



## CORTE DEI CONTI

### LA SEZIONE DI CONTROLLO PER GLI AFFARI COMUNITARI ED INTERNAZIONALI

Composta dai Magistrati:

Dott.	Giovanni	COPPOLA	Presidente
Dott.	Giancarlo	DI LECCE	Consigliere
Dott.	Carlo	MANCINELLI	Consigliere
Dott.	Gian Luca	CALVI	Consigliere
Dott.	Eugenio	MADEO	Consigliere
Dott.	Michele	COSENTINO	Consigliere
Dott.ssa	Maristella	FILOMENA	I Referendario
Dott.	Benedetto	BRANCOLI BUSDRAGHI	Referendario

Nelle Adunanze del 15 e 16 febbraio 2023

Visto il mandato di *external auditor* dell'*International Center for Relativistic Astrophysics Network (ICRANet)* conferito alla Corte dei conti dallo *Steering Committee* dell'*ICRANet* nella seduta tenutasi a Pescara il 1° febbraio 2016 e rinnovato per un triennio (2019-2021) nella riunione del 7 febbraio 2018.

Visti i principi internazionali di *audit* applicabili all'attività delle Istituzioni

superiori di controllo (*International Standards of Supreme Audit Institutions-ISSAI*);

Visti gli *International Public Sector Accounting Standards (IPSAS)* e i *Financial Regulations and Rules dell'ICRANet*;

Vista l'ordinanza presidenziale n. 2/2023 di convocazione dell'adunanza della Sezione per il 15 febbraio 2022;

Visti i *Financial Statements* dell'ICRANet per l'anno finanziario 2021 ed il *report* relativo all'*Audit of the Financial Statements for 2021 - ICRANet*;

Udito il relatore Consigliere Gian Luca Calvi ed esaminato e discusso su sua proposta l'*audit certificate* e il *report* relativi all'*Audit of the Financial Statements for 2021 - ICRANet*;

Considerato che il *report* relativo all'*Audit of the Financial Statements for 2021* è stato comunicato ad ICRANet il 15 febbraio 2022 con osservazioni preliminari ed è stato indicato il termine del 16 febbraio 2023 per la trasmissione dei commenti;

Considerato che per l'approvazione definitiva dell'*audit certificate* e del *report* è stata fissata l'adunanza del 16 febbraio 2023;

Visti i commenti del *Management* pervenuti in data 16 febbraio 2023 e tenuto conto delle valutazioni del relatore e dell'ampia discussione intervenuta;

## **DELIBERA**

di approvare definitivamente, con le modifiche apportate dal Collegio, l'*audit certificate* recante la *Qualified opinion* e il *report* relativi all'*Audit of the Financial Statements at 31.12.2021 - ICRANet* ;

## **DISPONE**

di trasmettere copia dell'*audit certificate* e del *report* al Direttore dell'*International*

*Center for Relativistic Astrophysics Network (ICRANET).*

**IL RELATORE**

**Gian Luca Calvi**

**f.to digitalmente**

**IL PRESIDENTE**

**Giovanni Coppola**

**f.to digitalmente**

**Depositata in Segreteria**

**Il Dirigente**

**Maria Pia Gubbiotti**

**(firmato digitalmente)**



*Corte dei conti*

REPORT OF THE EXTERNAL AUDITOR

INTERNATIONAL CENTER FOR RELATIVISTIC ASTROPHYSICS NETWORK  
(ICRANet)

**Audit of the Financial Statements for 2021**  
**16 February 2023**

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## INTRODUCTION

The legal basis for the audit carried out by the External Auditors is given in the Financial Regulations 10.1 and in the decision of the Steering Committee adopted on February 13, 2014.

The present report gives account to the Steering Committee of the results of our audits.

The audit considered the ICRANet Financial Operating Report at 31 December 2021 and the budgetary accounts and their consistency.

The financial periods are governed by the Statute of ICRANet, and by the Financial Regulations. These have to be interpreted considering the Decision of the Steering Committee (February 13, 2014) to disclose the accounts in accordance with the International Public Sector Accounting Standards (IPSAS).

The accounts audited are the ones officially presented in the 25<sup>th</sup> meeting of the ICRANet held at ICRANet Headquarters, Pescara (Italy).

We have carried out the audit of the accounts for the Financial Year 2021 based on INTOSAI standards and, in particular, on IPSAS regime and in line with the additional terms of reference to be an integral part of the Financial Regulations of ICRANet.

