CORTE DEI CONTI

SEZIONE DI CONTROLLO

PER GLI AFFARI EUROPEI E INTERNAZIONALI

REVISIONE ESTERNA DEL BILANCIO 2023

DI ICRANET

CORTE DEI CONTI

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SEZIONE DI CONTROLLO
PER GLI AFFARI EUROPEI
E INTERNAZIONALI

camera di consiglio del 3 ottobre 2024

presidente Antonio Mezzera;

componenti Giancarlo Di Lecce, Gian Luca Calvi, Igina Maio, Eugenio Madeo, Ilio Ciceri, Maristella Filomena

* * *

Visto il mandato di revisore esterno dell'*International center of relativistic astrophysics network* (Icranet), rinnovato alla Corte dei conti dall'organizzazione nel 2023;

visti i principi internazionali di audit applicabili all'attività delle Istituzioni superiori di controllo;

visti il bilancio per il 2023 dell'organizzazione, l'*audit report* e il rapporto sull'audit del bilancio 2023;

vista l'ordinanza n. 9/2024 di convocazione dell'adunanza della Sezione;

udito il relatore Eugenio Madeo ed esaminati gli atti citati;

DELIBERA

di approvare i soprarichiamati rapporti, con le modifiche apportate dal collegio, disponendone la trasmissione al presidente della Corte dei conti.

Il relatore	Il presidente
Eugenio Madeo	Antonio Mezzera

Depositata in Segreteria il 15 ottobre 2024.

Il dirigente
Iosè Guzzo

Corte dei conti

REPORT OF THE EXTERNAL AUDITOR

INTERNATIONAL CENTER FOR RELATIVISTIC ASTROPHYSICS NETWORK (Icranet)

Audit of the Financial Statements for 2023

Corte dei conti

AUDIT REPORT

Opinion

We have audited the Financial Statements of the International Center for Relativistic Astrophysics Network (ICRANet) as at 31st December 2023 comprising the Statement of Financial Position, the Financial Performance, the Statement of changes in net assets and the Cash-flow statement the Statement V concerning the comparison of budgeted amounts and actual amounts for the financial period as well as the Notes to the Financial Statements, for the year ending on that date, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying Financial Statements present fairly, in all material respects, the financial position of the ICRANet as at 31 December 2023, and its financial performance, its changes in net assets, its cash flows for the year and its comparison of budgeted and actual amounts for the year then ended, in accordance with IPSAS and the Financial Regulations of the ICRANet.

Basis for Opinion

We conducted our audit in accordance with the International Standards of Supreme Audit Institutions (ISSAIs), and the ICRANet Financial Regulations. In the field of Financial Statements audit, the ISSAIs are based directly on the International Standards on Auditing (ISAs). The Corte dei conti applies the provisions of the ISAs in so far as they are consistent with the specific nature of its audits. Our responsibilities under these standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the ICRANet in accordance with the ethical requirements that are relevant to our audit of the Financial Statements in the international framework, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the ICRANet Director and Those charged with governance for the Financial Statements

The Director is responsible for the preparation and fair presentation of the Financial Statements in accordance with International Public Sector Accounting Standards (IPSAS), and for such internal control as the Director determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, the Director is responsible for assessing the ICRANet's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Director either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the ICRANet's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

-identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

-obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the ICRANet's internal control.

-evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

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

-evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

Furthermore, in our opinion, the transactions of ICRANet that have come to our notice or that we have tested as part of our audit have been, in all significant respects, in accordance with the ICRANet Financial Regulations and its legislative authority.

In accordance with the Regulation 10.5 of the ICRANet Financial Regulations concerning the external audit, we also issued a detailed report on our audit of the ICRANet Financial Statements for 2023

Guido Carlino
President of the Corte dei conti

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1.NATURE, GOVERNANCE AND STRUCTURE

The International Center for Relativistic Astrophysics Network (Icranet) has been established by a special international agreement signed in Rome on 19th March 2003.

The Italian Republic ratified the agreement with Law n. 31 of 10th February 2005 recognizing the Icranet *"as an independent international organization, with its own management, to international status, as well as powers, privileges, immunities appropriate"*. According to the Statute, other Countries could adhere to the Organization without being obliged to give a financial contribution; moreover, Icranet may receive also voluntary contributions by States and international organizations.

Founding members of Icranet were, in addition to the Icra (International Centre for Relativistic Astrophysics), three Countries and two Universities: Italy; Armenia (that signed on 30th October 2003 the above-mentioned agreement ratified with Law 13/2005); the State of Vatican City (that signed on 30th October 2003 the same agreement); the University of Arizona (Tucson USA); the Stanford University (USA).

