Officers of the Board of the Centre

Meeting of Officers of the Board, May 2026

FOR DECISION

Financial Report and audited financial statements for the year ended 31 December 2025

and Report of the External Auditor

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Financial report on the 2025 accounts

Introduction

1. These financial statements are prepared in accordance with Article 14 of the Financial Regulations of the International Training Centre of the International Labour Organization (the Centre) and they are submitted to the Board in accordance with Article 17. The External Auditor's report on the audit of the Centre's 2025 financial statements, in addition to the Independent Auditor's Report, is also submitted to the Board of the Centre in accordance with Article 27 of the Financial Regulations.

2. The 2025 financial statements have been prepared in accordance with the International Public Sector Accounting Standards (IPSAS). Financial statements prepared under IPSAS recognize the general operations' voluntary contributions for which there are no conditions when receipt is probable, and the amount is known. Contributions relating to training and non-training activity services as well as for other specific purposes that have conditions are recognized as revenue when the services are delivered or when the related expenditure is incurred by the Centre. Expenditure is recognized when goods and services are received, rather than when they are paid. Employee benefits relating to accumulated leave, home leave, repatriation travel and removal are recognized in the financial statements as they are earned by the Centre's officials, rather than when they are paid.

3. The implementation of IPSAS has limited impact on the preparation of the budget, which is still presented on a modified accrual basis. As the basis and scope of the budget and the financial statements differ, reconciliations between the IPSAS Statement of budget and actuals and the Statements of financial performance and cash flow are presented in the notes to the financial statements.

4. The Centre was established by the Governing Body of the ILO and the Government of Italy in 1964. The Centre is governed by a Board, chaired by the Director-General of the ILO. The Board has 33 members, 24 of whom are appointed by the Governing Body of the ILO. As the ILO is the controlling entity of the Centre, the Centre's financial statements are consolidated within those of the ILO.

Financial Highlights of 2025

5. The results presented below relate to the financial year 2025, during which the Centre recorded an increase of approximately 28 per cent in the total number of enrolments in direct training activities compared with 2024. The Centre also continued to deliver activities through online modalities, reaching more than 59 000 additional direct and indirect enrolments, representing an increase of 41.0 per cent compared with 2024. The Centre maintained its efforts in offering non-training services in 2025. The number of participants reached through these modalities remained broadly stable with only 5 per cent decrease compared with 2024.

6. In 2025, the Centre implemented the second year of the programme approved under its 2024-25 Programme and Budget, aligned with its Strategy for 2022-25. The number of activities in 2025 showed an increase of 12 per cent compared with 2024. Total training outreach increased by 39 per cent in 2025, bringing the number of enrolments in direct and indirect trainings (face to face, online and blended modalities) to nearly 212 000 for the year. In 2025, the overall Contribution to Fixed Costs (CFC) remained strong, resulting in very healthy financial results, as shown below:

(In thousands of Euro)

	2025	2024	2023	2022
Revenue	46,110	45 868	46 099	49 738
Expenditure	47,975	43 016	43 098	41 047
Net IPSAS surplus	**(1,865)**	**2 852**	**3 001**	**8 691**
Assets	63,224	65 791	60 567	46 653
Liabilities	26,186	26 835	24 481	13 342
Net assets	**37,038**	**38 956**	**36 086**	**33 311**
Budget surplus	**578**	**803**	**1 323**	**3 833**

The IPSAS-based 2025 net result is a deficit of €1.865 million and reflects the combined financial results of all the Centre's funds . By contrast, the budgetary surplus of €578 000 relates only to the results of the General Fund. The difference between the IPSAS-based result and the budgetary result is mainly attributable to the following factors:

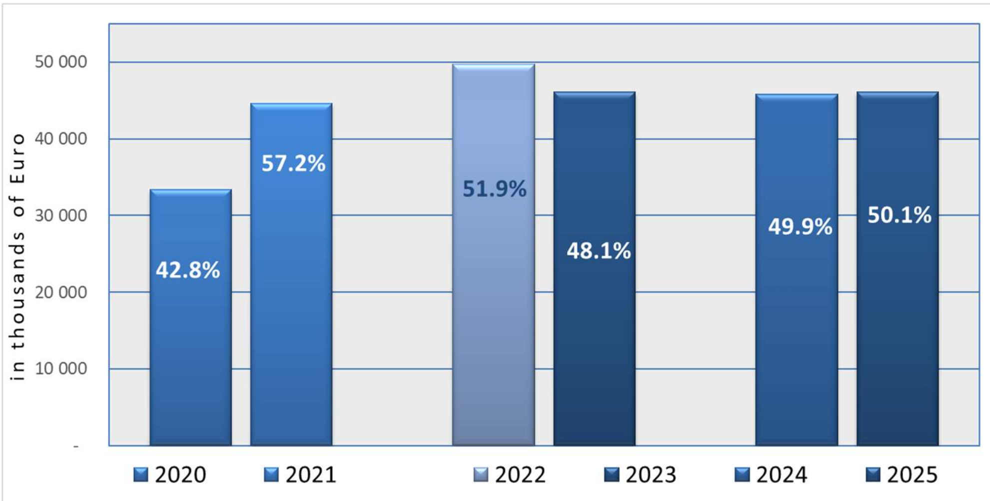
- Depreciation expense of €139 000 relating to assets expensed prior to 2012 following the transition to IPSAS-based reporting;
- An unrealized foreign currency revaluation loss of €2.942 million recognized in the Statement of Financial Performance;
- Net surplus of €309 000 recorded in the Campus Improvement Fund, the Italian Trust Fund, the Innovation Fund, the Information and Communication Technology (ICT) Development Fund and the Fellowship Fund;
- The receipt of a non-conditional voluntary contribution of €863 000 recognized in the Statement of Financial Performance but not in the budgetary accounts; and
- the use of voluntary contributions for activities amounting to €535 000, also recognized only in the Statement of Financial Performance.

7. Net assets decreased from €38.956 million in 2024 to €37.038 million in 2025. This change is attributable to the net deficit reported in the Statement of Financial Performance and to the actuarial loss on the employee benefit liabilities resulting from the actuarial valuation of repatriation travel and removal.

8. As illustrated in the graph below, total IPSAS-based revenue recorded during the current biennium was 4 per cent lower than in the previous biennium. This decrease is mainly attributable to the unrealized exchange loss on revaluation recorded in 2025. Total IPSAS based revenue in 2025 was slightly higher than in 2024, with a net increase of approximately €243 000. Revenue from training and non-training activities increased

by €1.27 million in 2025 compared with 2024, while voluntary contributions rose by approximately €537 000. These increases were partially offset by decreases in interest income and unrealized exchange gains in 2025, resulting in the overall net increase of €243 000 noted above. On a budgetary basis, total revenue for the 2024-25 biennium amounted to €91.9 million, slightly exceeding the biennial budget of €91.9 million. This corresponds to an achievement rate of 100.2%.

Total revenue, three biennium comparison

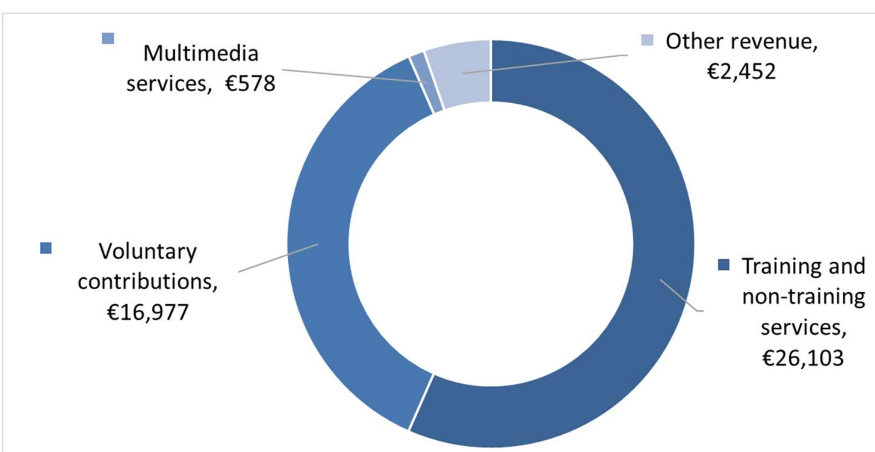


Financial performance

Revenue (IPSAS based)

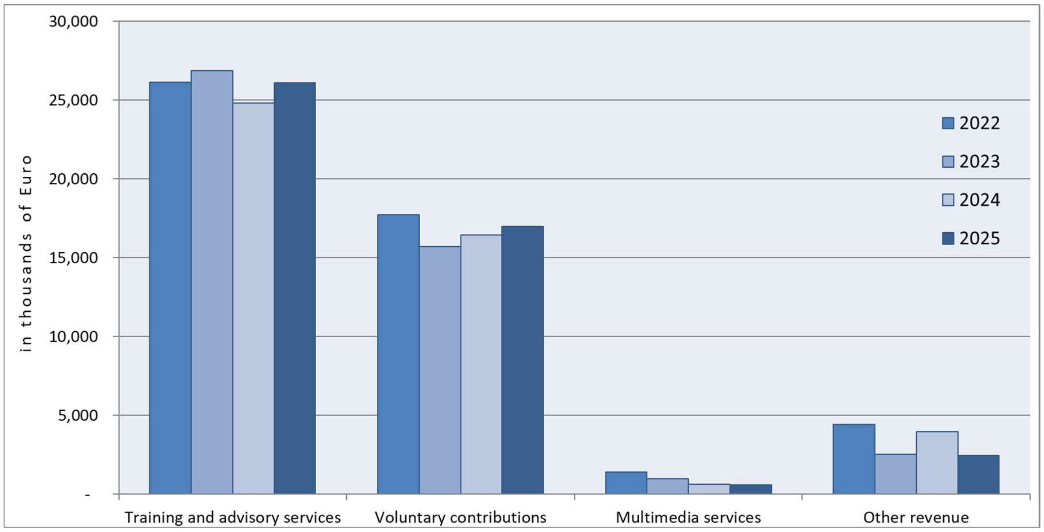
9. Revenue in 2025 totaled €46.1 million, compared with €45.9 million in 2024. The difference is mainly attributable to the unrealized currency exchange revaluation loss of €2.88 million recorded in 2025. The revenue reported in 2024 included an unrealized currency exchange revaluation gain of €1.22 million. It should be noted that unrealized foreign exchange revaluation gains and losses may or may not materialize, as this depends on future currency fluctuations and the Centre's actual operations. The distribution of revenue in 2025 revenue was as follows:

Revenue by source, 2025 (in thousands of Euro)



10. The two major sources of the IPSAS based revenue in 2025, representing 93.4 per cent of total revenue (2024 – 90.0 per cent) are derived from training and non-training services as well as voluntary contributions.

Revenue sources, four-year comparison



11. IPSAS-based revenue from training and non-training services totaled €26.1 million in 2025, compared with €24.8 million in 2024, representing an increase of €1.3 million (5.1 per cent). In 2025, the number of training and non-training activities increased by 3 per cent. Outreach also expanded, reaching more than 128 000 enrolments in direct training activities in 2025, thereby achieving the outreach target for the 2024-25 biennium.

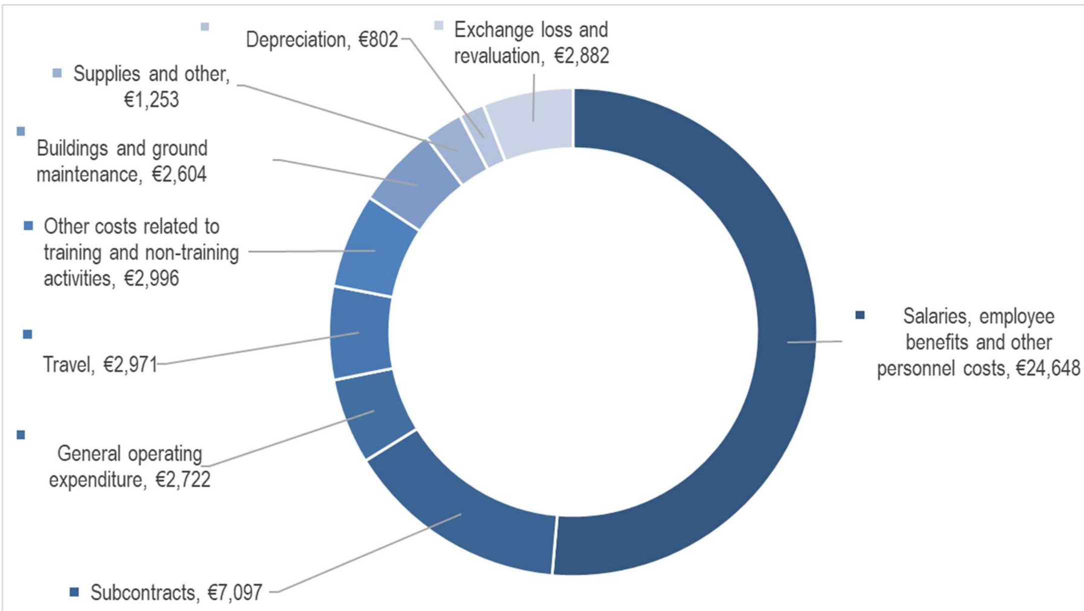
12. Voluntary contributions increased by €537 180 in 2025 compared with 2024. The Italian Government's *ex-lege* contribution of €7.85 million remained unchanged; however, its voluntary contribution for activities decreased to €1.8 million in 2025, compared with €2.0 million in 2024. The ILO contribution in 2025 included €4.78 million US dollars (2024: USD 4.78 million) to support operational expenditure and approximately €1.14 million (2024: €1.10 million) to cover the costs of After Service Health Insurance for Centre retirees. The euro equivalent of the total ILO contribution in 2025 amounted to €5.78 million, compared with €5.56 million in 2024. The slight increase of approximately €200 509 in 2025 is mainly attributable to a favorable foreign exchange rates prevailing at the time the contribution was received.

13. Other revenue decreased by approximately €341 000 compared with 2024, mainly due to lower interest income. Revenue from non-core activities, generally related to the use of the campus facilities by external parties and organizations hosted on campus (subject to availability), remained broadly stable. Revenue from multimedia and publication activities decreased by €45 000, from €623 000 in 2024 to €578 000 in 2025. This reduction does not reflect a decline in activity levels; the number of such activities increased in 2025 compared with the previous year. The lower revenue primarily reflects differences in the nature and scale of assignments delivered. In 2024, several large communication campaigns and multi-component projects were implemented, whereas 2025 activities consisted of a greater number of smaller assignments such as design, layout, digital communication support and publication services, which generated lower revenue per activity.

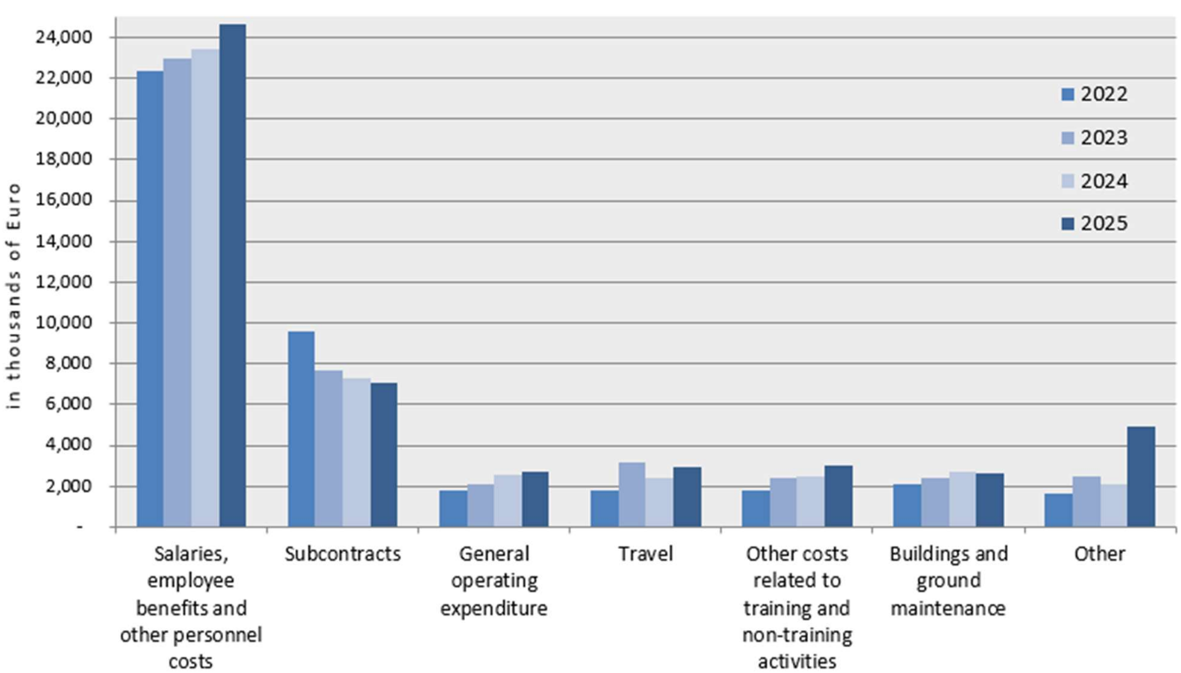
Expenditure (IPSAS based)

14. Expenditure in 2025 totaled €47.98 million (€43.02 million in 2024). The difference is attributable to the significant unrealized exchange loss on currency revaluation in 2025 in the net amount of €2.88 million (2024 - €1.22 million Gain reported as part of revenue). It is important to note that unrealized foreign exchange gain and losses may or may not become realized, as this depends on the currency fluctuations and the actual operations of the Centre. The total 2025 expenditure was distributed as follows:

Expenditure by source, 2025 (in thousands of Euro)



Expenditure, four-year comparison



15. Expenditures in 2025, other than unrealized exchange loss, increased by approximately €2.08 million or 4.8 per cent. Of this increase, €1.20 million related to Staff costs, followed by travel cost and other costs related to training activities amounting €541 000 and €514 000, respectively. Expenditures other than these showed a decrease in the total amount of €176 000.

16. In 2025, the Centre continued its recruitment to fill all vacant positions while temporarily retaining short-term and time-based staff until new candidates arrived to take up their functions. As part of the continued restructuring to support the Centre's new business model, several agreed termination packages were negotiated with interested staff during the year. A total of €283 000 was charged in this respect to salaries, employee benefits and other personnel costs in 2025 (2024 - €267 000 charged to the Terminal Benefit Fund). Some vacant positions were re-profiled prior to recruitment and others were reclassified, resulting in additional costs due to revised remuneration levels. The recruitments of new staff and the departure of temporary professional staff also generated installation, travel and removal costs of approximately €271 000, which had not been budgeted and are included under salaries, employee benefits and other personnel costs. In 2025, the Centre implemented recommendations issued by the International Civil Service Commission (ICSC), including a 1.1 per cent salary increase for the General Service category, retroactive to November 2024. This resulted in additional expenditure of €59 000 in 2025. Further ICSC recommendations also led to increased cost due to adjustments to incremental steps of General Services staff, as well as changes to dependency and language allowances. An increase of 1.6 per cent was approved for the Professional category on a no-gain, no-loss basis. Salaries, employee benefits and other personnel costs also include After Service Health Insurance expenditure for the Centre's retirees amounting to €1.14 million in 2025 (2024 - €1.10 million), for which the Centre receives a matching contribution from the ILO. In addition, the Centre made a lumpsum contribution of €200 000 to the Terminal Benefit Fund, administered by the ILO, as part of its commitment to gradually close the unfunded portion of the fund.