We have planned the working activities according to our audit strategy to obtain a reasonable assurance that the Financial Statements are free from material misstatement.

We have evaluated the accounting principles and related estimates made by Management and we have assessed the adequacy of the presentation of information in the Financial Statements.

Thus, we have obtained through the audit a sufficient basis for the opinion given below.

We have tested, on a sample basis, a number of transactions and relevant documentation and we have obtained sufficient and reliable evidence in relation to the accounts and disclosures in the Financial Statements.

During the audit, all questions were clarified and discussed with the responsible officials.

The team had regular contacts with Mr. Ruffini, Director of ICRANet, and with members of his staff, depending on the subject matter under consideration.

The result of the audit was communicated on 15 February 2023 with preliminary observations.

Management's answers have been received on 16 February 2023 and have been duly incorporated in this report.

We audited the ICRANet financial operating report on the audited accounts held by the Organization relating to the financial results as at 31 December 2021, presented in compliance with the Financial Regulations 10.1, for the financial year 2021.

A Letter of Representation referring to the Accounts for the Financial Year 2021, signed by the Director, was included in the Financial Statements and it is an integral part of the audit documentation.

We reported on the results of our audit activity on FS2021 and highlighted our findings by issuing "Recommendations". A follow-up process will be carried out about each of them.





## *Corte dei conti*

### **AUDIT CERTIFICATE**

#### **Opinion**

We audited the financial statements of the International Center for Relativistic Astrophysics Network (ICRANet) at 31 December 2021 comprising the Statement of Financial Position, Financial Performance, the Statement of changes in net assets and the Cash-flow statement for the year ending on that date, as well as the Notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

The Statement V concerning the comparison of budgeted amounts and actual amounts for the financial period, as foreseen by IPSAS 24, was produced according to our request in our last year's report, and was communicated to us on August, 10<sup>th</sup> 2022.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the ICRANet as at 31 December 2021, and its financial performance, its changes in net assets, and its cash flows for the year then ended, in accordance with IPSAS and the Financial Regulations and Rules of the ICRANet.

On the contrary, the field concerning the net asset makes evident a remarkable lack because of the relevant amount of bad credits not devalued, approximately estimated about 1 million (that means about the 33 percent of the total statement).

#### **Basis for qualified Opinion**

We drew attention, in our previous report, on the need to improve some representations and recording procedures in the financial statements (concerning the financial data) related to the Territorial Offices and the contributions and loans to several institutions: nevertheless, no step forward seems taken.

Furthermore, the assessment of the net assets is flawed from the failed write-off of irrecoverable credits, concerning very old receivables and no credit recovery activity appears undertaken.

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

### **Other Information**

The ICRANet Director is responsible for the other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion 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, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

The Director is responsible for the preparation and fair presentation of the financial statements in accordance with International Public Sector Accounting Standards (IPSAS), and for such internal control as the Director determines is necessary to

enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

- c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ICRANet's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the ICRANet to cease to continue as a going concern.
- e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

### **Report on Other Legal and Regulatory Requirements**

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

In accordance with the additional terms of reference governing external audit in Regulation 10.5 of the ICRANet Financial Regulations, we also issued a detailed report on our audit of the ICRANet Financial Statements for 2021.

### **Emphasis of matter – persistence of the status of international organization**

At the end of our mandate as external auditor, it is worth drawing the attention on some issues, possibly concerning the ability of the Center to fulfil its original purpose set by the statute ratified by law n. 31 of 10 February 2005, in order to prevent the risk of jeopardising the international feature in accordance with the

UN system. In this respect, it is worth considering that the only reliable source of income is the contribution of the MAECI; meanwhile, the Center failed to implement the UN standards, even in the absence of internal rules on Governance and Organization. In addition to the above, it shall be noted that international members are only two countries (Republic of Armenia and State of Vatican City) and two universities (University of Arizona and Stanford University), that do not seem to provide a material input to the improvement of the governance of the Center.

We draw the attention of the Steering Committee on these aspects. Our opinion is not modified in respect of this matter.

