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

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 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 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 Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Humanitarian Law Committed in the Territory of the Former Yugoslavia since 1991 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 to the President of the General Assembly

I have the honour to transmit to you the financial statements 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, for the biennium ended 31 December 2013, which were submitted by the Secretary-General. These statements have been examined by the Board of Auditors.

In addition, I have the honour to present the report of the Board of Auditors with respect to the above-mentioned accounts, including the audit opinion thereon.

(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
Tribunal for the Prosecution of Persons Responsible for Serious Violations of
International Humanitarian Law Committed in the Territory of the Former
Yugoslavia since 1991, 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) and 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 the Former
Yugoslavia 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
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 the former Yugoslavia for the biennium ended 31 December 2013. The audit was carried out at the Tribunal’s headquarters in The Hague, Netherlands.

Audit opinion

The Board issued an unqualified audit report on the financial statements of the Tribunal for the biennium ended 31 December 2013. The opinion of the Board is reflected in chapter 1 of the present report.

Overall conclusion

The Board did not find material misstatements which could affect its opinion on the Tribunal’s financial statements, although it noted a number of areas with scope for improvement, including: uncertainties in completing any cases still pending and handing over its mandate within the expected time, lack of adequate oversight of the Information and Communication Technology and high turnover of staff as they lack incentive to remain in posts which are about to be abolished.

In addition, the Tribunal adopted the International Public Sector Accounting Standards (IPSAS) from 1 January 2014 and has made good progress, but there are some delays in finalizing data cleansing for the preparation of actual IPSAS-compliant opening balances and financial statements.

The Tribunal needs to ensure that IPSAS-compliant opening balances and financial statements are complete.

Key findings and recommendations

Progress towards the implementation of the International Public Sector Accounting Standards

The Tribunal’s preliminary activities for preparation of IPSAS opening balances and then financial statements which were scheduled to be completed by March 2014 were not implemented as at the time of audit (May 2014). The Board is of the view that some of the unimplemented activities were critical for the successful implementation of IPSAS. Those activities included reconciliation of records between the Integrated Management Information System at United Nations Headquarters and the Sun ledgers for trust fund projects and improvement and customization of some of the office standard operating procedures. In addition, the preparation of the IPSAS benefits realization plan, which the Tribunal stated was under the control of United Nations Headquarters, was not ready. Further, the Tribunal’s finance staff are involved in preparing for the roll-out of the new Enterprise Resource Planning system (Umoja) which will occur on 1 June 2015. This will include data cleansing of, for example, finance and payroll information.
The Board considers that it is important for the Tribunal to complete the remaining activities for IPSAS implementation in 2014 to provide a comprehensive record of the completion of Tribunal operations and set a foundation for transferring them to its successor, who will also be closing its accounts under the IPSAS framework. The Tribunal has already invested a lot of resources in arriving at the IPSAS balances and therefore, successful adoption before relinquishing its mandate is beneficial to all stakeholders.

Recommendations

The Board has made a number of recommendations based on its audit. The main recommendation is that the Tribunal collaborate with IPSAS implementation teams at United Nations Headquarters to complete the remaining IPSAS implementation opening balances activities as planned for successful completion and handing over of its mandate to its successor.
A. Background

1. The International Criminal Tribunal for the former Yugoslavia is a United Nations court of law established in 1993 to deal with war crimes that were committed during the conflicts in the former Yugoslavia in the 1990s. It is located in The Hague, with field offices in Sarajevo and Belgrade. The Tribunal was established by the Security Council in its resolution 827 (1993). It is mandated to bring to justice those responsible for serious violations of international humanitarian law committed in the former Yugoslavia since 1991 and thus contribute to the restoration and maintenance of peace in the region.

2. The Tribunal consists of three organs, namely, the Chambers, the Office of the Prosecutor and the Registry. The Chambers comprise three Trial Chambers and an Appeal Chamber. The Chambers are responsible for trial and appeals, and the Office of the Prosecutor is responsible for the investigation and prosecution. The Registry, which services both the Chambers and the Prosecutor, is responsible for the administration and servicing of the Tribunal.

3. In its resolution 1966 (2010), the Security Council decided to establish the International Residual Mechanism for Criminal Tribunals with two branches which will take over the mandates of the International Criminal Tribunal for the former Yugoslavia and the International Criminal Tribunal for Rwanda. The branch for the International Criminal Tribunal for Rwanda, based in Arusha, commenced operations on 1 July 2012 and the branch for the International Criminal Tribunal for the former Yugoslavia, based in The Hague, commenced operations on 1 July 2013. The Mechanism coexisted with both Tribunals during the biennium 2012-2013, sharing resources, providing mutual support and coordinating their activities to their mutual benefit.

B. Mandate, scope and methodology

4. The Board of Auditors has audited the financial statements of the International Criminal Tribunal for the former Yugoslavia and has reviewed its operations for the biennium ended 31 December 2013 in accordance with General Assembly resolution 74 (I). 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 with the International Standards on Auditing. The 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 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 its 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 by the governing bodies and whether income and expenditure 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.

6. 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. Those matters are addressed in the relevant sections of the present report.

7. The Board continues to report the results of audits to the Tribunal in the form of management letters containing detailed observations and recommendations. This practice allows for continuous discussion and improvement of the Tribunal’s internal controls.

8. The Board coordinates with the Office of Internal Oversight Services in the audit in order to avoid duplication of efforts and to determine the extent to which the Board could rely on its work.

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

C. Findings and recommendations

1. Follow-up on the previous audit recommendations

10. Of the six recommendations made for the biennium 2010-2011, five (83 per cent) were fully implemented and one (17 per cent) was under implementation. The recommendation under implementation requires the Tribunal to ensure that all non-expendable properties amounting to $1.9 million are labelled. Details of the status of implementation of the recommendations are presented in the annex to the present chapter.

11. The Board is generally satisfied with the implementation of its recommendations and considers that there is adequate management follow-up to address the outstanding recommendations.