Detail of 2025 staff costs by organizational unit

Organisational Unit	Staff cost (EUR)
Director's Office	833
Facilities and Internal Services	1 658
Financial Services	2 268
Human Resources Services	1 834
Information and Communications Technology Services	1 353
Medical Service	74
Training Programmes	15 493
Total	**23 513**
ASHI contribution for retirees	1 135
Grand Total	**24 648**

17. In 2025, the overall costs associated with subcontracts decreased by €165 000 or 2.3 per cent. This is attributable to reductions in service contracts and external services for the Centre's activities, ICT technical assistance and Medical external collaborators, resulting in a total decrease of €498 000, which was offset by increase of €334 000 in translation and interpretation activities and other external collaborators.

18. In 2025 general operating expenditure amounted to €2.72 million, representing an increase of €149 000 or 5.8 per cent. The increase was mainly attributable to two non-recurring compensation expenses totaling €252 000 under the catering services contract in respect of a shortfall in the minimum guaranteed service contractual requirement. The impact of these payments was partially offset by lower expenditure in certain professional and advisory services, printing and documentation services, and other administrative service categories. Excluding these, general operating expenses would have decreased compared with 2024. General operating expenses represented 5.7 per cent of total expenditure in 2025 (2024 – 6.2 per cent).

19. Travel expenditure amounted to €2.97 million in 2025 compared with €2.43 in 2024, representing an increase of approximately €541 000 or 22.3 per cent. The increase was primarily attributable to higher costs related to participant travel, including main travel arrangements, hotel accommodation for study visits, and subsistence allowances. Staff travel cost charged to activities remained broadly stable between 2024 and 2025. Of the total increase in travel expenditure, approximately €92 000 pertained to staff travel that are not related to activities. Overall, travel expenditure represented 6.2 per cent of total expenditure in 2025, compared with 5.6 per cent in 2024.

20. Other costs related to training activities amounted to approximately €3.0 million in 2025, compared with €2.48 million in 2024, representing an increase of €514 000 or 20.7 per cent. The increase was mainly attributable to higher participant-related costs, including subsistence in Turin, accommodation provided through residence fellows (off campus), and residential service costs. These expenditures are directly linked to the delivery of training activities and increased in line with the higher volume of programme implementation during the year, as reflected in the growth in participant enrolments. Other costs related to training activities represented 6.2 per cent of total expenditure in 2025, compared with 5.8 per cent in 2024.

21. Building and ground maintenance costs amounted to €2.60 million in 2025, compared with €2.73 million in 2024, representing a decrease of approximately €127 000 or 4.7 per cent. The decrease was primarily attributable to lower expenditure on maintenance of buildings and equipment (€214 000), partially offset by higher utilities and cleaning costs during the year. Building and ground maintenance costs represented 5.4 per cent of total expenditure in 2025, compared with 6.3 per cent in 2024.

22. Other costs attributable to supplies, depreciation and amortisation, and bank charges decreased in aggregate by approximately €70 000 or 3.3 per cent, compared with 2024. The net decrease was primarily attributable to a lower depreciation and amortisation charge in 2025, which more than offset moderate increases in supplies and bank charges.

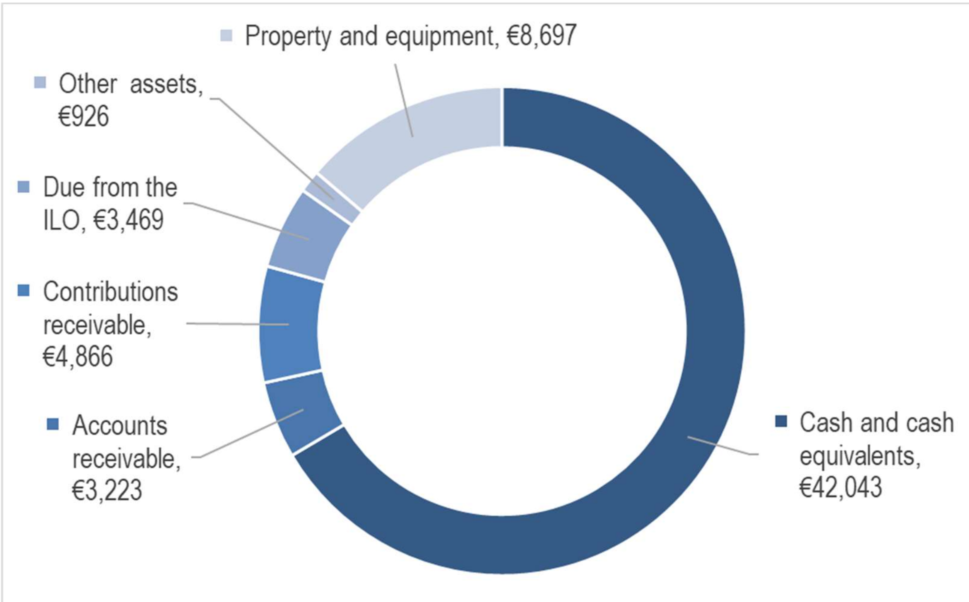
23. In 2025, the Centre incurred a net foreign exchange loss of €2.88 million (2024 – gain of €1.22 million) made up of realized gain of some €60 000 (2024 – €35 000 realized losses) and unrealized loss of €2.94 million (2024 – €1.25 million in unrealized gains). The movement reflects exchange differences arising from the revaluation of USD balances at during the year in accordance with applicable accounting standards.

Financial position

Assets

24. The Centre held assets of €63.22 million as at 31 December 2025 (€65.79 million as at 31 December 2024) which were as follows:

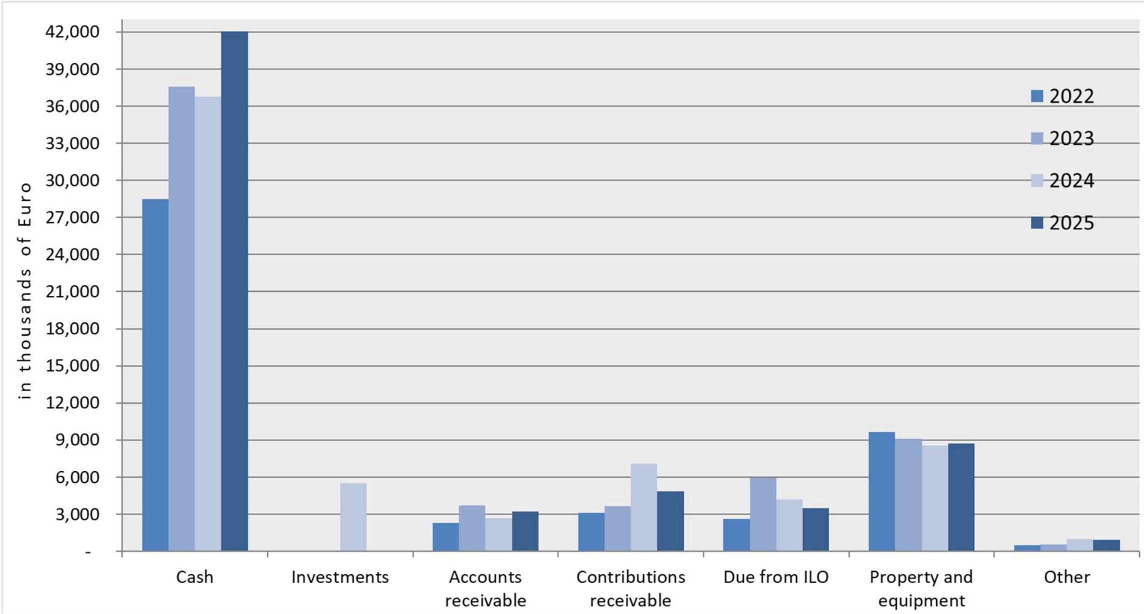
Assets by type, 2025 (in thousands of Euro)



25. As at 31 December 2025, the Centre's most significant asset was cash and cash equivalents totaling €42.04 million (€36.77 million as at 31 December 2024) and representing 66.5 per cent of the total assets (2024 – 55.9 per cent). Of this amount, €14.50 million or 34.5 per cent corresponds to funds held on behalf of donors for future activities and two renovation projects (€14.66 million or 34.7 per cent as at 31 December 2024). As at 31 December 2025, funds of €6.32 million (€6.41 million as at 31 December 2024) were also held in the Campus Improvement Fund, the ICT Development Fund, the Innovation Fund and the Fellowship Fund, as well as €2.05 million (€2.35 million as at 31 December 2024) held in the Italy Trust Fund.

26. Accounts receivable, contributions receivable, the due from ILO as well as property and equipment were the other significant asset components.

Assets, four-year comparison



27. The Centre's total assets decreased by €2.57 million or 3.9 per cent (€5.2 million or 8.6 per cent increase as at 31 December 2024).

28. Cash and cash equivalents increased by €5.27 million or 14.3 per cent as at 31 December 2025 (2024: decreased by €791 000 or 2.1 per cent). This is mainly due to maturity, in 2025, of a 6.0 million US dollars (equivalent to €5.508 million) investment under a six-month term deposit. Further information is provided on the Statement of Cash Flow.

29. Accounts receivable increased approximately by €528 000 or 19.6 per cent (decrease of €1.0 million or 27.6 per cent as at 31 December 2024) from €2.70 million in 2024 to €3.22 million in 2025. The increase was mainly attributable to higher receivable recorded towards the end of the year. A significant portion of the receivable was within the 0-60 days of aging range. Efforts continue to collect amounts owed to the Centre and this has resulted in the majority of its invoices being considered current.

30. Contributions receivable as at 31 December 2025 decreased by €2.22 million from €7.09 million in 2024 to €4.87 million in 2025 (2024: increase of €3.4 million). The decrease in 2025 is mainly explained by the receipt of €2.0 million representing Italian Government voluntary contribution during the year. The amount was recorded in 2024 as a contribution towards future activities.

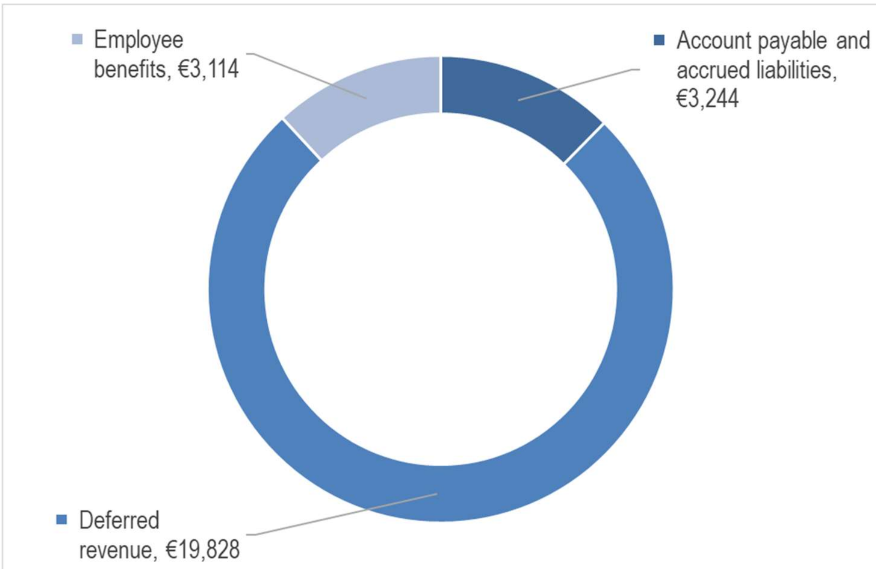
31. The amount receivable from the ILO as at 31 December 2025 decreased by €746 000 or 17.7 per cent (decrease of €1.7 million or 29.1 per cent as at 31 December 2024. This resulted from a significant cash transfer made by the ILO to the Centre to partially settle the balance in the last quarter of the year.

32. Property and equipment increased by €157 000 or 1.8 per cent from €8.54 million in 2024 to €8.70 million in 2025. (decrease of €568 000 or 6.2 per cent as at 31 December 2024). The increase reflects assets acquired during the year, primarily in leasehold improvements and work-in-progress pertaining to the renovation of the Americas2 pavilion, which was partially offset by depreciation charges. No significant disposals or impairments were recorded.

Liabilities

33. The Centre had liabilities totaling €26.19 million as at 31 December 2025 (€26.83 million as at 31 December 2024) which were as follows:

Liabilities by type, 2025 (in thousands of Euro)

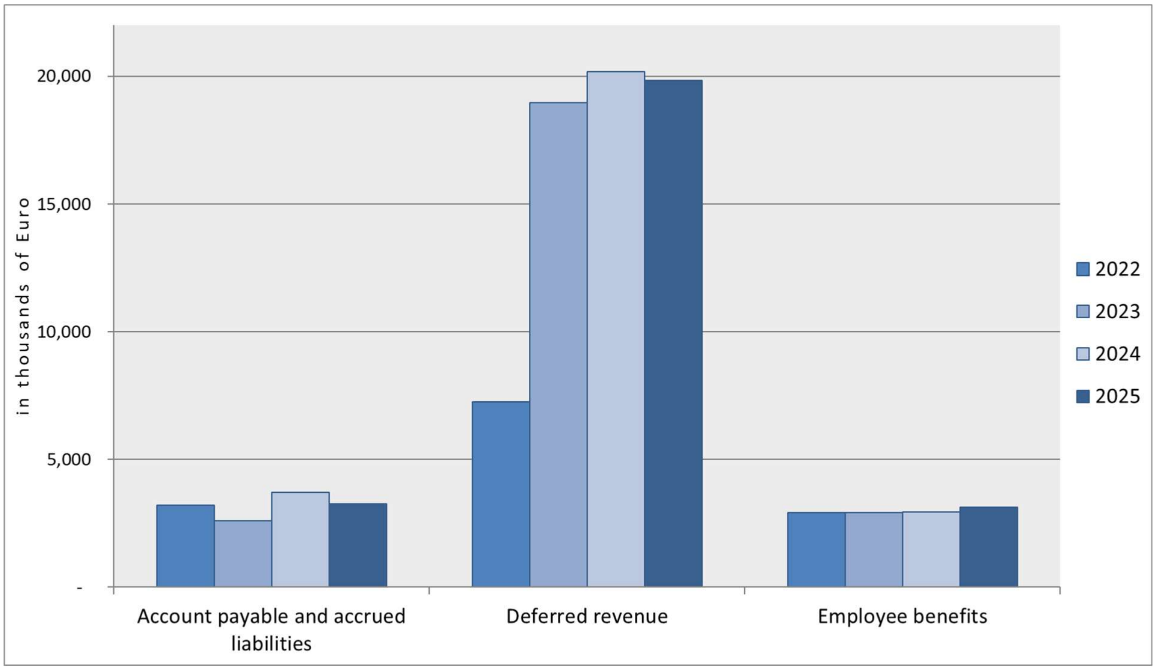


34. The most significant liability totaling nearly €19.83 million or 75.7 per cent of the total liability (€20.17 million or 75.2 per cent as at 31 December 2024) relates to deferred revenue. This balance represents funds advanced mainly by donors and sponsors for specific activities as well as for other specific purposes. The deferred revenue also includes the unspent balances of the funding received from the Italian Government regarding the renovations of the Americas2 and Italy pavilions, as well as the unspent funding received from the United Nations System Staff College, as part of the Italy pavilion project. Deferred revenue also includes funds receivable based on signed agreements with sponsoring agencies and other donors with respect to future training and non-training activities, subject to specific performance conditions.

35. Employee benefit liability totaling about €3.11 million as at 31 December 2025 showed an increase approximately of €172 000 or 5.8 per cent. The employee benefits liability includes future employee benefits earned by staff while they work at the Centre and for which the liability is recognized at year-end. This includes accumulated leave, home leave as well as repatriation travel and removal entitlements.

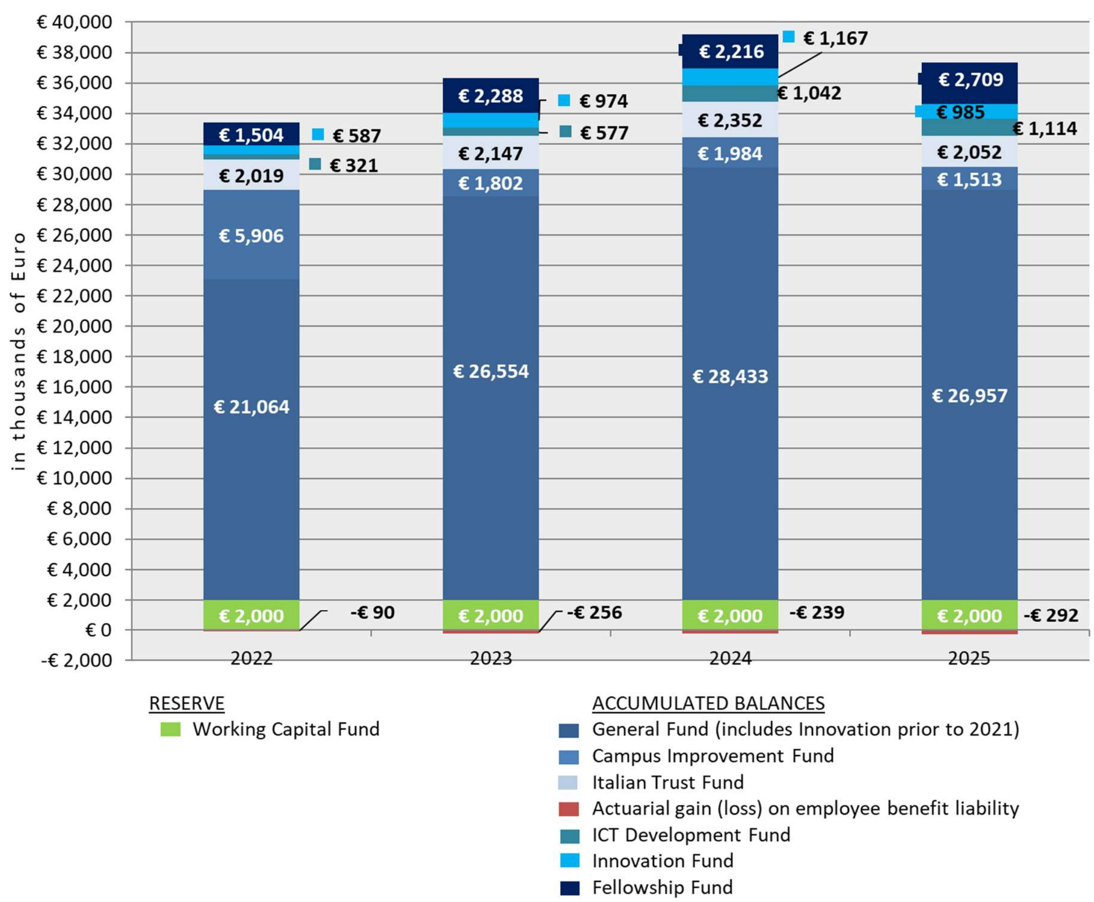
36. Accounts payable and accrued liabilities decreased by €474 000 or 12.8 per cent (increase of €1.12 million or 43.3 per cent as at 31 December 2024). Ageing analysis indicates that the majority of supplier balances remain within normal payment terms, with only a small proportion outstanding beyond 90 days. No significant overdue concentrations were identified. The Centre has already settled most invoices in early 2026.

