Board of the Centre

89th Session, November 2025

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FIFTH ITEM ON THE AGENDA

Financial Statements and External Auditor's Report for the year ended 31 December 2024

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Financial report on the 2024 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 2024 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 2024 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 2024

5. The results presented below are those of the financial year 2024, a year during which the Centre has seen an increase of approx. 6.8 per cent in the number of enrolments when compared to 2023 in its face-to-face training activities delivered on campus and in the field. These included activities in blended modalities as well. In addition, the Centre has also continued to deliver activities using online modalities and for which the Centre has seen a significant increase of more than 61 000 direct and indirect enrolments, representing an increase of 67.0 per cent when compared to 2023. The Centre also maintained its efforts in offering non-training services in 2024 and the Centre achieved growth of 20.6 per cent in the number of participants having been reached through these modalities.

6. The Centre implemented the work of the first year's programme, as approved in its 2024-25 Programme and Budget, aligned to its approved Strategy for 2022-25. While the number of activities were lower than in 2023 by approx. 10.0 per cent, there was a significant increase in total training outreach of approx. 63.8 per cent, bringing the total training's direct and indirect enrolments to nearly 162 000 for the year. In 2024, the overall Contribution to Fixed Costs (CFC) was again very healthy and this ultimately resulted in very good results, as shown below:

(In thousands of Euro)

	2024	2023	2022	2021
Revenue	45 868	46 099	49 738	44 604
Expenditure	43 016	43 098	41 047	37 463
Net IPSAS surplus	**2 852**	**3 001**	**8 691**	**7 141**
Assets	65 791	60 567	46 653	49 989
Liabilities	26 835	24 481	13 342	25 442
Net assets	**38 956**	**36 086**	**33 311**	**24 547**
Budget surplus	**803**	**1 323**	**3 833**	**3 325**

The IPSAS-based 2024 surplus amounts to €2.852 million and incorporates the total financial results of all the Centre's Funds whereas the budget surplus of €803 000 includes only the results of the General Fund. The difference is explained by:

- the difference in the depreciation expenditure for assets expensed prior to 2012 as a result of the conversion to IPSAS of €184 000;
- the unrealized foreign exchange gain of €1.254 million recognized in the Statement of Financial Performance;
- the net surplus of funds in the Campus Improvement Fund, the Italian Trust Fund, the Innovation Fund, the Information and Communication Technology (ICT) Development Fund and the Fellowship Fund of €1.204 million;
- the receipt of a non-conditional voluntary contribution of €460 000 recognized in the Statement of Financial Performance only; and
- the use of voluntary contributions for activities of €684 000 recognized in the Statement of Financial Performance only.

7. The change in net assets from €36.086 million in 2023 to €38.956 million in 2024 is attributable to the net surplus in the Statement of Financial Performance and the actuarial gain on the employee benefit liability, as a result of the actuarial valuation of the liability on repatriation travel and removal.

8. As demonstrated on the graph below, the pattern in which the total revenue is being earned during this current biennium aligns to what was observed in the previous biennium. Total revenue earned in 2024 represents half of the approved 2024-25 budget however this percentage could vary once the 2025 actual results are known. While the revenue earned from training and non-training services was lower by approx. €2.0 million in 2024, other revenues earned balanced this decrease, to achieve a similar level of total revenue than in 2023. The largest observed increase relates to the revenue from exchange gain and revaluation, net, resulting in a significant foreign exchange gain of €1.22 million in 2024, as

opposed to a loss of €586 000 in 2023. It is important to note that this total amount represents an unrealized foreign exchange gain, and such gains and losses may or may not become realized, as this depends on the currency fluctuations and the actual operations of the Centre.

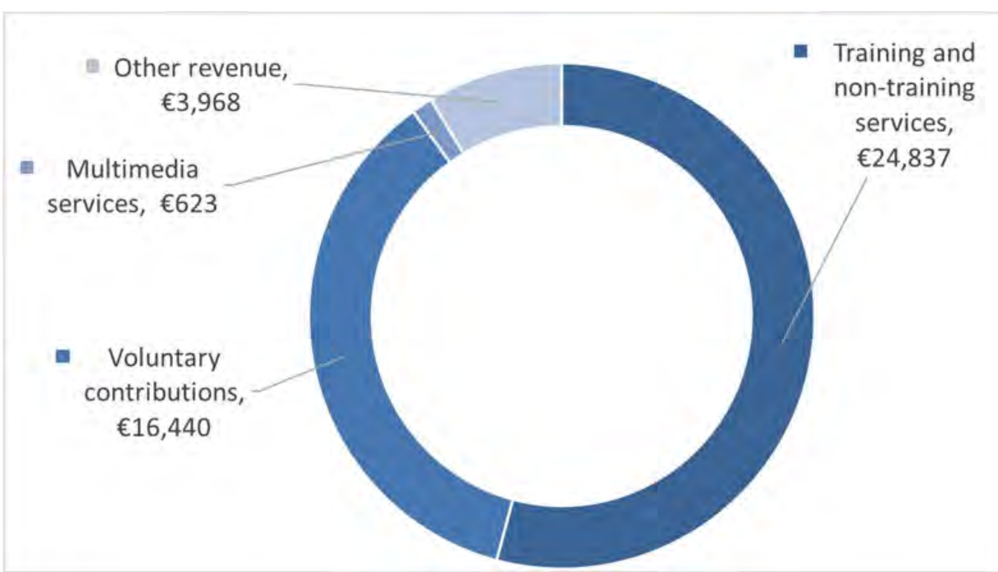
Total revenue, three biennium comparison

Financial performance

Revenue

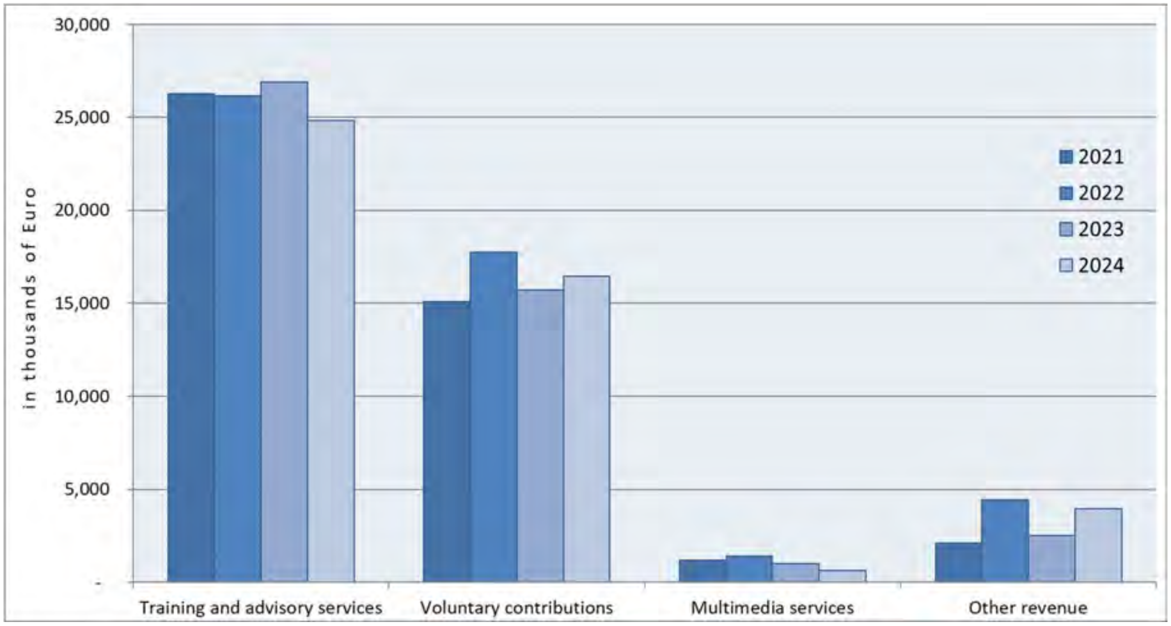
9. Revenue in 2024 totaled €45.9 million (€46.1 million in 2023) and was distributed as follows:

Revenue by source, 2023 (in thousands of Euro)



10. The two major sources of revenue, representing 90.0 per cent of total revenue (2023 – 92.0 per cent) are derived from training and non-training services well as voluntary contributions.

Revenue sources, four-year comparison



11. Revenue from training and non-training services totaled €24.8 million in 2024 as compared to €26.88 million in 2023 showing a decrease of €2.0 million or 7.6 per cent. In 2024, the number of training and non-training activities decreased by 10.0 per cent. However, outreach continued to grow and reached more than 100 000 direct enrolments in 2024, well on the way for the Centre to achieve its 2024-25 outreach target.

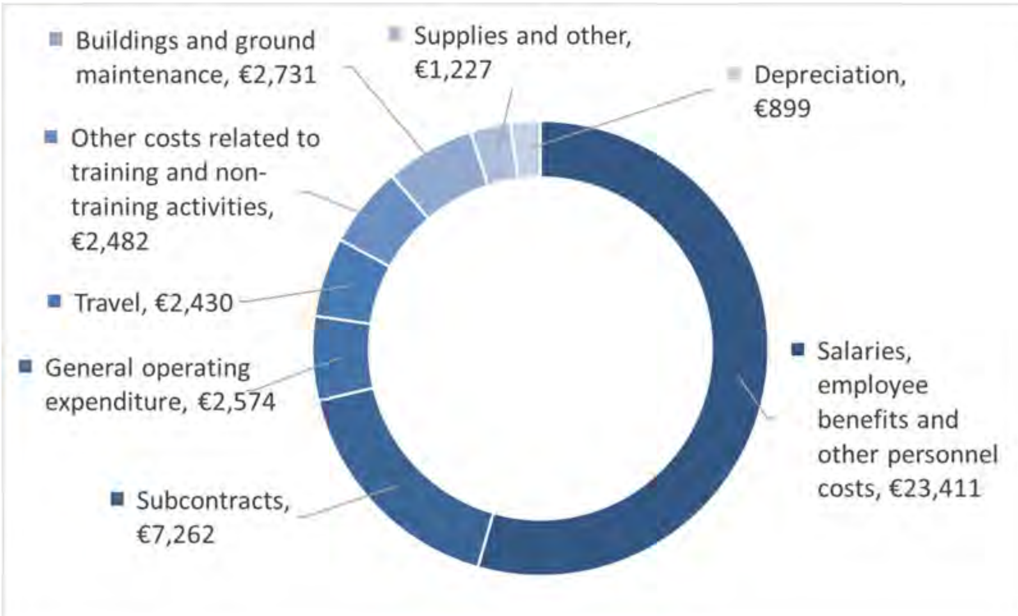
12. Voluntary contributions increased by €731 000 in 2024 as compared to 2023. The Italian Government's *ex-lege* contribution of €7.85 million remained constant however it increased its voluntary contribution for activities from €1.6 million in 2023 to €2.0 million in 2024. The 2024 ILO contribution included the amount of 4.770 million US dollars (2023 – 4.770 million US dollars) for operational expenditure and an amount of approx. €1.1 million (2023 – €946 000) to cover the costs of After Service Health Insurance for Centre retirees. The favourable foreign exchange rates in 2024 resulted in a slightly higher revenue when converting the ILO's US Dollar contribution.

13. Other revenue, including interest revenue, increased by some €140 000 as compared to 2023. This is, in part, due to an increase in revenue from non-core activities that complement the activities of the Centre. Generally, these provide for the use of the campus facilities to external parties as well as the organizations hosted on campus, subject to availability. Multimedia revenue decreased from €991 000 in 2023 to €623 000 in 2024, mainly due to a significant decrease in the demand for publication services by one of our main clients due to changes in their policies. This led to a loss of revenue of approx. €150 000 when compared to the previous year as well as a few large projects which were deferred to 2025, impacting the portfolio by approx. another €150 000. This decrease was offset by a significant increase of €249 000 in interest revenue, due to increasing interest rates on term deposits and currency contracts entered into during the year.