Currently, Brazil, as confirmed by the Director, is not an Icranet member.

Actually, Italy is the unique contributor as a State, with an amount for 2023 of 1.400.330,00 euros, which can be classified as the only annual *"mandatory Contribution"*.

The Statute annexed to the agreement and to Law 31/2005, states that the Icranet has purely scientific purpose for research and training in relativistic astrophysics, it has an international status and the legal capacity necessary for the exercise of its functions and the fulfilment of its purposes.

Bodies of Icranet are:

- the Steering Committee;
- the Scientific Committee;
- the Director.

It is worth mentioning that the Director of Icranet has been the same person without interruption since its establishment, i.e. since 2005.

With regard to the Steering Committee, as stated in the Statute, one of the members has to be the Director of Icra. The Director of Icra has participated in the Steering Committee, delegating from 2016 to February 2020 a Professor from the Icranet Faculty, while from December 2020 to February 2022 a Research Director of Icra. The role of Director of Icra and Icranet is exercised by the same person. Starting from 28th February 2023 prof Wang Yu has been nominated President of ICRA.

As of 2017, the representative of Stanford University and the representative of the University of Arizona have always delegated a professor from the Icranet Faculty to participate in the Steering Committee (with the exception of 2019 for the sole University of Tucson which delegated a professor who appears to belong to the same University).

We continue to recommend rebalancing the composition of Icranet governing bodies, with specific regard to the Steering Committee.

An additional site was established in Nice (France) at Villa Ratti, in 2006, with an agreement signed on 23rd October 2006, between the town of Nice and the Icranet, concerning a long-term lease. At Villa Ratti, Icranet appears to have held only two meetings during the year 2022 (from 16th to 18th May and from 4th to 14th July respectively, as indicated in the document presented by the Director at the Steering Committee meeting of 17th February 2023). In fact, as reported by the Director during the visit on 7th March, (annex 1), there is no staff permanently employed at this office. However, on the other hand, the presence of perfectly functioning scientific equipment and structures at the site was affirmed.

We have recommended in the last year identifying bodies and/or institutions available to use a portion of the structure, upon payment a rent that covers at least of a portion of both the expenses to be incurred annually and the cost not yet depreciated relating to the initial renovation of the property.

The Director has committed himself to arrange a plan of the scientific activities at the Seat in Nice, aiming to implement the use of this Seat.

Concerning the several artworks recently discovered in the Seat of Nice, the Director has assured that he will get in touch with companies and/or institutions potentially interested in a portion of the structure, upon payment of a fee, in order to reduce the annual maintenance cost of the structure itself.

2. CASH AND CASH EQUIVALENT- Bank accounts' confirmation

We have asked all the banks, having a business relation with Icranet, to confirm the current accounts' balances as of 31st December 2023.

We verified that the accounts' balances were properly recorded into the accounts. All variances detected have been explained and justified.

Icranet holds three bank accounts: two at the Banca Nazionale del Lavoro (Bnl) in Italy and one at Bnp Paribas in France.

We found, due to our circularisation process in auditing the 2021 and 2022 Financial Statements, that a credit line has been granted to the Director of 100.000,00 euros at the main account at Bnl. This is confirmed for the year 2023.

We noticed that, as occurred for the financial year 2022, the statement related to the account at Bnp Paribas did not arrive to us from the bank. We decided to adopt the alternative procedure and Icranet provided us a copy of the statement. We found no discrepancies in the reconciliation between our counting and the amount recorded in the accounting.

Concerning the bank accounts, we have already noted in the past reports that the only person authorized to perform banking operations at the mentioned banks is the Director.

Furthermore, we found that the signatory power granted to the Director is unlimited (formally, till 9.999.999.999.999,99 euros); this is confirmed with reference to the year 2023.

We are aware that the single signatory power for bank accounts has been a long-established practice. However, the effectiveness of treasury management needs to be enhanced. Therefore, we recommend implementing a dual signatories' policy, in order that, to operate bank accounts, the dual joint signature of authorized officials is required. Therefore, a change in Financial regulations is needed for establishing such a rule.

Considering that a confirmation from a bank was missing, we asked and obtained from Management a copy. However, we recommend that Management makes efforts in instructing banks to send the confirmations directly to the External Auditor as a general rule, being worthwhile for us receiving these communications with all requested information directly from banks, as also stated by Isa505.

3. ANALYSIS OF COST ITEMS OF 2023 ANNUAL ACCOUNTS

From the Icranet 2023 trial balance, a sample of cost items were identified and verified during the control activity carried out in Pescara on July, 25th 2024, with reference to the following areas:

1. Purchase costs
2. Costs for the raw materials
3. Costs for services in Nice
4. Costs for other services
5. Meetings
6. Rentals' expenses

As regard the details, see below annex 2.