Liabilities, four-year comparison



Net assets

Net assets, four-year comparison by Fund



37. The Centre's net assets as at 31 December 2025 amount to €37.0 million (2024: €39.0 million). These include the Working Capital Fund that represents €2 million or 5.4 per cent of total net assets (€2 million or 5.1 per cent as at 31 December 2024) as set by the Financial Regulations.

38. Net Assets also include accumulated balances of various other funds totaling €35.0 million (€37.0 million as at 31 December 2024). This is comprised of:

- the General Fund totaling €27.0 million and 72.8 per cent of the overall net assets (€28.4 million and 73.0 per cent as at 31 December 2024);
- the Campus Improvement Fund with nearly €1.5 million and 4.1 per cent of the total (€2.0 million and 5.1 per cent as at 31 December 2024);
- the Italian Trust Fund with €2.1 million and 6.3 per cent of the total (€2.4 million and 6.0 per cent as at 31 December 2024);
- the Information and Communication Technology Development Fund with €1.1 million and 3.0 per cent (€1.0 million and 2.7 per cent as at 31 December 2024);
- the Innovation Fund with €1.0 million and 2.7 per cent (€1.2 million and 3.0 per cent as at 31 December 2024); and
- the Fellowship Fund with €2.7 million and 7.3 per cent (€2.2 million and 5.7 per cent as at 31 December 2024).

39. Also included is the actuarial loss on employee benefits liability of €53 000 recorded in 2025 (€17 000 actuarial gain as at 31 December 2024) in compliance with IPSAS resulting in a balance of accumulated actuarial losses of €292 000 as at 31 December 2025 (€239 000 accumulated actuarial losses as at 31 December 2024).

Regular Budget

40. At its 87th Session (October 2023), the Board approved the 2024-25 Budget Proposals consisting of a balanced budget that included total net external contributions from earned revenue of €33.9 million, total voluntary contributions of €26.65 million as well as total fixed expenditure of €57.39 million, a contingency of €750 000 and total institutional investments of €2.4 million.

41. The budget results for the 2025 financial year, the second year of the biennium, are summarized in Statement V, with the details of voluntary contributions received from donors shown in Note 13 under the Notes to the Financial Statements.

42. The 2025 actual net contributions from the various sources of revenue amounted to €33.62 million which was made up of a net contribution from training and non-training services of €17.0 million, a net contribution from multimedia services of €401 000, a net contribution from miscellaneous sources of €2.16 million and voluntary contributions totaling €14.06 million. The overall net contribution from these sources that was available to cover fixed expenditure, contingency and institutional investments was above budget by €3.19 million. Fixed expenditure totaled €30.74 million. The expenditure relating to the institutional investments totaled €2.30 million, including additional contributions approved by the Director. The total fixed expenditure and institutional investment expenditures were above the respective budgets by €1.83 million and €1.10 million. These overall variances are consistent with the authority given to the Director in the Financial Regulations, Article 7(b), which provides for increased expenditure when there is evidence that actual revenue will exceed the level included in the approved budget. The approved 2025 budget surplus, after allocations to the institutional investment funds, was €578 000.

43. The total result for the 2024-25 biennium as shown in Statement V reveals a total budget surplus of €1.381 million, which combines the 2024 budget result of €803 000 and the 2025 budget result of €578 000.

Significant differences between the 2025 budget and actual amounts as presented on Statement V

(In thousands of Euro)

Line item in Statement V			Budget 2025	Actual 2025	Variance	Variance %
Chapter	Item					
I	10	Net contribution from training and non-training activity services	14 883	16 997	2 114	14.2
I	11	Net contribution from multimedia services	823	401	-422	-51.3
I	12	Net contribution from miscellaneous sources	1 394	2 159	765	54.9
II	13	Total voluntary contributions	13 323	14 059	736	5.5
III	14	Regular Budget (RB) staff	18 298	18 966	668	3.7
III	15	Variable Budget (VB) staff	3 022	2 805	-217	-7.2
III	16	ASHI contribution for retirees	757	1 136	379	50.1
III	17	Consultants	567	811	244	43.0
III	18	Campus related costs	2 470	2 968	498	20.2
III	20	General operating costs	410	630	220	53.7
III	21	Missions and representation	245	342	97	39.6
V	26-29	Institutional investments	1 200	2 300	1 100	91.7

Earned revenue – Chapter I

Net contribution from training and non-training activities

44. The net contribution from training and non-training activity services totaled €17.0 million in 2025, exceeding the budget by approximately €2.11 million. This variance is mainly attributable to two factors: continued growth in outreach during 2025 and lower direct expenditure incurred in delivering services compared with the budget. Overall, direct and indirect enrolments increased from approximately 152 000 in 2024 to around 212 000 in 2025 across all training modalities. In addition, the number of activities related to services in media, communication and advocacy, project management, product development, and other events increased by 19 per cent in 2025. While the approved 2024-25 budget anticipated a net contribution from earned revenue towards fixed expenditure at 52 per cent, the actual result in 2025 was 60%, placing the Centre in a strong position to finance fixed expenditures and institutional investments.

Net contribution from multimedia services

45. The net contribution from multimedia services in 2025 totaled €401 000, well under the related annual budget by €422 000. The main reason for this variance was a significant decrease in the demand for publication services by a large client due to changes in their priorities.

Net contribution from miscellaneous sources

46. Net contribution from miscellaneous sources amounted to €2.16 million in 2025, exceeding the budget by €765 000 or 54.9 per cent. Compared with 2024, miscellaneous revenue decreased mainly due to lower interest income, reflecting the gradual decline in interest rates in 2025 compared with 2024. Miscellaneous revenue from non-core activities, such as recoveries and rental of campus facilities to organizations hosted at the Centre as well as accommodation provided to external parties, remained broadly stable during the year. Notwithstanding this year-on-year decrease, the net contribution exceeded the budget mainly because interest income remained higher than anticipated when the budget was prepared, reflecting interest rates that were above the level assumed in the budget and the Centre's continued efforts to maximize returns on its investments.

Total voluntary contributions – Chapter II

47. In 2025, the Centre received a contribution of 4.77 million US dollars from the ILO, representing half of the total amount of 9.45 million US dollars approved in the ILO's 2024- 25 Programme and Budget. This corresponds to a euro equivalent of €8.59 million for the biennium, or €4.29 million per year. The contribution received in 2025 amounted to €4.62 million in euro equivalent. The variance is mainly attributable to favorable exchange rate at the time of conversion. In addition, the ILO provided €1.135 million in 2025 to cover After Service Health Insurance expenditure for Centre retirees. The Centre also received a contribution from the Piedmont Region in the amount of €23 000, which was not part of the 2024-25 Budget.

Fixed expenditure – Chapter III

48. Overall, RB and VB staff expenditure were above the 2025 budgeted amount by a total of €451 000 or about 2.12 per cent. These two lines of expenditure reflect the cost adjustments determined by the salary-related policies, as well as decisions on the base-salary scale and benefits approved by the UN General Assembly following recommendations made by the International Civil Service Commission (ICSC) for the general application throughout the UN Common System. The Centre has an obligation to apply any such statutory increases. The ICSC approved an increase of 1.1 per cent for the General Service category. This was implemented and paid in 2025 with a retroactive impact as of November 2024. The ICSC also issued recommendations that resulted in increased cost in 2025 because of amendments made to expand incremental steps of General Services staff as well as changes to dependency and language allowances. Cost implication from the re-profiling of various positions, job reclassifications as a result of the job-profiling and skills exercise, and initial costs incurred upon recruitment of staff in the Professional categories also contributed to the variance. Part of the increases in staff expenditure were offset by overall savings from vacant positions.

49. In 2022, the Centre adjusted its level of monthly contributions to the Terminal Benefit Fund (TBF) from which payments are made to settle repatriation grants to staff in the Professional and above categories, end of service benefits to staff in the General Service category and also finance approved agreed termination packages to staff. At the end of 2025, the TBF held approximately €6.11 million in funding which is available for future disbursements. The liability as at 31 December 2025 is estimated at €7.3 million, thus showing a position of under-funding of €1.17 million. The Centre allocated additional funding of €200 000 in 2025 towards the TBF. A plan is in place as from the 2024-25 biennium, to achieve full funding within the next 4 biennia.

50. Starting in 2021, the ILO now passes to the Centre the expenditure relating to the After Service Health Insurance for the former officials of the Centre. This is recorded under the Centre's expenditure with no impact on the budget results, as it is balanced by the additional voluntary contribution for the same amount, recorded under a voluntary contribution from the ILO, in the Voluntary contributions section. In 2025, an amount of €1.135 million was recorded, higher than the 2025 budget by €378 000. The main reason is related to the foreign exchange rate applicable at the time of conversion, which is different from the rate applied in the approved budget.

51. In 2025, expenditure regarding consultants was over budget by €244 000 or 43.1 per cent. This is due to having retained service providers which were classified in the current budget under General Operating Costs and which have been moved to this more appropriate line item. The increase is mostly due to the need for the Centre to retain service providers in certain areas which were not foreseen in the budget as well as the use of additional external collaborators and service providers to assist Training Programmes, in the development of courses and delivery when professional positions were vacant.

52. In 2025, the expenditure for campus related costs exceeded budget by €498 000 or 20.1 per cent. This variance mainly reflects higher requirements than initially estimated in the budget. Other campus-related cost areas remained broadly stable.

53. General operating costs were over budget by €220 000 or 53.6 per cent. The main reason relates to non-recurring expenses incurred under a catering services contract to compensate the relevant service provider for a shortfall in the minimum contractually guaranteed service level.

54. Missions and representation cost was over budget by €97 or 39.6%. This variance is attributable to increased travel expenses. Representation and conference-related travel remained limited.

Institutional investments – Chapter V

55. Based on Financial Regulation, Article 7(b), the Director may incur expenditure in excess of the amount authorized in the budget, if he has evidence in hand showing that actual revenue will exceed the level approved in the budget. In 2025, as the level of revenue was well over the level foreseen in the approved budget, the Director decided to increase the funding allocated to the four Funds within the institutional investments. This resulted in an increase of €1.10 million or 91.7 per cent over the annual approved funding of €1.2 million approved in the 2024-25 approved Programme and Budget, resulting in €2.30 million being recognized as institutional investment expenditure in 2025. This supports the Centre's objective to ensure that sufficient funding is available in the future for campus improvements, information and communication technology development, innovations and fellowships to participants.

Ex–gratia payment

56. In 2025, there were three ex-gratia payments approved, totaling €7 133.

Statement of Internal Control for the year ended 31 December 2025

Scope of responsibility

As Director of the International Training Centre of the International Labour Organization (Centre), and in accordance with the responsibility assigned to me by the Statute of the Centre, the Board as its governing body, and the Financial Regulations, I have the responsibility and accountability for a sound system of internal control. In particular, article 18 of the Financial Regulations requires that establish and maintain internal controls and ensure:

- the effective financial administration and the exercise of economy; and
- the effective custody of the physical assets of the Centre.

The purpose of the system of internal control

Internal control systems provide reasonable assurance regarding the achievement of objectives, compliance with regulations and policies, and reliable financial reporting. The Centre's Board, the Director, the Treasurer and Chief, Financial Services, senior management, and other significant personnel all play important parts in making this work effectively. The implementation of internal control is effected through policies, procedures and operational processes applied at all levels, designed to identify and manage – rather than eliminate – the risks to these objectives.

My present statement applies for the year ended 31 December 2025. It also considers any relevant events up to the date of the approval of the Centre's 2025 financial statements.

The Centre's operating environment

The Centre is based in Turin, Italy and operates in a global environment with a total of 176+ staff members. The need for the Centre to earn a significant portion of its revenue to cover expenditure, the unique tripartite structure, the engagement with multiple funding and delivery partners, and the diverse workforce all present the Centre with opportunities and potential risks.

This was the second full year since I took office in July 2023 as the 15th Director of the Centre. During the year, the Centre provided its full support to the newly created initiative of the International Labour Organization's "Global Coalition for Social Justice", endorsed in November 2023. The mission of the Global Coalition is to foster multilateral cooperation and partnerships, accelerating progress towards the achievement of the Sustainable Development Goals. It will also serve as an umbrella framework for the United Nations Global Accelerator on jobs and Social Protection for just Transitions.

Another important issue facing the Centre at the present time are the challenges and opportunities of digitalization and artificial intelligence, and the expected structural and substantive changes to the quantity and quality of jobs, including the potential creation and transformation of new jobs requiring new skills. In light of recent shifts in the macro-political environment, another challenge is to further diversify the portfolio of development of partners and to open new sources of funding outside the sphere of official development assistance.

Against this background and within the overall operational framework of the organization, management is required to review and monitor on an ongoing basis the exposure to all risks relating to their functions and activities, including those at the global level such as the current world-wide events and decisions and their impact on the global economy, post-pandemic recovery, geopolitical conflict, and the associated energy crisis, etc. They must continue to maintain a high level of internal control while adapting to the changes in working methods brought about by the new business model and ensuring efficient and effective delivery of the programme and project deliverables.

The Centre's risk management and internal control frameworks

The Centre's Enterprise Risk Management Framework contains the following features:

- the Director, providing leadership and direction to senior managers for embedding risk management in the Centre's ways of working, monitoring and reviewing on a regular basis the Risk Management Committee reports including the Corporate Risk Register and directing actions, as required, to address issues;

- a dedicated Risk Management Committee, which oversees and recommends actions on the Centre's exposure to significant risks, as recorded in the Corporate Risk Register, as well as reporting to the Director periodically;

- mandatory risk assessments in the Centre's programme units, rolled up to a Training Department risk register, as well as all corporate services units and the on-going pavilion renovation projects;

1) well-defined risk escalation processes for both internal and external risks, including strategic and operational risks, allowing for a bottom-up/top-down flow of risk information;

- a six-step approach, comprising (1) establishing the context; (2) identifying risk; (3) assessing risks for likelihood and impact; (4) responding to risk cost-effectively; (5) monitoring risks and risk practices; and (6) reporting to senior managers and external stakeholders information on key risk exposures and on the efficiency and effectiveness of the Centre's risk management processes; and

- the definition of the Centre's risk appetite and risk tolerance.

The key elements of the Centre's Internal Control Framework continue to comprise of the following:

- mapping of the Centre's existing rules, policies and procedures, as well as compliance monitoring tools, against a set of principles based on acknowledged best practices;

- the "Three Line of Defence" for internal controls, in line with the reference model adopted by the UN High-level Committee on Management (HLCM), providing clarification on the roles and responsibilities in the implementation of internal controls; and

- the emphasis on continuous improvement, identifying the necessary mechanisms for ongoing assessment and regular reporting of the overall effectiveness of internal control to ensure an appropriate level of assurance.

Review of internal control effectiveness

As specified in the Centre's Internal Control Framework, my review of the effectiveness of the system of internal controls is mainly informed by:

- **Internal letters of representation**, completed and signed by members of the senior management team and other selected managers as designated by the Treasurer. These provide a self-assessment of the accomplishment of their responsibilities for maintaining effective internal control and risk management on a day-to-day basis. Taking into consideration the evolving operational environment in which the Centre operates, the questions included in these disclosures were reviewed prior to the annual reporting cycle for 2025 and considered to continue to be fit for purpose since their first implementation in 2023 annual reporting cycle.

- **Independent audit reports**, issued by the Chief Internal Auditor (including investigation reports), the External Auditor, the Ethics Officer (included within those of the International Labour Organization), and Evaluation Reports on activities issued by external consultants. The Centre also monitors reports issued by the Joint Inspection Unit, when relevant.

- **Board observations and guidance** on the strategic direction and internal control matters, and as relevant, those contained in the reports of the International Labour Organization's Independent Oversight Advisory Committee (IOAC) that impact the Centre, if any.

Significant internal control matters arising during the year

The 2025 internal letters of representation were received by the senior management as well as other relevant managers. They were analyzed and used as one of the key sources for providing assurance on the effective implementation of the Centre's internal controls during the year. There were no new control weaknesses identified from these disclosures requiring further improvements.

I have also considered the observations in the internal and external audit reports, the annual activity evaluation report, the reports issued by the Joint Inspection Unit, as applicable, as well as the annual report of the IOAC to the ILO's Governing Body pertaining to the year 2025. I took note of the areas of focus and observations made by these bodies, which contained reflections on good practices, lessons learned, and improvements required in the operational and oversight areas.

Based on the above, I have deemed it necessary to report the following matter in 2025 to ensure that policies and procedures remain fit-for-purpose and their operational application continues to improve.

- **The need to improve the procurement process (December 2024).** The internal auditor highlighted the needs for the Centre to develop an integrated procurement plan for its critical business contracts to better plan and carry out its procurement activities. It also highlighted that the process associated with the review of supplier offers could be improved to better ensure that a standard methodology of evaluation is defined and documented as well as consistently applied. Various smaller elements were raised including the issuance of the Centre's Procurement Manual. The Centre is actively working on finalizing its Procurement Manual which will address the various elements raised, such as the evaluation methodology. The plan to implement this in 2025 did not materialize in view of the leadership transition regarding the Treasurer that took place in the first part of the year. The effort to finalize the manual has since been reinforced and the revised plan is to implement it during 2026.

Internal control matters carried forward from previous years

The Centre remains committed to continuously strengthening its internal control framework while also addressing issues and weaknesses identified in the various oversight mechanisms including internal and external audit. Despite challenges faced during the year 2025, some issues identified as high priority have been addressed, while progress is being made on others. The issues have been listed under two categories below – those that require further work or continued monitoring and those that are no longer deemed to be significant risks of internal control. Issues under the latter will not be reported in the next financial year.

Matters requiring further work or continued monitoring

- **Recruitment of short-term staff and use of external collaborators (2025).** The internal auditor reviewed this area and made high priority recommendations with respect to establishing, documenting, communicating and ensuring consistent application of standard operating procedures for the recruitment of short-term professional staff, external collaborators, and general service staff. The recommendations also indicated the need to improve its process in assessing candidates via written test format in view of the risk posed by the use of artificial intelligence (AI) tools. The Centre plans to implement these recommendations during 2026.

- **Procurement manual and Annual Procurement Plan (2024).** In addition to the internal auditor recommendation referred to above, the external auditor highlighted the need for the Centre to put in place a comprehensive procurement manual reflecting financial rules and principles-such as value for money, efficiency, transparency, and fair competition-providing practical guidance for staff. Their report also recommended preparation of annual procurement plans, improving the procurement documents repository management and vendor registration. The Centre has made good progress in finalizing a procurement manual covering all the identified areas for issuance and implementation during 2026.