2. Financial overview

12. Total income for the period under review amounted to $292.03 million (2010-2011: $337.15 million), while total expenditure amounted to $272.62 million (2010-2011: $324.14 million), resulting in excess of income over expenditure before adjustments of $19.41 million. Comparative incomes and expenditures for the financial periods 2008-2009, 2010-2011 and 2012-2013 are shown in the figure below. The pattern reflects the decrease of activities as the Tribunal is in the process of closing down.
3. **Evaluation of overall service sustainability**

13. The Tribunal is in a process of scaling down its operations for the closure of its mandate and the remaining operations will be assumed by the International Residual Mechanism for International Criminal Tribunals. The closing down has resulted in a high rate of staff turnover, which could have an impact on the estimated date of completion of cases. The current trial and appeal schedule contemplates judicial activity throughout the biennium 2014-2015 and beyond. On that basis, the Tribunal proposed, and the General Assembly approved, a budget for the entire period of 2014-2015.

4. **Completion strategy**

14. In its resolution 1966 (2010), the Security Council requested the Tribunal to take all possible measures to expeditiously complete all the remaining work not later than 31 December 2014, prepare the closure strategy and ensure a smooth transition to the Mechanism.

15. The Tribunal continues to make consistent efforts to complete its mandate as requested by the Council, but the Board is concerned about the uncertainties of completing the pending cases as expected. The Board noted that, as at May 2014, a total of 161 individuals indicted by the Tribunal had been arrested, and that the cases had all been concluded, except for 25 proceedings. Of the remaining 25 indicted individuals, 12 are currently on trial, 11 are in appeal proceedings, and 2 have been convicted at trials but have not yet filed any notice of appeal.

16. The Tribunal anticipates concluding all the trials in 2014, with the exception of three relating to late arrests in 2011 which are expected to go beyond 31 December 2014. Other activities expected to go beyond December 2014 include: transfer of
physical and digital records for inactive cases to the Mechanism, which is expected to be completed by February 2015; abolition of 45 to 60 per cent of the posts by December 2015; and an appeal activity, which is expected to be completed by July 2016. Under the circumstances, the General Assembly decided to provide a budget and extend the mandate delivery of the entity up to the end of 2015. The Tribunal considers that the pending activities might be completed by the end of 2017, as it is currently facing the challenges of high staff turnover, owing to the lack of incentives to remain in posts which are about to be abolished. Accordingly, the Tribunal is bound to continue beyond 31 December 2014, contrary to the Security Council expectations as set out in resolution 1966 (2010). The Board will continue to monitor the closure process and the handing over of Tribunal activities to the Mechanism in the coming audits.

5. **Progress towards implementation of the International Public Sector Accounting Standards**

17. The Tribunal started implementation of the International Public Sector Accounting Standards (IPSAS) on 1 January 2014 and, according to the activity log (action plan), was expected to complete the preliminary activities for preparation of IPSAS opening balances by March 2014. During the final audit, the Board noted significant progress made by the Tribunal towards IPSAS implementation but there were still some activities to be completed. They included reconciliation of records between the Integrated Management Information System (IMIS) at United Nations Headquarters and the Sun ledgers for trust fund projects and customization of some of the office standard operating procedures. The Board also noted that the IPSAS benefit realization plan was not ready, but the Tribunal stated that it was under the control of the IPSAS implementation team at Headquarters. In addition, the Tribunal’s finance staff are involved in preparing for the roll-out of the new enterprise resource planning system (Umoja) which will occur on 1 June 2015. This will include data cleansing of, for example, finance and payroll information.

18. The Board considers that it is important for the Tribunal to complete the remaining activities for IPSAS implementation, including the preparation of 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 them to its successor, which will also be closing its accounts under the IPSAS framework. In addition, the Tribunal has already invested a lot of resources in order to comply with IPSAS and therefore its successful adoption of IPSAS before relinquishing its mandate is beneficial to all stakeholders.

19. **The Tribunal agreed with the Board’s recommendation that it collaborate with the IPSAS implementation team at United Nations Headquarters to complete the remaining IPSAS implementation activities as planned.**

**Long-outstanding provisions for repatriation grants**

20. The Board noted that, of the total provision for repatriation grants, a balance of $1.52 million (note 5) remained as at 31 December 2013; $1.01 million (67 per cent) comprised 78 staff entitlements that had been outstanding for periods ranging from 2 to 13 years, contrary to rule 3.19(j) of the Staff Rules and Regulations of the United Nations. The instrument requires the cessation of entitlements of repatriation
grant for staff separated from the United Nations common system, if they are not claimed within two years after the effective date of separation.

21. The Tribunal attributed the delay to its inability to identify the current employers of repatriated staff, but indicated that the Office of Human Resources Management at United Nations Headquarters, in collaboration with the Tribunal, would continue to filter the list of the former staff with active status in IMIS, and would determine a right course of action to be taken on the remaining balances payable in respect of repatriation grants.

22. The Board is of the view that the exercise for data cleansing for IPSAS adoption should have detected the deficiency, and therefore if the error is not corrected immediately, it will affect the amount of provisions to be reflected in the opening balance of dry-run financial statements.

23. The Tribunal agreed with the Board’s recommendation to collaborate with the Office of Human Resources Management at United Nations Headquarters to establish a procedure that will assist management in identifying overdue unclaimed repatriation grants for cancellation of the respective provisions.

6. Human resources management

Delays in completion of recruitment process

24. The Tribunal uses the Inspira system put in place by the United Nations in 2010; it is an integrated software for facilitating recruitment and performance management and is therefore intended to provide streamlined solutions for recruiting, and performance management of staff.

25. The Board noted that one of the major functions of Inspira is to streamline the recruitment process so that it takes only 60 days from the job opening to selection. However, for 28 staff recruited in 2013, 11 (39 per cent) it took an average of 196 days to complete the process. An extreme case was noted where it took the Tribunal 312 days from the development of shortlists to the submission of the report to Central Review Board.

26. The Tribunal explained that the introduction of Inspira by the United Nations had required increased involvement in the process by the hiring managers and that the scope of the requirements for assessing candidates had increased. In addition, there had been a significant increase in the number of applicants. The combination of these factors had resulted in some delays.

27. The Board is of view that, for the time remaining before the Tribunal relinquishes its mandate, the new recruitment process needs to be carried out in the shortest possible time and therefore, an immediate review of the current end-to-end recruitment process is required.