Rome, 16 February 2023

*Guido Carlino*  
*President of the Corte dei conti*

## NATURE AND STRUCTURE OF ICRANet

1. The ICRANet (International Center for Relativistic Astrophysics Network) has been established by a special international agreement signed in Rome on 19 March 2003.
2. The Italian Republic ratified the agreement with Law n. 31 of 10 February 2005 recognizing the ICRANet “as an independent international organization, with its own management, to international status, as well as powers, privileges, immunities appropriate”. The agreement also establishes that the consent from a State or an international organization to be bound by the agreement does not imply per se an obligation to provide financial support. ICRANet may receive voluntary contributions by States and international organizations.
3. Founder members of ICRANet were, in addition to the ICRA, three Countries and two Universities and Research Centres: Italy; Armenia, since the Republic of Armenia signed on 30.10.2003 the above-mentioned agreement ratified with Law 13/2005; the State of Vatican City, which signed on 30.10.2003 the same agreement; the University of Arizona (Tucson USA); the Stanford University (USA).
4. It is worth mentioning, as reported in past years reports, that in 2011 the Federative Republic of Brazil joined ICRANet by law, and on September 12, 2013, also a Seat agreement was signed. However, Brazil later took the decision to denounce the agreement on the establishment of ICRANet; this decision has been deposited on June 23, 2020, and communicated to ICRANet on September 15, 2020, through a verbal note of the Italian Ministry of Foreign Affairs and International Cooperation. The contribution's reimbursement of funds regularly approved by the Government of Brazil and still unliquidated, amounts to 1.404.429,95 Euros. On this matter, see also below, paragraphs 37 – 40.
5. As a consequence of this, first of all, Italy is currently the unique contributor as a State, with an amount for 2021 of 1.400.330,00 Euros.
6. In addition to this, ICRA actually appears to consist of a “pure legal entity”, with no operational HQs and/or employees. The Internet domain is

managed by ICRANet. The legal representative (President) is the Director of ICRANet himself.

7. The Statute annexed to the agreement and to Law 31/2005, states that the ICRANet has purely scientific purpose for research and training in relativistic astrophysics, it has an international status and the legal capacity necessary for the exercise of its functions and the fulfilment of its purposes. Concerning the objectives of the activities, the Statute declares that ICRANet promotes the international scientific cooperation in astrophysics, carries out and coordinates theoretical, experimental and observational research at an international level in the same field, making use of instruments in space, on land and underground. As further detailed in the Statute, the activities consist in: a) the development of the scientific research; b) teaching at doctoral and post-doctoral level; c) training programmes for short and long terms; d) organization of seminars and congresses at international level; e) development of exchange programmes between scientists and associated personnel; f) development of new levels of electronic communication among research centres; g) creation of new integrated databases; h) development of new techniques of communication; i) cooperation and participation in international scientific Organizations; j) scientific cooperation and technology transfer to the industries; k) any other activity connected to the institutional purposes.
8. The operative and coordinating site of ICRANet is in Pescara.
9. An additional site was established in Nice (France) at Villa Ratti, from 2006. An agreement on June 23, 2006, was signed between the town of Nice and the ICRANet, concerning a long-term lease on the land owned by the City of Nice, where Villa Ratti is located; it should be noted that, based on the information gathered during our visit to the Headquarters in November 2021, no activity was carried out nor was any personnel assigned to it. Finally, last year we recommended that the seat be closed, and the contract renegotiated.
10. Furthermore, the ICRANet concluded some agreements with Universities, corresponding to contribution to them:
  - Campus Bio-Medico;

- University of Ferrara in Italy;
  - CNR in Italy.
11. Bodies of ICRANet are:
    - the Steering Committee;
    - the Director;
    - the Scientific Committee.
  12. The Steering Committee exercises the functions established by Article 6 of the Statute, including, in particular: appointment of the Director, drawing guidelines for the activities of ICRANet; examination of the level of the annual budget; appointment of an external auditor; approval of the annual audit plan; drawing up and approval of the rules of staff. According to art. 13 of the Statute, the Steering Committee, annually approves the budget of ICRANet which is presented by the Director for approval by the Committee (Art. IV of the ICRANet Financial Regulation).
  13. The Director is appointed by the Steering Committee for a term not exceeding five years, renewable (art. 8 of the Statute). The Director shall perform the duties indicated in Article 9 of the Statute, including in particular, administration, legal representation, presentation of the budget, recruitment of staff and annual communication about verification of financial accounts by an external auditor (Art. 6 of the Statute). The current Director, Professor Remo Ruffini, was nominated in the Steering Committee's meeting on February 15, 2010, was renewed in 2015 and again at the Steering Committee's meeting on February 5, 2020.
  14. The Scientific Committee exercises the functions provided by art. 11 of the Statute, including, in particular, an advisory function, the assistance in planning activities, coordination of scientific activities, recommendation to the Director regarding the growth of ICRANet and the specific instructions for research.