- **Management of participant support services (2023).** The external auditor highlighted the need to develop a comprehensive policy framework including related rules and standards for all the support services that the Centre offers its participants, whatever the leaning modality. Their report also included the need for the Centre to have a better integrated and coordinated evaluation process of its support services, including engaging all stakeholders in such evaluation, to accurately measure its achievement against expected results. To this end, the Centre has incorporated within the review on the quality of training including resource persons, the element of participant feedback on other support services, and results are available to programmes and corporate services. The Centre is planning on the development of a comprehensive policy framework now that changes have been made to better integrate and coordinate the evaluation process under the Centre's new business model. The Centre's objective of ensuring a transparent and complete assessment in order to address any weaknesses in this area remains.

Matters no longer deemed significant risk of internal control

- **Quality Assurance Manual (2023).** The external auditor recommended that the Centre updates its quality assurance manual to incorporate the developments in the evaluation criteria, methodologies, tools and approaches, and other important areas of an evaluation process, in order to promote consistency, enhance the validity of evaluations, enable comparison of evaluation results, and improve the overall quality of training activities, with the end view of ensuring that the evaluation of training activities is conducted in a systematic, robust, and effective manner. This recommendation has been implemented and the status including evidence of implementation has been reported to the external auditor.

Conclusion

No matter how well designed, internal controls have inherent limitations, including the possibility of pre-meditated circumvention and thus can provide only reasonable but not absolute assurance. The effectiveness of internal controls may vary over time due to changes in conditions beyond the Centre's control. However, I am committed to the continuous development and improvement of the system of internal control to address control issues in a timely manner.

Based on the above, I conclude that to the best of my knowledge and information, the Centre has an effective system of internal control and there were no material weaknesses during the year ended 31 December 2025 and up to the date of approval of the 2025 financial statements.

(Signed) Christophe Perrin
Director
Turin, 11 March 2026

Approval of the Financial Statements for the year ended 31 December 2025

The financial statements are the responsibility of, and have been prepared by management in accordance with the International Public Sector Accounting Standards and comply with the Financial Regulations of the International Training Centre of the International Labour Organization. They include certain amounts that are based on management's best estimates and judgments.

The financial governance of the Centre includes the review of financial systems and internal controls by the International Labour Organization's Office of Internal Audit and Oversight, the External Auditor, and by the Board. The External Auditor also provides an opinion on the Financial Statements that is provided in the following section.

In accordance with Article 17.2 of the Financial Regulations, the financial statements numbered I to V and the accompanying notes, are hereby approved and submitted to the Board of the International Training Centre of the International Labour Organization.

(Signed) Ephrem Zewdie Robele
Treasurer, Chief of Financial Services
11 March 2026

(Signed) Christophe Perrin
Director
11 March 2026

Point for decision

The Board is requested to adopt the Financial Statements as submitted in accordance with Article 17.2 of the Financial Regulations.

Chapter I

Report of the External Auditor on the financial statements.

To the Board of the International Training Centre of the International Labour Organisation for the Financial Year ended 31 December 2025

Opinion

We have audited the financial statements of the International Training Centre (the Centre) of the International Labour Organisation which comprise the statement of financial position (statement I) as at 31 December 2025, the statement of financial performance (statement II), the statement of changes in net assets/equity (statement III), the statement of cash flows (statement IV) and the statement of comparison of budget and actual amounts (statement V) for the year then ended, as well as the notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Centre as at 31 December 2025, and its financial performance, changes in net assets/equity, cash flow, comparison of budget and actual amounts for the year then ended in accordance with International Public Sector Accounting Standards (IPSAS).

Basis for opinion

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

Information other than the financial statements and auditor's report thereon

Management is responsible for other information. The other information comprises the financial report for the year ended 31 December 2025, but does not include the financial statements and our auditor's report thereon.

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

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IPSAS and for such internal control as management determines to be necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

c) Draw conclusions as to the appropriateness of management's use of the going concern basis of accounting and, on the basis of the audit evidence obtained, whether a material uncertainty exists in relation to events or conditions that may cast significant doubt on the ability of the Centre 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 Centre to cease to continue as a going concern;

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

Furthermore, in our opinion, the transactions of the Centre 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 Centre's Financial Regulations.

In accordance with Article 27 of Financial Regulation of the Centre, we have also issued a long-form report on our audit of the International Training Centre of International Labour Organisation.

K Sanjay Murthy

Comptroller and Auditor General of India

1 April 2026

Financial Statements
for the year ended 31 December 2025

International Training Centre of the ILO

Statement of financial position as at 31 December
(in thousands of Euro)

	Notes	2025	2024
Assets			
Current assets			
Cash and cash equivalents	4	42 043	36 772
Investments	5	-	5 508
Receivables	6	3 223	2 695
Due from the ILO		3 469	4 215
Contributions receivable	7	4 114	4 976
Prepayments		651	870
Other current assets		47	68
		53 547	**55 104**
Non-current assets			
Contributions receivable and advances to suppliers	7	952	2 110
Property and equipment	9.1	8 697	8 540
Intangible assets	9.2	28	37
		9 677	**10 687**
Total assets		**63 224**	**65 791**
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		3 244	3 719
Deferred revenue	10	15 292	11 077
Employee benefits	11	1 841	1 686
		20 377	**16 482**
Non-current liabilities			
Deferred revenue	10	4 536	9 097
Employee benefits	11	1 273	1 256
		5 809	**10 353**
Total liabilities		**26 186**	**26 835**
Net assets			
Reserve		2 000	2 000
Accumulated balances		35 038	36 956
Total net assets	12	**37 038**	**38 956**
Total liabilities and net assets		**63 224**	**65 791**

The accompanying notes form an integral part of these Financial Statements.

International Training Centre of the ILO

Statement of financial performance for the year ended 31 December

(in thousands of Euro)

	Notes	2025	2024
Revenue			
Training and non-training services		26 103	24 837
Voluntary contributions	13	16 977	16 440
Other revenue	14	2 248	2 270
Exchange gain and revaluation, net	15	-	1 220
Interest revenue		782	1 101
Total revenue		**46 110**	**45 868**
Expenditure			
Salaries, employee benefits and other personnel costs	15	24 648	23 411
Subcontracts	15	7 097	7 262
General operating expenditure	15	2 722	2 574
Travel	15	2 971	2 430
Other costs related to training and non-training activities	15	2 996	2 482
Buildings and ground maintenance	15	2 604	2 731
Supplies	15	1 177	1 154
Depreciation	15	802	899
Exchange loss and revaluation, net	15	2 882	–
Bank charges	1	76	73
Total expenditure		**47 975**	**43 016**
Net surplus		**(1 865)**	**2 852**

The accompanying notes form an integral part of these Financial Statements.

International Training Centre of the ILO

Statement of changes in net assets for the year ended 31 December

(in thousands of Euro)

	Reserve	Accumulated Balances								Net Assets
	Working Capital Fund	General Fund	Campus Impro-vement Fund	Italy Trust Fund	ICT Develop-ment Fund	Inno-vation Fund	Fellow-ship Fund	Actuarial gain (loss) on employee benefit liability	Total accu-mulated balances	Total
Balance as at 1 January 2025	**2 000**	**28 433**	**1 984**	**2 352**	**1 043**	**1 167**	**2 216**	**(239)**	**36 956**	**38 956**
Net surplus of 2025	–	(2 174)	190	(300)	104	(178)	493	-	(1 865)	**(1 865)**
Transfer of property and equipment between funds	–	698	(661)	-	(33)	(4)	-	-	-	-
Actuarial gain (loss) on employee benefit liabilities	–	-	-	-	-	-	-	(53)	(53)	**(53)**
Balance as at 31 December 2025	**2 000**	**26 957**	**1 513**	**2 052**	**1 114**	**985**	**2 709**	**(292)**	**35 038**	**37 038**

Balance as at 1 January 2024	**2 000**	**26 554**	**1 802**	**2 147**	**577**	**974**	**2 288**	**(256)**	**34 086**	**36 086**
Net surplus of 2024	**–**	**1 649**	**304**	**205**	**574**	**193**	**(72)**	**–**	**2 853**	**2 853**
Transfer of property and equipment between funds	**–**	**230**	**(122)**	**–**	**(108)**	**–**	**–**	**–**	**–**	**–**
Actuarial gain (loss) on employee benefit liabilities	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**17**	**17**	**17**
Balance as at 31 December 2024	**2 000**	**28 433**	**1 984**	**2 352**	**1 043**	**1 167**	**2 216**	**(239)**	**36 956**	**38 956**

The accompanying notes form an integral part of these Financial Statements.

International Training Centre of the ILO

Statement of cash flow for the year ended 31 December

(in thousands of Euro)

	2025	2024
Cash flows from operating activities		
Net surplus for the period	(1 865)	2 852
Effect of exchange rates on cash	(2 612)	1 036
Non-cash items:		
Depreciation and amortization	802	899
Gain on disposal of property and equipment	9	-
(Increase)/Decrease in receivables	(528)	1 029
(Increase)/ Decrease in contributions receivable	2 020	(3 412)
(Increase)/Decrease in due to / due from the ILO	746	1 733
(Increase)/Decrease in prepayments	219	(402)
(Increase)/Decrease in other current assets	21	14
Increase/(Decrease) in accounts payable and accrued liabilities	(475)	1 123
Increase/(Decrease) in deferred revenue	(346)	1 210
Increase/(Decrease) in employee benefit liabilities	119	39
Net cash flows from operating activities [/1]	**(1 890)**	**6 121**
Cash flows from investing activities		
Acquisitions of property and equipment and intangible assets	(959)	(368)
Maturity of investments	5 508	–
Acquisition of short-term investments	–	(5 508)
Net cash flows from investing activities	**4 549**	**(5 876)**
Effect of exchange rates on cash	**2 612**	**(1 036)**
Net increase (decrease) in cash	**5 271**	**(791)**
Cash and cash equivalents, beginning of period	36 772	37 563
Cash and cash equivalents, end of period	**42 043**	**36 772**

[/1] €1.456 in interest received is included under "Net surplus for the period" in the net cash flows from operating activities (2024 – €942).

The accompanying notes form an integral part of these Financial Statements.

International Training Centre of the ILO

Statement of comparison of budget and actual amounts for the year ended 31 December 2025

(in thousands of Euro)

	Item		2025 Original Budget[/1]	2025 Final Budget	2024 Actual	2025 Actual	2025 Budget Variance[/2]	2024-25 Original and Final Budget	2024-25 Actual	2024-25 Budget Variance
I		**Earned revenue**								
		Training and non-training activity services								
		Total revenue	29 765	29 765	28 188	29 444	(321)	58 940	57 632	(1 308)
		Direct expenditure	14 882	14 882	11 568	12 447	(2 435)	29 470	24 015	(5 455)
	10	**Net contribution from training and non-training activity services**	**14 883**	**14 883**	**16 620**	**16 997**	**2 114**	**29 470**	**33 617**	**4 147**
		Multimedia services								
		Revenue	1 262	1 262	623	578	(684)	2 500	1 201	(1 299)
		Direct expenditure	439	439	190	177	(262)	870	367	(503)
	11	**Net contribution from multimedia services**	**823**	**823**	**433**	**401**	**(422)**	**1 630**	**834**	**(796)**
		Miscellaneous								
		Revenue	1 814	1 814	2 748	2 452	638	3 629	5 200	1 571
		Direct expenditure	420	420	278	293	(127)	840	571	(269)
	12	**Net contribution from miscellaneous sources**	**1 394**	**1 394**	**2 470**	**2 159**	**765**	**2 789**	**4 629**	**1 840**
II		**Voluntary contributions**								
		International Labour Organization	5 043	5 043	5 555	5 755	712	10 086	11 310	1 224
		Government of Italy (ex-lege)	7 850	7 850	7 850	7 850	–	15 700	15 700	–
		Piedmont Region (Italy)	–	–	12	24	24	–	36	36
		Government of Portugal	250	250	250	250	–	500	500	–
		City of Turin	180	180	180	180	–	360	360	–
	13	**Total voluntary contributions**	**13 323**	**13 323**	**13 846**	**14 059**	**736**	**26 646**	**27 905**	**1 260**
		Total net contribution available to cover fixed expenditure, contingency and institutional investments	**30 422**	**30 422**	**33 369**	**33 616**	**3 193**	**60 535**	**66 985**	**6 451**
III		**Fixed expenditure**								
	14	Regular Budget (RB) staff	18 298	18 298	17 998	18 966	668	36 232	36 964	732
	15	Variable Budget (VB) staff	3 022	3 022	2 715	2 805	(217)	5 985	5 520	(465)
	16	ASHI contribution for retirees	757	757	1 097	1 136	379	1 500	2 233	733
	17	Consultants	567	567	884	811	244	1 135	1 695	560
	18	Campus related costs	2 470	2 470	2 997	2 968	498	4 940	5 965	1 025
	19	Security	445	445	470	481	36	890	951	61
	20	General operating costs	410	410	540	630	220	820	1 170	350
	21	Missions and representation	245	245	261	342	97	490	603	113
	22	Governance	341	341	271	380	39	682	651	(31)
	23	Information and technology costs	1 673	1 673	2 038	1 556	(117)	3 347	3 594	247
	24	Depreciation of property and equipment	682	682	715	663	(19)	1 364	1 378	14
		Total fixed expenditure	**28 910**	**28 910**	**29 986**	**30 738**	**1 828**	**57 385**	**60 724**	**3 339**
IV	25	**Contingency**	**312**	**312**	**–**	**–**	**(312)**	**750**	**–**	**(750)**
V		**Institutional investments**								
	26	Innovation	200	200	500	400	200	400	900	500
	27	Information and Communication technology	150	150	650	450	300	300	1 100	800
	28	Fellowships	600	600	800	1 200	600	1 200	2 000	800
	29	Campus Improvements	250	250	630	250	-	500	880	380
		Total institutional investments	**1 200**	**1 200**	**2 580**	**2 300**	**1 100**	**2 400**	**4 880**	**2 480**
		Total fixed expenditure, contingency and institutional investments	**30 422**	**30 422**	**32 566**	**33 038**	**2 616**	**60 535**	**65 604**	**5 069**
		Excess prior to the use of past surpluses	–	–	**803**	**578**	**578**	–	**1 381**	**1 381**
VI	30	Use of past surpluses	–	–	–	–	-	–	–	
		BUDGET SURPLUS[/3]	–	–	**803**	**578**	**578**	–	**1 381**	**1 381**

/1 The 2025 original budget represents:

- 50% of approved biennial budget for voluntary contributions, miscellaneous revenue and direct expenditure, all fixed expenditure, except for regular budget (RB) and variable budget (VB) staff expenditure as well as the ASHI for Centre retirees expenditure.;
- approximately 50.5% of the approved budget for training and non-training activity services revenue and direct expenditure, multimedia revenue and direct expenditure, regular budget (RB) and variable budget (VB) staff expenditure, the ASHI for Centre retirees expenditure and approximately 42% of the contingency.

/2 Budget variances are explained in the accompanying Management, Discussion and Analysis section of the 2025 accounts.

/3 As per Financial Regulations 7(4).

The accompanying notes form an integral part of these Financial Statements.

Notes to the Financial Statements for the year ended 31 December 2025

(in thousands of Euro)

Note 1 – Objectives, activities and other information

In 1964, the International Training Centre of the International Labour Organization (the Centre) was established by the Governing Body of the International Labour Organization (ILO) and the Government of Italy. The objective of the Centre, in keeping with the principles set forth in the Preamble of the Constitution of the ILO and in the Declaration of Philadelphia, is to provide people across the world of work directly and via ILO constituents with access to digitally enhanced capacity development services to promote social justice through decent work. Its activities are elaborated within the framework of the technical co-operation of the ILO, the United Nations System and other international organizations.

The ILO is the controlling entity of the Centre. Under the terms of the Statute of the Centre adopted by the ILO Governing Body, the Centre's funds and assets are accounted for separately from the assets of the ILO (Article VI, paragraph 6). The Centre is financed from voluntary contributions from the ILO's regular budget and from the Government of Italy as well as from revenue earned by providing its capacity development services. With the ILO as the controlling entity of the Centre, the Centre's financial statements are consolidated within those of the ILO. Should the Centre be dissolved, the Governing Body of the ILO has the authority under the Statute (Article XI) to dispose of the Centre's assets and remaining funds.

The Centre is governed by a Board chaired by the Director-General of the ILO. The Board has 33 members, 24 of whom are appointed by the Governing Body of the ILO. Two meetings of the Board are convened each year. The members of the Board do not receive any remuneration from the Centre for their services. Every second year, at its October meeting, the Board adopts its Programme and Budget in accordance with the Centre's Financial Regulations. Under Article 17 of the Centre's Financial Regulations, the Officers of the Board, as delegated by the Board, adopt the financial statements in May.

The Centre's financial statements, produced on an annual basis, are audited by the External Auditor of the ILO.

The Centre is based in Turin, Italy. In accordance with the complementary agreement on the privileges and immunities of the Centre with the Italian government, the Centre is exempt from most taxes and customs duties imposed by the Italian government.

Note 2 – Accounting policies

Basis of Preparation and Presentation

The financial statements of the Centre have been prepared on the accrual basis of accounting in accordance with International Public Sector Accounting Standards (IPSAS) and fully comply with all the applicable standards effective as at 31 December 2025.

The Centre's financial period for budgetary purposes is a biennium consisting of two consecutive calendar years. The financial statements are prepared annually.

The functional and presentation currency of the Centre is the Euro (€).

The financial statements are expressed in thousands of Euro (€) unless otherwise indicated.

Significant accounting policies

Foreign currency transactions

Transactions carried out during the financial year in currencies other than the Euro are converted using the United Nations operational rate of exchange in effect on the date of each transaction. These rates approximate the market rates.

Balances of assets and liabilities maintained in currencies other than the Euro are converted to Euro at the United Nations operational rate of exchange applicable at the reporting date, which approximates the market rate. Exchange differences arising from the settlement of these items and unrealized gains and losses from the revaluation of these assets and liabilities are recognized as exchange gain (loss) and revaluation, net, in the Statement of financial performance.

Financial instruments

Financial assets include cash and cash equivalent, investments, receivables and contributions receivable. Financial liabilities include the accounts payable and accrued liabilities.

Financial assets and financial liabilities are classified as follows:

Assets/Liabilities	Measurement Category
Cash and cash equivalent	Amortized cost
Investments	Amortized cost
Receivables	Amortized cost
Contributions receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost

Recognition and initial measurement

Financial assets and liabilities are initially recognized on the Statement of financial position at fair value and subsequently measured at amortized cost. The classification of financial assets is defined based on the Centre's management model for financial assets and the contractual cash flow characteristics of the financial assets.

De-recognition

A financial asset is written-off in the Statement of Financial Position when and only when, the contractual rights to the cash flows of the financial asset expire or are waived. A financial liability is removed when, and only when, it has been extinguished.

Impairment

At initial recognition of the financial asset, an allowance for expected credit losses (ECL) is recognized based on the difference between the contractual cash flows and the cash flows that the Centre expects to receive. Impairment allowances are recognized under General Operating Expenditure on the Statement of Performance.

For financial assets deemed to be of low credit risk, the Centre applies a simplified approach that recognizes a loss allowance based on expected credit losses over the lifetime of the financial assets. The allowance is based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. Financial liabilities are subsequently measured at amortized cost.