28. The Tribunal agreed with the Board’s recommendation that the recruitment timeline of 60 days be met.

Lack of staff performance appraisal

29. The Board reviewed a sample of 54 staff personnel files and noted that, contrary to sections 6.1 and 11.1 of administrative instruction ST/AI/2010/5, the Tribunal had not undertaken the performance appraisal of 22 staff (41 per cent of the
sampled staff) during the 2011/12 appraisal cycle. Additional examination revealed that 46 staff (5.7 per cent of the total of 801 staff) had not been appraised during the 2012/13 cycle. The lack of staff performance appraisal leads to the risk that the organization could have renewed contracts for underperformers and could grant inappropriate staff promotions.

30. The Tribunal stated that in 2011-2012 it had used the United Nations-wide deadline for finalizing performances appraisals, rather than the internal deadline. After its efforts, the performance had been 95.78 per cent for 2012/13 and 87.24 per cent for 2011/12.

31. The Tribunal agreed with the Board’s recommendation that it encourage managers and staff to ensure that performance reviews are carried out and that staff are sensitized about the importance to their career development of completing the performance review, as required in sections 6.1 and 11.1 of the administrative instruction on the performance management and development system.

7. Archive and record management

Classification of records in the retention schedule

32. The Secretary-General’s bulletin entitled International Criminal Tribunals: information sensitivity, classification, handling and access (ST/SGB/2012/3), dated 20 July 2012, requires that adequate measures be taken for protection of sensitive records and information. The bulletin categorizes the records into “judicial” and “non-judicial” and states the authorities for their management based on their sensitivity. The Board noted that the records listed in the records retention schedules up to April 2012 had not been classified and labelled as instructed.

33. The Board is of the view that the delays in classifying the Tribunal’s records and labelling them appropriately might lead to sensitive and classified records being misplaced.

34. The Tribunal stated that the classification exercise had been delayed because it was waiting for the approval of the new Secretary-General’s bulletin on information security and access for the International Criminal Tribunal for the former Yugoslavia and the International Criminal Tribunal for Rwanda. The Board, however, noted that a new bulletin had been approved since 20 July 2012, but as at the time of audit inspection, in May 2014, the classification exercise had still not been completed.

35. The Tribunal agreed with the Board’s recommendation that a clear timetable be set with a timeline for completion of its records classification and retention scheme to avoid risks of misallocation and management of sensitive information.

8. Information and communications technology

36. The Board reviewed the adequacy of information and communications technology general controls and management of the information technology systems and noted the following deficiencies:

(a) Disaster recovery plan. The Tribunal has seven disaster recovery procedures and instructions for its critical systems. Four of these recovery procedures are generic and therefore do not provide detailed procedures on recovery
in case a disaster occurs. These individual procedures and instructions need to be reviewed and combined into one overarching plan that would encompass all aspects of an information and communications technology disaster recovery plan. This is in line with paragraph 63 (infrastructure management programme) of the report of the Secretary-General dated 9 April 2008 on an information and communications strategy for the United Nations Secretariat (A/62/793 and Corr.1). According to the report, the United Nations organizations should establish a comprehensive set of plans to address disasters or interruptions especially on the information and communications technology aspects of business continuity and disaster recovery. The lack of a disaster recovery plan poses risks to the business continuity of the Tribunal in case it is hit by a disaster;

(b) **Missing records in the audit logs.** The Tribunal has 136 databases which are in four different servers. The Board noted that 6 out of the 136 database systems have audit log and in 5 out of the 6 (83 per cent) entries were missing from their audit logs. In the absence of audit logs the databases are susceptible to the risk of being deleted without leaving a trail of the transactions;

(c) **Multiple user accounts in Sun system (financial system).** The Board reviewed the Sun system general controls and noted that users had multiple accounts in the proportion of 44 user accounts against 25 officers. Creation of multiple user accounts increases the risk of there being no proper segregation of duties, since different account users can be granted conflicting roles, contrary to the system control. The Tribunal stated that this risk was mitigated by the controls in place and that the existing accounts assigned to the same users followed the principle of segregation of duties and did not have conflicting access. However, the Board still considers that the Tribunal needs to undertake periodic reviews of the audit logs of the databases and improve system control to protect the audit logs from being manipulated;

(d) **Permanent deletion of user accounts and history.** User accounts of six staff in the Sun system that left the Tribunal during the period under review were deleted rather than deactivated. This system limitation creates the risk of someone having the same user identification as the previously deleted account and may lead to loss of audit logs of separated staff. The Board also noted that, after the account name has been deleted from the system, it is not possible to track changes made in the system for all transactions of the deleted account. The noted deficiencies increase the risk that actions committed in the system cannot be traced to users who separate from the Tribunal. The Tribunal stated that the independent practice of maintaining a record of system user identifications in relation to staff mitigated any risks identified. The Board acknowledges the Tribunal’s explanations, but still considers that deactivating rather than deleting the user account is a more appropriate way of risk mitigation;

(e) **The oversight role of information and communications technology.** The terms of reference of the information and communications technology committee require it to meet at least quarterly, but it was noted that for the period of five months from January 2013 to May 2013 and six months from December 2013 to May 2014, the meetings were not convened as required under the terms of reference. The committee has therefore not rendered its oversight role and the Board is concerned that the failure to observe the meetings calendar might cause delays of some activities, such as prioritization of the information and communications
technology projects. For example, of the total of 22 such projects for the biennium, 20 were not completed within the estimated time frame.

37. The Tribunal stated that it was in the process of reviewing its disaster recovery procedures and establishing a plan to ascertain risks for all its critical business systems and the appropriate mitigations. The Board noted, however, that the deficiencies were caused by inadequate oversight of the information and communications technology committee and its related controls, and in the cases of cybercrimes it is difficult to trace back the responsible persons and how it happened.

38. The Tribunal agreed with the Board’s recommendation that it: (a) review, test and combine its individual disaster recovery plans into one comprehensive plan that considers all the critical business systems and their dependencies; (b) conduct a periodic review of the audit logs of the databases and improve the system control to protect the audit logs from being manipulated; (c) conduct meetings regularly, as stipulated in the terms of reference for review and timely prioritization of information and communications technology projects.