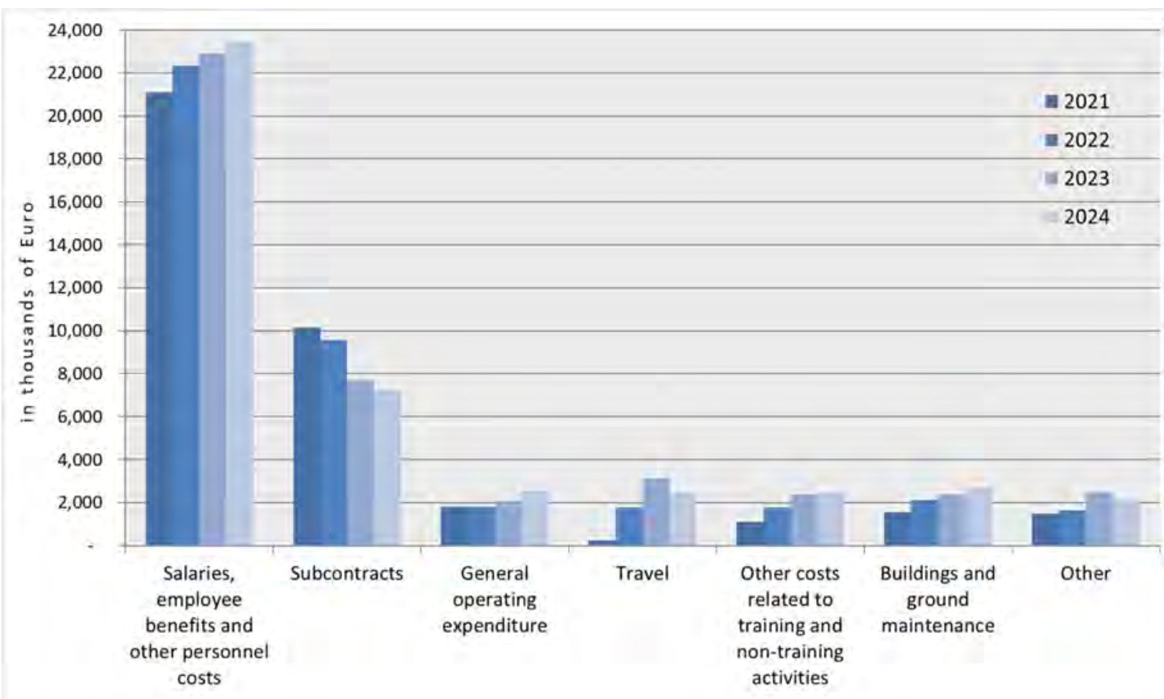
Expenditure

14. Expenditure in 2024 totaled €43.016 million (€43.098 million in 2023) and was distributed as follows:

Expenditure by source, 2024 (in thousands of Euro)



Expenditure, four-year comparison



15. Overall, expenditure decreased slightly in 2024 by some €82 000 or less than 1.0 per cent (2023 - €2.0 million or 5 per cent).

16. In 2024, 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 of the Centre to support the new business model, the Centre once again negotiated several agreed termination packages with interested staff during the year and a total of €267 000 were paid through the Terminal Benefit Fund (2023 – €285 000 recorded to Salaries, employee benefits and other personnel costs). Some vacant positions were re-profiled prior to going through the recruitment process and some were also reclassified resulting in additional costs based on the revised levels of remuneration. Recruitments of vacancies and the departure of temporary professional staff also resulted in additional expenditure related to installation, travel and removal costs of approx. €302 000 that had not been budgeted and are also included in the Salaries, employee benefits and other personnel costs. In 2024, the Centre also adopted the recommendations made by the International Civil Service Commission (ICSC) who approved an increase of 3.8 per cent for the General Service category, retroactive to November 2023, and with an impact of approx. €450 000 in the year. An increase of 1.1 per cent was approved for the Professional category, on a no gain no loss basis. Included in the Salaries, employee benefits and other personnel costs is the After Service Health Insurance expenditure for the Centre's retirees totaling €1.097 million (2023 - €946 000) for which the Centre also receives a matching contribution from the ILO.

17. In 2024, the overall costs associated with subcontracts decreased by €436 000 or 5.7 per cent mainly due to a decrease of €360 000 in the use of subcontractors in the Centre's activities as the services were delivered by the Centre's officials. There was also a lower level of subcontractors required to support the overall operations, more specifically in the medical services and IT technical assistance.

18. General operating expenditure increased by €495 000 or 23.8 per cent. Various service providers' contracts increased in 2024 relating to internal services: removals, security, maintenance of hardware and software, among others. The Centre also incurred increased costs associated with the "navette" to Geneva, as the frequency needed has increased. Non-campus related service contracts have also increased to fully support the on-going projects financed by the various Funds.

19. Travel expenditure decreased in 2024 by approx. €723 000 or some 22.9 per cent. This is due mainly to the decrease in participant travel when attending face-to-face training, whether on campus or in field, although enrolments under these types of services have increased. Mission costs for official travel has been at a similar level than that of 2023 and has decreased slightly when related to activities.

20. Under the costs related to buildings and ground maintenance, the Centre has seen an overall increase of approx. €355 000 and 15.0 per cent. This is explained mostly by the increase in funding provided from the Campus Improvement Fund for extraordinary maintenance carried out on the campus pavilions and hotel accommodation. This is balanced with a decrease in utility costs of €141 000 and 12.3 per cent, incorporating heating, electricity and garbage disposal fees.

21. Other costs have increased by €267 000 and 30 per cent. This can be attributed mainly to the increases in software licensing costs, more specifically those related to the Financial ERP, where the Centre had to purchase a significant number of new licenses, as those previously available free-of-charge to the Centre were no longer available for use.

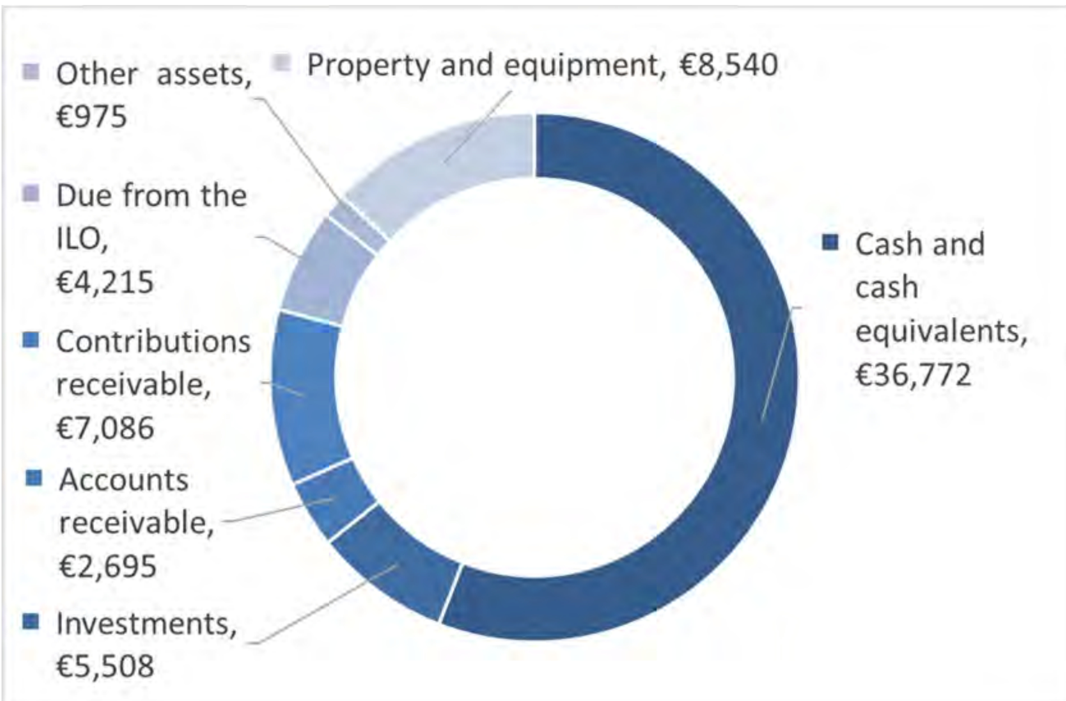
22. In 2024, the Centre incurred a net foreign exchange gain of €1.22 million (2023 – loss of €586 000) made up of realized losses of some €35 000 (2023 – €83 000 realized losses) and unrealized gains of €1.25 million (2023 – €503 000 in unrealized losses).

Financial position

Assets

23. The Centre held assets of €65.79 million as at 31 December 2024 (€60.6 million as at 31 December 2023) which were as follows:

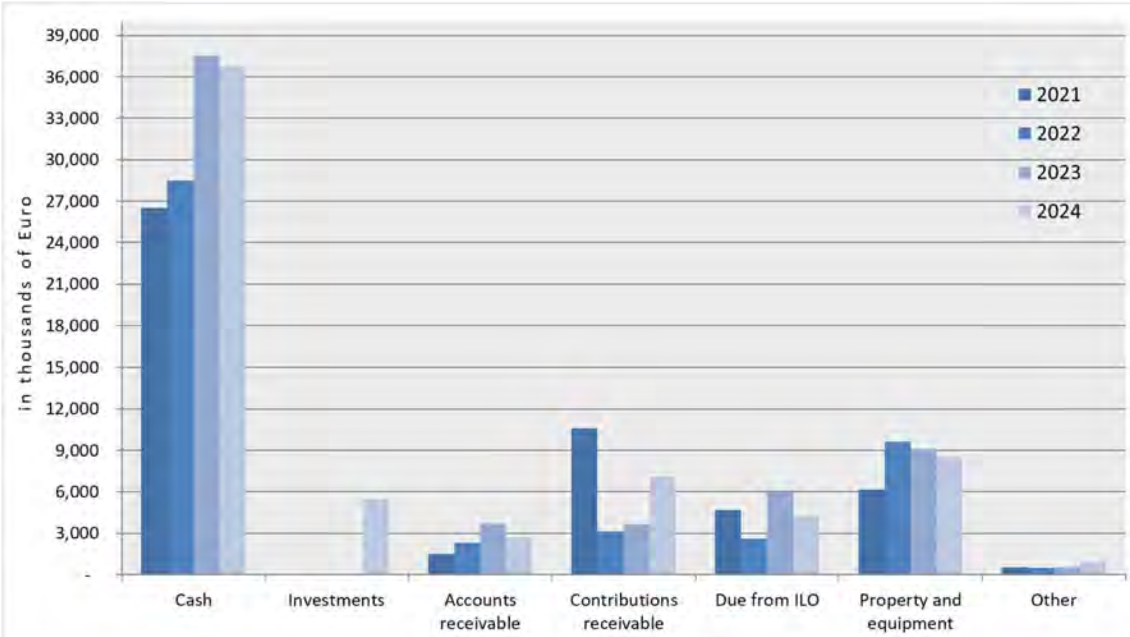
Assets by type, 2024 (in thousands of Euro)



24. As at 31 December 2024, the Centre's most significant asset was cash and cash equivalents totaling €36.8 million (€37.6 million as at 31 December 2023) and representing 60.0 per cent of the total assets. Of this amount, €14.7 million or 35 per cent corresponds to funds held on behalf of donors for future activities and two renovation projects (€15.5 million or 41 per cent as at 31 December 2023). Funds of €6.4 million (€5.64 million as at 31 December 2023) were also held in the Campus Improvement Fund, the ICT Development Fund, the Innovation Fund and the Fellowship Fund, as well as €2.4 million (€2.1 million as at 31 December 2023) held in the Italy Trust Fund. In addition, it held investments in a term-deposit of €5.5 million or 6.0 million US dollars (nil as at 31 December 2023).