Cash and cash equivalents

This includes cash on hand, in bank accounts and term deposits maturing within three months from the end of the acquisition date.

Investments

Investments are classified as current or non-current assets depending on the time horizon of the investment objectives. If the period is one year or less, they are classified as current assets, and for longer periods, they are classified as non-current assets. Investment revenue earned is recognized as interest revenue in the Statement of financial performance.

Receivables

These result mainly from training and non-training activities, as well as multimedia services and other miscellaneous sources of revenue. They are recognized when it is probable that they will be received and can be reliably measured.

Contributions receivable

Contributions receivable relate to voluntary contributions provided to finance activities undertaken by the Centre, and to fund various renovation work to its facilities. These represent funds receivable based on signed agreements in respect of future activities and renovation projects that are subject to specific performance conditions, and for which there is a matching liability. They are recognized when it is probable that they will be received and can be reliably measured.

Due from/to the ILO

The Centre has an inter-office current account with its controlling entity, the ILO, to record transactions due from and to the ILO. This includes staff costs and disbursements for training activities and other types of operations incurred by the ILO, both in the ILO's external offices or headquarters, on behalf of the Centre, as well as remittances made by the Centre to the ILO. The exchange net balance due from, or due to, the ILO is reflected in the Statement of financial position.

Inventory

Inventory includes good purchased for resale in the Centre's boutique as well as training supplies used in the delivery of the Centre's activities and charged at cost, as part of direct expenditure of such activities. These include notebooks, pens and office notes, among others. Inventory is measured at the lower of cost and net realizable value. Inventory is presented under the line item – Other current assets.

Leases

Leases are accounted for in accordance with IPSAS 43 on Leases, effective from 1 January 2025. A lease is a contract, or part of a contract, that conveys the right to use an identified asset for a period of time in exchange for consideration.

At the commencement date of a lease, the Centre recognizes a right-of-use asset and a corresponding lease liability, except for short-term leases and leases of low-value assets, for which lease payments are recognized as an expense over the lease term.

Lease liabilities are measured at the present value of lease payments not yet paid, discounted using the interest rate implicit in the lease or, where that rate cannot be readily determined, the Centre's incremental borrowing rate. Right-of-use assets are initially measured at cost and subsequently measured using the historical cost model.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the useful life of the underlying asset and are subject to impairment in accordance with IPSAS 21 on Impairment of Non-Cash-Generating Assets.

Lease liabilities are subsequently increased by interest expense and reduced by lease payments made.

Right-of-use assets and lease liabilities are presented separately in the Statement of Financial Position. Depreciation of right-of-use assets and interest expense on lease liabilities are presented separately in the Statement of Financial Performance.

Property and equipment and intangible assets

This is comprised of equipment, leasehold improvements and intangibles that are measured at historical cost and depreciated on a straight line basis over their useful lives, as follows:

Class / Sub class	Estimated useful life (years)
Vehicles	
Transport equipment	5
Equipment	
Office equipment	5
Technical equipment	5
IT equipment	5
Other type of equipment	
Technical equipment	10
Residential and kitchen equipment	10

Class / Sub class	Estimated useful life (years)
Furniture and fixtures	
Office furniture and fixtures	10
Residential furniture and fixtures	10
Leasehold improvements	
Leasehold improvements	Lower of 15–30 and term of lease
Work in progress, Leasehold improvements	None
Intangibles	
Intangible assets, software externally acquired	5
Intangible assets, software internally acquired	5

Impairment

Non-cash generating assets including property and equipment, leasehold improvements and intangible assets are not held for future sale. Impairment reviews are undertaken for all non-financial assets at least annually to determine if there is any impairment in their value. Loss allowances are established to recognize impairment, if necessary.

Deferred revenue

Deferred revenue represents funds received or receivable based on signed agreements with donors and sponsors in respect of future capacity development activities or renovation works that are subject to specific performance conditions. They are recognized as revenue when the Centre's performance obligation in providing the related services is fulfilled. Agreements providing for amounts to be received in twelve months or longer from the reporting date are recognized as non-current liabilities and are discounted using a discount rate based on high grade corporate bonds.

Employee benefits

The Centre recognizes the following categories of employee benefits:

1. short-term employee benefits: these benefits fall due within twelve months after the end of the financial year in which employees render the related service and include the following:
   - accumulating leave: accumulating compensated absences, such as annual leave and compensatory time, are recognized as expenditure and liabilities as they are earned by employees. In accordance with Staff Regulations, officials earn annual leave of 30 working days per year. Officials may accumulate up to 60 working days that are payable on separation from service. The value of leave payable as at the reporting date is calculated by multiplying the actual number of days accumulated by each staff member by the staff member's base salary plus post adjustment for eligible professional staff and base salary and language allowance for general services staff. The non-current portion of the liability is not discounted as the impact is not material;
   - non-accumulating leave: non-accumulating compensated absences, such as sick leave and maternity leave, are recognized as an expenditure when the absence occurs;
   - home leave: in accordance with Staff Regulations, non-locally recruited officials are entitled to reimbursement for the costs of travel to their home country in the second

calendar year following the year of their initial appointment and thereafter every second year. A liability exists related to the value of home leave entitlements that have been earned by officials but not taken at the reporting date. The value of home leave earned and payable at the reporting date has been calculated on the basis of the last year's costs of home leave adjusted for price increases; and

- other benefits: other employee benefits are expensed as part of payroll and a liability is recorded at year-end if an amount remains unpaid. They include non-resident allowance, family allowance, post adjustment allowance, education grant, and language allowance.

2. post–employment benefits:

- Repatriation travel and removal expenditure

  Officials, their spouses and dependent children are entitled to reimbursement of costs of travel and transport of personal effects upon termination. The liability is estimated by an independent actuary and using the Projected Unit Credit Method. Interest and current service costs are recognized in the Statement of financial performance as a component of salaries, employee benefits and other personnel costs. Actuarial gains and losses arising from the changes in actuarial assumptions or experience adjustments are recognized directly in net assets;

- Repatriation grant and end-of-service payments

  In accordance with Staff Regulations, officials in the General Services category are entitled to an end-of-service payment on separation or on promotion to the Professional category or above. Non-locally recruited officials are entitled to a grant on separation from service if they have completed at least five years of continuous service outside their home country. The liability is estimated by an independent actuary using the Projected Unit Credit Method and is disclosed in the notes to the financial statements.

  The Centre does not recognize any liability for end-of-service payments and repatriation grant. In March 1980, the ILO Governing Body decided that starting on 1 July 1980, the payments related to end-of-service and repatriation grant made to the Centre's staff, would be charged to the Centre's terminal benefits account, held by the ILO, and that monthly contributions would be made by the Centre to this fund. As there is no formal agreement for charging the net defined benefit costs to the Centre, the Centre accounts for the end-of-service payments and repatriation grants on a defined contribution basis. Apart from paying direct contributions to the ILO, which are expensed on an ongoing basis, a liability is recognized only if the monthly contribution to the ILO in respect of employee services rendered remains unpaid at the reporting date.

- After-service health insurance (ASHI)

  Officials and their dependents are entitled to after-service medical benefits when they retire at the age of 55 or higher with at least 10 years of service with an agency of the United Nations System and have been a participant in the Staff Health Insurance Fund for the five years immediately preceding separation from service. The Staff Health Insurance Fund is a multi-employer defined benefit plan providing medical coverage to all staff, retirees and their dependents. The Centre is one of the participating members of that Fund. The Officials make a monthly contribution towards this Fund with matching contributions made by the participating organizations. For retirees of the Centre, the ILO, as of the year 2021, provides the Centre with a voluntary contribution equal to the annual costs incurred by the Centre for its retirees.

  The liability is estimated by an independent actuary using the Projected Unit Credit Method and is disclosed in the notes to the financial statements.

- United Nations Joint Staff Pension Fund

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

  The plan exposes participating organizations to actuarial risks associated with the current and former employees of other organizations participating in the Fund, with the result that there is no consistent and reliable basis for allocating the obligation, the plan assets, and costs to individual organizations participating in the plan. The Centre, through the ILO, and the UNJSPF, in line with the other participating organizations in the Fund, are not in a position to identify the Centre's proportionate share of the defined benefit obligation, the plan assets and the costs associated with the plan with sufficient reliability for accounting purposes. Hence, the Centre has treated this plan as if it was a defined contribution plan in line with the requirements of IPSAS for Employee Benefits. The Centre's contributions to the plan during the financial period are recognized as salaries, employee benefits and other personnel costs in the Statement of financial performance. The liability is disclosed in the notes to the financial statements.

Payables and accruals

These are financial liabilities that relate to goods and services that have been received but not yet paid at the end of the reporting date.

Revenue from exchange transactions

1. Other revenue: other revenue includes revenue from the short-term use of the residential and training facilities by external organizations, recoveries of costs related to common areas from other organizations occupying the campus and other minor revenue. Revenue is recognized when the services are provided.
2. Interest revenue: interest revenue generated from saving accounts and short-term deposits is recognized as it is earned, on a time proportion basis that takes into account the effective yield.

Revenue from non-exchange transactions

1. Voluntary contributions: these are provided to support the general operations of the Centre, for campus improvements and for capacity development activities. These contributions contain no stipulations in the nature of "conditions" that require specific performance and the return of funds not used for their intended purposes. They are recognized as an asset and revenue when it is probable that the contribution will be received and if the amount can be measured reliably.
2. Goods and services–in–kind: the Centre does not recognize services-in-kind in the financial statements. Contributions of goods-in-kind are recognized at fair value at the date of receipt.
3. Training and non-training activity services: agreements related to training and non-training activities are subsidized by non-conditional voluntary contributions which provide support to the Centre's operations. These agreements are considered non-

exchange transactions since both parties to such transactions do not receive approximately equal direct benefit. Training and non-training activities that include restrictions on their use are recognized as revenue upon signing of a binding agreement. Agreements for which the Centre has full control and that include conditions, including the implicit or explicit obligation to return funds if such conditions are not met, are recognized as assets (contributions receivable) and liabilities (deferred revenue) upon signature of a binding agreement. The liability is reduced and revenue is recognized based on the proportion of expenditure incurred to the estimated total expenditure of the activity.

4. Operating leases with other UN organizations: these comprise revenue from leases with other UN organizations and their use of Centre facilities. These leases are operating leases in that they do not transfer substantially all of the risks of ownership to the lessee, and they are cancellable. Lease payments are contingent rents as they are based on costs incurred by the Centre for common areas and recovered based on the area they occupy or the level of staff.

Contingent assets

The Centre does not recognize a contingent asset but discloses in the notes to the financial statements details of a possible asset whose existence is contingent upon the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Centre. Contingent assets are re-assessed regularly to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise from voluntary contributions and activities and that the asset's value can be reliably measured, the asset and the related revenue are recognized in the financial statements in the period in which the change occurs.

Contingent liabilities

Contingent liabilities are disclosed where a possible obligation is uncertain but can be measured, or where the Centre has a present obligation but cannot reliably measure the possible outflow of resources.

A provision is recognized for contingent liabilities when the Centre has a present legal or constructive obligation, as a result of past events, it is more likely than not that an outflow of resources will be required to settle that obligation, and the amount can be reliably estimated. The amount of the provision is the best estimate of the present value of expenditure required to settle the present obligation at the reporting date.

Segment information

The Centre is a single purpose entity with the purpose of providing capacity development services that support the mandate of the ILO. On that basis, it is considered a single segment and no segment note disclosure has been presented.

Significant judgements and sources of estimation uncertainty

The preparation of financial statements in accordance with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts. Judgments and estimates that are significant to the Centre's financial statements include the useful life of property and equipment as well as the loss allowance. Estimates are also used to calculate employee benefits. Actual results could differ from those estimates. Changes in estimates are reflected in the period in which they become known.

Depreciation of property and equipment is calculated based on the estimated useful life of the asset that represents the period over which the asset is expected to be available for use by the Centre. This is reviewed annually.

The loss allowance is determined by estimating the lifetime expected credit losses of its cash and cash equivalent, investments and receivables. This is defined as the weighted average of credit losses within the respective risks of a default occurring. The estimate is based on all reasonable and supportable information that is available without undue cost or effort.

Significant estimates are used in the calculations of the provision for repatriation travel and removal expenditure and are based on current pricing available and the maximum shipment weight permitted under Staff Regulations. Provisions are measured by an independent actuary and includes various assumptions.

Note 3 – New accounting standards

New accounting standards issued but not yet effective

- The International Public Sector Accounting Standards Board (IPSASB) previously published several new standards that became effective in the financial reporting period starting 1 January 2025.
- IPSAS 43 – Leases: the Centre adopted this standard with a date of initial application of 1 January 2025 using, as applicable, the modified retrospective approach, under which the cumulative effect of initial application is recognized in net assets as at the same date. The details of the changes accounting policies are disclosed below:
    - Definition of a lease – Previously the Centre determined at contract inception whether an arrangement is or contains a lease under IPSAS 13. Under IPSAS 43, this assessment is based on the definition of a lease, as explained in Note 2 under significant accounting policies. On transition to IPSAS 43, the definition of a lease under IPSAS 43 was applied to all contracts existing at 1 January 2025 or entered into thereafter.
    - As a lessee – Previously, the Centre accounting policies classified leases as operating or finance lease based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Centre. Under IPSAS 43, the Centre is required to recognize right-of-use assets and lease liabilities for leases, except for short-term leases and leases for low-value equipment, where the Centre decided to apply recognition exemptions. All lease transactions that occurred in 2025 fell into either short-term or low-value categories, to which the exemptions applied.
    - As a lessor – the Centre is not required to make any adjustments on transition to IPSAS 43 for leases in which it acts as a lessor, if any, except for a sublease. In 2025, the Centre did not have lease transaction where it acted as a lessor. It also did not have sub-lease contracts.
- IPSAS 44 – Non-current Assets Held for Sale and Discontinued Operations, effective in 2025, had no impact on the Centre’s financial statements.

- **IPSAS 45 - Property, plant and equipment** and **IPSAS 46 – Measurement** were implemented with a date of initial application of 1 January 2025. IPSAS 45 replaces IPSAS 17 – Property, Plant, and Equipment and was applied retrospectively, uncer which the cumulative effect of initial recognition is recognized in net assets as at 1 January 2025 rather than restating the comparative period. IPSAS 46 is applied prospectively from the effective date. The details of the changes in accounting policies are disclosed below:
    - For the initial measurement of assets acquired through non-exchange transactions, IPSAS 45 replaces the terminology of fair value with deemed cost, as determined by the current value, at the date of acquisition, to align with the initial measurement principles in IPSAS 46. There is no change for the initial measurement of assets acquired through exchange transactions.
    - After initial recognition, IPSAS 45 Property, Plant and Equipment permits a policy choice for the subsequent measurement of property and equipment. The Centre applies the historical cost model, previously referred to as the cost model, under which assets are measured at cost less accumulated depreciation and accumulated impairment losses.
    - While IPSAS 45 introduces a current value model, comprising fair value for assets held primarily for financial capacity and current operational value for assets held primarily for operational capacity, the Centre has not elected to apply a current value measurement model. The Centre's property and equipment are held primarily to support the delivery of training and administrative services, and the historical cost model continues to provide relevant and reliable information for financial reporting purposes.
    - IPSAS 45 requires the recognition of heritage assets that satisfy the definition of property, plant, and equipment and meet asset recognition criteria, which was optional under the previous standard. While this has not resulted in the recognition of any heritage assets at the Centre, the accounting policy is revised to clarify that recognition of heritage assets depends on their ability to produce economic benefits or service potential for the operations of the Organization.
- IPSAS 47 – Revenue: This new standard is a single source for revenue accounting guidance in the public sector, which presents two accounting models based on the existence of a binding arrangement. The effective date of application is for annual periods beginning on or after 1 January 2026, with earlier application permitted. This will be implemented on 1 January 2026 and will have a limited impact on the Statement of Financial Position of the Centre.
- IPSAS 48 – Transfer expenses: This new standard provides accounting guidance for transfer expenses, which account for a significant portion of expenditures for many public sector entities. The effective date of application is for annual periods beginning on or after 1 January 2026, with earlier application permitted for entities that apply IPSAS 47 – Revenue, at or before the date of initial application of this Standard. This will be implemented on 1 January 2026 and will have no impact on the Centre's financial statements.
- IPSAS 49 – Retirement Benefit Plans: This new standard establishes comprehensive accounting and reporting requirements for the financial statements of retirement benefit plans, with participants comprising current and former public sector employees and other eligible members. The effective date of application is for annual periods beginning on or after 1 January 2026, with earlier application permitted. This will be implemented on 1 January 2026 and will have no impact on the Centre's financial statements.
- IPSAS 50 – Exploration for and Evaluation of Mineral Resources and Stripping Costs in the Production Phase of a Surface Mine (Amendments to IPSAS 12): This new standard provides guidance for the exploration for and evaluation of mineral resources. This

includes the measurement, presentation and disclosure requirements for exploration and evaluation assets recognized and to account for the benefits that may arise from the waste removal activity of a surface mine, known as "stripping". The effective date of application is for annual periods beginning on or after 1 January 2027, with earlier application permitted. This will be implemented on 1 January 2027 and will have no impact on the Centre's financial statements.

Note 4 – Cash and cash equivalents

	US dollar (€ equivalent)	Euro	2025	2024
Current accounts and cash on hand	24 223	17 820	42 043	26 692
Term deposits – 3 months	-	-	-	10 080
Total cash	**24 223**	**17 820**	**42 043**	**36 772**

Of the total cash held in 2025, €17 820 was in Euro (2024 - €24 501) and the balance was held in US dollars, €24 223 equivalent (2024 - €12 271).

The cash balance includes an amount of €13 447 (2024 – €14 662) with restrictions as it must be used for capacity development services as well as the renovation of two pavilions on campus, Americas2 and Italy, as per conditions applied by the donors. This amount represents €2 052, €7 611 and €3 785, respectively relating to the capacity development services, renovation of the Pavilion Americas2 and Pavilion Italy.

Although cash and cash equivalents are subject to the expected credit loss requirements of IPSAS 41, no loss allowance has been recognized, as the Centre has not identified any credit losses.

Note 5 – Investments

The Centre invests in 6-months to 1 year term deposits with or without notice with its current banking institutions. This is in line with the Centre's investment policy.

The amortised cost as at the reporting date is as follows:

	2025	2024
6-month term deposit	-	5 508

The movements of the investments during the reporting period are as follows:

	2025	2024
Amortised cost as at 1 January	5 508	–
Maturity of investments during the period	(5508)	
New investment during the period	-	5 508
Amortised cost as at 31 December	**-**	**5 508**

Although investments are subject to the expected credit loss requirements of IPSAS 41, no loss allowance has been recognized, as the Centre has not identified any credit losses.

Note 6 – Receivables

	2025	2024
Current receivables		
Receivables from invoiced training and non-training services	3 010	1 868
Other receivables	246	923
Less: loss allowance	(33)	(96)
Total current net receivables	**3 223**	**2 695**

All of the above current net receivables relate to non-exchange transactions.