4. INTERNAL CONTROL

We noted that a self- assessment of the function was needed, therefore we recommended it. The Internal Auditor has declared that this assessment has been made.

We recommend an implementation of the activities of the internal audit's function and more accuracy in carrying them out.

5. FOLLOW UP TO PREVIOUS RECOMMENDATIONS

Our long-form report concludes with follow-up tables, in the Annex, summarising the status of implementation of open recommendations from previous financial and special reports, including those made by our predecessors. We requested an update on the current status of implementation from the Director and received the answers he collected from relevant management. We have analysed and assessed their implementation. Any recommendations marked as 'closed' will not be included in the follow-up table of our next reports.

ANNEX 1 - Follow-up to recommendations issued in our previous reports

Recommendation 2 for financial year 2019	Status as at 15.11.2023 as reported by Icranet	Status as assessed by Italian Court of Auditors
We recommend to be more specific with respect to the reasons that can justified the derogation, also relatively to its limits (amounts, duration and so on).	As already indicated in EA Report of 16th February 2023 (Audit of the Financial Statements for 2021), in the regulation *"Rules for expenses Reimbursements"*, approved on 8th February 2021, the motivations for which the Director can derogate to what is envisaged in the regulation itself have been introduced. Moreover, it has been introduced a new rule in case of missions abroad for a prolonged period for scientific or medical needs, with a per diem amount of 45,00 euros, with a maximum per month of 1.000,00 Euro. The new version of the regulation has been approved by the Steering Committee on	Closed in our previous report for financial year 2022 We acknowledged the reply.

Recommendation 1 for financial year 2020	Status as at 31.07.2024 as reported by Icranet	Status as assessed by Italian Court of Auditors
We renew the recommendation to complete as soon as possible the inventory of the assets owned by Icranet and to label the items properly, as requested by best practices.	The labelling is going on, just a few items are left. expected. Just a few items are left and will be labelled by the end of this year 2023.	Ongoing

Recommendation 3 for financial year 2020	Status as at 15.11.2023 as reported by Icranet	Status as assessed by Italian Court of Auditors
We recommend that in regulating more specific rules be adopted with respect to the reasons that can justify derogations, also relatively to its limits (e.g. amounts or duration).	As already indicated in EA Report of 16th February 2023 (Audit of the Financial Statements for 2021), the examined Regulation is the one called “Reimbursement of costs to scientific visitors (professors and scientists)”, approved during the 22nd Icranet Steering Committee meeting on 5th February, 2020. The amount of the per diem which will be paid to those visitors could range from the maximum amount envisaged in the “Collaboration contract for research activities” for the Adjunct Professors, as indicated in art. 8 (support for collaboration), to the minimum amount which envisages a support limited to lodging free of charges in the Icranet guesthouse, with all the other expenses cover by the Institute of the visitor.	Closed in our previous report for financial year 2022

Recommendation 4 for financial year 2020	**Status as at 15.11.2023 as reported by Icranet**	**Status as assessed by Italian Court of Auditors**
We recommend that all the key documents and procedures related to contracts procedure are proceeded on headed Icranet paper and protocolled.	As already indicated in EA Report of 16th February 2023 (Audit of the Financial Statements for 2021), the majority of the documents is transmitted through Icranet institutional email addresses, so it is tracked. The residual part, for which it's necessary to transmit the printed paper, is managed on Icranet registered letterhead.	Closed in our previous report for financial year 2022 We acknowledged the reply.

Recommendation 1 for financial year 2021	Status as at 15.11.2023 as reported by Icranet	Status as assessed by Italian Court of Auditors
We recommend verifying the "Cassa in Brasile", considering the withdrawal from the cash of the amount related to this petty cash maintained in Brazil.	The "cassa Brasile" has been completely depreciated in the 2022 fiscal year.	Closed We acknowledged the reply.