D. Disclosures by management

39. The Tribunal made the following disclosures relating to write-offs, ex gratia payments and cases of fraud and presumptive fraud which in the Board’s view are not material.

1. Write-off of cash, receivables and property

40. The Tribunal informed the Board that, in accordance with financial rule 106.8, accounts receivables of $2,294.03 were written off. In accordance with financial rule 106.9, there were write-offs in respect of non-expendable properties of $438,000 relating to accidents, theft and damages during the biennium 2012-2013, compared with $36,000 for 2010-2011. No losses of cash were written off during the biennium.

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

41. According to financial rule 105.12, the disclosure by management showed that the Tribunal neither made ex gratia payments nor had cases of fraud and presumptive fraud during the biennium.
E. Acknowledgement

42. 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

<table>
<thead>
<tr>
<th>Summary of recommendation</th>
<th>Paragraph reference</th>
<th>Financial period first made</th>
<th>Implemented</th>
<th>Under implementation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expedite its preparations, including the undertaking of a comprehensive review of its need for the implementation of IPSAS and more proactively communicate with the Headquarters IPSAS implementation team so as to better prepare for the implementation of IPSAS</td>
<td>20</td>
<td>2010-2011</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Consolidate existing plans and reports associated with the closure of the International Criminal Tribunal for the former Yugoslavia and the transition to the International Residual Mechanism for the Criminal Tribunals into a single comprehensive plan integrating all the elements needed to guide its orderly closure, including, but not limited to, the identification of tasks to be performed, milestones, and the risks and benefits associated with the closure</td>
<td>23</td>
<td>2010-2011</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Continue to ensure that trials and appeals are undertaken as expeditiously as possible, with due regard for the rights of the accused and due process</td>
<td>26</td>
<td>2010-2011</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>The downsizing methodology to be applied at the time of the next budget should aim at abolishing all types of posts (including both temporary and general temporary assistance positions) rather than temporary posts only or general temporary assistance posts only</td>
<td>30</td>
<td>2010-2011</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Put in place procedures to resolve the matters identified through its physical verification exercises of non-expendable property; update the database of non-expendable property in a timely manner; and ensure that all non-expendable property is properly labelled.</td>
<td>35</td>
<td>2010-2011</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Develop an e-mail management policy to distinguish between business and private e-mail; prepare a disaster recovery plan for physical records; and improve the management of vaults in order to enhance the management of the archives and records</td>
<td>40</td>
<td>2010-2011</td>
<td>X</td>
<td></td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>6</strong></td>
<td><strong>5</strong></td>
<td><strong>1</strong></td>
<td></td>
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<td><strong>Percentages</strong></td>
<td>100</td>
<td>83</td>
<td>17</td>
<td></td>
</tr>
</tbody>
</table>
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 Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Humanitarian Law Committed in the Territory of the Former Yugoslavia since 1991 for the biennium ended 31 December 2013 have been prepared in accordance with financial rule 106.10 of the Financial Regulations and Rules of the United Nations.

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

I certify that the appended financial statements of the United Nations 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, 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 Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Humanitarian Law Committed in the Territory of the Former Yugoslavia since 1991 for the biennium ended 31 December 2013. The accounts consist of four statements and the related notes.

2. The financial report is designed to be read in conjunction with the financial statements. The annex 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 13.4 per cent, from $337.1 million to $292.0 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 $279.0 million, as appropriated by the General Assembly in its resolutions 66/239, 67/243 and 68/256. Actual expenditure for the biennium totalled $272.6 million, leaving an unencumbered balance of $6.4 million, which was mainly attributable to a surplus of $4.7 million in the Registry and $1.0 million in the Office of the Prosecutor. The 2012-2013 expenditure of $272.6 million represented a decrease of $51.5 million, or 15.9 per cent, over the expenditure of $324.1 million in the biennium 2010-2011, which is attributable mainly to a scaling down of operations and a reduction in the number 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)

<table>
<thead>
<tr>
<th>Functional category</th>
<th>2013</th>
<th>2011</th>
<th>Increase (Decrease)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Staff and other personnel costs</td>
<td>215 803</td>
<td>248 024</td>
<td>(32 221)</td>
</tr>
<tr>
<td>Travel</td>
<td>3 103</td>
<td>3 791</td>
<td>(688)</td>
</tr>
<tr>
<td>Contractual services</td>
<td>29 113</td>
<td>43 274</td>
<td>(14 161)</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>22 420</td>
<td>28 801</td>
<td>(2 381)</td>
</tr>
<tr>
<td>Acquisitions</td>
<td>2 170</td>
<td>4 180</td>
<td>(2 010)</td>
</tr>
<tr>
<td>Other</td>
<td>11</td>
<td>65</td>
<td>(54)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>272 620</td>
<td>324 135</td>
<td>(51 515)</td>
</tr>
</tbody>
</table>
6. Overall cash as at 31 December 2013 totalled $75.8 million, representing a decrease of $5.0 million compared with $80.8 million as at 31 December 2011. The decrease is due largely to the $18.6 million increase in assessed contributions receivable.

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 $28.5 million, $11.3 million and $3.7 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 $27.0 million as at 31 December 2013. Further, 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 $0.9 million and $0.3 million, respectively. The total of all these liabilities stood at $71.7 million, which represents an increase of $2.0 million compared with the total of $69.7 million as at 31 December 2011.
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 106.7, there was a write-off of receivables amounting to $2,294.03 during the biennium 2012-2013.