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

Assets, four-year comparison



26. The Centre’s total assets increased by €5.2 million or 8.6 per cent (€13.91 million or 29.8 per cent increase as at 31 December 2023).

27. Cash and cash equivalents decreased by €791 000 or 12.1 per cent as at 31 December 2024 (increased by €9.09 million or 31.9 per cent in 2023) as the Centre invested 6.0 million US dollars (equivalent to €5.5 million) is a six-month term deposit, expiring in the first few days of 2025. Further information is provided on the Statement of Cash Flow.

28. Accounts receivable decreased by some €1.0 million or 27.6 per cent (increase of €1.43 million or 62 per cent as at 31 December 2023) mainly as a result of a decrease in outstanding invoices relating to completed activities completed in the last few months. Efforts continue to collect amounts owed to the Centre and this has resulted in the majority of its invoices being considered current.

29. Contributions receivable increased by €3.4 million (increase of €543 000 as at 31 December 2023) and this is mainly explained by an increase in the number of agreements signed with stakeholders for future capacity development activities and for which there is a matching amount under deferred revenue. In addition, the increase also includes an amount of €2 million still receivable from the Italian Government for its 2024 voluntary contribution towards future activities which is already recognized in training and non-training revenue, as required by IPSAS. This was received in early 2025.

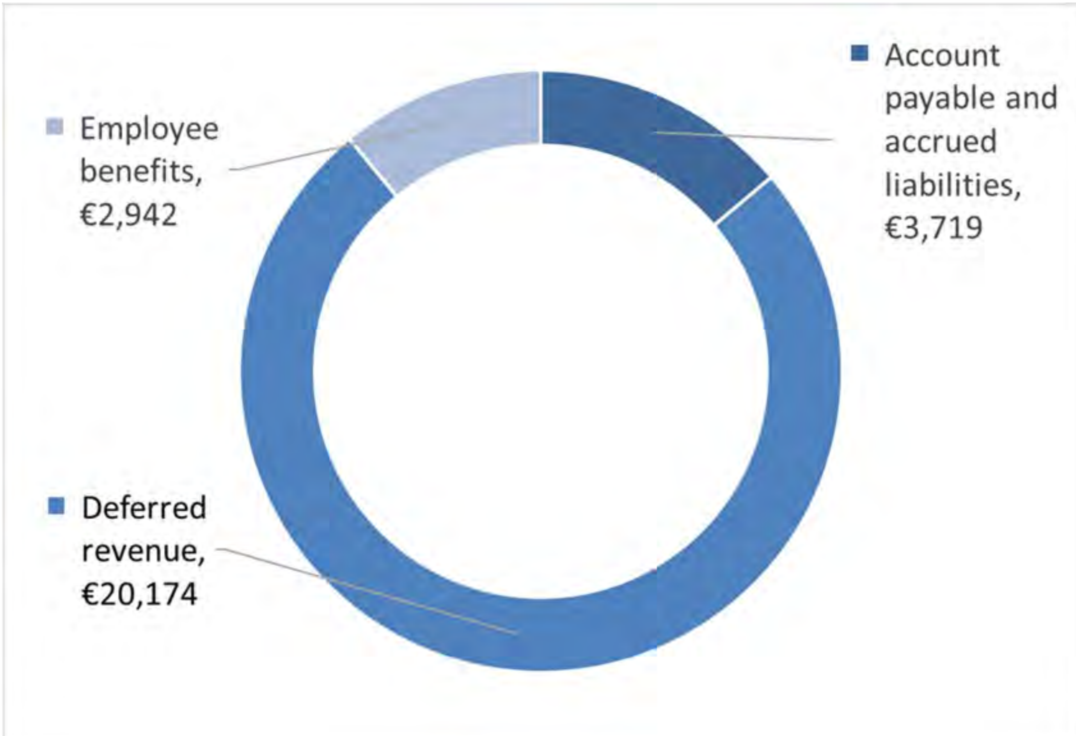
30. The amount receivable from the ILO decreased by €1.7 million or 29.1 per cent (increase of €3.33 million or 127.3 per cent as at 31 December 2023) as a result of a significant cash transfer made by the ILO to partially settle the balance in the last quarter of the year.

31. Property and equipment decreased by €568 000 or 6.2 per cent (decrease of €538 000 or 5.6 per cent as at 31 December 2023) mainly as a result of the recorded annual depreciation of €899 000 (€941 000 as at 31 December 2023) and the addition of the leasehold improvements’ work-in-progress carried out during the year regarding the renovation of the Americas2 pavilion.

Liabilities

32. The Centre had liabilities totaling €26.85 million as at 31 December 2024 (€24.5 million as at 31 December 2023) which were as follows:

Liabilities by type, 2024 (in thousands of Euro)

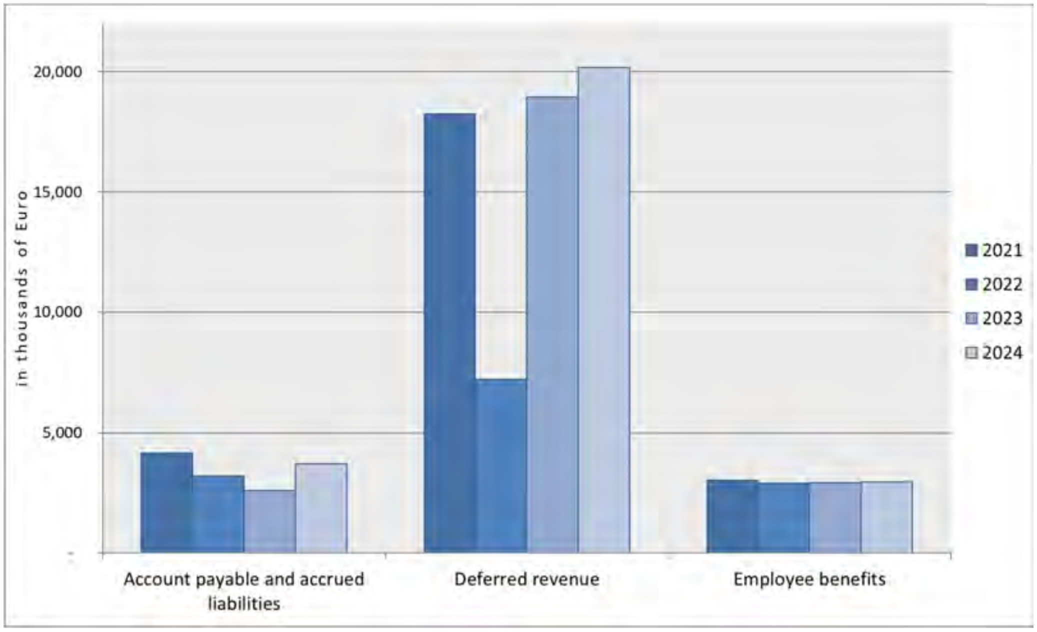


33. The most significant liability totaling nearly €20.2 million or 75.2 per cent (€19.0 million or 77.5 per cent as at 31 December 2023) relates to deferred revenue. This balance represents funds advanced mainly by donors and sponsors for specific activities as well as for other specific purposes. The 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.

34. 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. The liability remained at a constant level in 2024 when compared to 2023.

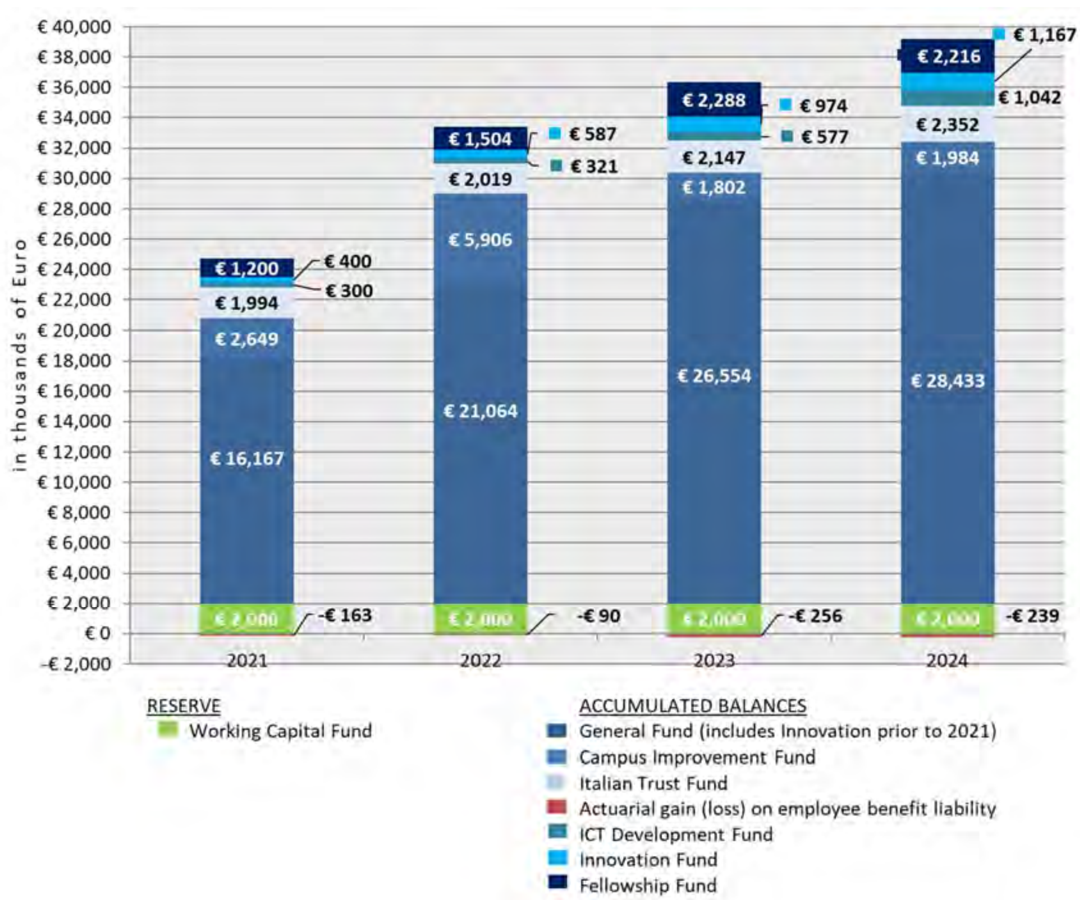
35. Accounts payable and accrued liabilities increased by €1.12 million or 43.3 per cent (decrease of €599 000 or 18.7 per cent as at 31 December 2023) as a result of a higher level of payables and accruals to suppliers for goods and services received up to the end of the year, mainly relating to activities being completed late in the year. The Centre has already settled most invoices in early 2025.

Liabilities, four-year comparison



Net assets

Net assets, four-year comparison by Fund



36. The Centre's net assets include the Working Capital Fund that represents 5.1 per cent of total net assets or €2 million (5.5 per cent or €2 million as at 31 December 2023) as set by the Financial Regulations.