Recommendation 2 for financial year 2021	Status as at 31.07.2024 as reported by Icranet	Status as assessed by Italian Court of Auditors
Considering that a confirmation from a bank was missing, we asked and obtained from Management a copy of the statement of accounts as of 31.12.2021. However, we recommend that Management makes efforts in instructing banks to send the confirmations directly to the External Auditor as a general rule, being worthwhile for us receiving these communications with all requested information directly from banks, as also stated by Isa505.	The procedure requested by the Court of Auditors has been followed again, but without success concerning the sending of the paper document from BNP Paribas directly to the Court of Auditors. However, the document sent by BNP to Icranet has been already sent to Court of Auditors.	Ongoing

Recommendation 3 for financial year 2021	Status as at 31.07.2024 as reported by Icranet	Status as assessed by Italian Court of Auditors
We are aware that the single signatory power for bank accounts has been a long-established practice. However, the effectiveness of treasury management needs to be enhanced. Therefore, we recommend implementing a dual signatories' policy, in order that, to operate bank accounts, the dual joint signature of authorized officials is required. Therefore, a change in Financial regulations is needed for establishing such a rule.	The joint signature will be applied by the Director as well as by an Icranet Faculty Professor for economically relevant amount (5.000,00 euros).	Ongoing

Recommendation 4 for financial year 2021	Status as at 15.11.2023 as reported by Icranet	Status as assessed by Italian Court of Auditors
We recommend checking the item of receivables from Brazil of 990,000 euros, as they no longer represent a certain liquid and collectable receivable. In these cases, in which a credit has certainly become uncollectable for known reasons, in compliance with the principles of truthfulness and clarity of the financial statements, the credit must be: - represented in the financial statements on the basis of the presumable realizable value by offsetting the loss with the specific bad debt provision of 240,000 euros and, in the event of inadequacy, using the existing reserves; - definitively removed from the financial statements, offsetting a part of the loss with the bad debt provision of 240,000 euros and for the remainder by drawing on existing reserves.	During the meeting of 17th February 2023, the Director proposed to accept the recommendation on the depreciations of receivables from Brazil contained in the Court of Auditors' Report to the 2021 budget, received on 16th February 2023. In particular, he proposed to amend the budget by totally depreciating the receivables from Brazil for the part not covered by the fund, equal to 750,000.00 euros, as well as to totally depreciate the "Cassa Brasile" for 314.37 euros, followed by an update of the budget. On that occasion, the Steering Committee ratified the Director's proposal as well as the updated budget.	Closed in our previous report for financial year 2022 We acknowledged the reply.

Recommendation 5 for financial year 2021	Status as at 31.07.2024 as reported by Icranet	Status as assessed by Italian Court of Auditors
We recommend setting up a procedure that provides for the physical verification of the assets to carry out on a regular basis, at least annually. Furthermore, this task should be entrusted to internal staff not involved in labelling items, in order to respect the segregation of duties.	With the completion of the inventory, each year, we will indicate a member of the Faculty who will provide annually the physical verification of the assets.	Closed

Recommendation 6 for financial year 2021	**Status as at 15.11.2023 as reported by Icranet**	**Status as assessed by Italian Court of Auditors**
Even considering the Director's reply to our past recommendation n. 2/2020, we again recommend renegotiating with the City of Nice the contract of long-term lease and disposing the closure of the site located in Villa Ratti, given that the few scientific activities, supposedly held in the site in 2021 and 2022, do not justify the high costs, especially considering that the meetings were held in "blended mode" (both physical and virtual): indeed, the administrative costs amount to about 10.000.00 euros per year, same as the restructuring costs. This is also confirmed by the new Statement V, where it is clearly shown that no activities were carried out in 2021.	The Seat of Icranet at Villa Ratti is gaining great relevance at international, scientific and cultural level. On 2nd August 2023 we have sent a letter (prot. 4504) to H.E. Rima Abdul Malak, Ministry of Culture of the Republic of France, to place under the protection of her ministry the historical archives, the frescoes of the 18th century, discovered and restructured by Icranet, and the scientists' signatures on the walls of Villa Ratti. On 8th September 2023, Mr Tristan Frigo, head of Cabinet of the Ministry of Culture, informed that the Minister took note with attention and asked him to transfer this material to the regional cultural affairs Directorate of Provence-Alpes-Côte d'Azur. We have informed the Italian Court of Auditors on 16th October (letter prot. 4528) as well as the Major of Nice Mr Christian Estrosi and the Deputy Mayor Ms Agnès Rampal on 2nd August (letter prot. 4502). On 8th September and 2nd October, Ms Xavier Latour on behalf of the Municipality of Nice, reiterated the need to protect such an exceptional artistic, scientific and historic heritage. They also thanked Icranet for promoting scientific activities in Villa Ratti which contributing to the cultural growth of the city of Nice. On 24th November, Ms Johanne Lindskog (Director of Musée des Beaux-Arts Jules Chéret of Nice and Head of Art Museums' coordination of Nice) contacted Icranet and informed us that the Musée des Beaux-Arts Jules Chéret in Nice is organizing an exhibition from June to September 2024, about Berthe Morisot's (1841-1895) stays and works. (to be continued)	Closed in our previous report for financial year 2022