Write-off of losses of property

3. In accordance with the financial rule 106.7, property losses amounting to $18,203 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 Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Humanitarian Law Committed in the Territory of the Former Yugoslavia since 1991

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)

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assessed contributions</td>
<td>289 878</td>
<td>332 890</td>
</tr>
<tr>
<td>Interest income</td>
<td>1 353</td>
<td>3 726</td>
</tr>
<tr>
<td>Other/miscellaneous income</td>
<td>797</td>
<td>530</td>
</tr>
<tr>
<td><strong>Total income</strong></td>
<td>292 028</td>
<td>337 146</td>
</tr>
<tr>
<td>Expenditure</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Staff and other personnel costs</td>
<td>215 803</td>
<td>248 024</td>
</tr>
<tr>
<td>Travel</td>
<td>3 103</td>
<td>3 791</td>
</tr>
<tr>
<td>Contractual services</td>
<td>29 113</td>
<td>43 274</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>22 420</td>
<td>24 801</td>
</tr>
<tr>
<td>Acquisitions</td>
<td>2 170</td>
<td>4 180</td>
</tr>
<tr>
<td>Other</td>
<td>11</td>
<td>65</td>
</tr>
<tr>
<td><strong>Total expenditure</strong></td>
<td>272 620</td>
<td>324 135</td>
</tr>
<tr>
<td>Excess (shortfall) of income over expenditure</td>
<td>19 408</td>
<td>13 011</td>
</tr>
<tr>
<td>Non-budgeted accrued expenses for end-of-service and post-retirement benefits</td>
<td>(1 964)</td>
<td>(22 666)</td>
</tr>
<tr>
<td>Prior-period adjustments</td>
<td>(2)</td>
<td>–</td>
</tr>
<tr>
<td><strong>Net excess (shortfall) of income over expenditure</strong></td>
<td>17 442</td>
<td>(9 655)</td>
</tr>
<tr>
<td>Cancellation of prior-period obligations</td>
<td>2 733</td>
<td>3 867</td>
</tr>
<tr>
<td>Transfers to other funds</td>
<td>(4 074)</td>
<td>–</td>
</tr>
<tr>
<td>Reserves and fund balances, beginning of period</td>
<td>7 898</td>
<td>13 686</td>
</tr>
<tr>
<td><strong>Reserves and fund balances, end of period</strong></td>
<td>23 999</td>
<td>7 898</td>
</tr>
</tbody>
</table>

---

a See notes 2 and 3.

b In accordance with General Assembly resolutions 66/239 and 67/243, assessments for the International Tribunal are based in part on the scale of assessment applicable to the United Nations regular budget and in part on the scale of assessment applicable to peacekeeping operations.

c Represents net increases in accrued liabilities for after-service health insurance costs of $1,585,000, for repatriation benefits of $800,000, for judges’ pension benefits of $202,000, for judges’ relocation allowance benefits of $107,000, for decreases for unused vacation days of $648,000 and ad litem judges’ ex gratia benefits of $82,000. See note 7.

d Represents a transfer of credit in accordance with General Assembly resolutions 68/245 and 68/256.

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

II. Statement of assets, liabilities and reserves and fund balances as at 31 December 2013
(Thousands of United States dollars)

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and term deposits</td>
<td>1 706</td>
<td>2 583</td>
</tr>
<tr>
<td>Cash poolb</td>
<td>74 055</td>
<td>78 184</td>
</tr>
<tr>
<td>Assessed contributions receivable from Member Statesc</td>
<td>33 656</td>
<td>15 056</td>
</tr>
<tr>
<td>Other accounts receivable</td>
<td>2 873</td>
<td>2 753</td>
</tr>
<tr>
<td>Deferred charges</td>
<td>22 636</td>
<td>10 120</td>
</tr>
<tr>
<td>Other assets</td>
<td>43</td>
<td>22</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>134 969</td>
<td>108 718</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions or payments received in advance</td>
<td>504</td>
<td>618</td>
</tr>
<tr>
<td>Unliquidated obligations — current period</td>
<td>8 267</td>
<td>10 189</td>
</tr>
<tr>
<td>Unliquidated obligations — future periods</td>
<td>22 264</td>
<td>9 708</td>
</tr>
<tr>
<td>Inter-fund balances payable</td>
<td>6 619</td>
<td>8 852</td>
</tr>
<tr>
<td>Other accounts payable</td>
<td>1 613</td>
<td>1 714</td>
</tr>
<tr>
<td>End-of-service and post-retirement liabilitiesd</td>
<td>71 703</td>
<td>69 739</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>110 970</td>
<td>100 820</td>
</tr>
<tr>
<td><strong>Reserves and fund balances</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cumulative surplus (deficit)</td>
<td>23 999</td>
<td>7 898</td>
</tr>
<tr>
<td><strong>Total reserves and fund balances</strong></td>
<td>23 999</td>
<td>7 898</td>
</tr>
<tr>
<td><strong>Total liabilities and reserves and fund balances</strong></td>
<td>134 969</td>
<td>108 718</td>
</tr>
</tbody>
</table>

a See notes 2 and 3.
c Includes assessed contributions unpaid, irrespective of collectability.
d Represents accrued liabilities for after-service health insurance costs of $28,544,000, for repatriation benefits of $11,263,000, for unused vacation days of $3,651,000, for judges’ pension benefits of $27,040,000, for judges’ relocation allowance benefits of $912,000 and ad litem judges’ ex gratia benefits of $293,000. See note 7.