37. Net Assets also include accumulated balances of various other funds totaling €37.0 million (€34.1 million as at 31 December 2023). This is comprised of:

- the General Fund totaling €28.4 million and 76.9 per cent of the overall net assets (€26.6 million and 73.6 per cent as at 31 December 2023);
- the Campus Improvement Fund with nearly €2.0 million and 5.4 per cent of the total (€1.8 million and 5.0 per cent as at 31 December 2023);
- the Italian Trust Fund with €2.4 million and 6.3 per cent of the total (€2.15 million and 5.9 per cent as at 31 December 2023);
- the Information and Communication Technology Development Fund with €1.1 million and 2.8 per cent (€577 000 and 1.6 per cent as at 31 December 2023);
- the Innovation Fund with €1.2 million and 3.1 per cent (€974 000 and 2.7 per cent as at 31 December 2023); and
- the Fellowship Fund with €2.2 million and 5.9 per cent (€2.29 million and 6.3 per cent as at 31 December 2023).

38. Also included is the actuarial gain on employee benefits liability of €17 000 (€166 000 actuarial loss as at 31 December 2023), recorded in compliance with IPSAS and a balance of accumulated actuarial losses of €219 000 as at 31 December 2024 (€256 000 accumulated actuarial losses as at 31 December 2023).

Regular Budget

39. 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.

40. The budget results for the 2024 financial year, the first year of the biennium, are summarized in Statement V, with the details of voluntary contributions received from donors shown in Note 13.

41. The 2024 actual net contributions from the various sources of revenue amounted to €33.37 million which was made up of a net contribution from training and non-training services of €16.62 million, a net contribution from multimedia services of €433 000, a net contribution from miscellaneous sources of €2.47 million and voluntary contributions totaling €13.85 million. The total net contributions are intended to cover fixed expenditure, a contingency and the institutional investments. Fixed expenditure totaled some €29.99 million, and the expenditure relating to the institutional investments totaled €2.58 million, representing half of the 2024-25 approved amount and an additional contribution of €1.38 million to the Funds, as approved by the Director in accordance with the Financial Regulations, Article 7(b) that provides for increased expenditure when there is evidence that actual revenue will exceed the level included in the approved budget. The 2024 budget surplus is €803 000.

Significant differences between the 2024 budget and actual amounts as presented on Statement V

(In thousands of Euro)

Line item in Statement V			Budget 2024[1]	Actual 2024	Variance	Variance %
Chapter	Item					
I	10	Net contribution from training and non-training activity services	14 588	16 620	2 033	13.9
I	11	Net contribution from multimedia services	807	433	(374)	(46.3)
I	12	Net contribution from miscellaneous sources	1 395	2 470	1 075	77.1
II	13	Total voluntary contributions	13 323	13 846	524	3.9
III	14	Regular Budget (RB) staff	17 934	17 998	64	0.35
III	15	Variable Budget (VB) staff	2 963	2 715	(248)	(8.4)
III	16	ASHI contribution for retirees	743	1 097	354	47.6
III	17	Consultants	568	884	316	55.6
III	18	Campus related costs	2 470	2 997	527	21.3
III	20	General operating costs	410	540	130	31.7
III	23	Information and technology costs	1 674	2 038	364	21.7
V	26-29	Institutional investments	1 200	2 580	1 380	115.0

Earned revenue – Chapter I

Net contribution from training and non-training activities

42. The net contribution from training and non-training activity services totaled €16.62 million, higher by some €2.03 million over the estimated budget for 2024. There are two main contributors for this significant variance, the first one being the continued growth in outreach in 2024 and the second done being the decrease in the direct expenditure incurred as part of the services delivered. Overall, direct and indirect enrolments increased from some 99 000 enrolments in 2023 to more than 154 000 in 2024, for all types of training modalities. In addition, while the number of activities for communication and advocacy services has slightly decreased in 2024, the number of participants reached grew by some 20.6 per cent. The second reason for the increased net contribution from this source of revenue relates to the decrease in the direct expenditure incurred to deliver the services. Whereas in the approved 2024-25 budget a ratio of 50 per cent was applied, based on the past results, in 2024, the actual ratio of

[1] The original budget represents 50% of approved 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 49.5% 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 58% of the contingency.

direct expenditure was around 41 per cent, thus leading to economies and a higher margin of net contribution to cover fixed expenditure, the contingency and the institutional investments.

Net contribution from multimedia services

43. The net contribution from multimedia services totaled €433 000, well under the annual 2024 budget by €374 000 or 46.3 per cent. The revenue and direct expenditure under this item only relate to work carried out for external parties and all revenue related to internal work carried out in support the Centre's activities is recognized under training and non-training activity services revenue. The main reasons for this decrease relate to a significant decrease in the demand for publication services by one of the Centre's main client due to changes in its policies which led to a loss of revenue of approx. €150 000 when compared to the previous year, as well as a few large projects, planned for 2024, which were deferred to 2025, impacting the portfolio by another €150 000.

Net contribution from miscellaneous sources

44. The net contribution from miscellaneous sources totaled €2.47 million, over the annual budget by €1.07 million or 77.1 per cent. Two factors contributed to this significant result: interest revenue earned of €1.1 million due to the increasing interest rates and the continued efforts by the Centre at ensuring the maximum return on its investments. The final return is well over what was estimated at the time of the preparation of the 2024- 25 budget. In addition, the revenue from the rental of the campus facilities and accommodations to external parties as well as some other smaller sources was higher than what was originally planned in the 2024-25 budget.

Total voluntary contributions – Chapter II

45. For the year 2024, the Centre received a contribution of 4.77 million US dollars, half of the approved amount of US 9.45 million US dollars approved by the ILO in its 2024- 25 Programme and Budget. The second half of this amount will be received in 2025. The variance is mainly due to a favorable exchange rate when converting the contribution into Euro. In addition, the ILO provided a contribution to cover the After Service Health Insurance expenditure for Centre retirees of €1.098 million in 2024. The Centre also received a small contribution from the Piedmont Region of €12 000.

Fixed expenditure – Chapter III

46. Overall, RB and VB staff expenditure were slightly under the 2024 budget by a total of €184 000 or less than 1 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, and for which the Centre has an obligation to apply any such statutory increases. The actual expenditure includes an increase of 1.1 per cent for the staff in Professionals and above category as of February 2024; an increase of 3.8 per cent for the staff in the General Service category, applicable retroactively to November 2023 and paid in December 2024; the re-profiling of various positions to the professional category in 2024; some personal promotions; job reclassifications as a result of the job-profiling and skills exercise; and numerous vacant positions filled in both the General Service and Professional categories. Increases were absorbed by overall savings in vacant positions and decreases in various liabilities relating to annual leave, home leave, repatriation travel and removal, due to the arrival of new staff.

47. In 2022, the Centre adjusted its level of monthly contributions to the Terminal Benefit Fund (TBF) from which repatriation grants are paid to staff in the Professional and above categories, end of service benefits are paid to staff in the General Service category and that may also finance approved agreed termination packages to staff. At the end of 2024, the TBF held approximately €6.7 million in funding which is available for future disbursements. The liability as at 31 December 2024 is estimated at €8.9 million, thus showing a position of under-funding of €2.2 million. A plan is in place to achieve full funding within the next 4 biennia and the continued progress made in 2024 will result in meeting this objective sooner.

48. 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 2024, an amount of €1.097 million was recorded, higher than the budget by €354 000. 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.

49. In 2024, expenditure regarding consultants was over budget by €316 000 or 21.3 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.

50. In 2024, the expenditure for campus related costs was over budget by €527 000 or 21.7 per cent. The main reason relates to the additional maintenance carried out on the campus pavilions where the Centre undertook further repairs and upgrades of approx. €250 000. These included, among others, the extraordinary kitchen maintenance, repairs to the Asia 14 pavilion due to damages caused by a fallen tree of which only a small portion was recovered from the City's insurance provider, the review and removal of campus trees due to their hazardous conditions, as well as various interventions related to Occupational Safety and Health on campus. While the energy consumption remained stable, even with an increasing number of participants on campus, the rising unit costs across the Eurozone, driven by global economic factors, still resulted in an increase of the Centre's annual expenditure of some €240 000 over budget.

51. General operating costs were over budget by €130 000 or 31.7 per cent. The main reason relates to transfers of funds between the consultant budget line, where external collaborators are budgeted, and this budget line, where service providers are recorded. Additional expenditure was also incurred for freight and transportation, due to an increase in the number of shuttles required for officials between Turin and Geneva. Bank charges and other smaller expenditure were also over the original budget, due to the level of transactions linked to operations and in some cases, due to the foreign exchange rate. These costs also include a minor realized exchange loss incurred in the year.

52. Information and technology costs were over budget by €364 000 or 21.7 per cent. In late 2024, the Centre had to purchase a significant number of licenses for its ERP system application as the Centre no longer has access to free-of-charge licenses, as it has been the case over the past several years. The one-time cost of these licenses was €270 000. Additional funds were also provided to the ICTS unit for smaller IT projects, including the work required on the new Performance Management Framework application.

Institutional investments – Chapter V

53. 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 2024, 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 €1.38 million or 115 per cent over the annual approved funding of €1.2 million approved in the 2024-25 approved Programme and Budget, resulting in €2.58 million being recognized as institutional investment expenditure in 2024. 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

54. In 2024, there was one ex-gratia payment approved, totaling €3 860.

Statement of Internal Control for the year ended 31 December 2024

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 2024. It also considers any relevant events up to the date of the approval of the Centre's 2024 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 first 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;

- 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 2024 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 2024 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 2024. 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 2024 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. It is anticipated that the 2025 procurement plan will be defined in the first quarter of 2025, identifying the more critical business goods and services.

- **Transparent and documented terms of reference for the Centre's Funds. In 2023, t**he Centre's Board as well as the external auditor raised the need for the Centre to develop clear and transparent terms of reference for all its institutional Funds, including the Fellowship Fund. Such terms of reference would also include the criteria followed in allocating funding to those concerned, their intended use, the rules applicable in the allocations and use, as well as the related reporting requirements and accountabilities. The Centre developed terms of reference for all its Funds: Innovation Fund, Information and Communication Technology Fund, Fellowship Fund, and Campus Improvement Fund. These were published in 2024, through Circulars on the Centre's intranet and are now available to all officials.

Internal control matters carried forward from previous years

In 2024, the Centre continued to implement measures to address the internal control matters reported in the statement of 2023, its first one. Based on the feedback received from senior management and other relevant managers in the internal letters of representation as well as during the year, and by referring to the relevant audit and evaluation reports, I have reassessed these matters and determined that, in some areas, further work or continued monitoring is still required despite progress made, while in other areas, significant results have been achieved to address the risks initially presented. Accordingly, these 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

- **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

- **E-banking administration (2023).** The internal auditor noted in his report on E-banking some improvements required on the user administrator role which had been set up by the bank several years ago. In order to improve the approval process of new users and their roles on one of its banking platform, the delegation of approval was further enhanced. This recommendation was immediately implemented after the issue of the report in order to ensure the highest control over the resources of the Centre.

- **Digital governance (2023).** In his report, the internal auditor raised the need for the Centre to develop a prioritization methodology for its information technology projects, as well as communicating to the Centre's various units and programmes their priority as well as the need to communicate this information and the status of implementation to all concerned in order to ensure increased transparency. The methodology relating to the priority system was discussed and agreed by the Centre's senior management and the listing of all information technology projects, including their priority, is now available to them in real-time.

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 2024 and up to the date of approval of the 2024 financial statements.

(Signed) Christophe Perrin
Director
Turin, 12 March 2025

Approval of the Financial Statements for the year ended 31 December 2024

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.

Christine Boulanger
Treasurer and Chief of Financial Services
12 March 2025

Christophe Perrin
Director
12 March 2025

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 2024

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 2024, 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 2024, 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 the International Public Sector Accounting Standards (IPSAS).