	2025	2024
Movements in allowance for credit losses		
Balance 1 January	96	121
Amounts written off during the year as non-collectible	(7)	(55)
Revision in loss allowance made during the year	(56)	30
Balance 31 December	**33**	**96**

Note 7 – Contributions receivable

	2025	2024
Current		
Voluntary contributions receivable for capacity development services agreements, due in the next year	4 114	4 976
Voluntary contributions receivable for the renovations of the campus infrastructure agreements, due in the next year	–	–
Total current net contributions receivable	**4 114**	**4 976**
Non-current		
Voluntary contributions receivable from capacity development service agreements due after 31 December 2026	952	2 110
Total non current net contributions receivable	**952**	**2 110**

All of the above contributions receivable relate to non-exchange transactions.

There is no loss allowance for the remaining balances as they are excluded under IPSAS 41, having a matching liability recorded under deferred revenue.

Note 8 – Financial instruments

Activities are exposed to the following financial risks: market risk, credit risk and liquidity risk. The Centre focuses on these risks and seeks to minimize potential effects on financial performance. Financial risk management is carried out in conjunction with the Investment Policy, the Financial Regulations and the Enterprise Risk Management Framework. In 2025, there were no changes related to the objective, policies and processes for managing these risks. There were also no significant changes in the risks and risk levels to those identified in 2024.

Market risk

This is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risks: currency risk, interest rate risk, and other price risk.

Currency risk

This is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Centre has exposure to currency risk on transactions occurring in currencies other than the Euro, which mainly relates to US dollar transactions. This risk is managed by converting Euros into the necessary currency based on anticipated needs and upon consideration of interest rates and exchange rate forecasts. For significant amounts, the best rates are sought from various banking institutions.

The net US dollar foreign currency exposure as at 31 December is as follows:

	2025 US Dollar	2025 € equivalent	2024 US Dollar	2024 € equivalent
Cash	28 498	24 223	12 520	12 271
Investments	-	-	6 000	5 508
Receivables	909	778	289	277
Due from the ILO	1 327	1 128	3 178	3 051
Accounts payable and accrued liabilities	(132)	(112)	(151)	(139)
Net exposure	**30 602**	**26 017**	**21 836**	**20 968**

Based on the net exposure as at 31 December 2025, and assuming all the other variables remain constant, a hypothetical 5 per cent change in the US dollar against the Euro would result in an increase or decrease in net results of €1 300 (2024 – €1 048) or 5 per cent (2024 – 5 per cent).

Interest rate risk

This is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Centre does not charge interest on its receivables, nor is it charged interest on its liabilities, and does not have any borrowings. However, the Centre maintains saving accounts and investments and is therefore subject to interest rate fluctuations. The interest rate risk is not significant.

Other price risk

This is the risk relating to fluctuations in fair value or future cash flows of financial instruments caused by changes in market price other than changes arising from interest rate risk or currency risks.

The Centre does not hold any equity investments at the reporting date that would expose it to this risk.

Liquidity risk

Liquidity risk, also referred to as funding risk, is the risk that the Centre will encounter difficulties in meeting its financial obligations. The Centre manages liquidity risk to ensure that it will have sufficient liquidity to meet its liabilities by continuously monitoring actual and estimated cash flows.

Accounts payable are, on average, due within 13 days (2024 – 19 days).

In accordance with its Financial Regulations, a Working Capital Fund is maintained that can be used to temporarily finance expenditure pending the receipt of voluntary contributions and other revenue and in exceptional circumstances, to provide advances to meet emergencies. At the reporting date, the Working Capital Fund balance was €2 million (2024 – €2 million).

Credit risk

This is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Centre is exposed to credit risk through its cash and cash equivalent, investments and receivables.

The Centre invests surplus funds to earn investment revenue with the objective of maintaining the safety and preservation of its capital, maintain adequate liquidity to meet cash flow requirements and obtain the best available return on its investments. In accordance with its investment policy, investments are only made with institutions with a Fitch long term rating of “A” or better. If no Fitch rating is available, a minimum rating of “A” by Standard and Poor’s or Moody’s is required. The Centre’s main banking provider is excluded from this policy due to operational requirements.

Cash and cash equivalents, as well as investments, are held in several banks in order to avoid an over-concentration of funds with few institutions. The total percentage of cash, cash equivalents and investments that may be placed with a single institution is determined according to its long-term credit rating excluding the main banking service provider.

The credit ratings for cash and cash equivalents as well as investments are as follows as at 31 December:

2025	AAA	AA+–AA–	A+–A–	BBB+–BBB–	Total
			35 609	6 434	**42 043**
2024					
Cash and cash equivalents	–	–	36 244	10 528	**36 772**
Investments	–	–	5 508	–	**5 508**

Receivables

The receivables, due upon receipt of the invoice, pertain to governments, international and United Nation organizations, supra-nationals and individuals. The maximum exposure to credit risk is represented by the carrying value of these assets.

The aging of receivables at 31 December is as follows:

2025	Less than 1 year	1–2 years	Over 2 years	Less Loss Allowance	Total
Receivables	7 263	76	31	(33)	**7 337**
2024					
Receivables	5 717	49	–	(96)	**5 670**

The Due from the ILO is an account between the Centre and the ILO, where continuous transactions between the two entities are recorded. The Centre follows-up with the ILO to obtain settlement of the balance on a regular basis, depending on the balance owed to the Centre. In the case where the Centre owes the ILO, the Centre would settle the balance, when requested by the ILO. This amount is considered current.

Note 9 – Property and equipment and Intangible assets

Note 9.1 – Property and equipment

	Equipment	Leasehold improvements	Total 2025	Total 2024
Cost as at 31 December	4 225	16 521	20 746	20 174
Accumulated depreciation as at 31 December	3 556	8 493	12 049	11 634
Net book value as at 31 December 2025	**669**	**8 028**	**8 697**	**8 540**
Net book value as at 31 December 2024	**777**	**7 763**	**8 540**	

The carrying value of fully depreciated property and equipment that is still in use is nil (2024 – nil).

There were no contractual commitments for the acquisition of property and equipment at the end of 2025 (2024 – nil).

Equipment

	Vehicle	Office equipment	Other equipment	Furniture and fixtures	Total 2025	Total 2024
Cost at 1 January	**11**	**2 770**	**1 493**	**192**	**4 466**	**4 408**
Additions	-	41	99	5	145	193
Reclassification to intangibles	-	-	-	-	-	(46)
Disposals	-	(161)	(225)	-	(386)	(89)
Cost as at 31 December	**11**	**2 650**	**1 367**	**197**	**4 225**	**4 466**

	Vehicle	Office equipment	Other equipment	Furniture and fixtures	Total 2025	Total 2024
Accumulated depreciation as at 1 January	**4**	**2 222**	**1 299**	**164**	**3 689**	**3 471**
Depreciation	2	185	54	4	245	307
Disposals	-	(161)	(217)	-	(378)	(89)
Accumulated depreciation as at 31 December	**6**	**2 246**	**1 136**	**168**	**3 556**	**3 689**
Net book value as at 31 December	**5**	**404**	**231**	**29**	**669**	**777**

Leasehold improvements

The Centre is located on land and in buildings provided by the City of Turin at a nominal rent. The Covenant between the City of Turin and the ILO signed on 29 July 1964 provides the Centre with the right to refurbish and improve the buildings on the site along with the responsibility to provide routine maintenance of the buildings, park, roads and paths on the site. The City assumes responsibility for major repairs and extraordinary maintenance, while the Centre is responsible for minor routine maintenance and repairs.

The carrying value of these improvements is as follows:

	2025	2024
Cost at 1 January	15 708	15 534
Leasehold improvements – Additions	556	40
Work-in-progress – Additions	257	134
Cost as at 31 December	**16 521**	**15 708**
Accumulated depreciation at 1 January	7 945	7 363
Depreciation	548	582
Accumulated depreciation as at 31 December	**8 493**	**7 945**
Net book value as at 31 December	**8 028**	**7 763**

Note 9.2 – Intangible assets

The Centre recognizes externally acquired and internally developed intangible assets.

	2025	2024
Cost at 1 January	442	396
Additions	-	46
Cost as at 31 December	**442**	**442**

	2025	2024
Accumulated amortization at 1 January	405	396
Amortization	9	9
Accumulated amortization as at 31 December	**414**	**405**
Net book value as at 31 December	**28**	**37**

Note 10 – Deferred revenue

	2025	2024
Deferred revenue – current		
Voluntary contributions received in advance for future activities and renovations of campus pavilions	10 718	7 674
Voluntary contribution receivable relating to signed agreements	4 574	3 403
Total current deferred revenue	**15 292**	**11 077**
Deferred revenue – non-current		
Voluntary contributions receivable relating to signed agreements	4 536	9 097
Total non-current deferred revenue	**4 536**	**9 097**
Total deferred revenue	**19 829**	**20 174**

	2025	2024
Movements in deferred revenue		
Balance 1 January	**20 174**	**18 964**
New agreements signed during the year	7 928	10 181
Recognition of deferred revenue to training and non-training revenue in the Statement of financial performance	(7 183)	(6 619)
Refund/reduction of training and non-training agreements to donors	(718)	(2 522)
Variation in other funds received in advance not linked to training and non-training agreements and amounts to be refunded	–	–
Discounting	(373)	170
Balance 31 December	**19 828**	**20 174**

The Italian Government made a contribution of €8 000 towards the renovation of the Americas2 pavilion. It also made a contribution of €3 360 to the ILO towards the renovation of the Italy pavilion, a project to be managed by the Centre, but a pavilion to be occupied by the United Nations System Staff College (UNSSC), once completed. These funds were subsequently received by the Centre. UNSSC is also contributing funding of €595, bringing the total amount relating to the renovation of the Italy pavilion to €3 955. These amounts are recorded as deferred revenue in the Statement of financial position. As the projects go forward, the funds are being recognized on the basis of the incurred expenditures. As at 31 December 2025, total amounts of €389 and €170 were spent, respectively, on the renovation of Pavilion Americas 2 and Pavilion Italy, leaving available balances of €7 611 and €3 785, respectively.

Note 11 – Employee benefits

	Current	Non current	Total 2025	Total 2024
Accrued salaries	43	-	43	11
Accumulating leave, agreed terminations and home leave	1 766	410	2 176	2 076
Repatriation entitlements	32	863	895	855
Total employee benefits liabilities	**1 841**	**1 273**	**3 114**	**2 942**

Post-employment benefits

Repatriation entitlements

In 2025, an actuarial valuation was carried out to estimate the Centre's liability for repatriation entitlements at the reporting date as described in the following paragraphs.

The liability for repatriation travel and removal expenditure is estimated based on an actuarial valuation. The Centre, jointly with the ILO, reviews and selects assumptions and methods that will be used by the actuary in the valuation to determine the expense and contribution requirements for the Centre's repatriation travel and removal expenditures.

For the 2024 valuation, the assumptions and methods used are as described below.

	2025 (%)	2024 (%)
Discount rate	3.96	3.39
Rate of future cost increases	2.0	1.90
Probability of benefit claim	98	98

The discount rate is determined by reference to the AA corporate bond yield curve of the Euro currency as at 31 December 2025 and 2024.

The following table shows the change in the present value of the defined benefit obligation during the reporting period:

	2025	2024
Defined benefit obligation, beginning of the year	**855**	**875**
Interest costs	27	27
Net benefits paid	(39)	(30)
Actuarial (gain) loss due to experience / demographic assumptions	94	(29)
Actuarial (gain) loss due to assumption changes	(41)	12
Defined benefit obligation, end of year	**895**	**855**
Statement of financial position liability, beginning of year	**(**855)	**(875)**
Total (charge) credit for interest cost and current service cost	(27)	(27)
Net benefits paid	39	30
Total (charge) credit recognized in Statement of financial performance	12	3
Total (charge) credit recognized in net assets	(53)	17
Statement of financial position liability, end of year	**895**	**(855)**

Expenditure related to interest costs and net benefits paid for 2025 have been recognized in the Statement of financial performance as salaries, employee benefits and other personnel related costs. The cumulative net actuarial loss of €53 (2024 – gain of €17) has been recognized in Net Assets.

End–of–service payments and repatriation grant

The total amount paid to the ILO, both for end of service payments and repatriation grant in 2025 was €1 200 (2024 – €1 055). This represents 6.0 per cent of basic remuneration and 10.95 per cent of the pensionable remuneration of staff in the professional and general service categories, respectively. Such amounts are transferred to the Terminal Benefit Fund on a monthly basis.

The present value of the defined benefit obligation for end-of-service was estimated at €7 227 (2024 – €7 726). The present value of the defined benefit obligation for repatriation grant was €1 141 at the end of 2025 (2024 – €1 149). These liabilities are recognized by the ILO in its consolidated financial statements.

The Centre has currently funded a portion of these liabilities to the level of €6.1 million as at 31 December 2024 (€6.7 million as at 31 December 2024).

United Nations Joint Staff Pension Fund

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

The Fund collectively exposes participating organizations to actuarial risks associated with the current and former employees of other organizations participating in the Fund, with the result that there is no consistent and reliable basis for allocating the obligation, plan assets and costs to individual organizations participating in the Fund. The Centre and the Fund, in line with the other participating organizations in the Fund, are not in a position to identify the Centre's proportionate share of the defined benefit obligation, the plan assets and the costs associated with the plan with sufficient reliability for accounting purposes. Hence, the Centre has treated this plan as if it were a defined contribution plan in line with the requirements of IPSAS 39 – Employee Benefits. The Centre's contributions to the Fund during the financial year are recognized as expenditure in the Statement of Financial Performance.

The Fund's Regulations state that the Pension Board shall have an actuarial valuation made of the Fund at least once every three years by the Fund's Consulting Actuary. The practice of the Pension Board has usually been to carry out an actuarial valuation every two years. The primary purpose of the actuarial valuation is to determine whether the current and estimated future assets of the Fund will be sufficient to meet its liabilities into perpetuity. The Fund's published funding policy (available on the Fund's website) sets out the methods, processes and targets that are used to monitor the funding position and associated risks. This also includes the practice of utilizing an actuarial value of assets, which smooths short-term investment gains and losses for the purpose of reporting long-term solvency.

The Centre's financial obligation to the Fund consists of its mandated contribution, at the rate established by the United Nations General Assembly (currently at 7.9% for pensionable remuneration for participants and 15.8% for member organizations) together with any share of any actuarial deficiency payments under Article 26 of the Regulations of the Pension Fund. Such deficiency payments are only payable if, and when the United Nations General Assembly has invoked the provision of Article 26, following determination that there is a requirement for deficiency payments based on an assessment of the actuarial sufficiency of the Fund as of the valuation date. Each member organization shall contribute to this deficiency an amount proportionate to the total contributions which each paid during the three years preceding the valuation date. It has never been necessary to invoke Article 26, and no deficiency payments have ever been requested.

The latest actuarial valuation for the Fund was completed as of 31 December 2023, and the valuation as of 31 December 2025 is currently being performed. A roll forward of the participation data as at 31 December 2023 to 31 December 2024 was used by the Fund for its 2024 financial statements.

The actuarial valuation as of 31 December 2023 reported a funded ratio of actuarial assets to actuarial liabilities of 111.0 per cent (117.0 per cent in the 2021 valuation) when future expected pension adjustments (cost-of-living indexation on benefits) were taken into account. The reported funded ratio was 152.0 per cent (158.2 per cent in the 2021 valuation) when the current system of pension adjustments was not taken into account and would be the measure by which actuarial sufficiency is established under Article 26.

After assessing the actuarial sufficiency of the Fund, the Consulting Actuary concluded that there was no requirement, as of 31 December 2023, for deficiency payments under Article 26 of the Regulations of the Fund as the actuarial value of assets exceeded the actuarial value of all accrued liabilities under the plan. At the time of this report, the General Assembly has not invoked the provision of Article 26.

Should Article 26 be invoked due to an actuarial deficiency, either during the ongoing operation or due to the termination of the Fund, deficiency payments required from each member organization would be based upon the proportion of that member organization's contributions to the total contributions paid to the Fund during the three years preceding the valuation date. Total contributions paid to the Fund during the preceding three years (2022, 2023 and 2024) amounted to USD10 191.93 million, of which 0.16 per cent was contributed by the ITCILO.

During 2025, contributions paid to the Fund by the Centre amounted to €5 629 (2024 – €5 410). Expected contributions due in 2026 are approximately €5 781.

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

The United Nations Board of Auditors carries out an annual audit of the Fund and reports to the Pension Board and to the United Nations General Assembly on the audit every year. The Fund provides weekly information on its investments and it can be viewed by visiting the Fund at www.unjspf.org.

After-service health insurance plan (ASHI)

The liability for after-service medical benefits was estimated at €105 096 at the end of 2025 (2024 – €103 501). This liability is recognized by the ILO in its consolidated financial statements.

Note 12 – Net assets

Net assets represent the value of the Centre's assets less its outstanding liabilities at the reporting date. Net assets consist of the following elements:

1. Reserve includes the Working Capital Fund that was established in accordance with the Financial Regulations of the Centre to temporarily finance expenditures pending receipt of firmly pledged voluntary contributions and other income to be received under signed agreements. Its target level has been established at €2.0 million.

2. Accumulated balances include the following:

- General Fund: the main operating fund of the Centre for its capacity development activities and other sources of funding which represents the accumulated surpluses and deficits of the current and past years;
- Campus Improvement Fund: established to meet capital investment needs on campus and refurbishment costs not covered by the ordinary maintenance budget of the Centre or host country complementary contributions;
- Italy Trust Fund: established to receive funds from the Italian government for capacity development activities;
- Information and Communication Technology (ICT) Development Fund: established to provide for periodic investments in information and communication technology such as infrastructure, software renewal, or application development, that are not part of the normal operating expenditure;
- Innovation Fund: established to promote innovation in learning and knowledge-sharing tools, develop new training activities in response to emerging ILO policies and invest in other innovative actions deemed beneficial to the Centre as well as enhance the Centre's service portfolio and organization performance, linked to the priorities to the strategic plan and programme and budget, within the broader context of higher level ILO strategies;
- Fellowship Fund: established to increase outreach among ILO constituents, including through the organization of bipartite and tripartite flagship initiatives, through training activities and capacity development services;
- Employee benefit liability: represent the impact on changes in actuarial gains and losses.

Note 13 – Revenue from voluntary contributions

	2025	2024
Government of Italy	9 906	9 983
International Labour Organization	5 755	5 555
Government of Portugal	250	250
City of Turin (Italy)	180	180
Piedmont Region (Italy)	23	12
Other voluntary contributions	863	460
Total voluntary contributions	**16 977**	**16 440**

The ILO contribution of €4 620 (USD4 777 million) represents half of the approved 2024-25 biennial contribution of USD9 540 million. The ILO also contributed €1 135 (USD1 279) to cover the costs of After Service Health Insurance for Centre retirees.

The Italian Government's ex-lege contribution to the Centre in 2025 was €7 850 (2024 – €7 850) and was received in 2025. The Italian Government's 2025 contribution for capacity development activities was €1 800 (2024 – €2 000) and is thus recognized under contributions receivable – current.

In 2023, it also contributed a voluntary contribution of €8.0 million towards the renovation of Pavilion Americas2 on campus. Of this total, in 2025, an amount of €256 000 is recorded as revenue from voluntary contributions, representing the work-in-progress carried out during the year on the pavilion (2024 – €134 000).