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

III. Statement of cash flows for the biennium ended 31 December 2013
(Thousands of United States dollars)

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flows from operating activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net excess (shortfall) of income over expenditure (Statement I)</td>
<td>17 442</td>
<td>(9 655)</td>
</tr>
<tr>
<td>(Increase) decrease in assessed contributions receivable</td>
<td>(18 600)</td>
<td>12 426</td>
</tr>
<tr>
<td>(Increase) decrease in other accounts receivable</td>
<td>(120)</td>
<td>(766)</td>
</tr>
<tr>
<td>(Increase) decrease in deferred charges</td>
<td>(12 516)</td>
<td>6 869</td>
</tr>
<tr>
<td>(Increase) decrease in other accounts payable</td>
<td>(21)</td>
<td>100</td>
</tr>
<tr>
<td>(Increase) decrease in deferred charges</td>
<td>(114)</td>
<td>543</td>
</tr>
<tr>
<td>Increase (decrease) in unliquidated obligations</td>
<td>10 634</td>
<td>(19 896)</td>
</tr>
<tr>
<td>Increase (decrease) in inter-fund balances payable</td>
<td>(2 233)</td>
<td>4 853</td>
</tr>
<tr>
<td>Increase (decrease) in other accounts payable</td>
<td>(101)</td>
<td>58</td>
</tr>
<tr>
<td>Increase (decrease) in other liabilities</td>
<td>–</td>
<td>(1)</td>
</tr>
<tr>
<td>Increase (decrease) in end-of-service and post-retirement liabilities</td>
<td>1 964</td>
<td>22 666</td>
</tr>
<tr>
<td>Less: Interest income</td>
<td>(1 353)</td>
<td>(3 726)</td>
</tr>
<tr>
<td><strong>Net cash flows from operating activities</strong></td>
<td>(5 018)</td>
<td>13 471</td>
</tr>
<tr>
<td><strong>Cash flows from investing activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest income</td>
<td>1 353</td>
<td>3 726</td>
</tr>
<tr>
<td><strong>Net cash flows from investing activities</strong></td>
<td>1 353</td>
<td>3 726</td>
</tr>
<tr>
<td><strong>Cash flows from financing activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cancellation of prior-period obligations</td>
<td>2 733</td>
<td>3 867</td>
</tr>
<tr>
<td>Transfers to other funds</td>
<td>(4 074)</td>
<td>–</td>
</tr>
<tr>
<td><strong>Net cash flows from financing activities</strong></td>
<td>(1 341)</td>
<td>3 867</td>
</tr>
<tr>
<td><strong>Net increase (decrease) in cash and term deposits and cash pool</strong></td>
<td>(5 006)</td>
<td>21 064</td>
</tr>
<tr>
<td>Cash and term deposits and cash pool, beginning of period</td>
<td>80 767</td>
<td>59 703</td>
</tr>
<tr>
<td><strong>Cash and term deposits and cash pool, end of period</strong></td>
<td>75 761</td>
<td>80 767</td>
</tr>
</tbody>
</table>

* See notes 2 and 3.

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

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

<table>
<thead>
<tr>
<th>Programme of work</th>
<th>Appropriations*</th>
<th>Expenditure</th>
<th>Unencumbered Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Original</td>
<td>Change</td>
<td>Revised</td>
</tr>
<tr>
<td>A. The Chambers</td>
<td>12 076</td>
<td>1 064</td>
<td>13 140</td>
</tr>
<tr>
<td>B. The Office of the Prosecutor</td>
<td>48 787</td>
<td>4 105</td>
<td>52 892</td>
</tr>
<tr>
<td>C. Registry</td>
<td>187 430</td>
<td>(7 237)</td>
<td>180 193</td>
</tr>
<tr>
<td>D. Records management and archives</td>
<td>2 521</td>
<td>(1 276)</td>
<td>1 245</td>
</tr>
<tr>
<td>E. Staff assessment</td>
<td>30 222</td>
<td>1 302</td>
<td>31 524</td>
</tr>
<tr>
<td><strong>Grand total</strong></td>
<td><strong>281 036</strong></td>
<td>(2 042)</td>
<td><strong>278 994</strong></td>
</tr>
</tbody>
</table>

* The appropriations for the biennium 2012-2013 were approved under General Assembly resolutions 66/239, 67/243 and 68/256.
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

Notes to the financial statements

Note 1

The 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, 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 (CEB). The Organization follows IPSAS 1: Presentation of financial statements regarding the disclosure of accounting policies, as modified and adopted by CEB, 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. If material, the effect of the change should 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. The present 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 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 and the Working Capital Fund are assessed on Member States in accordance with the scale of assessments determined by the General Assembly;

(ii) Income is recognized when assessments on 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 on 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 instruments 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) Expenditures are incurred against authorized appropriations or
commitment authorities. Total expenditures reported include unliquidated
obligations and disbursements;

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

(iii) Expenditures for future financial periods are not charged to the current
financial period but are 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 pool comprises 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 pool. The investments in the cash pool are stated at
their fair value and include marketable securities and other negotiable
instruments acquired to produce income. The share in the cash pool 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 Tribunal for the Former Yugoslavia participates only in the main cash pool. 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 the 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) 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 plan’s underlying financial position and performance with sufficient reliability for accounting purposes, and hence has treated the 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, which is currently 7.9 per cent for the participant and 15.8 per cent for the Organization, respectively, of the applicable pensionable remuneration, 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 Assembly had not invoked that provision;

(n) The change from the United Nations system accounting standards to IPSAS:

(i) The United Nations is transitioning from the use of the United Nations system accounting standards to the International Public Sector Accounting Standards (IPSAS), which will guide the presentation of the financial statements of the United Nations, including those of the International Tribunal for the Former Yugoslavia, commencing with the 2014 financial year. Hence, the present financial statements are the last statements that will be prepared on the basis of 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 requires significantly more note disclosures in the financial statements.

(iii) Under the United Nations system accounting standards, financial accounting and budgetary accounting are aligned. With the adoption of IPSAS, the financial statements will be presented on the full accrual basis, whereas budgetary expenditure will continue to be recorded on a modified cash basis. There will be reconciliation between budget implementation and the financial statements, which will be presented in the notes to the financial statements;

(iv) IPSAS requires annual financial statements; commencing with the 2014 financial year, IPSAS-compliant financial statements will be prepared and audited annually.

Note 3
International Tribunal for the Former Yugoslavia (statements I-IV)

(a) The Tribunal was established by the Security Council in its resolutions 808 (1993) and 827 (1993) and consists of the following organs:

(i) The Chambers are organized into three Trial Chambers and an Appeals Chamber. Each Trial Chamber is composed of three permanent judges and a maximum of six ad litem judges. Ad litem judges are appointed by the Secretary-General at the request of the President of the Tribunal to sit on one or more specific trials, allowing for efficient use of resources in accordance with the court’s changing caseload. Article 12(1) of the Tribunal’s statute allows the appointment of a maximum of 12 ad litem judges. Three judges are assigned to hear each case, and at least one judge per case must be a permanent judge. The Trial Chambers must ensure that each trial is fair, expeditious, and conducted in compliance with the Rules of Procedure and Evidence of the Tribunal, with full respect accorded to the rights of the accused and appropriate consideration given to the protection of victims and witnesses. The Appeals Chamber consists of seven permanent judges, five of whom are permanent judges of the Tribunal and two of whom are permanent judges of the International Criminal Tribunal for Rwanda. These seven judges also constitute the Appeals Chamber of the latter Tribunal. Each appeal is heard and decided by a bench of five judges of the Appeals Chamber;

(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 the former Yugoslavia since 1991, acts independently as a separate organ of the Tribunal;