Basis for opinion

We conducted our audit in accordance with the 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 the auditor's report thereon

Management is responsible for other information. The other information comprises the financial report for the year ended 31 December 2024, 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 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 the 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 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 the 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 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 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 will also issue 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

28 **March 2025**

Financial Statements
for the year ended 31 December 2024

International Training Centre of the ILO

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

	Notes	2024	2023
Assets			
Current assets			
Cash and cash equivalents	4	36 772	37 563
Investments	5	5 508	–
Receivables	6	2 695	3 724
Due from the ILO		4 215	5 948
Contributions receivable	7	4 976	2 490
Prepayments		870	468
Other current assets		68	82
		55 104	**50 275**
Non-current assets			
Contributions receivable	7	2 110	1 184
Property and equipment	9	8 540	9 108
Intangible assets		37	–
		10 687	**10 292**
Total assets		**65 791**	**60 567**
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		3 719	2 596
Deferred revenue	10	11 077	6 114
Employee benefits	11	1 686	1 578
		16 482	**10 288**
Non-current liabilities			
Deferred revenue	10	9 097	12 850
Employee benefits	11	1 256	1 343
		10 353	**14 193**
Total liabilities		**26 835**	**24 481**
Net assets			
Reserve		2 000	2 000
Accumulated balances		36 956	34 086
Total net assets	12	**38 956**	**36 086**
Total liabilities and net assets		**65 791**	**60 567**

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	2024	2023
Revenue			
Training and non-training services		24 837	26 879
Voluntary contributions	**13**	16 440	15 709
Other revenue	**14**	2 270	2 659
Exchange gain and revaluation, net	**15**	1 220	–
Interest revenue		1 101	852
Total revenue		**45 868**	**46 099**
Expenditure			
Salaries, employee benefits and other personnel costs	**15**	23 411	22 927
Subcontracts	**15**	7 262	7 698
General operating expenditure	**15**	2 574	2 079
Travel	**15**	2 430	3 153
Other costs related to training and non-training activities	**15**	2 482	2 389
Buildings and ground maintenance	**15**	2 731	2 375
Supplies	**15**	1 154	887
Depreciation	**15**	899	941
Exchange loss and revaluation, net	**15**	–	586
Bank charges	**1**	73	63
Total expenditure		**43 016**	**43 098**
Net surplus		**2 852**	**3 001**

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 Developm ent Fund	Inno-vation Fund	Fellow-ship Fund	Actuarial gain (loss) on employee benefit liability	Total accu-mulated balances	Total
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**
Balance as at 1 January 2023	**2 000**	**21 064**	**5 906**	**2 019**	**321**	**587**	**1 504**	**(90)**	**31 311**	**33 311**
Effect of adoption of new accounting standards (Note 3)	–	(60)	–	–	–	–	–	–	(60)	(60)
Revised balance as at 1 January 2023	2 000	21 004	5 906	2 019	321	587	1 504	(90)	31 251	33 251
Net surplus of 2023	–	2 047	(601)	128	256	387	784	–	3 001	3 001
Transfer of property and equipment between funds	–	3 503	(3 503)	–	–	–	–	–	–	–
Actuarial gain (loss) on employee benefit liabilities	–	–	–	–	–	–	–	(166)	(166)	(166)
Balance as at 31 December 2023	**2 000**	**26 554**	**1 802**	**2 147**	**577**	**974**	**2 288**	**(256)**	**34 086**	**36 086**

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)

	2024	2023
Cash flows from operating activities		
Net surplus for the period	2 852	3 001
Effect of exchange rates on cash	1 036	(426)
Non-cash items:		
Depreciation	899	941
(Increase)/decrease in receivables	1 029	(1 487)
(Increase) in contributions receivable	(3 412)	(543)
(Increase)/decrease in due to / due from the ILO	1 733	(3 331)
(Increase)/decrease in prepayments	(402)	(61)
(Increase)/decrease in other current assets	14	(2)
(Decrease) in accounts payable and accrued liabilities	1 123	(599)
Increase/(decrease) in deferred revenue	1 210	11 722
(Decrease) in employee benefit liabilities	39	(150)
Net cash flows from operating activities [/1]	**6 121**	**9 065**
Cash flows from investing activities		
Acquisitions of property and equipment and intangible assets	(368)	(403)
Acquisition of short-term investments	(5 508)	–
Net cash flows from investing activities	**(5 876)**	**(403)**
Effect of exchange rates on cash	**(1 036)**	**426**
Net increase (decrease) in cash	**(791)**	**9 088**
Cash and cash equivalents, beginning of period	37 563	28 475
Cash and cash equivalents, end of period	**36 772**	**37 563**

[/1] €942 in interest received is included under "Net surplus for the period" in the net cash flows from operating activities (2023 – €171).

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 2024

(in thousands of Euro)

	Item		2024 Original Budget[/1]	2024 Final Budget	2024 Actual	2024 Budget Variance
I		**Earned revenue**				
		Training and non-training activity services				
		Total revenue	29 175	29 175	28 188	(987)
		Direct expenditure	14 588	14 588	11 568	(3 020)
	10	**Net contribution from training and non-training activity services**	**14 588**	**14 588**	**16 620**	**2 033**
		Multimedia services				
		Revenue	1 238	1 238	623	(615)
		Direct expenditure	431	431	190	(241)
	11	**Net contribution from multimedia services**	**807**	**807**	**433**	**(374)**
		Miscellaneous				
		Revenue	1 815	1 815	2 748	933
		Direct expenditure	420	420	278	(142)
	12	**Net contribution from miscellaneous sources**	**1 395**	**1 395**	**2 470**	**1 075**
II		**Voluntary contributions**				
		International Labour Organization	5 043	5 043	5 555	512
		Government of Italy (ex-lege)	7 850	7 850	7 850	–
		Piedmont Region (Italy)	–	–	12	12
		Government of Portugal	250	250	250	–
		City of Turin	180	180	180	–
	13	**Total voluntary contributions**	**13 323**	**13 323**	**13 846**	**524**
		Total net contribution available to cover fixed expenditure, contingency and institutional investments	**30 113**	**30 113**	**33 369**	**3 258**
III		**Fixed expenditure**				
	14	Regular Budget (RB) staff	17 934	17 934	17 998	64
	15	Variable Budget (VB) staff	2 963	2 963	2 715	(248)
	16	ASHI contribution for retirees	743	743	1 097	354
	17	Consultants	568	568	884	316
	18	Campus related costs	2 470	2 470	2 997	527
	19	Security	445	445	470	25
	20	General operating costs	410	410	540	130
	21	Missions and representation	245	245	261	16
	22	Governance	341	341	271	(70)
	23	Information and technology costs	1 674	1 674	2 038	364
	24	Depreciation of property and equipment	682	682	715	33
		Total fixed expenditure	**28 475**	**28 475**	**29 986**	**1 511**
IV	25	**Contingency**	**438**	**438**	**–**	**(438)**
V		**Institutional investments**				
	26	Innovation	200	200	500	300
	27	Information and Communication technology	150	150	650	500
	28	Fellowships	600	600	800	200
	29	Campus Improvements	250	250	630	380
		Total institutional investments	**1 200**	**1 200**	**2 580**	**1 380**
		Total fixed expenditure, contingency and institutional investments	**30 113**	**30 113**	**32 566**	
		Excess prior to the use of past surpluses	–	–	**803**	
VI	30	Use of past surpluses	–	–	–	
		BUDGET SURPLUS[/3]	–	–	**803**	

[1] The original budget represents 50% of approved 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 49.5% 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 58% of the contingency.

[2] Budget variances are explained in the accompanying Management, Discussion and Analysis section of the 2024 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 2024

(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 2024.

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.

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	Estimated useful life (years)
Vehicles	5
Office equipment	5
Other type of equipment	10
Furniture and fixtures	10
Leasehold improvements	Lower of 15–30 and term of lease
Intangibles	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

- IPSAS 43 – Leases: This new standard replaces IPSAS 13 and introduces the right-of-use model for lessees, which distinguishes the right to use an underlying asset (which the lessee controls) and the underlying asset itself (which the lessee does not control). The effective date of application is for annual periods beginning on or after 1 January 2025, with earlier adoption encouraged for entities that apply IPSAS 41, Financial Instruments at or before the date of initial application of this Standard. This will be implemented as of 1 January 2025 and will have limited impact on the Centre's financial statements.
- IPSAS 44 – Non-current Assets Held for Sale and Discontinued Operations: This new standard provides the accounting for assets held for sale and the presentation and disclosure requirements of discontinued operations. The effective date of application is for annual periods beginning on or after 1 January 2025, with earlier adoption encouraged. This will be implemented on 1 January 2025 and will have no impact on the Centre's financial statements.
- IPSAS 45 – Property, plant and equipment: This new standard provides for the addition of the current operational value as a measurement basis in the updated current value model for assets, identifying the characteristics of heritage and infrastructure assets, and adding new guidance on how these important types of public sector assets should be recognized and measured. The effective date of application is for annual periods beginning on or after 1 January 2025, with earlier application permitted for entities that apply IPSAS 43 – Leases, IPSAS 45 – Non-Current Assets Held for Sale and Discontinued Operations, and IPSAS 46 – Measurement, at or before the date of initial application of this Standard. This will be implemented on 1 January 2025 and will have no impact on the Centre's financial statements.

- IPSAS 46 – Measurement: This new standard provides new guidance in a single standard addressing how commonly used measurement bases should be applied in practice, clarifying transaction costs to enhance consistency across IPSAS, and amending, where appropriate, the guidance across IPSAS related to measurement at recognition, subsequent measurement, and measurement-related disclosures. The effective date of application is for annual periods beginning on or after 1 January 2025, with earlier application permitted. This will be implemented on 1 January 2025 and will have very limited impact on the Centre's financial statements.
- 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	2024	2023
Current accounts and cash on hand	2 191	24 501	26 692	37 563
Term deposits – 3 months	10 080	–	10 080	–
Total cash	**12 271**	**24 501**	**36 772**	**37 563**

Of the total cash held in 2023, €23 336 was in Euro and the balance was held in US dollars, €14 227 equivalent.

The cash balance includes an amount of €14 662 (2023 – €15 539) which 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 also includes the cash relating to the Italy contribution for capacity development purposes.

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:

	2024	2023
6-month term deposit	5 508	–

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

	2024	2023
Amortised cost as at 1 January	–	–
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

	2024	2023
Current receivables		
Receivables from invoiced training and non-training services	1 868	3 067
Other receivables	923	778
Less: loss allowance	(96)	(121)
Total current net receivables	**2 695**	**3 724**

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

	2024	2023
Movements in allowance for credit losses		
Balance 1 January	121	24
Adjustment to opening balance of 2023	–	60
Amounts written off during the year as non-collectible	(55)	8
Revision in loss allowance made during the year	30	29
Balance 31 December	**96**	**121**

Note 7 – Contributions receivable

	2024	2023
Current		
Voluntary contributions receivable for capacity development services agreements, due in the next year	4 976	1 045
Voluntary contributions receivable for the renovations of the campus infrastructure agreements, due in the next year	–	1 445
Total current net contributions receivable	**4 976**	**2 490**
Non-current		
Voluntary contributions receivable from capacity development service agreements due after 31 December 2025	2 110	1 184
Total non current net contributions receivable	**2 110**	**1 184**

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

An amount of €2 000 (2023 – nil) recorded under the current amount does not require a loss allowance as it is expected in full in early 2025. 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 2024, 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 2023.

