Financial information pertaining to the Main Cash Pool:

(i) As at 31 December 2013, the Main Cash Pool held total assets of $9,548.7 million; of this amount $49.3 million was due to the Tribunal, as reflected against the cash pool line in statement II (statement of assets, liabilities and reserves and fund balances);

(ii) Financial information of the Main Cash Pool as at 31 December 2013 is summarized in table 1.

Table 1
Summary of assets and liabilities of the Main Cash Pool as at 31 December 2013
(Thousands of United States dollars)

	Main pool
Assets	
Short-term investments[a]	5 687 907
Long-term investments[a]	3 734 459
Total investments	9 422 366
Cash	113 200
Accrued investment income	13 084
Total assets	**9 548 650**
Liabilities	
Payable to the Tribunal	49 277
Payable to other Main Cash Pool participants not reported in Vol. I	9 499 373
Total liabilities	**9 548 650**
Net assets	–

Summary of net income of the Main Cash Pool for the biennium ended 31 December 2013
(Thousands of United States dollars)

	Main pool
Income	
Investment revenue	96 592
Realized gains on sales of securities	24 643
FX adjustments	4 241
Unrealized gains (losses)	4 811
Net income from investments	**130 287**
Bank fees	(1 083)
Net income from operations	**129 204**

[a] Fair value.

(e) Composition of the Main Cash Pool:

Table 2 shows a breakdown of investments held in the Main Cash Pool by type of instrument:

Table 2
Investments of the Main Cash Pool by type of instrument as at 31 December 2013
(Thousands of United States dollars)

Main Cash Pool	*Book value*	*Fair value*[a]
Bonds		
Non-United States agencies	2 073 122	2 077 421
Non-United States sovereigns	670 963	674 773
Supranationals	250 075	250 246
United States agencies	555 494	556 492
United States treasuries	1 597 161	1 592 050
Subtotal	**5 146 815**	**5 150 982**
Discounted instruments	2 138 208	2 138 849
Certificate of deposits	250 000	250 003
Term deposits	1 882 532	1 882 532
Total investments	**9 417 555**	**9 422 366**

[a] Fair value is determined by the independent custodian based on valuations of securities that are sourced from third parties.

(f) Financial risk management:

The Main Cash Pool is exposed to a variety of financial risks, including credit risk, liquidity risk, currency risk and market risk (which includes interest rate risk and other price risks), as described below:

(i) Credit risk:

The Guidelines require that investments not be made in issuers whose credit ratings are below specifications, and also provide for maximum concentrations with given issuers. These requirements were met at the time the investments were made. The credit ratings used are those determined by the major credit-rating agencies; Standard & Poor's and Moody's are used to rate bonds and commercial paper, and the Fitch Viability Rating is used to rate bank term deposits.

The credit ratings of the issuers whose securities were held in the Main Cash Pool are shown in table 3.

Table 3
Investments of the Main Cash Pool by credit ratings as at 31 December 2013
(Thousands of United States dollars)

Main Cash Pool	*Total*[a]	*Ratings*
Bonds	5 150 982	S&P: 32.3% AAA and 63.1% AA+/Aa; 4.6% NR; Moody’s: 81.9% Aaa and 18.1% Aa1/Aa3
Discounted instruments	2 138 849	S&P: 71.7% A-1+ and 24.1% NR; Moody’s: 95.8% P-1; Fitch: 4.2% aa-
Certificates of deposits	250 003	S&P: 40% A-1; Moody’s: 40% P-1; Fitch: 60% a+/a-
Term deposits	1 882 532	Fitch: 58.6% aa- and 41.4% a+/a/a-
Total investments	**9 422 366**	

[a] Represents the fair value of securities as at 31 December 2014.

(ii) Liquidity risk:

The Main Cash Pool is exposed to liquidity risk associated with the requirement of participants to make withdrawals on short notice. It maintains sufficient cash and marketable securities to meet commitments as and when they fall due. The major portion of the pool’s cash and cash equivalents and investments are available within one day’s notice to support operational requirements. Hence, the Main Cash Pool is able to respond to withdrawal needs in a timely manner, and liquidity risk is considered to be low.

(iii) Currency risk:

Currency risk is the risk that the value of investments denominated in non-United States dollars will fluctuate owing to changes in foreign exchange rates versus the United States dollars. The Main Cash Pool has no currency risk for its investments, which are in United States dollars. The Main Pool has currency risk for operational bank balances.