Note 14 – Other revenue

	2025	2024
Non-exchange transactions		
Cost recoveries from other UN organizations	545	458
Use of facilities other than residential	502	403
Other miscellaneous revenue	240	474
Exchange transactions		
Use of residential facilities	383	313
Revenue from multimedia services	578	622
Total other revenue	**2 248**	**2 270**

Note 15 – Expenditure

The Centre has the following main categories of expenditure as presented in Statement II:

- **Salaries, employee benefits and other personnel costs**: this includes all entitlements for active officials of all grades as authorized by the Staff Regulations, staff training, internships, the payments made by the Staff Health Insurance Fund on behalf of former officials of the Centre and their dependants, and other staff-related costs. This also includes the current period interest and current service costs relating to the staff-related entitlement liabilities.
- **Subcontracts**: this includes expenditure relating to externally provided services for the delivery of outputs as well as the medical service.
- **General operating expenditure**: this includes security services, communication, service contracts, training related licenses, internal removals, among others.
- **Travel**: this includes expenditure relating to official travel of Board members, officials of the Centre and participants attending activities.
- **Other costs related to training and non-training activities**: this includes activity-related costs such as residential costs, subsistence at the Centre, training aids and supplies, and university taxes, among others.
- **Buildings and ground maintenance**: this includes utilities, cleaning and maintenance of buildings and grounds.
- **Supplies**: this includes consumables used in the Centre's day-to-day operations including publications, computer and printer supplies, software licenses as well as equipment and intangible assets that do not meet the capitalization policy.
- **Depreciation**: this includes the depreciation costs of leasehold improvements and equipment as well as amortization of intangible assets.
- **Exchange differences and revaluation**: this includes realized and unrealized foreign exchange gains and losses as well as revaluation gains and losses.
- **Bank charges**: this includes fees and charges incurred in banking transactions.

Note 16 – Commitments, leases and contingent liabilities

A potential liability exists relating to a contract with a third party. It is possible that the Centre will incur an actual financial liability by the occurrence of one or more future events that are not wholly within the control of the Centre. As the Centre is not currently in a position to reliably measure the amount of the financial liability that may result from this, no liability or expenditure is recognized in the financial statements.

The Centre has a few pending legal cases before the ILO Administrative Tribunal. As the final outcome is not yet known, a provision related mainly to the costs associated with the administration of the Tribunal has been recorded.

At 31 December 2025, the Centre had commitments of €2 313 (2024 – €2 866) for contracts related to future services such as hardware and software maintenance as well as outsourced services such as the cleaning of the campus.

All leases entered into by the Centre as a lessee relate to equipment rental and use of software and are cancellable operating leases. Total expenditures for equipment rental were €nil (2024 – €2) and €494 (2024 – €648) for software licenses.

The Centre, acting as a lessor, has cancellable cost recovery agreements with United Nations Interregional Crime and Justice Research Institute (UNICRI) and the United Nations System Staff College (UNSSC). Revenue generated under these agreements totaled €545 (2024 – €458).

Note 17 – Statement of comparison of budget and actual amounts

The Statement of financial position (Statement I), Statement of financial performance (Statement II), Statement of changes in net assets (Statement III) and Statement of cash flow (Statement IV) include all funds while the Statement of comparison of budget and actual amounts (Statement V) includes only the General Fund for which a budget is adopted by the Centre.

The budgetary basis is not the same as the basis used for the Statement of financial performance:

1. the basis of accounting for revenue related to the voluntary contributions received from the Italian Government as well as other sources, relating to capacity development activities, is not the same in Statement II and Statement V. In Statement V, revenue is only recognized when the Centre has earned these funds. In Statement II, they are recognized as voluntary contributions in the year in which the contributions were agreed with donors if it is probable that these contributions will be received and if the amounts can be measured reliably;
2. the institutional investments recorded as expenditure in Statement V are only recorded in the Statement II when the expenditure is incurred;
3. the unrealized exchange gains (losses) due to revaluation at year-end are not included in Statement V however they are recognized in Statement II;
4. the use of surplus from prior periods is presented as budgetary revenue in Statement V while it is not presented on Statement II.

The basis of accounting for depreciation for property and equipment is not the same in Statement II and Statement V. In Statement V, depreciation of property and equipment is not reflected for those assets previously expensed, and only capitalized as of 1 January 2012.

Reconciliation between Statement V and Statement IV

	Operating	Investing	Financing	Total
Net budget surplus (Statement V)	**578**	–	–	**578**
Timing differences	–	–	–	–
Basis differences	2 450	4 547	–	6 997
Entity differences	637	–	–	637
Net cash flow	**3 665**	**4 547**	–	**8 212**
Effect of exchange rates on cash	(2 941)	–	–	(2 941)
Net increase (decrease) in cash (Statement IV)	**724**	**4 547**	–	**5 271**

Reconciliation between Statement V and Statement II

Net budget surplus (Statement V)	578
Timing differences	–
Basis differences	(139)
Entity differences	(2 304)
Net surplus per Statement of financial performance (Statement II)	**(1 865)**

Use of surplus funds

In accordance with Article 7, paragraph 4 of the Financial Regulations, the Director can include the whole or part of the financial surplus at the end of any completed financial period in a future budgetary proposal, for a limited number of priorities or use it as an increase in the accumulated reserves of the General Fund.

Note 18 – Contributions–in–kind

There were no goods-in-kind received during the year. The Centre received services-in-kind for services of trainees from various external parties for which the value is minimal as well as various services-in-kind from the ILO, which varies from year to year. The land and buildings of the Centre are provided by the City of Turin at a nominal rent including facilities constructed with funds provided by various donors.

Note 19 – Contingent assets

	2025	2024
ILO contribution	8 253	4 579
Government of Italy – Centre's operations	7 850	7 850
Funding agreements related to activities	550	1 579
Total contingent assets	**16 653**	**14 008**

Note 20 – Related party transactions

The ILO is the controlling entity of the International Training Centre. The ILO made the following contributions to the Centre:

	2025	2024
General operations	4 620	4 457
Capacity development activities	11 425	11 628
ASHI contribution for Centre former employees	1 135	1 097
End–of–service benefits	841	1 267
Staff costs of ILO staff members assigned to Centre	229	270
Internal audit, legal and HR-related services	356	232
Total related party transactions	**18 606**	**18 951**

All other transactions between the ILO and the Centre occur within the normal supplier and client/recipient relationship.

The related party transactions include the approved voluntary contribution, revenue earned from funding provided by the ILO for the Centre's activities, a contribution in the amount of the expenditure incurred by the ILO to cover the After Service Health Insurance to the Centre's retirees, monthly and ad hoc contributions to the Terminal Benefit Fund as well as payments issued by the Centre for end of service benefits, repatriation grants and agreed terminations, representing expenditures of the Fund. In addition, the Centre reimburses the ILO for certain services that it provides the Centre including, internal audit services, legal services and human resources services, for the management of the Centre's claims under the Staff Health Insurance Fund (SHIF) and the Joint Advisory Appeals Board (JAAB).

Key management personnel of the Centre are the Director and the members of the Senior Management Team. The Board consists of representatives of member States of the ILO Governing Body, and a member each from the Italian Government, City of Turin, Piedmont Region and the Unione Industriale of Turin, who serve without compensation.

The aggregate remuneration paid to key management personnel includes salaries and benefits established in accordance with Staff Regulations and approved by the Board. Key management personnel are members of the UN Joint Service Pension Fund (UNJSPF) to which the personnel and Centre contributes and are also eligible for participation in SHIF including the After Service Medical Insurance if they meet the eligibility requirements in the

SHIF Regulations and Administrative Rules. Both the SHIF and the UNJSPF are defined benefit plans.

During the reporting period, salaries and benefits in the following amounts were paid to key management personnel:

	2025		2024	
Category	Full-time equivalent	Total remuneration	Full-time equivalent	Total remuneration
Key Management	8.17	1 980	7.75	1 797

There were no loans, or advances granted to key management personnel and their close family members that were not available to other categories of staff in accordance with Staff Regulations. There was no remuneration paid to close family members of the key management.

Note 21 – Capital management

The Centre defines the capital that it manages as the aggregate of its net assets, which is comprised of accumulated fund balances. The objectives in managing capital are to safeguard its ability to continue as a going concern, to fund its asset base and to fulfil its mission and objectives as established by its member States and donors. The overall strategy with respect to capital management includes balancing the costs of its operating and capital activities that can extend over multiple financial periods with its funding from voluntary contributions and revenue earned from capacity development activities and other miscellaneous sources.

The Centre manages its capital structure in light of global economic conditions, the risk characteristics of the underlying assets and working capital requirements and reviews on a regular basis the actual and forecasted expenditure against all approved budgets of the entity, such as the Centre's biennium budget and individual budgets approved and funded by donors.

Note 22 – Subsequent event

After the reporting date, the International Labour Organization (ILO) issued documentation for consideration by its Governing Body setting out detailed reform measures to address financial and budgetary constraints. These measures include quantified reductions in regular budget allocations and operational expenditures and the consolidation of training and capacity development activities.

While financial constraints and related efficiency measures had been identified prior to 31 December 2025, the documentation issued in early 2026 provides additional information on the scope and implementation of the reform and potential implications for the Centre as the training arm of the ILO carrying out related activities on their behalf. The financial impact on the Centre cannot be reliably estimated at the reporting date, and no adjustment has been made to these financial statements. Future implementation of the ILO reform measures and related contingency measures may have material financial implications for the Centre that cannot be determined at this stage.

Report of the External Auditor to the Board on the audit of the Financial Statements of the International Training Centre of the International Labour Organization for the year ended 31 December 2025

विमलेंद्र आनंद पटवर्धन, आई.ए.ए.एस
महानिदेशक
अंतर्राष्ट्रीय संबंध
Vimalendra Anand Patwardhan, IA&AS
Director General
International Relations

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नई दिल्ली - 110124
OFFICE OF THE COMPTROLLER &
AUDITOR GENERAL OF INDIA
9, Deen Dayal Upadhyaya Marg,
NEW DELHI - 110124

Dated 1 APRIL 2026

LETTER OF TRANSMITTAL

Dear Christophe Perrin,

I have the honor to present to the Board of the International Training Centre (the Centre) of the International Labour Organisation the External auditor's opinion, on the financial statements of the International Training Centre for the financial year ended 31 December 2025.

I record my appreciation to the Centre for the honor and privilege to serve as External Auditor of the Centre.

Yours sincerely,

Vimalendra Anand Patwardhan

Christophe Perrin
Director of International Training Centre
of the International Labour Organisation
Turin-Italy.

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SUPREME AUDIT INSTITUTION OF INDIA
लोकहितार्थ सत्यनिष्ठा
Dedicated to Truth in Public Interest

Audit of the International Training Centre of the International Labour Organisation for the Financial Year ended 31 December 2025

Comptroller & Auditor General of India

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Chapter I

Report of the External Auditor on the financial statements.

To the Board of the International Training Centre of the International Labour Organisation for the Financial Year ended 31 December 2025

Opinion

We have audited the financial statements of the International Training Centre (the Centre) of the International Labour Organisation which comprise the statement of financial position (statement I) as at 31 December 2025, the statement of financial performance (statement II), the statement of changes in net assets/equity (statement III), the statement of cash flows (statement IV) and the statement of comparison of budget and actual amounts (statement V) for the year then ended, as well as the notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Centre as at 31 December 2025, and its financial performance, changes in net assets/equity, cash flow, comparison of budget and actual amounts for the year then ended in accordance with International Public Sector Accounting Standards (IPSAS).

Basis for opinion

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

Information other than the financial statements and auditor's report thereon

Management is responsible for other information. The other information comprises the financial report for the year ended 31 December 2025, but does not include the financial statements and our auditor's report thereon.

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

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IPSAS and for such internal control as management determines to be necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

c) Draw conclusions as to the appropriateness of management's use of the going concern basis of accounting and, on the basis of the audit evidence obtained, whether a material uncertainty exists in relation to events or conditions that may cast significant doubt on the ability of the Centre 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 Centre to cease to continue as a going concern;

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

Furthermore, in our opinion, the transactions of the Centre 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 Centre's Financial Regulations.

In accordance with Article 27 of Financial Regulation of the Centre, we have also issued a long-form report on our audit of the International Training Centre of International Labour Organisation.

K Sanjay Murthy

Comptroller and Auditor General of India

1 April 2026

Chapter-II

Long Form report of the External Auditor

Executive Summary

Introduction

The International Training Centre of the International Labour Organization (the Centre) was established by the Governing Body of the International Labour Organization (ILO) and the Government of Italy in 1964. The objective of the Centre, in keeping with the principles set forth in the Preamble of the Constitution of the ILO and in the Declaration of Philadelphia, is to provide people across the world of work directly and via ILO constituents with access to digitally enhanced capacity development services to promote social justice through decent work. Its activities are elaborated within the framework of the technical co-operation of the ILO, the United Nations System and other international organizations.

The financial position of the Centre as on 31.12.2025 is as follows:

Table 1: Financial Performance

(In thousands of Euro)

	2025	2024
Revenue	46 110	45 868
Expenditure	47 975	43 016
Net surplus/(deficit)	**(1 865)**	**2 852**
Assets	63 224	65 791
Liabilities	26 186	26 835
Net assets	37 038	38 956
Budget surplus	**578**	**803**

Revenue in 2025 totaled Euro 46.11 million. The two major sources of revenue, representing 93 percent of total revenue (2024 – 90 percent) are training and non-training activity services as well as voluntary contributions. Revenue from training and non-training activity services totaled Euro 26.10 million in 2025 as compared to Euro 24.84 million in 2024 showing an increase of Euro 1.26 million.

Voluntary contributions increased by Euro 537,000 in 2025 as compared to 2024. The Italian Government's contribution of Euro 7.85 million remained constant.

Recommendations made by the International Civil Service Commission provided for increases in the salaries and other benefits of employees. The overall costs associated with subcontracts decreased by Euro 165,000 and General operating expenditure increased by Euro 148,000 in 2025.

Conclusion

Our review of the financial statements and compliance checks, conducted as part of the financial and compliance audit - including an interim audit (17 to 28 November 2025, remotely from India) and a final audit in Turin, Italy (02 to 20 February 2026) - has resulted in the following findings and recommendations.

Audit recommendations

The audit recommendations in this report have been categorized based on the associated risks and are presented below.

No.	Audit recommendations	Risk
1	Audit recommends the Centre to maintain separate financial accounts for amounts received from the Government of Italy and United Nations System Staff College for renovation of Pavilion Italy and Pavilion Americas 2, in line with terms and conditions of the MoUs and the agreement concerned. The Audit also recommends the Centre to credit the interest earned on funds received from the Government of Italy to the appropriate project fund account.	Significant
2	Audit recommends the Centre to strengthen enforcement of submission of reports and action plans by staff who underwent external training with the Centre's assistance, by configuring the staff training and development platform to record learning activities as completed, only upon submission of the required documentation by the concerned staff member.	Merits attention
3	Audit recommends the Centre to lay down timelines by when decisions on cancellation or rescheduling of self-funded courses may be taken, to minimise impact on the academic plans and prior commitments of applicants who contribute to the revenue of the Centre	Significant

4	Audit recommends the Centre to stipulate a minimum time gap between the application deadline date and the date of commencement of a training course, to enable better screening and processing of applications prior to participant enrolment and course implementation.	Merits attention
5	Audit recommends the Centre to: (i) ensure compliance with established timelines for submission of travel authorization forms to FINSERV and travel claims by staff upon journey completion.	(i) Merits attention
	(ii) establish a mechanism to ensure submission of Mission reports by staff for all approved Missions financed through the Centre's Fixed Expenditure/core budget.	(ii) Merits attention
	(iii) for all travel on mission, ensure preparation and retention of documentation containing analysis of cost differential between different means of transport and travel time involved, to support selection of the most direct and economical route and means of transport.	(iii) Significant
6	Audit recommends the Centre to implement a cross-referencing protocol to link all signed agreements in the Contracts and Funding Agreements tool with their respective Management of Activities and Participants Activity Codes and Oracle Codes, to enhance ease of data/information retrieval.	Merits attention
7	Audit recommends the Centre to ensure better monitoring of the cash position of all funds of the Centre and invest funds not immediately required, to meet the objective of receiving better return.	Significant

(**Significant:** Action is considered necessary to avoid exposure to significant risks. Failure to take action could result in financial consequences and operational disruptions).

A. Mandate, Scope and Methodology

1. The Comptroller and Auditor General of India (CAG) has been appointed as the External Auditor of International Training Centre (Centre) of ILO for a term of four years from 2024 to 2027.

2. External Audit (EA) draws its mandate from Article 24 of Financial Regulations of the ITC which states that The External Auditor of the International Labour Organization is the External Auditor of the Centre.

3. The EA team conducted audit of the Annual Financial Statements of ITC-ILO for the year ending 31 December 2025 in accordance with financial and regulatory frameworks of ITC-ILO, inter alia, the ITC-ILO Financial Regulations and Rules, International Public Sector Accounting Standards (IPSAS), and the accounting practices adopted by other UN organisations/Agencies, ITC-ILO Governing Bodies directives and guidelines as well as with the International Standards on Auditing.

4. The Report covers matters that, in the opinion of the EA, should be brought to the attention of the Management for appropriate action. The EA's conclusions were discussed with the Management in the Exit Conference.

B. Audit Objectives

5. The primary objective of the audit was to assess:

- Whether the financial statements present fairly, in all material respects, the financial position of the ITC as of 31 December 2025 and the financial statements have been prepared in accordance with the stated accounting policies.
- Whether the internal controls adopted by ITC are adequate and effective in ensuring that material risks arising from transactions and activities which may impact the financial statements, have been mitigated.
- Whether rules, regulations and policies, established codes or agreed terms and conditions have been complied with in its functioning, with focus on training activities.
- Whether any other regularity or propriety issues that may be noticed during conduct of audit is considered important by audit from the reporting perspective.

C. Audit Findings and Recommendations

I. Status of Implementation of Previous External Audit Recommendations

6. There were 12 outstanding recommendations up to the period ending 31 December 2025, of which Management proposed three for closure. We examined and noted that three recommendations had been implemented and others were either pending to be implemented or under implementation. As of 31 December 2025, nine old recommendations were outstanding. Details of recommendations are given in **Annexure-1**

II. Findings of Financial Audit

2.1 Funds in trust: Funds received for renovation of Pavilion Italy project and Pavilion Americas 2 project.

7. In November 2023, the Centre received Euro 3.36 million as Funds in Trust from the Government of Italy under an MoU (between Government of Italy and ILO) for renovating Pavilion Italy, which required a separate financial account and crediting accrued interest. In June 2024, an additional Euro 0.595 million were received from United Nations System Staff College (UNSSC) for the same project, under an agreement (between UNSSC and ITC,ILO) stipulating no interest accrual.

8. We noted that UNSSC funds were credited to account 572000, already holding Euro 3.36 million received from the Government of Italy, contrary to the provisions of the MoU, which called for a separate financial account. Furthermore, despite holding over Euro 3.2 million (after spending Euro 170,350 on renovation) for more than two years, no interest was credited to AH 572000, resulting in non- compliance with MoU provisions.