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 relate 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:

	2024 US Dollar	2024 € equivalent	2023 US Dollar	2023 € equivalent
Cash	12 520	12 271	15 794	14 227
Investments	6 000	5 508	–	–
Receivables	289	277	106	98
Due from the ILO	3 178	3 051	2 003	1 805
Accounts payable and accrued liabilities	(151)	(139)	(111)	(100)
Net exposure	**21 836**	**20 968**	**17 792**	**16 030**

Based on the net exposure as at 31 December 2024, 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 €1 048 (2023 – €802) or 5 per cent (2023 – 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 19 days (2023 – 13 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 (2023 – €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:

2024	AAA	AA+–AA–	A+–A–	BBB+–BBB–	Total
Cash and cash equivalents	–	–	36 244	10 528	**36 772**
Investments	–	–	5 508	–	**5 508**
2023					
Cash and cash equivalents	–	–	28 200	9 363	**37 563**

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:

2024	Less than 1 year	1–2 years	Over 2 years	Less Loss Allowance	Total
Receivables	5 717	49	–	(96)	**5 670**
2023					
Receivables	3 693	144	9	(122)	**3 724**

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

	Equipment	Leasehold improvements	Total 2024	Total 2023
Cost as at 31 December	4 466	15 708	20 174	19 942
Accumulated depreciation as at 31 December	3 689	7 945	11 634	10 834
Net book value as at 31 December 2024	**777**	**7 763**	**8 540**	**9 108**
Net book value as at 31 December 2023	**937**	**8 171**	**9 108**	

The carrying value of fully depreciated property and equipment that is still in use is nil (2023 – nil).

There were no contractual commitments for the acquisition of property and equipment at the end of 2024 (2023 – nil).

Equipment

	Vehicle	Office equipment	Other equipment	Furniture and fixtures	Total 2024	Total 2023
Cost at 1 January	**11**	**2 802**	**1 412**	**183**	**4 408**	**4 183**
Additions	–	103	81	9	193	332
Reclassification to intangibles	–	(46)	–	–	(46)	–
Disposals	–	(89)	–	–	(89)	(107)
Cost as at 31 December	**11**	**2 770**	**1 493**	**192**	**4 466**	**4 408**

	Vehicle	Office equipment	Other equipment	Furniture and fixtures	Total 2024	Total 2023
Accumulated depreciation as at 1 January	**2**	**2 107**	**1 208**	**154**	**3 471**	**3 272**
Depreciation	2	204	91	10	307	306
Disposals	–	(89)	–	–	(89)	(107)
Accumulated depreciation as at 31 December	**4**	**2 222**	**1 299**	**164**	**3 689**	**3 471**
Net book value as at 31 December	**7**	**548**	**194**	**28**	**777**	**937**

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:

	2024	2023
Cost at 1 January	15 534	15 463
Leasehold improvements – Additions	40	71
Work-in-progress – Additions	134	–
Cost as at 31 December	**15 708**	**15 534**
Accumulated depreciation at 1 January	7 363	6 728
Depreciation	582	635
Accumulated depreciation as at 31 December	**7 945**	**7 363**
Net book value as at 31 December	**7 763**	**8 171**

Note 10 – Deferred revenue

	2024	2023
Deferred revenue – current		
Voluntary contributions received in advance for future activities and renovations of campus pavilions	7 674	4 768
Voluntary contribution receivable relating to signed agreements	3 403	1 346
Total current deferred revenue	**11 077**	**6 114**

	2024	2023
Deferred revenue – non-current		
Voluntary contributions receivable relating to signed agreements	9 097	12 850
Total non-current deferred revenue	**9 097**	**12 850**
Total deferred revenue	**20 174**	**18 964**

	2024	2023
Movements in deferred revenue		
Balance 1 January	**18 964**	**7 242**
New agreements signed during the year	10 181	19 485
Recognition of deferred revenue to training and non-training revenue in the Statement of financial performance	(6 619)	(7 087)
Refund/reduction of training and non-training agreements to donors	(2 522)	(405)
Variation in other funds received in advance not linked to training and non-training agreements and amounts to be refunded	–	(25)
Discounting	170	(246)
Balance 31 December	**20 174**	**18 964**

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 towards the renovation of the Italy pavilion. 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.

Note 11 – Employee benefits

	Current	Non current	Total 2024	Total 2023
Accrued salaries	11	–	11	(4)
Accumulating leave and home leave	1 645	431	2 076	2 050
Repatriation entitlements	30	825	855	875
Total employee benefits liabilities	**1 686**	**1 256**	**2 942**	**2 921**

Post-employment benefits

Repatriation entitlements

In 2024, 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.

	2024 (%)	2023 (%)
Discount rate	3.39	3.52
Rate of future cost increases	1.90	2.00
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 2024 and 2023.

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

	2024	2023
Defined benefit obligation, beginning of the year	**875**	**729**
Interest costs	27	23
Net benefits paid	(30)	(43)
Actuarial (gain) loss due to experience / demographic assumptions	(29)	162
Actuarial (gain) loss due to assumption changes	12	4
Defined benefit obligation, end of year	**855**	**875**
Statement of financial position liability, beginning of year	**(875)**	**(729)**
Total (charge) credit for interest cost and current service cost	(27)	(23)
Net benefits paid	30	43
Total (charge) credit recognized in Statement of financial performance	3	20
Total (charge) credit recognized in net assets	17	(166)
Statement of financial position liability, end of year	**(855)**	**(875)**

Expenditure related to interest costs and net benefits paid for 2024 have been recognized in the Statement of financial performance as salaries, employee benefits and other personnel related costs. The cumulative net actuarial gain of €17 (2023 – loss of €166) 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 2024 was €1 055 (2023 – €1 940). 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 €7 726 (2023 – €8 019). The present value of the defined benefit obligation for repatriation grant was €1 149 at the end of 2024 (2023 – €1 158). 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 €6.7 million as at 31 December 2024 (€6.0 million as at 31 December 2023).

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 a roll forward of the participation data as at 31 December 2024 will be used by the Fund for the purpose of reporting an actuarial present value of accumulated plan benefits in 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% (117.0% 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% (158.2% 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 (2021, 2022 and 2023) amounted to USD 15 725, of which 67 per cent was contributed by the Centre.

During 2024, contributions paid to the Fund by the Centre amounted to €5 410 (2023 – €5 005). Expected contributions due in 2025 are approximately €5 594.

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 €103 501 at the end of 2024 (2023 – €103 124). 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

	2024	2023
Government of Italy	9 983	9 450
International Labour Organization	5 555	5 377
Government of Portugal	250	250
City of Turin (Italy)	180	180

	2024	2023
Piedmont Region (Italy)	12	12
Other voluntary contributions	460	440
Total voluntary contributions	**16 440**	**15 709**

The ILO contribution of €4 457 (US$4 770 million) represents half of the approved 2024-25 biennial contribution of US$9 540 million. The ILO also contributed €1 098 (US$1 186) to cover the costs of After Service Health Insurance for Centre retirees.

The Italian Government's ex-lege contribution to the Centre in 2024 was €7 850 (2023 – €7 850) and was received in 2024. The Italian Government's 2024 contribution for capacity development activities was €2 000 (2023 – €1 600) 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 2024, an amount of €134 000 is recorded as revenue from voluntary contributions, representing the work-in-progress carried out during the year on the pavilion (2023 – nil).

Note 14 – Other revenue

	2024	2023
Non-exchange transactions		
Cost recoveries from other UN organizations	458	495
Use of facilities other than residential	403	649
Other miscellaneous revenue	474	213
Exchange transactions		
Use of residential facilities	313	311
Revenue from multimedia services	622	991
Total other revenue	**2 270**	**2 659**

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 2024, the Centre had commitments of €2 866 (2023 – €3 012) 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 €2 (2023 – €2) and €648 (2022 – €439) 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 €458 (2023 – €495).

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)	**803**	–	–	**803**
Timing differences	–	–	–	–
Basis differences	2 048	(367)	–	1 681
Entity differences	979	–	–	979
Net cash flow	**3 830**	**(367)**	–	**3 463**
Effect of exchange rates on cash	1 254	–	–	1 254
Net increase (decrease) in cash (Statement IV)	**5 084**	**(367)**	–	**4 717**

Reconciliation between Statement V and Statement II

Net budget surplus (Statement V)	803
Timing differences	–
Basis differences	(184)
Entity differences	2 233
Net surplus per Statement of financial performance (Statement II)	**2 852**

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.

The 2023 remaining funds of €44 under the "Business Process Review" of the Campus Improvement Fund are now part of the Fund and the specific use has been discontinued. All Fund balances as at 31 December 2024 are described in Statement III. The "use of surplus fund" mechanism previously used by the Centre has been replaced by the new mechanism of the Institutional Investments as shown on Statement V.

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

	2024	2023
ILO contribution	4 579	8 595
Government of Italy – Centre's operations	7 850	7 850
Funding agreements related to activities	1 579	2 588
Total contingent assets	**14 008**	**19 033**

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:

	2024	2023
General operations	4 457	4 431
Capacity development activities	11 628	14 559
ASHI contribution for Centre former employees	1 097	946
End–of–service benefits	1 267	781
Staff costs of ILO staff members assigned to Centre	270	252
Internal audit, legal and HR-related services	232	208
Total related party transactions	**18 951**	**21 177**

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:

	2024		2023	
Category	Full-time equivalent	Total remuneration	Full-time equivalent	Total remuneration
Key Management	7.75	1 797	7.4	1 702

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

During the period following the reporting date, the US Administration took decisions to cancel funding or pause various United Nations projects. The financial impact of pausing or cancelling further projects cannot be fully assessed at this time. Such actions could potentially have indirect financial implications for the Centre as it is the training arm of the ILO and carries out related activities on their behalf. As at the reporting date, the impact is minimal. However further decisions by the US Administration could have more significant financial consequences that cannot be predicted with certainty, making it difficult to assess the full impact on the Centre at this time.

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 2024

शेफाली एस. अंदलीब, आई.ए.ए.एस
महानिदेशक
अंतर्राष्ट्रीय संबंध
Shefali S. Andaleeb, IA&AS
Director General
International Relations

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

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No. 226/IR-58/2025
Dated 28 March 2025

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 2024.

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

Yours sincerely,

Shefali S. Andaleeb

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

OFFICE OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

Our audit aims to provide independent assurance and to add value to the Management of the International Training Centre of International Labour Organisation (ILO) by making constructive recommendations.

Audit of the International Training Centre of the International Labour Organisation for the Financial Year ended 31 December 2024

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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 2024

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 2024, 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 2024, 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 the International Public Sector Accounting Standards (IPSAS).

Basis for opinion

We conducted our audit in accordance with the 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 the auditor's report thereon

Management is responsible for other information. The other information comprises the financial report for the year ended 31 December 2024, 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 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 the 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 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 the 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 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 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 will also issue 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

28 **March 2025**

Chapter-II

Long Form Report of the External Auditor

Summary

Introduction

1. We audited the financial statements and reviewed the operations of the International Training Centre (the Centre) for the year ended 31 December 2024. The audit of financial statements and a review of operations was carried out at the Centre located in Turin, Italy.

Overall result of the audit

Audit Opinion on Financial Statements

2. We have issued an unqualified audit opinion on the financial statements for the period ended 31st December 2024. Recommendations on further improving the functioning of the Centre have been made in the report.

Key audit findings and recommendations

Procurement Manual and Annual Procurement Plan

3. The Centre does not have a procurement manual. Current procurement process is guided by various circulars from Financial Services (FINSERV); however, there is no centralised procurement plan or calendar, which hinders effective resource prioritisation.

Recommendation- 1: Audit recommends the Centre to

- ***i. put in place the procurement manual on priority basis.***
- ***ii. instruct all the units to prepare calendar of procurement and to consolidate the same in to the Annual Procurement Plan.***
- ***iii. ensure that units responsible for procurement of goods and services maintain database of expiry dates of the major contracts for timely initiating procurement process.***

Maintenance of documents related to the procurement.