(iv) Interest rate risk:

Interest rate risk is the risk of variability in investments’ values due to change in interest rates. In general, as 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 larger the duration, the greater the interest rate risk;

The Main Cash Pool is exposed to interest rate risk as their holdings comprise interest-bearing securities. As at 31 December 2013, the Main Cash Pool invested primarily in securities with shorter terms to maturity, with the maximum term being less than four years. The average duration of the Main Cash Pool was 0.92 years, which is considered to be indicator of low interest rate risk;

Table 4 shows how fair value of the Main Cash Pool as at 31 December 2013 would increase or decrease should the overall yield curve shift in response to changes in interest rates. 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). However, in view of the current interest rate environment, the basis point shifts should be considered to be illustrative.

Table 4
Sensitivity of the Main Cash Pool to interest rates as of 31 December 2013

	Shift in yield curve (Basis points)	*Change in fair value, Main Cash Pool (millions of United States dollars)*
	(200)	174
	(150)	130
	(100)	87
	(50)	43
	0	(0)
	50	(43)
	100	(87)
	150	(130)
	200	(174)

(v) Other price risk:

The Main Cash Pool is not exposed to significant other price risk, as it does not sell short, or borrow securities, or purchase securities on margin, all of which limits the potential loss of capital.

Note 7
Accrued liabilities for end-of-service and post-retirement benefits

(a) End-of-service and post-retirement benefits comprise after-service health insurance coverage, repatriation benefits, commutation of unused vacation days, judges' pension benefits, judges' relocation allowance benefits and ad litem judges' ex gratia benefits. As disclosed in note 2, subparagraph (m) (v), all these liabilities, except for judges' relocation allowance benefits and ad litem judges' ex gratia benefits, are determined on the basis of an actuarial valuation, which was undertaken by an independent, qualified actuarial firm.

(b) After-service health insurance:

(i) Upon the end of service, staff members and their dependants may elect to participate in a defined-benefit health insurance plan of the United Nations, provided they have met certain 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 who were recruited prior to that date. This benefit is referred to as after-service health insurance;

(ii) The major assumptions used by the actuarial firm to determine the liabilities for after-service health insurance as at 31 December 2013 were a single equivalent discount rate of 4.96 per cent, a flat health care yearly escalation rate of 5.0 per cent for non-United States medical plans, and health care escalation rates of 7.3 per cent for all other medical plans (except 6.3 per cent for the United States Medicare plan and 5.0 per cent for the United States dental plan), grading down to 4.5 per cent over 10 years, and retirement, withdrawal and mortality assumptions consistent with those used by the United Nations Joint Staff Pension Fund in making its own actuarial valuation of pension benefits;

(iii) Another factor in the after-service health insurance valuation is consideration of contributions by all plan participants in determining the Tribunal's residual liability. Thus, contributions from retirees are deducted from the gross liability and a portion of the contributions from active staff is also deducted to arrive at the Tribunal's residual liability in accordance with cost-sharing ratios authorized by the General Assembly. These ratios require that the Tribunal's share shall not exceed one half for non-United States health plans, two thirds for United States health plans and three quarters for the medical insurance plan;

(iv) On the basis outlined in subparagraphs (ii) and (iii) above, the present value of the accrued liability as at 31 December 2013, net of contributions from plan participants, was estimated at $40,895,000.

(Thousands of United States dollars)

After-service health insurance	*Accrued liability*
Gross liability	74 967
Offset by contributions from plan participants	(34 072)
Net liability	**40 895**

The above net liability of $40.895 million compares to an estimate of $43.318 million as at 31 December 2011;

(v) Further to the assumptions set out in subparagraph (ii) above, it is estimated that the present value of the liability would increase by 20 per cent and decrease by 16 per cent if the medical cost trend is increased and decreased by 1 per cent, respectively, all other assumptions held constant. Similarly, it is estimated that the accrued liability would increase by 20 per cent and decrease by 16 per cent if the discount rate is decreased and increased by 1 per cent, respectively, all other assumptions held constant.

(c) Repatriation benefits:

(i) Upon the end of service, staff who meet certain eligibility requirements, including residency outside their country of nationality at the time of separation, are entitled to a repatriation grant which is based upon length of service, and travel and removal expenses. These benefits are collectively referred to as repatriation benefits;

(ii) As referred to in note 2, subparagraph (m) (v), an actuarial firm was engaged to carry out an actuarial valuation of repatriation benefits as of 31 December 2013. The major assumptions used by the actuarial firm were a single equivalent discount rate of 4.08 per cent, and annual salary increases consistent with those used by the United Nations Joint Staff Pension Fund in making its own actuarial valuation of pension benefits, and travel and shipment cost increases of 2.5 per cent per annum;

(iii) On the basis of these assumptions, the present value of the accrued liability for repatriation benefits as at 31 December 2013 was estimated at $9,159,000.