	Status as at 15.11.2023 as reported by Icranet	Status as assessed by Italian Court of Auditors
	Ms Lindskog, together with Ms Véronique Thuin de Chaudron (heritage Department of the Municipality of Nice) visited Villa Ratti on 29th September, in order to discover and collect all these elements for the preparation of the exhibition. Berthe Morisot, a famous painter and model for Édouard Manet and Claude Monet, lived in Villa Ratti. The Director (Johanne Lindskog) is examining the possibility that the two paintings in the main room of Villa Ratti were the work of Manet and the sketches on the wall were drawn by Morisot. In order to verify these hypotheses, analyses will be carried on by the museum with the Cicrp (Centre interdisciplinaire de recherche et de restauration du patrimoine), based in Marseille. As part of the exhibition, the Musée des Beaux-Arts and its scientific committee proposed 1) to draw up a partnership agreement ("Convention de partenariat") with Icranet to be presented to the Municipal Council of Nice, in order to formalize the collaboration; 2) to plan visits to Villa Ratti for the general public; 3) to list Icranet among the major organizations that have contributed to the exhibition. They plan to organize a campaign to take photo of the interior and exterior of Villa Ratti, to prepare a text about the villa in the exhibition catalogue, and to restore and present architectural elements of the villa. Ms Lindskog also informed Icranet that several specialists in Roman archaeology at the Municipality of Nice's Heritage Department will visit Villa Ratti, in order assess the possible origin as a Roman villa. On 21st November, Icranet informed Mr Stéphane Morabito, Head of the heritage Department of the Municipality of Nice, about all these developments (letter prot. 4541). (to be continued)	

	Status as at 15.11.2023 as reported by Icranet	Status as assessed by Italian Court of Auditors
	In order to further implement its activities in Nice, Icranet has signed a new Cooperation protocol with the association Archimedes Eca in Nice (France) on 31st July 2023 (http://www.icranet.org/index.php?option=com_content&task=view&id=1499). The agreement will be valid for 5 years and the main joint activities to be developed under their framework include: the institutional exchange of graduate, post-graduate students, researchers and faculty members, the development of teaching and/or research activities, the organization of symposia, seminars, conferences and short courses, the promotion and support of technical-scientific and cultural events and activities open to the public; the exchange of information concerning teaching and research activities in both institutions as well as the applications to the international grant programs to promote joint research projects or implement mobility exchange programs. As every year, Icranet organized an event on the occasion of the European Researchers' Night on Friday 29th September 2023, in order to create a nice occasion for discussion among citizens and researchers. This event, jointly held at Icranet Seats in Nice, in Pescara and online, attracted, as usual, a lot of people, and offered visitors a unique opportunity to listen to many presentations made by Icranet Director and Faculty. Moreover, the student Shurui Zhang from the University of Sciences and Technology of China (USTC) visited during 2022 and 2023 Villa Ratti, in order to carry on his scientific researches.	

Recommendation 7 for financial year 2021	Status as at 31.07.2024 as reported by Icranet	Status as assessed by Italian Court of Auditors
We recommend defining a recruitment policy regarding administrative and scientists, in accordance with UN rules, with a step-by-step description of the phases in guidelines, through a revision of existing rules. So far as practicable, selection shall be made on a competitive basis.	The regulation is being updated to accept the suggestions of the Court of Auditors.	Ongoing

Recommendation 8 for financial year 2021	**Status as at 31.07.2024 as reported by Icranet**	**Status as assessed by Italian Court of Auditors**
We recommend that in all internal regulations concerning staff leaves, missions, etc., a procedure be established foreseeing the supervision of a responsible as Head of Administration, and joint signatures.	Icranet has an head of administration: the Director. The establishment of a new official would imply additional fees, not sustainable for Icranet, also in view of the limited number of personnel.	Closed

Recommendation 9 for financial year 2021	**Status as at 15.11.2023 as reported by Icranet**	**Status as assessed by Italian Court of Auditors**
We observe that in last 3 years, a huge percentage of revenue was dedicated to personnel costs (as an average the 73% of the revenue) meanwhile only a low amount (as an average the 11,8% of the revenue) was addressed to Training and other scientific activities. We recommend adopting a new administrative framework (or restructuring the existing one), with the aim of reducing the incidence of personnel expenses in relation to total revenue, so that the resources allocated for scientific research will not be impaired.	We confirm the previous answer and indicate that, for the financial year 2022, the percentage of the costs for research would be around the 68,38% of the ordinary total costs.	Closed in our previous report for financial year 2022