9. The Centre replied that account 572 000 in Oracle serves as a separate financial account and that the MOU's requirement to post all "income (credit)" to the referred financial account justified crediting the UNSSC funds to the same financial account.

10. The reply of the Centre is not convincing, as in our opinion, funds received from UNSSC do not constitute income from Funds in Trust received from Government of Italy. Accordingly, crediting these funds to the same account used for funds received from Government of Italy was inappropriate, particularly in view of the MoU stipulation requiring maintenance of a separate account for such funds.

11. For project Pavilion Americas 2, the Centre received Euro 8 million for renovating Pavilion Americas 2, under an MoU (22.12.2022) between Government of Italy and the ILO,

with requirement for a separate financial account, exclusive use of Funds-in-Trust and credit of accrued interest to the financial account. The Government of Italy released Euro 4 million each in June and October 2023; and expenditure totalled Euro 133,442 in 2024 and Euro 255,816 in 2025, leaving Euro 7,610,742 (18 percent of the Centre's total cash balance of Euro 42.04 million) unutilized as at 31.12.2025.

12. We observed that these funds were recorded in AH 571000 (Unapplied other funds received in advance),with transactions pertaining to other advances received by the Centre, contrary to stipulations of the MoU. The Centre also did not ensure accrual of interest on funds received for this project, to the project fund account concerned.

13. The Centre provided no response on the non-maintenance of a separate financial account for Funds in Trust received for renovation of Pavilion Americas 2.

14. The unutilised balance of Euro 3,784,651, including Funds-in-Trust from the Government of Italy, remained restricted for project use, constituted 9 percent of the Centre's total cash balance of Euro 42.04 million, and was not available for general operational purposes as on 31.12.2025, which called for appropriate disclosure under IPSAS 2.

Recommendation 1:

Audit recommends that the Centre maintain separate financial accounts for amounts received from the Government of Italy and United Nations System Staff College for renovation of Pavilion Italy and Pavilion Americas 2, in line with terms and conditions of the MoUs and the agreement concerned. The Audit also recommends the Centre to credit the interest earned on funds received from the Government of Italy to the appropriate project fund account.

15. Management accepted the recommendation.

III. Findings of Compliance Audit

3.1 Training

3.1.1 Staff training and development

Training reports and action plan for integration into centre activities

16. Serial 22 of Circular 02/2010 dated 7 May 2002 requires staff members who benefit from assistance towards undergoing external training, to submit, within one month after completion (i) a report on the training undertaken and (ii) an action plan suggesting ways in which the training could be utilised in the Centre's activities and how this could be measured. On our request to provide copies of reports and action plans of 20 staff (out of 38 who

underwent external training during 2025), the Centre had provided one report and replied that further improvement was needed on the enforcement of submission of reports and/or the action plan. We noted that mandatory submission of reports and the action plan by staff was not being ensured.

Recommendation 2:

Audit recommends the Centre to strengthen enforcement of submission of reports and action plans by staff who undergo external training with the Centre's assistance by configuring the staff training and development platform to record learning activities as completed, only upon submission of the required documentation by the concerned staff member.

17. Management accepted the recommendation.

3.1.2 Cancellation and rescheduling of open courses and masters programs

18. Circular No. 06/2024 prescribes the pricing framework for training and non-training activities and mandates minimum enrolment of 15 (campus) and 20 (distance learning) participants before launch, failing which enrolment and invoicing are not permitted. The Centre stated that no specific timeline exists for initiating course change or cancellation requests.

19. Analysis of 32 cancelled open courses (2025) revealed procedural gaps, including approvals for cancellation after the course start date (11 cases), no gap or minimal gaps between approval and cancellation (9 cases), and delays of up to 14 days between approval and actual cancellation (5 cases). Reasons cited included low enrolment or saturation of activities. Delayed cancellations could adversely affect the professional/academic plans of applicants.

20. Further, analysis of 48 rescheduled courses showed significant variation in the timing of changes in MAP vis-à-vis course start dates. In one case, the end date was modified while the course was already underway, while in seven cases, changes were made with short notice of 7 to 21 days. In the remaining 40 cases, rescheduling gaps ranged widely from 25 to 369 days, indicating inconsistency in planning and communication.

Recommendation 3:

Audit recommends the Centre to lay down timelines by when decisions on cancellation or rescheduling of self-funded courses to be taken, to minimise impact on the academic plans and prior commitments of applicants who contribute to the revenue of the Centre.

21. Management accepted the recommendation.

3.1.3 Application deadlines

22. Circular 06/2024 sets pricing parameters for 2025 capacity development activities to ensure a consistent and transparent policy, including penalties for cancellation after enrolment (Para 66) and rules to be reflected in the Centre's catalogue, website, and eCampus (Para 67). The Centre stated that application deadlines in MAP are pre-set by the activity team to allow sufficient time for enrolment, course preparation, and implementation. Participant selection combines clear eligibility criteria with trust in institutional partners, while refunds are not processed automatically and exemptions from penalties are managed case by case.

23. During our review of the Centre's website on six dates between October 2025 and January 2026 for a sample of 54 courses, we noted significant gaps between application deadline dates and course commencement dates across multiple courses:

- Five courses had application deadline dates coinciding with or occurring one to two days prior to the start date
- 15 courses had application deadline dates three days before the start date, with four courses showing inconsistencies between website and brochure/info note dates
- Eight courses scheduled for 2026 had application deadline dates after the start dates
- Inconsistencies were observed between dates displayed on the webpage and accompanying documentation (brochure / info note)

24. These deficiencies create operational constraints in conducting adequate application screening and processing, carry reputational risk through differing participant interpretations of course timelines, and result in inconsistent treatment of applicants.

Recommendation 4

The Audit recommends the Centre to stipulate a minimum time gap between the application deadline date and the date of commencement of a training course, to enable better screening and processing of applications prior to participant enrolment and course implementation.

25. Management accepted the recommendation.

3.2 Travel

3.2.1 Non-compliance to travel circular

26. As per Circular FINSERV 06/2006, completed and authorized ILO 7 forms for travel on mission, should be sent to FINSERV at least three working days before departure. Out of 476 AP-linked travel forms, a sample of 170 (including 140 mission travel forms) was scrutinized, and we observed compliance and procedural issues.

Table 2: Analysis of travel forms

Discrepancy observed	No. of cases
FINSERV stamp date was same as the date of departure	6
FINSERV stamp date was after the date of departure	4
FINSERV stamp date was less than 3 days before the date of departure	10
FINSERV stamp date was less than 03 working days before the date of departure.	2
Authorization form did not contain the FINSERV stamp (hence the date on which FINSERV had received the said authorization forms could not be ascertained)	30

27. As per Circular No. FINSERV 06/2006, travel claims must be submitted to FINSERV within 08 days of completion of travel. Audit scrutinized a sample of 170 cases. Table 3 shows the issues observed.

Table 3: Issues in travel claims

Issues observed	No. of cases
Delay in submission of travel claims to FINSERV	26
Predated signatures	10
Undated signatures	2

28. The Centre attributed delays to holidays, closures, weekends, medical leave, and consecutive missions. However, the reply was general in nature, lacking case-specific details, and did not clarify whether such reasons were recorded or accepted.

29. As per Para 2.8 of Circular No. 01/2006 dated 12.05.2006, mission reports should be prepared for all approved missions. The Centre acknowledged that no institutional process exists to enforce this, and reports were not prepared in the sampled 10 cases relating to capacity development activities. We noted that this gap prevents the Centre from building a useful repository of mission knowledge for future reference..

30. As per relevant provisions of Circular No. FINSERV 01/2006 and Circular No. FINBUD 1/98, travel shall normally be by the most direct and economical route, determined based on (a) service requirements, (b) cost differential, and (c) travel time. While the Centre reiterated these criteria, the supporting excel sheet provided for 10 sampled cases did not indicate analysis of service requirements, cost differential, or travel time. Resultantly, it was evident that decisions on route and means of transport were being taken without such analysis.

Recommendation 5:

Audit recommends the Centre to:

(i) ensure compliance with established timelines for submission of travel authorization forms to FINSERV and travel claims by staff upon journey completion.

(ii) establish a mechanism to ensure submission of Mission reports by staff for all approved Missions financed through the Centre's Fixed Expenditure/core budget.

(iii) for all travel on mission, ensure preparation and retention of documentation containing analysis of cost differential between different means of transport and travel time involved, to support selection of the most direct and economical route and means of transport.

31. Management accepted these recommendations.

3.3 Funding agreements

3.3.1 Strengthening integration between MAP, Oracle and the CFA tool

32. Circular DIRTRG 1/2024 requires original signed agreements to be stored in a dedicated repository, with electronic copies in the CFA request database. The Centre uses three systems to manage agreements: (a) CFA Tool for signed copies, (b) MAP (TDIR) for activity-level tracking via Activity Codes, and (c) Oracle (FinSERV) for financial reporting via Oracle Codes.

33. We noted that there is linkage between Activity Code and Oracle Code, however, there is currently no cross-referencing mechanism that connects a signed agreement in the CFA tool to its corresponding Activity Code in MAP or Oracle Code in FINSERV. The non-availability of a common identifier across these platforms results in a "data silo" effect and requires manual reconciliation to map physical agreements to financial records, increasing administrative burden and making the process of conducting end-to-end reviews of an agreement's lifecycle - inception, conclusion, implementation and final invoicing, time consuming.

Recommendation 6:

Audit recommends the Centre to implement a cross-referencing protocol to link all signed agreements in the Contracts and Funding Agreements tool with their respective Management of Activities and Participants Activity Codes and Oracle Codes, to enhance ease of data/information retrieval.

34. Management accepted the recommendation.

3.4 Cash management

3.4.1 Investment of un-utilised funds

35. The Centre's Investment Management Policy (DIR 07/2022, 06.04.2022) outlines that the Director, in consultation with the Board Chairperson, designates banks for holding or investing Centre funds. The policy's main objectives are (a) Security - safeguarding fund value; (b) Liquidity - ensuring funds are readily available for operations; and (c) Return - achieving the highest possible return within risk limits. Funds in current and call accounts are excluded from investment limits, but efforts should be made to minimize idle cash while meeting cash flow needs.

36. As of 31 December 2025, 66.5 percent of the Centre's assets were held as cash and cash equivalents across multiple bank accounts. We observed that the Euro and USD accounts held a combined average minimum monthly balance exceeding Euro 2.84 million, with balance on 31.12.2025 as shown in table 3.

Table 4: Bank Balances

Bank Account	Balance as at 31-12-2025 (Euro)
160000 – Banca di Sondrio (Euro account)	1,994,391
160010 - Banca di Sondrio (USD account)	844,583

37. We observed that there were no transactions in these two accounts except in the month of March 2025 and these surplus funds were not invested to generate returns.

Recommendation 7:

Audit recommends the Centre to ensure better monitoring of the cash position of all funds of the Centre and invest funds not immediately required, to meet the objective of receiving better return within risk limits.

38. Management accepted the recommendation.

D. Acknowledgment

39. We wish to express our sincere appreciation for the support and cooperation extended by the Centre, its Senior Management and Staff, during the course of audit.

K Sanjay Murthy
Comptroller and Auditor General of India

1 April 2026

Annexure 1

Status of implementation of recommendations for the financial period ended 31 December 2025

Sl. No	Reference to Report and Financial Period	Recommendation	Action Reported by the Management	Status after Verification				
				External Auditor's Assessment	Implemented	Under Implementation	Not Implemented	Overtaken by events
1	***Report the year ended 31 December 2024***	*Recommendation 1-Put in place the procurement manual on priority basis, instruct all the units to prepare calendar of procurement and to consolidate the same in to the Annual Procurement Plan. ensure that units responsible for procurement of goods and services maintain database of expiring dates of the major contracts for timely initiating procurement process*	Procurement Manual drafted and is in final review stage and planned for launch in Q1-Q2 of 2026. This recommendation will be implemented in conjunction with operationalization of this manual.	The Centre targets to achieve implementation of the recommendation in Q1-Q2 of 2026.		✓		
2		*Recommendation: Centre lo maintain procurement documents for all procurements in the central repository.*	Procurement Manual drafted and is in final review stage and planned for launch in Q1-Q2 of 2026. This recommendation will be	The Centre targets to achieve implementation		✓		

Sl. No	Reference to Report and Financial Period	Recommendation	Action Reported by the Management	Status after Verification				
				External Auditor's Assessment	Implemented	Under Implementation	Not Implemented	Overtaken by events
			implemented in conjunction with operationalization of this manual.	of the recommendation in Q1-Q2 of 2026				
3		*Recommendation 3: Centre to ensure that all the formal procurement is done through UNGM registered vendors*	Procurement Manual drafted and is in final review stage and planned for launch in Q1-Q2 of 2026. This recommendation will be implemented in conjunction with operationalization of this manual.	The Centre targets to achieve implementation of the recommendation in Q1-Q2 of 2026		✓		
4		*Recommendation 4: Centre to periodically review the cash position and to invest surplus funds in higher returning instruments, while complying with the norms for portfolio diversification and stipulated investment ceilings.*	The Centre is in the process of finalizing the setup of a couple of its bank accounts that are relatively new. Once this is completed in Q1, the investments of idle funds will be rationalized based on the stipulations of the investment policies.	It was observed that significant cash balances were retained in non-interest bearing accounts (Observation no.13 issued)		✓		

Sl. No	Reference to Report and Financial Period	Recommendation	Action Reported by the Management	Status after Verification				
				External Auditor's Assessment	Implemented	Under Implementation	Not Implemented	Overtaken by events
5	***Report the year ended 31 December 2023***	*Facilitate the efficiency of invoicing and collection, update the Circular on invoicing, particularly on having Financial Services (FINSERV) issue the invoices directly to the clients, thus requiring the concerned Programmes to obtain and input the correct information regarding the concerned person or organization at the time of enrolment in the Management of Activities and Participants System (MAP). Consequently, adjustments in Oracle should be made consistent with the billing information provided.*	In 2024, a full review was launched and completed on the enrolment process, which also includes the issue of invoices to participants, donors and stakeholders as well as the payment of such invoices. As a result, this recommendation was put on hold, as this requires various updates in the MAP and Oracle systems. The business process will be subject to a full re-design in 2025 as to ensure that it is fit for purpose and can support future growth of the Centre.	As per the Management's reply, the business process will be subject to a full re-design in 2025 as to ensure that it is fit for purpose and can support future growth of the Centre.		✓		

Sl. No	Reference to Report and Financial Period	Recommendation	Action Reported by the Management	Status after Verification					
				External Auditor's Assessment	Implemented	Under Implementation	Not Implemented	Overtaken by events
6		Update its current BCP to ensure all changes resulting from the Centre's new business model and its current operating environment are considered, thus guaranteeing resilient and sustained operations during unforeseen disruptions (par. 58)	Training Department is working on this in collaboration with ICTS and 50% progress is estimated as of now.	The matter is in cognizance of the Management and is under active discussion.		✓		
7		Develop a comprehensive documented policy framework including rules and standards for all Centre support services offered to its learners, whether they are on- campus, in the field, and blended learning modalities.	Given that the below recommendation that this item has dependency on is now completed, implementation will be planned for this year (2026)	As reported by the Management, implementation of the recommendation is subject to implementation of the recommendation mentioned below, which has now been		✓		

Sl. No	Reference to Report and Financial Period	Recommendation	Action Reported by the Management	Status after Verification					
				External Auditor's Assessment	Implemented	Under Implementation	Not Implemented	Overtaken by events
				completed. Expected to be implemented in 2026				
8		Implement a comprehensive and coordinated evaluation process encompassing all existing and available participant support services offered by the Centre, thus enabling a thorough review of all support services to accurately measure the achievement of expected results.	The non-academic participant support services provided by FIS are articulated as follows: 1. Service provided to all participants, including distance ones: Admission. Measured through the time of elaboration of the enrolment requests. Extensive statistics available. 2. Service provided to all F2F participants, both on campus and in the field: a. Admission. Measured through the time of elaboration of the enrolment requests. Extensive statistics available b. Travel. Measured through:	As reported by the Management the recommendation has been implemented.	✓			

Sl. No	Reference to Report and Financial Period	Recommendation	Action Reported by the Management	Status after Verification				
				External Auditor's Assessment	Implemented	Under Implementation	Not Implemented	Overtaken by events
			i. The time needed to issue an air ticket from the initial request. ii. The number of cases when the most direct and economic route was found, as per the ongoing Centre's applicable policies. 3. Service provided to all F2F participants on campus. Evaluated monthly through ReviewPro, which aggregated score is posted to the IBI. The full list is in the next tab named "support".Results are shared with technical programmes and customer satisfaction results are posted to the IBI.					
9	***Report for the year ended 31 December 2022***	We recommended that Management update the 2019 Quality Assurance Manual to incorporate the developments in the evaluation criteria, methodologies, tools and	The review of the evaluation quality management manual has been completed. It can be viewed via this link: https://www.itcilo.org/quality-management-itcilo	The quality management guidance document has been updated				

Sl. No	Reference to Report and Financial Period	Recommendation	Action Reported by the Management	Status after Verification				
				External Auditor's Assessment	Implemented	Under Implementation	Not Implemented	Overtaken by events
		approaches, and other important areas of an evaluation process, in order to promote consistency, enhance the validity of evaluations, enable comparison of evaluation results, and improve the overall quality of training activities, with the end view of ensuring that the evaluation of training activities is conducted in a systematic, robust, and effective manner.	It has also been added to the collective page: https://www.itcilo.org/resources/digital-briefs		✓			
10		Include, in future implementation reports, a table summarizing the progress made in the implementation of past external evaluators' recommendations to permit ease of monitoring by the Board to harness the benefits of	This table is being used to track open recommendations including progress of implementation in percentage terms	Implemented	✓			

Sl. No	Reference to Report and Financial Period	Recommendation	Action Reported by the Management	Status after Verification				
				External Auditor's Assessment	Implemented	Under Implementation	Not Implemented	Overtaken by events
		evaluations on its training programmes.						
11	***Report for the year ended 31 December 2021***	Prepare a Centre-wide Procurement Manual incorporating all the current and existing policies, guidelines, and procedures pertaining to procurement and embodying the principles of accountability by emphasizing clarity of roles and responsibilities, performance monitoring and reporting, and the highest standards of integrity and ethical conduct.	Procurement Manual drafted and is in final review stage and planned for launch in Q1-Q2 of 2026.	The Centre targets to achieve implementation of the recommendation in Q1-Q2 of 2026		✓		

Sl. No	Reference to Report and Financial Period	Recommendation	Action Reported by the Management	Status after Verification				
				External Auditor's Assessment	Implemented	Under Implementation	Not Implemented	Overtaken by events
12		Consider expanding the current responsibilities of the Contracts Committee to include in its scope the conduct of technical and financial evaluations, instead of delegating this to the requisitioning units, in order to ensure proper segregation of duties, an essential element of control and accountability.	Procurement manual drafted and is in final review stage. Planned for launch in Q1-Q2 of 2026. This recommendation will be implemented in conjunction with operationalisation of this manual.	Under implementation		✓		
	Total				**3**	**9**	**0**	**0**
	Percentage of total number of recommendations				**25**	**75**	**0**	**0**