(d) Unused vacation days:

(i) Upon the end of service, staff members holding fixed-term or continuing appointments may commute unused vacation days up to a maximum of 60 working days;

(ii) As referred to in note 2, subparagraph (m) (v), an actuarial firm was engaged to carry out an actuarial valuation of the liability associated with unused vacation days as at 31 December 2013. The major assumptions used by the actuarial firm were a single equivalent discount rate of 4.25 per cent, and an annual rate of increase in accumulated annual leave balances of 10.9 days in each of the first three years, 1 day per year in the fourth to eighth year and 0.5 days annually thereafter, capping at an accumulation of 60 days. Salary is assumed to increase annually at rates consistent with those used by the Pension Fund in making its own actuarial valuation of pension benefits;

(iii) On the basis of these assumptions, the present value of the accrued liability of unused vacation days as at 31 December 2013 values was estimated at $2,862,000.

(e) Upon retirement, judges of the Tribunal are entitled to a pension, which is not payable by the Pension Fund. As referred to in note 2, subparagraph (m) (v), an actuarial firm was engaged to carry out an actuarial valuation of the judges' pension-related liabilities as at 31 December 2013. The major assumptions used by the actuarial firm were a single equivalent discount rate of 4.46 per cent, standardized mortality tables and cost of living increases at an annual rate of 2.5 per cent. On the basis of these assumptions, the present value of the accrued liability as at 31 December 2013 was estimated at $21,579,000.

(f) Pursuant to General Assembly resolution 65/258, the Tribunal judges are entitled to a relocation allowance benefit equal to that of judges of the International Court of Justice. Further, ad litem judges of the Tribunal are entitled to a one-time ex gratia benefit upon completion of service for a continuous period of more than three years. The liabilities for relocation allowance benefits for judges and ex gratia benefits for ad litem judges as at 31 December 2013 are estimated at $361,000 and $87,000, respectively.

Note 8
Non-expendable property

In accordance with United Nations accounting policies, non-expendable property is charged against the current allotment in the year of purchase. The Tribunal's non expendable property, valued at historical cost, according to its cumulative inventory records as at 31 December 2013 and 2011, respectively, was as follows:

(Thousands of United States dollars)

	2013	*2011*
Balance at 1 January	18 604	20 022
Acquisitions	1 168	2 053
Less: Write-offs: accidents, thefts and damages	(190)	(134)
Less: dispositions	(6 989)	(4 065)
Adjustments	(862)[a]	728
Balance as at 31 December	**11 731**[b]	**18 604**

[a] Primarily represents items previously included but which were subsequently determined not to be non-expendable properties.

[b] Includes $619,206 for non-expendable property approved for write-off but not yet disposed of, and $538,897 for non-expendable property pending approval for write-off.

Note 9
Future operations

(a) In its resolution 1966 (2010), the Security Council decided to establish the International Residual Mechanism for Criminal Tribunals, with two branches for the International Criminal Tribunal for Rwanda and the International Tribunal for the Former Yugoslavia in order to carry out a number of essential functions, such as the trial of fugitives, after the closure of the Tribunals. The branch for the International Criminal Tribunal for Rwanda commenced operations on 1 July 2012 for an initial period of four years. The Mechanism coexisted with both Tribunals during the 2012-2013 biennium and shared resources, provided mutual support and coordination.

(b) In its resolutions 1966 (2010), 2029 (2011) and 2130 (2013), the Security Council requested that the International Criminal Tribunal for Rwanda and the International Tribunal for the Former Yugoslavia take all possible measures to expeditiously complete all their remaining work no later than December 2014, to prepare their closure and to ensure a smooth transition to the Mechanism, including through advance teams in each of the Tribunals.

(c) With respect to funding of post-retirement benefits, the General Assembly, in its resolution 64/239, endorsed the recommendation of the Advisory Committee on Administrative and Budgetary Questions that the liabilities for future payments of pensions to judges and surviving spouses and after-service health insurance should be addressed in the final budget submission and performance report of the Tribunal.

Annex

Trust Fund to support the activities of the International Tribunal for Rwanda

Schedule of income, expenditure, reserves and fund balances for the biennium ended 31 December 2013

(Thousands of United States dollars)

	Reserves and fund balances, beginning of period	*Income*	*Expenditure and other adjustments*	*Reserves and fund balances, end of period*
Trust Fund to support the activities of the International Criminal Tribunal for Rwanda	1 114	118	433	799

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