Recommendation 10 for financial year 2021	Status as at 15.11.2023 as reported by Icranet	Status as assessed by Italian Court of Auditors
Considering that, according to art. 13 of the Statute "The financial operations of the Icranet shall be governed by financial regulations to be adopted by the Steering Committee in accordance with the established principles of the United Nations", we recommend setting-up a Procurement Manual, covering all the key requirements of the procurement procedure and best practices applied by the Un International Organizations for public procurement.	The setting up of an essential Procurement Manual is being prepared taking into due account the limited number of Icranet staff.	Closed in our previous report for financial year 2022

Recommendation 11 for financial year 2021	Status as at 31.07.2024 as reported by Icranet	Status as assessed by Italian Court of Auditors
Considering that the contract for outsourcing the IT services was awarded with no transparent and competitive procedure, according to the common practices and procurement rules adopted within the UN system, we recommend that such contract be immediately terminated, and that a competitive and transparent procedure be prepared for the award of the services needed.	In December 2023, Icranet published an announcement on its website for the selection of a supplier of support for IT activities. Two companies responded to the announcement. One of the two was awarded the contract. It should be noted that the company that signed the contract is not the historical supplier.	Closed in our previous report for financial year 2022

Recommendation 12 for financial year 2021	**Status as at 15.11.2023 as reported by Icranet**	**Status as assessed by Italian Court of Auditors**
Considering that the regular self-assessment, envisaged by the standards, has never been performed, we recommend that the Internal Auditor carry out, as soon as possible, a full self-assessment with external quality review, to verify its compliance with all IIA standards and with the three lines model, in order to support regular improvement of the Internal Audit function, determining all actions required. We also recommend that, after this exercise, which should be performed at least each five years, the Internal auditor start to carry out the annual self-assessment.	The Internal Auditor carried out a full self-assessment with external quality review.	Closed in our previous report for financial year 2022

Recommendation 1 for financial year 2022	Status as at 31.07.2024 as reported by Icranet	Status as assessed by Italian Court of Auditors
We recommend rebalancing the composition of Icranet governing bodies, with specific regard to the Steering Committee.	All the necessary actions are taken in order to regulate the governance structure of Icranet. In particular, Stanford Universities and the University of Arizona have delegated their own representatives, in conformity with the letter f of article 5 of the Statute and in articles 6, 7 and 8 of the Icranet Internal Regulations of the Steering Committee, approved in the Steering Committee in year 2006. Concerning Icra, we inform that Prof. Ruffini is no longer President of Icra starting from 28th February 2023.	Ongoing

Recommendation 3 for financial year 2022	Status as at 31.07.2024 as reported by Icranet	Status as assessed by Italian Court of Auditors
With concern to Faculty Members, we recommend linking the variable part of the annual salary to productivity criteria.	It is a commonly accepted fact within the scientific community that it is not possibly to judge the quality of the work of a scientific researcher by looking only to the number of their publications appeared in a single year. In fact, also the Italian Agency for the evaluation of the universities and research centers (Anvur), when evaluating a scientific researcher for the National Scientific Habilitation (Asn), requires to consider the publications of the last 10 or 15 years, not of a single year. By looking at such time intervals, all Icranet Faculty Members have a large and well-established scientific production on high impact factor peer reviewed scientific Journals. Normalizing the number of the publications by the numbers of the coauthors can be deeply misleading, since nowadays it is very common to have publications with more than thousands of coauthors (the recent publications by the Ligo/Virgo/Kagra collaboration on gravitational waves, which also include researchers from the Italian National Institute for Nuclear Physics (Infn) are just an example). In this case the ratio between the number of publications of a researcher in a given year and their average number of authors may easily be on the order of 0.01 or even much smaller. Parametrizing the salary of a researcher by the number of their publications would paradoxically lead to a priority of the quantity of the publications over their quality, which is something that everyone wants to avoid. In fact, also the Italian Ministry for University and Research does not consider any parameterization for the salary of Italian researchers based on the quantity of the publications appeared each year. Of course, Icranet is committed to ensure the quality of the scientific production of the members of its Faculty. The only reliable way that has been found so far to evaluate the quality of the scientific publications (which is the way applied also by Anvur) is the peer review within the scientific community itself, i.e., by looking if they have been accepted by a high impact factor peer reviewed scientific Journal and by counting the number of citations they receive in the subsequent years. If this evaluation is performed over an appropriate time interval, like the 10 or 15 years considered by Anvur, all Icranet Faculty Members have a large and well-established scientific production as recalled above. Some of them published papers which have given fundamental contributions to the development of relativistic astrophysics and have received through the years thousands of citations. Concerning the amount of the salaries of the Faculty Members, it must be recalled that it is perfectly in line	Ongoing