4. Quotations, notes, and vendor contact information were not attached to Purchase Orders (POs) in Oracle ERP for review. As the procurement process is decentralised, documents are stored independently by each unit. Informal

procurement documents were inadequately organised, lacking a systematic approach for maintaining and retrieving information on market research and vendor selection. There is currently no monitoring mechanism to review the entire lifecycle of a PO, making it challenging to carry out compliance checks.

Recommendation -2: Audit recommends the Centre to maintain procurement documents for all procurements in the central repository.

Deficiencies in Suppliers/Vendor List

We found that 24 out of 35 sampled vendors were not registered with the United Nations Global Marketplace (UNGM), despite the Centre's requirement to engage only with registered suppliers.

Recommendations- 3: Audit recommends the Centre to ensure that all the formal procurement is done through UNGM registered vendors.

Cash Management

5. The Centre kept the surplus funds in current, savings bank accounts without opting for investment instruments with high possible returns.

Recommendation-4: Audit recommends the 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.

Key Facts for 2024	(All figures million EUR)
Total Revenue	45.87
Total Expenses	43.02
Total Assets	65.79
Total Liabilities	26.84
Total Net Assets	38.96

A. Mandate, Scope and Methodology

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

7. External Audit (EA) draws its mandate from Article 24 of Financial Regulations of the Centre which states that the External Auditor of the ILO is the External Auditor of the Centre.

8. The EA team conducted audit of the Annual Financial Statements of the Centre for the year ending 31 December 2024, in accordance with financial and regulatory frameworks of the Centre, inter alia, the Centre's Financial Regulations and Rules, IPSAS, and the accounting practices adopted by other UN organisations/Agencies, the Centre's Governing bodies directives and guidelines as well as the International Standards on Auditing.

9. 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 exit conference.

B. Audit Objectives

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

i. Whether the financial statements present fairly, in all material respects, the financial position of the Centre as of 31 December 2024, and the results of its financial performance, its cash flows and the comparisons of budget to actual amounts for the year then ended in accordance with International Public Sector Accounting Standards (IPSAS) and the financial statements have been prepared in accordance with the stated accounting policies?

ii. Whether the internal controls adopted by the Centre are adequate and effective in ensuring that material risks arising from transactions and activities which may impact the financial statements, have been mitigated.

iii. Whether the rules, regulations and policies, established code or agreed terms and conditions have been complied with in its functioning with focus on procurement and contract management.

iv. Whether any other regularity or propriety issues that may be noticed during conduct of audit and which is considered important by audit from reporting perspective.

C. Audit Findings and Recommendations

C I. Status of Implementation of Previous External Audit Recommendations

11. There were 18 outstanding recommendations leading up to the period ending 31 December 2024, of which Management proposed 10 for closure. We examined and noted that 10 recommendations had been implemented and others were either pending to be implemented or under implementation. As of 31 December 2024, eight old recommendations were outstanding. (Annexure-1).

C II. Financial Audit

2.1 Changes made in the Financial Statements at the instance of Audit

12. We reviewed the financial statements (FS), including the disclosures in the notes to the Financial Statements of the Centre as on 31 December 2024 to ascertain compliance with the requirements of the applicable standards under International Public Sector Accounting Standards (IPSAS) and noted the following:

- The accounting policy disclosed and adopted for classification of cash and cash equivalents is not in compliance with IPSAS 2.
- Non-disclosure of accounting policies adopted in measuring inventories, including the cost formula used in accordance with requirements of IPSAS 12.
- Inadequate disclosure to Note 20 – Related party transactions in accordance with requirements of IPSAS 20.

13. Management accepted the audit recommendations in respect of the above and revised the financial statements.

2.2 Changes agreed to be carried out in 2025

Property and Equipment

2.2.1 Depreciation on assets.

14. We noticed that the Centre has not reassessed the useful life of the assets as required in para 67 of IPSAS 17 and as a result, fully-depreciated assets valuing EUR 2.99 million were in use

at the end of 2024. We further noticed that in the 'Asset register' out of total 678 items, 490 items (72 per cent) had already been depreciated fully but were retained in use/usable as of 31 December 2024.

15. This indicates that Property and Equipment of the Centre has not been stated at their fair value and need to be revalued. Management agreed to review the useful life assigned to its assets.

2.2.2. Physical verification of Assets

17. As per Para 28 of FINSERV Circular 1/2022, a physical verification of inventory of all capital property and equipment must be conducted at least once every three years to ensure asset existence, completeness, condition, and register accuracy, with more frequent checks if needed. However, as of 31 December 2024, the Centre's last inventory verification was conducted in October 2020 for 168 items valued at EUR2.27 mllion indicating non-compliance with the stipulated frequency.

18. Management replied that the physical inventory verification was carried out in early February 2025, as it was not possible to do prior to the end of 2024. Further, management agreed with audit observation and assured that the three-year period will be adhered to in future.

2.2.3 Other issues

19. As per para 11.10(b) of the Centre's Financial Rules, property records must specify the official accountable for each item. The objective of the rule is to enforce the accountability over each asset to a particular person in case of loss, misuse or damage. However, the asset register lists custodians as Facilities and Internal Services(FIS)/ Information and Communication Technology Services (ICTS) and assigns assets to Units rather than to specific officials, staff, or contractors, which does not comply with the stated requirement.

20. In reply, the Centre agreed to make the head of the department (Chief) as the custodian, if the asset is not specifically in the control of one specific person.

2.2.4 Presentation of Financial Statements

21. Paras 95 and 124 of IPSAS 1 require entities to provide appropriate sub-classifications of financial statement line items, either on the face of the statements or in the notes, based on the nature of operations. This includes separate disclosure of amounts due to or from related parties, and detailed narrative or analytical notes for a fair presentation, covering items such as revenue,

contingent liabilities, and commitments. The centre has not disclosed the sub classification of the line items in the financial statement as required in IPSAS 1.

22. Management replied that additional information has been added to the notes and further review would be carried out in 2025 for sub-classification/additional disclosures relating to training and non-training revenue.

2.3 Areas for potential enhancements in Accounting Systems, Policies and Practices

23. We noted the following areas which merit a review for effecting improvement in accounting systems, policies and practices being followed presently.

Capitalisation and Depreciation

24. As per IPSAS 17, depreciation should begin when an asset is in the location and condition necessary for its intended use. However, the Centre starts depreciation based on custodian confirmation, not on installation or testing documents, and uniformly uses the first of the month as the start date. It also applies a full month's depreciation in the month the asset is available for use and none in the month of disposal. These practices are not aligned with IPSAS 17, which requires systematic allocation of depreciation based on the date of actual availability of the assets for use.

C.III Compliance Audit

3.1 Procurement of goods and services

3.1.1 Procurement Manual and Annual Procurement Plan

25. The Centre does not have 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. Currently, procurement is guided by various circulars and is decentralized, with major responsibilities shared across different units like Facilities and Internal Services (FIS) and Information and Communication Technology Services (ICTS).

26. The Centre does not prepare annual procurement plans or maintain a centralised procurement calendar, leading to frequent contract extensions and waivers of competitive bidding. In 2024 alone, 18 waivers and 2 extensions were requested under Financial Rule 10.50, potentially undermining fair competition.

27. Despite repeated recommendations since 2015 by both internal and external auditors, the Centre is yet to finalize and publish a procurement manual.

Recommendation- ***1: Audit recommends the Centre to***

i. ***put in place the procurement manual on priority basis.***

ii. ***instruct all the units to prepare calendar of procurement and to consolidate the same in to the Annual Procurement Plan.***

iii. ***ensure that units responsible for procurement of goods and services maintain database of expiring dates of the major contracts for timely initiating procurement process.***

28. The Centre while agreeing to the recommendation replied that the procurement manual would be issued by December 2025. Further, the Centre stated that the service units had already been requested to prepare their 2025 annual procurement plan. The manual would incorporate these requirements including the list of large contracts with expiry dates so that tendering could be initiated well in advance.

3.1.2 Maintenance of documents related to the procurement

29. The Centre's procurement procedures, outlined in Circular FINSERV 04/2014, define documentation requirements for informal[1] and formal bidding based on financial thresholds. The Centre uses Oracle Enterprise Resource Planning (ERP) for procurement and Oracle database to maintain the database of Purchase Orders and related documents.

30. From a review of 115 sampled purchase orders we noted that while the Centre follows systematic documentation of procurement, for procurements valuing more than EUR 100,000, procurement, procurement records for purchases under EUR 100,000 were not stored in the Oracle database nor maintained in a centralized repository. Due to the decentralized nature of procurement, documents are held by individual units, leading to inconsistencies and poor organization, particularly in informal procurement where vendor quotations are often exchanged via email.

31. There is no structured system to compile, compare, or justify vendor selections or to retain procurement documentation for later review. Lack of standardization hampers effective oversight, monitoring, and institutional memory.

Recommendation-2: Audit recommends the Centre to maintain the procurement documents for all procurements in the central repository.

32. Centre agreed that a centralized repository of all procurement documentation is required for institutional memory and easier monitoring.

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[1] Procurement of Goods up to 50000 euros is called informal as there is no requirement of formal bidding process.

3.1.3 Deficiencies in suppliers/vendors list

33. As a specialized agency of the United Nations System, the Centre is expected to procure goods and services from vendors registered in the United Nations Global Marketplace (UNGM).

34. We reviewed, as a sample, 50 high value vendors, i.e. vendors providing services valued at EUR 50000 or more. The review revealed that only 11 out of the 35 applicable vendors were registered with UNGM. A search for the remaining 24 vendors in UNGM website did not produce matching records, indicating that these were not registered.

Recommendation-3: Audit recommends the Centre to ensure that all the formal procurement is done though UNGM registered vendors.

35. Centre stated that it would strongly encourage the use of UNGM in formal and non-local procurement.

3.2 Cash Management

36. The Centre's Investment Management Policy 2022 aligns with Financial Regulations, prioritizing security, liquidity, and return. This policy applies to all Funds held by the Centre, in every currency.

37. Article 3.3 of the Financial Regulation stipulates the director, shall after consultation with the Chairperson of the Board, designate the bank or banks in which funds of the Centre shall be kept or if not needed for immediate requirements, invested.

38. However, 67% of the Centre's current assets are held in cash, indicating excess liquidity that may reduce investment returns.

(a) Balances in Current Account

39. Monthly minimum balances across six current accounts in three banks ranged from EUR 5.8 million to EUR 20.7 million in 2024, suggesting a need to better align cash holdings with actual cash flow needs.

(b) Balances in savings bank account

40. The savings bank account consistently held high balances—over EUR 15 million for nine months and above EUR 7.8 million throughout 2024—while earning relatively low interest rates

(2.90% to 4.40%). Further, Savings account (Livret) is not the investment instrument as per the investment policy.

(c) Renewal of short term deposits on continuous basis

41. We observed that the short term deposits are being renewed every three months (from 02.07.2024 to 02.01.2025 and 03.01.2025 to 03.04.2025) instead of opting for longer period to earn more interest.

42. Management replied that this is a choice by management as there are uncertainties in needs of cash, delay in the ex-lege contribution from Italy and not making payments as per the normal schedule. Management also expressed the inability to properly forecast the cash inflow other than larger contributions.

(d) Accumulation of balances in single financial institution deviating from the investment management policy.

43. As per the Portfolio diversification and limits per institution stipulated in the investment policy of the Centre, investments shall be widely spread in order to avoid an over-concentration of funds, to the extent possible, and without compromising the return on investment and administrative requirements, consideration should be given to the geographic diversification of investments.