(iii) A 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 66/239, 67/243 and 68/256, approved the budget appropriations for the biennium 2012-2013. Annual budget apportionments are funded by assessments on 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 voluntary fund to support the activities of the Tribunal in carrying 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 66/239, 67/243 and 68/256, the appropriations and gross assessments for the biennium 2012-2013 are as follows:

(Thousands of United States dollars)

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Initial appropriation (resolution 66/239)</td>
<td>140 518</td>
<td>140 518</td>
<td>281 036</td>
</tr>
<tr>
<td>Add: resolution 67/243</td>
<td>–</td>
<td>2 032</td>
<td>2 032</td>
</tr>
<tr>
<td>Less: resolution 68/256</td>
<td>–</td>
<td>(4 074)</td>
<td>(4 074)</td>
</tr>
<tr>
<td>Revised appropriation (resolution 68/256)</td>
<td>140 518</td>
<td>138 476</td>
<td>278 994</td>
</tr>
<tr>
<td>Less: estimated income</td>
<td>(150)</td>
<td>(150)</td>
<td>(300)</td>
</tr>
<tr>
<td>Revised appropriation less estimated income (resolutions 66/239, 67/243 and 68/256)</td>
<td>140 368</td>
<td>138 326</td>
<td>278 694</td>
</tr>
<tr>
<td>Add: increase in appropriation for the biennium 2010-2011 assessed in 2012 (resolution 66/239)</td>
<td>6 960</td>
<td>–</td>
<td>6 960</td>
</tr>
<tr>
<td>Add: estimated income not reflected in assessment (resolution 67/243)</td>
<td>–</td>
<td>150</td>
<td>150</td>
</tr>
<tr>
<td>Add: decrease in appropriation for the biennium 2012-2013 (resolution 68/256)</td>
<td>–</td>
<td>4 074</td>
<td>4 074</td>
</tr>
</tbody>
</table>

Gross amounts assessed to Member States | 147 328 | 142 550 | 289 878 |
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 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. Based on this policy, no provision has been made for delays in the collection of outstanding assessed contributions;

(ii) The total unpaid assessments as at 31 December 2013 are $33,656,541, of which $7,619,316 are over one year old and $26,037,225 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:

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Governments</td>
<td>139</td>
<td>272</td>
</tr>
<tr>
<td>Staff members</td>
<td>804</td>
<td>888</td>
</tr>
<tr>
<td>Vendors</td>
<td>1,284</td>
<td>1,263</td>
</tr>
<tr>
<td>Other United Nations entities</td>
<td>424</td>
<td>330</td>
</tr>
<tr>
<td>Others</td>
<td>222</td>
<td>–</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2,873</td>
<td>2,753</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Staff members</td>
<td>76</td>
<td>42</td>
</tr>
<tr>
<td>Vendors</td>
<td>14</td>
<td>12</td>
</tr>
<tr>
<td>Provision for repatriation grants</td>
<td>1,523</td>
<td>1,660</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,613</td>
<td>1,714</td>
</tr>
</tbody>
</table>

(e) Future years’ commitments. The amount reported in statement II as unliquidated obligations for future years comprises obligations raised for contracts and lease agreements pertaining to periods that extend beyond 31 December 2013.
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 the Former Yugoslavia. 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 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, the 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) The United Nations Treasury manages investments in two cash pools, namely, the main cash pool and the euro cash pool:

   a. Effective 1 July 2013, the United Nations Headquarters and 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 euros; the pool participants are mostly offices away from Headquarters which may have a 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 and the net income is distributed proportionately to the funds participating in the 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 that amount, $74.1 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)

<table>
<thead>
<tr>
<th></th>
<th>Main pool</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
</tr>
<tr>
<td>Short-term investments&quot;</td>
<td>5 687 907</td>
</tr>
<tr>
<td>Long-term investments&quot;</td>
<td>3 734 459</td>
</tr>
<tr>
<td>Total investments</td>
<td>9 422 366</td>
</tr>
<tr>
<td>Cash</td>
<td>113 200</td>
</tr>
<tr>
<td>Accrued investment income</td>
<td>13 084</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>9 548 650</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
</tr>
<tr>
<td>Payable to the Tribunal</td>
<td>74 055</td>
</tr>
<tr>
<td>Payable to other funds participating in the main cash pool</td>
<td>9 474 595</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>9 548 650</td>
</tr>
<tr>
<td><strong>Net assets</strong></td>
<td>–</td>
</tr>
</tbody>
</table>
Summary of net income of the main cash pool for the biennium ended
31 December 2013
(Thousands of United States dollars)

<table>
<thead>
<tr>
<th>Main pool</th>
<th>Income</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Investment revenue</td>
<td>96,592</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Realized gains on sales of securities</td>
<td>24,643</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Foreign exchange adjustments</td>
<td>4,241</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Unrealized gains (losses)</td>
<td>4,811</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Net income from investments</strong></td>
<td><strong>130,287</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Bank fees</td>
<td>(1,083)</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Net income from operations</strong></td>
<td><strong>129,204</strong></td>
<td></td>
</tr>
</tbody>
</table>

* Amounts are stated at 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)

<table>
<thead>
<tr>
<th>Main cash pool</th>
<th>Book value</th>
<th>Fair value*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bonds</td>
<td>2,073,122</td>
<td>2,077,421</td>
</tr>
<tr>
<td>Non-United States agencies</td>
<td>670,963</td>
<td>674,773</td>
</tr>
<tr>
<td>Non-United States sovereigns</td>
<td>250,075</td>
<td>250,246</td>
</tr>
<tr>
<td>Supranationals</td>
<td>555,494</td>
<td>556,492</td>
</tr>
<tr>
<td>United States agencies</td>
<td>1,597,161</td>
<td>1,592,050</td>
</tr>
<tr>
<td>United States treasuries</td>
<td>2,138,208</td>
<td>2,138,849</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td><strong>5,146,815</strong></td>
<td><strong>5,150,982</strong></td>
</tr>
<tr>
<td>Discounted instruments</td>
<td>250,000</td>
<td>250,003</td>
</tr>
<tr>
<td>Certificates of deposit</td>
<td>1,882,532</td>
<td>1,882,532</td>
</tr>
<tr>
<td><strong>Total investments</strong></td>
<td><strong>9,417,555</strong></td>
<td><strong>9,422,366</strong></td>
</tr>
</tbody>
</table>