Recommendation 6 for financial year 2022	**Status as at 31.07.2024 as reported by Icranet**	**Status as assessed by Italian Court of Auditors**
We recommend to: - promptly proceed to carry out the so-called operations budget cleaning for subsequent years for the cost items of equipment for the Rome headquarters and Pescara plants; - formalize a contract from which specific scientific research obligations arise for the teacher who receives the contribution.	- The fully depreciated fixed assets relating to the equipment of the Icranet offices were deleted in the 2023 balance sheet; -Every researcher of Icranet receiving a financial contribution sign a contract specifying the obligation of research. This applies as well to the contribution to the Director of the Icranet Seat in Armenia.	-Closed with reference to the first part (depreciation of the mentioned cost items of equipment); -As per the second part (researchers' contracts with specified obligations): Ongoing

Recommendation 7 for financial year 2022	Status as at 31.07.2024 as reported by Icranet	Status as assessed by Italian Court of Auditors
We recommend an implementation of the activities of the internal audit's function and more accuracy in carrying them out.	The internal auditor commits himself to carry out his activities with greater accuracy.	Ongoing

ANNEX 2

BALANCE SHEET DATA 2023 PROVIDED BY ICRANET

I. STATEMENT OF FINANCIAL POSITION 2023

Assets

In 2023 Total Assets amounted to 1.506.728,88 euros (1.539.573,40 euros in 2022), and they slightly decreased (-32.844,52 euros) by 2,1% in comparison with the value recorded in 2022.

They consisted of Current assets and Non-current assets. The Current Assets amounted to 1.219.035,74 euros and represented the 80,9% of Total Assets; they decreased by 0,7% with respect to 2022 (-8.244,95 euros), when they amounted to 1.227.280,69 euros.

The Non-current Assets in 2023 were equivalent to 287.693,14 euros (312.292,71 euros in 2022) and represented 19.1% on Total Assets.

Current Assets

Total current assets in 2023 amounted to 1.219.035,74 euros, presenting a slight decrease (of 8.244,95 euros; by 0.7%) as compared to 2022 (1.227.280,69 euros). The difference is due to the decrease of the accounts receivables for no exchange transactions. The basis for the evaluation of the Current assets is given in the notes to the Financial Statements from paragraph 3 to 9.

Cash and cash equivalent

The sub-heading "Cash and cash equivalent", totalling to 862.060,81 euros in 2023, decreased (-58.272,88 euros), by 7.2% comparing to 2022 (803.787,93 euros). It includes cash in hand and all the balances of Icranet bank current accounts as of 31st December 2023. It is disclosed in the note 3 of the Financial Statements.

Banks

Icranet holds three bank accounts: two at the Banca Nazionale del Lavoro (Bnl) in Italy and one at Bnp Paribas in France.

The balance as of 31st December 2023 of the two bank accounts at Bnl amounted to 765841,48 euros (703.286,65 euros in 2022). There was an increase of the balance at the main account at Bnl of 62.554,83 euros.
The balance as of 31st December 2023 of the bank account at the Bnp Paribas, as resulted by the statement provided by Icranet, amounted to 95.139,63 euros (98.646,22 euros in 2022).

Receivables

Account receivables for non-exchange transactions, represent a net worth of 5.589,98 euros sharply decreasing, by 87,1%, as they amounted to 43.399,44 euros in 2022. They amounted to 0.4% of the total Current assets.

Non-current assets

Non-current assets as of 31st December 2023 is composed of "Property, Plant and Equipment" and amounted to 287.693,14 euros (312.292,71 euros in 2022); there was recorded a reduction of 7.9%.

The basis for the evaluation of Non-current Assets is given in the Accounting Principles (note 2.9 of the Financial Statements).

Investments

The sub-heading "Short terms investments" in 2023 amounted to zero, as in past years. A policy on investments was never adopted.

Property, plant and equipment

The heading "Property, Plant and Equipment" amounted to 287.693,14 euros in 2023 (312.292,71 euros in 2022), representing the whole of Non-current assets.

There were conducted masonry works therein, the last one of which took place in 2008; they are disclosed for a residual value, at the end of 2023, amounting to euros 263.082,96.

This item (PPE) also includes the value of the MG registered mark, inserted firstly for the financial year 2016, subjected to a depreciation period of 12 years (see note 9 of the Financial Statements).

Intangible Assets

A registered mark, namely “MG meetings”, owned by Icranet, has been capitalized, for the first time in 2016, and is subject to a depreciation which has been calculated on the basis of 12 years of useful life. The residual value in 2023 amounts to 21.462,33 euros.

Liabilities

In 2023 Liabilities amounted to 783.473,38 euros and they decreased by 4.2% comparing to the previous year (817.563,17 euros in 2022).