44. Para 24 of Investment Management Policy Circular provides that the total amount of funds including investments that may be placed with a single institution will be determined according to its rating classification as follows:

Long-Term Credit Rating	Indicative maximum amount
AA- and above	EUR25.0 million
A- to A+	EUR20.0 million
Operational banking partner(s)[2]	EUR10.0 million

45. It is also disclosed in the Financial Statements (Credit Risk) that the total percentage of cash, cash equivalents, and investments that may be placed with a single financial institution is determined according to its long-term credit rating, excluding the main banking service provider. However, we noted that the Centre kept its funds at SOCIETE GENERALE Bank which has a Fitch rating of A- to the extent of EUR 30.97 million at the year-end which is well above the threshold limit (EUR 20 million) stipulated in the investment policy.

[2] Italian banks rated within BBB- to BBB+ rating

46. Management replied that in July 2024, the necessary steps were taken to open a new bank account in EUR and in USD with DNB (Norway) that has the highest bank rating. The funds could not be transferred due to delay in finalising the paperwork for opening the account and making investments with longer terms. Management replied that significant portion of unused funds would be invested in early 2025 and further stated that higher level of liquidity is maintained to avoid the delay in bank transfer expecting payments to renovation projects.

47. The reply that liquidity is maintained to avoid delay in bank transfer is in contravention to the provisions of Article 3.3. of the Financial Regulation and Investment Management Policy emphasising investment of funds not needed for immediate requirement. Further, the payment to the renovation project is to be made out of Campus Improvement Fund and not from General and other institutional investment funds.

Recommendation -4: Audit recommends the 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.

48. Management accepted the recommendation.

D. Acknowledgement

49. We wish to express our appreciation for the cooperation and assistance extended by the staff and management of the Centre.

K Sanjay Murthy
Comptroller and Auditor General of India

28 **March 2025**

Annexure 1
Status of implementation of recommendations for the financial year ended 31 December 2024

Sl. No	Reference to Report and Financial Period ended	Recommendation	Action Reported by the Management	Status after Verification				
				External Auditor's Assessment	Implemented	Under Implementation	Not Implemented	Overtaken by events
1	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.		Under implementation		
2		Develop and implement a comprehensive policy on the process to request the use of the funds, including clear criteria to be applied in evaluating proposals, the requirements for monitoring and post-evaluation of each project and its impact, as well as the	TOR for Campus Improvement Fund and ICT Fund now adopted and issued through Circulars in July 2024. The Innovation Fund TOR adopted by SMT in May 2024 were superseded by a	The Circulars adopted by the Centre provide for scope, eligibility, process for applying funding and evaluation of impact and reporting.	Implemented			

		internal process to govern their use. On the Fellowship Fund, the existing Terms of Reference (TOR) should be reviewed to ensure that the funding is used for the specified purposes and to define the internal allocation, use, monitoring, and evaluation process, including impact.	new Circular issued in Dec 24. The Fellowship Fund TOR issued by DIR in Dec 2024.					
3		Consider indicating in MAP the categories of (E) non-training activities, whetheropen or tailor-made, with tailor-made sub-categories of knowledge managementsolutions, training product development, etc., for easy reference; and moving forward, review the current Fellowship Fund TORs to ensure that these align fully to the purpose of the fund, as established in the 2022-23 and 2024-25 Programme and Budget (P&B).	TORs also include a description of the amended eligibility criteria as well as outlines the process to be followed.	The MAP data for the activities in 2024 contains the sub-categories for (E) non training activities and revised Circular on Fellowship Fund issued in December 2024 with TORs relating to the use of the Fund.	Implemented			
4		Formalize a policy that the e-leave management system should apply to all short-term staff members to maximize the benefits of the system, minimize any future issues, and improve operational efficiency; and maintain a repository of electronic Notice of Personnel Action (NPAs) that is accessible to both HRS and FINSERV to eliminate the paper-based workflow currently used, in line with itsstrategy of controlling cost and reducing environment footprint.	HRS has just issued an email that as of 20 November 2024, all ST will have access to e-leave and will directly input their leave requests.	Management has issued directions regarding access of e-leave by short term staff members.	Implemented			

5		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)	This has been proposed to be discussed in RMC and Chair will implement a deadline of Q2/2025. The item was discussed already and all are aware that a full update is now required.	The matter is in cognizance of the Management and is under active discussion.		Under implementation		
6		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.	This is subject to recommendation 9 below that must be completed first.	The matter is under consideration of the Management.		Under implementatio n		
7		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 review of the customer feedback (F2F only) is incorporated within the review on the quality of training as well as the resources persons. This is done in the end of activity evaluation surveys for all training activities of the Centre. Results are shared with technical programmes and customer satisfaction results are posted to the IBI.	As reported by the Management the recommendation is under implementation stage and is targeted to be completed by December 2025.		Under implementation		
8		Assess the challenges facing PATU and GUESTREL in terms of their roles, functions, and human resource allocations to ensure that both areas meet their objectives and thus contribute to the overall objective of the Centre, specifically for the participant support service initiatives (par. 87)	The new Guestrel contract has just been awarded for 2 years and it will now be possible to plan a more comprehensive approach to its services. A full review of the enrolment process was undertaken in the second half of 2024 and the report issued to the Centre in	The Centre has awarded contract for Guestrel for 2 years and ST staff are being allocated to PATU to ensure sufficient resources to complete required operations. Review of the	Implemented			

			late 2024. A team will be put together to revise the full business process, including looking at all alternatives. At this time, and until this is completed, ST staff are being allocated to PATU to ensure sufficient resources to complete required operations.	enrolment process has also been carried out by the Management.				
9		Adopt proactive measures to enhance the visibility and accessibility of the availability of the Fellowship and Captive funds to tripartite learners and facilitate the establishment of the alumni network (par. 95)	An output (2.4) has been added to the Centre's 2024-25 P&B according to which TDIR will establish an alumni network platform in November 2024. This was initially reserved for former participants having received a certificate of achievement. Up to now, this has attracted more than 2,000 enrolments and has become an effective communication channel to link to former participants.	The Centre has replied that, it advertises on all promotional flyers for open courses that a limited number of fellowships are available to eligible participants. Fellowship funds are not advertised as the allocation of resources is determined by the concerned technical programmes in close consultation with workers, employers, and government representative structures, i.e., applicants cannot apply for funding but are selected upfront by the concerned intermediary. The Centre will also establish an alumni network platform	Implemented			

				under output (2.4) of the Centre's 2024-25 P&B.				
10		Improve the coordination and collaboration of participant support services across relevant Programmes through the Senior Management Team (SMT) and actively involve stakeholders to include participants, external and internal trainers in the evaluation process, as their insights and experiences provide a pivotal perspective that is invaluable for assessing the quality and impact of participant support services (par. 105)	TDIR has refined the TOR for the annual external evaluation exercises to ensure that the performance of external resource persons is more systematically evaluated. TDIR has launched an upgraded version of its end of activity participant satisfaction survey tool, now seamlessly integrating it into the e-campus and allowing Training Programmes to customize and further refine the assessment parameters. FIS has launched an upgraded version of its own participant satisfaction survey tool in order to capture in real-time feedback from participants about the quality of campus facilities. .	The TOR for the annual external evaluation exercises include the internal ITCILO units outside the Training Department (FINSERV, ICTS, FIS/PATU) as clients of the evaluation.	Implemented			
	31 December 2022							
11		Establish a mechanism to: (a) measure the impacts of projects financed by the Innovation Fund with consideration to the financial, technical, economic, social, and environmental implications, among others; and (b) monitor the utilization of Fellowship Fund, and corresponding circumstances that affect	The evaluation of 2023 innovation projects was carried out in 2024-Q1 and results were shared with the Senior Management Team. In response to the evaluation results, the TOR of the Innovation Fund were	The Circulars adopted by the Centre provide for scope, eligibility, process for applying funding and evaluation of impact and reporting.	Implemented			

		the utilization of funds. This will allow for a thorough analysis of the long-term results of the projects the financial delivery of the funds, as well as recommendations for future related initiatives.	reviewed and issued in Dec 2024. As part of the new TOR, evaluations are required for all projects undertaken. See Circular DIR 08/2024.					
12		We recommended that Management update the 2019 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.	The review of the Quality Management Manual is now underway and will be finalised in Q1/2025. The draft manual has been shared with the external auditors in February 2025.	The review of the Quality Management Manual is underway.		Under implementation		
13		Develop related Key Performance Indicators as a precursor to commissioning a regular impact and sustainability assessment to ensure that impact and sustainability are emphasized in the evaluation.	With regards to achieving output 2.2, in 2024 the Centre contributed directly to the high-level evaluation of the impact of the ILO DC portfolio between 2018-22, providing comprehensive data, sharing findings of its outcome evaluation reports and taking part in the interviews with high level evaluators. This close collaboration with EVAL in the high-level annual ILO impact evaluation exercise is to be institutionalised as a	Output 2.2 of the Results framework for 2024-25 under the P&B document provides for that the Centre contracts annual external evaluations of at least one flagship event facilitation service and at least one consultancy assignment.	Implemented			

			cost-effective measure to prove long-term impact of the Centre's training activities on social justice and decent work priorities of the ILO. In 2024, the Centre also commissioned tracer studies of learning impact of the Masters programme on former TSD students and this will be piloted again in 2025.					
14		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 ofevaluations on its training programmes.	This was added within the 2022-23 implementation report (page 37) which gives conclusions and recommendations.	The implementation report 2022-23 presents the conclusions and recommendations of the external evaluator. However, the implementation of the recommendation is not included in the Report.			Not implemented	
	31 December 2021							
15		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.	On-going - delays due to other priorities	The Centre targets to achieve implementation of the recommendation by June 2025.		Under implementation		
16		Consider expanding the current responsibilities of the Contracts Committee to include in its scope the	The Contracts Committee's purpose is that of oversight of the process carried out by units when purchases are over	Management should address the issue of separation of duties in procurement function			Not impleme nted	

		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.	100K. This provides assurance to the Treasurer that the process followed and applied is in line with the Financial Rules. Its role is not that of a purchasing unit nor to evaluate bids, but to ensure that these bids were evaluated based on the approved criteria reviewed by them prior to launching the procurement. TOR of the Committee have been reviewed in order to clarify their role and how they will carry out their oversight function.	relating to review of the bids being performed by staff/department and the staff/department requesting the purchase.				
	31 December2016							
17		Accountability Framework: Embedding a clear definition of accountability in theaccountability framework: Embed in the Accountability Framework is a clear, appropriate definition of accountability asit purports to highlight the meaning and limitations of accountability in the context of the Centre's operation.	Added definition to revised framework and some additional will be made by HRS once the Staff Regs have been approved in October 2022.	The objective of the Centre's Accountability Framework prescribed under the Circular issued in May 2024 is to foster a strong culture of accountability across the organization. Each official is accountable in exercising his/her responsibilities and functions in accordance with the principles set out in this Circular.	Implemented			

18		Accountability Framework: Inclusion of well-defined accountability roles and responsibilities as well as mechanisms and tools: Include in its Accountability Framework: a. Clear depiction of roles and responsibilities of all key stakeholders and key players in its accountability continuum to entrench the culture of accountability and related dependencieswithin the core of its operations. b. Include the accountability mechanism and tools to effectively facilitate the documentation and monitoring of accountability performance and achieve better transparency.	Reviewed roles and responsibilities as well as accountability mechanisms which addresses monitoring and promotion to achieve increased transparency. The information on entrenching the culture of accountability is addressed throughout the document. HRS to review to add certain accountability information once Staff Regs have been revised and approved in Oct 2022.	The objective of the Centre's Accountability Framework prescribed under the Circular issued in May 2024 is to foster a strong culture of accountability across the organization. Each official is accountable in exercising his/her responsibilities and functions in accordance with the principles set out in this Circular.	Implemented			
	Total	**18**			**10**	**6**	**2**	**0**
	Percentage of total number of recommendation				**55.56**	**33.33**	**11.11**	