* Fair value is determined by the independent custodian on the basis of 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)

<table>
<thead>
<tr>
<th>Main pool</th>
<th>Total</th>
<th>Ratings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bonds</td>
<td>5 150 982</td>
<td>S&amp;P: 32.3% AAA and 63.1% AA+/AA; 4.6% NR; Moody’s: 81.9% Aaa and 18.1% Aa1/Aa3</td>
</tr>
<tr>
<td>Discounted instruments</td>
<td>2 138 849</td>
<td>S&amp;P: 71.7% A-1+ and 24.1% NR; Moody’s: 95.8% P-1; Fitch: 4.2% aa-</td>
</tr>
<tr>
<td>Certificates of deposit</td>
<td>250 003</td>
<td>S&amp;P: 40% A-1; Moody’s: 40% P-1; Fitch: 60% a+/a-</td>
</tr>
<tr>
<td>Term deposits</td>
<td>1 882 532</td>
<td>Fitch: 58.6% aa- and 41.4% a+/a/a-</td>
</tr>
<tr>
<td>Total investments</td>
<td>9 422 366</td>
<td></td>
</tr>
</tbody>
</table>

* Represents the fair value of securities as at 31 December 2013.

(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 currencies other than United States dollars will fluctuate owing to changes in foreign exchange rates versus 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 changes 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 an 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>
<thead>
<tr>
<th>Shift in yield curve (basis points)</th>
<th>Change in fair value of the main cash pool (millions of United States dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(200)</td>
<td>174.0</td>
</tr>
<tr>
<td>(150)</td>
<td>130.0</td>
</tr>
<tr>
<td>(100)</td>
<td>87.0</td>
</tr>
<tr>
<td>(50)</td>
<td>43.0</td>
</tr>
<tr>
<td>–</td>
<td>0.0</td>
</tr>
<tr>
<td>50</td>
<td>(43.0)</td>
</tr>
<tr>
<td>100</td>
<td>(87.0)</td>
</tr>
<tr>
<td>150</td>
<td>(130.0)</td>
</tr>
<tr>
<td>200</td>
<td>(174.0)</td>
</tr>
</tbody>
</table>

(v) Other price risks:

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 (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 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 4.95 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 (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 $28,544,000;

<table>
<thead>
<tr>
<th>(Thousands of United States dollars)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>After-service health insurance</strong></td>
<td></td>
</tr>
<tr>
<td>Gross liability</td>
<td>55,683</td>
</tr>
<tr>
<td>Offset by contributions from plan participants</td>
<td>(27,139)</td>
</tr>
<tr>
<td><strong>Net liability</strong></td>
<td>28,544</td>
</tr>
</tbody>
</table>

The above net liability of $28.544 million compares with an estimate of $26.959 million as at 31 December 2011;

(v) Further to the assumptions in (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 were increased and decreased by 1 per cent, respectively, and all other assumptions held constant. Similarly, it is estimated that the accrued
liability would increase by 21 per cent and decrease by 17 per cent if the discount rate were decreased and increased by 1 per cent, respectively, and all other assumptions held constant.

(c) Repatriation benefits:

(i) Upon 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 on length of service and travel and removal expenses. These benefits are collectively referred to as repatriation benefits;

(ii) As referred to in note 2 (m) (v), an actuarial firm was engaged to carry out an actuarial valuation of repatriation benefits as at 31 December 2013. The major assumptions used by the actuarial firm were a single equivalent discount rate of 4.34 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 those assumptions, the present value of the accrued liability for repatriation benefits as at 31 December 2013 was estimated at $11,263,000.

(d) Unused vacation days:

(i) Upon 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 (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 4.51 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 years 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 those assumptions, the present value of the accrued liability for unused vacation days as at 31 December 2013 was estimated at $3,651,000.

(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 (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 $27,040,000.

(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 $912,000 and $293,000, 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, was as follows:

(Thousands of United States dollars)

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance as at 1 January</td>
<td>15 091</td>
<td>15 821</td>
</tr>
<tr>
<td>Acquisitions</td>
<td>1 856</td>
<td>1 898</td>
</tr>
<tr>
<td>Less: write-offs: accidents, theft and damages</td>
<td>(438)</td>
<td>(36)</td>
</tr>
<tr>
<td>Less: dispositions</td>
<td>(2 126)</td>
<td>(2 592)</td>
</tr>
<tr>
<td>Adjustments</td>
<td>1 990</td>
<td>–</td>
</tr>
<tr>
<td><strong>Balance as at 31 December</strong></td>
<td><strong>16 373</strong></td>
<td><strong>15 091</strong></td>
</tr>
</tbody>
</table>

^ Includes $1,749,442 for non-expendable property approved for write-off but not disposed of, and $616,130 for non-expendable property pending approval for write-off.

Note 9
Future operations

(a) The Security Council decided in its resolution 1966 (2010) to establish the International Residual Mechanism for Criminal Tribunals (“Mechanism”) 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 Arusha branch commenced operations on 1 July 2012 for an initial period of four years. During the biennium 2012-2013, the Mechanism coexisted with both Tribunals, sharing resources and providing mutual support and coordination;

(b) The Security Council, in its resolutions 1966 (2010), 2029 (2011) and 2130 (2013), 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 the funding of post-retirement benefits, the General Assembly, in its resolution 64/240, 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 be addressed in the final budget submission and performance report of the Tribunal.
Annex

Voluntary fund to support the activities of the International Tribunal for the Former Yugoslavia

Schedule of income, expenditure, reserves and fund balances for the biennium ended 31 December 2013
(Thousands of United States dollars)

<table>
<thead>
<tr>
<th>Reserves and fund balances beginning of period</th>
<th>Income</th>
<th>Expenditure and other adjustments</th>
<th>Reserves and fund balances end of period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Voluntary Fund to support the activities of the International Tribunal for the Former Yugoslavia</td>
<td>1,140</td>
<td>2,293</td>
<td>2,248</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>1,185</td>
</tr>
</tbody>
</table>