They consisted of Current liabilities, amounting to 458.939,70 euros (519.175,19 euros in 2022) representing the 58.6% on total Liabilities, and of Non-current Liabilities, equivalent to 324.533,68 euros (298.387,98 euros in 2022), with 41,5% of weight on total Liabilities.

Current Liabilities

As stated above, total Current liabilities in 2023 amounted to 458.939,70 euros, presenting a decrease by 11.6% compared to 2022 (519.175,19 euros). The basis for the evaluation of Current liabilities assets is given in notes of the Financial Statements from 11 to 16.

Employee benefits

The sub-heading “Employee benefits” in Current liabilities amounted to 223.272,05 euros (217.770,59 euros in 2022) with an increase of 2,5%.

They are mostly related to the accrued annual and previous leave provision. The breakdown is presented in note 11 of the Financial Statements.

Other current Liabilities

The heading “Other current liabilities” amounted to 17.982,30 euros, showing a sharp decrease, by 73.6 in comparison with 2022 (68.071,27 euros). This amount, as explained in note 16 of the Financial Statements, refers to the obligations that are paid in the following financial year.

Non-current liabilities

Total Non-current liabilities amounted to 324.533,68 euros, increasing by 8.8% comparing to 2022 (298.387,98 euros).

They are composed of “Employee benefits”, as it is explained in note 16 of the Financial Statements.

The Non-current liabilities heading also includes the prudential provision, made during the financial year in relation with future and unpredictable obligations that may arise. An explanation of the nature of such liability is offered in the Financial Statements.

II. STATEMENT OF FINANCIAL PERFORMANCE 2023

This Statement showed the Organization’s operating and financial revenue and expenses classified, disclosed and presented on a consistent basis in order to explain the year’s net deficit or surplus.

The result for the period shows a surplus of 1.245,27 euros (it was recorded a deficit of 838.094,03 euros in 2022).

Revenue

The total revenue amounted in 2023 to 1.411.944,00 euros (1.406.492,06 euros in 2022); they were composed of Mandatory and Voluntary Contributions.

The only “Mandatory Contribution” is the one given from the Italian Government, amounting to 1.400.330,00 euros.

In 2023 the acquisition of Voluntary contributions amounted to 8.750,00 euros (in 2022 they were 950,00 euros).

In 2023 financial revenue amounted to 2.864 euros and was represented by interests on term with bank.

“Other revenue” amounted to zero euros (5.130,94 euros in 2022).

Expenses

Expenses totalled 1.410.698,73 euros in 2023, presenting a significant decrease (of 37.2%) compared to the value of 2022, when they amounted to 2.244.586,09 euros. The difference is mainly due to the sharp decrease of the “Other expenses”, totalling to 15.868,78 euros (766.576,39 euros in 2022). The breakdown of all Expenses is shown in note 20 of the Financial Statements.

Among all expenses, the most relevant amount is registered as of Employee expenses which is disclosed at the value of 1.073.023,96 euros (in 2022 it was 1.138.212,41 euros; it was registered a slight decrease, of 5.7%).
Also, for the financial year 2023, there were reported the "ex-gratia" contributions, pursuant to Art. 8.3 of the Financial Regulations, according to note 20 of the Financial Statements, given from Icranet to: 1) La Plata-Arguel Univ (5.000 euros); 2) Università di Ferrara (5.000 euros).

Various Expenses

The various expenses are detailed in note 20 of the Financial Statements.
Consultants, external experts and mission costs amounted to 66.073,98 euros (85.902,62 euros in 2022); they decreased by 23.1%.
In 2022 the cost of "Training research and scientific activities" amounted to 129.749,02 euros and it increased, from 117.735,12 euros in 2022 (+10.2%).

III. STATEMENT OF CHANGES IN NET ASSETS/EQUITY FOR THE YEAR ENDED ON 31st DECEMBER 2023

In 2023, as mentioned above, it was recorded a surplus of 1.245,27 euros. In 2022 a deficit was registered, amounting to 838.094,03 euros.

IV. CASH FLOWS STATEMENT FOR THE YEAR ENDED ON 31st DECEMBER 2023

The Table of cash flows identifies the sources of cash inflows, the items on which cash was spent during the reporting period, and the cash balance as at the reporting date.
According to the Cash flow statement, there was reported, for 2023, a cash flow from operating activities of 58.273 euros (in 2022 of 92.865,00 euros) and a cash flow from investing activities of 0 euros (in 2022 of 7.758,95 euros).

V. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

We audited the Comparison of budget and actual amounts for the twelve months ending 31 December 2023, provided in accordance with IPSAS 24, which requires that this comparison, arising from execution of the budget itself, should be included in the Financial Statements.