## **STRUCTURE OF THE ACCOUNTING STATEMENTS**

15. The Financial Statements of ICRANet were prepared and presented in compliance with IPSAS 1 and include the following elements:



- I. **Statement of financial position** – Balance sheet at 31 December 2021, with comparative figures as at 31 December 2020, showing Assets (divided into Current and Non-current assets), Liabilities (split into Current and Non-current liabilities) and Net assets;
- II. **Statement of financial performance** for the year ended 31 December 2021, with comparative figures as at 31 December 2020, showing the Surplus/Deficit for the financial year;
- III. **Statement of Changes in Net Assets/Equity** for the period ended 31 December 2021, showing the value of the Net assets, including the surplus or deficit for the Financial Year including losses directly recorded in Net assets without being transferred to the Statement of Financial Performance;
- IV. **Cash flow Statement** for the year ended 31 December 2021 showing the inflow and outflow of cash and cash equivalents, purposely regarding the operational, investments and financing transactions and the treasury totals at the end of the Financial Year.
- V. The **comparison of budgetary results with performance data and with financial data** for the 2021 Financial Year (Statement V); this statement was presented for the first time by the entity, on 10th August 2022, according to what we observed in the emphasis of matter paragraph in our audit certificate for financial year 2020;
- VI. **Notes** to the financial statements providing information about accounting policies and additional information necessary for a fair presentation.

## STATEMENT OF FINANCIAL POSITION 2021

### Assets

16. In 2021 Assets amounted to 2.677.217,66 Euros and they increased by 157.122,47 Euros (6,2%) in comparison to the value recorded in 2020 (2.520.095,19 Euros).
17. They consisted of Current assets and Non-Current assets. The Current Assets amounted to 2.342.957,38 Euros and represented the 87,5% of Total

Assets; they increased with respect to 2020, when they amounted to 2.163.182,33 Euros. The Non-Current Assets were equivalent to 334.260,28 Euros (356,912.87 Euros in 2020) and weighted 12,5% on Total Assets.

### **Current Assets**

18. Total current assets in 2021 amounted to 2.342.957,38 Euros, an increase of 179.775,05 Euros (8,3%) as compared to 2020. The difference is due only to the increase of Cash and Cash equivalent. The basis for the evaluation of current assets is given in Notes from 3 to 9.

#### **Cash and cash equivalent**

19. The sub-heading “Cash and cash equivalent”, totalling to 904.412,00 Euros, significantly increased (+207.056,80 Euros), comparing to 2020 (697.355,40 Euros). It includes cash in hand and all the balances of ICRANet banks current account as at 31 December 2021. The increase is mainly due to the implementation of the total amount of bank accounts. Cash and cash equivalent weighted around 38,6% of the total Current Assets. The breakdown of Cash and cash equivalents is disclosed in Note 3.
20. Cash-in-hand at 31 December 2021 amounted to 1.527,14 Euros (in 2020 it was 4,264.63). It is to be mentioned that in accounting two separated items are shown at this regard: “Cassa Direttore (1.029,80 Euros) and “Denaro in Cassa” 182,97 Euros) and there is also an amount (314,37 Euros) referred to a petty cash in Brazil, that is still maintained in accounting.

#### **Recommendation n. 1**

21. We recommend verifying the “Cassa in Brasile”, considering the withdrawal from the cash of the amount related to this petty cash maintained in Brazil.

#### **Reply from Management:**

We will provide to verify the “Cassa in Brasile” and to find the possible differences in the next budget.

## ***Banks***

22. We asked all the banks, having a business relation with ICRANet, to confirm the current accounts' balances as at 31 December 2021.
23. We verified that the account's balances were properly recorded into the accounts. All variances detected have been explained and justified.
24. ICRANet holds three bank accounts: two at the Banca Nazionale del Lavoro (Italy) and one at BNP Paribas (France).
25. The balance as at 31 December 2021 of the two bank accounts at the BNL amounted in 2021 to 808.050,76 Euros (595,511.80 Euros in 2020), presenting a significative increase; we found no discrepancies in the reconciliation between our counting and the amount recorded in the accounting.
26. We found, due to our circularisation process, that a credit line is granted to the Director of 100.000,00 Euros at the main account at BNL.
27. The balance as at 31 December 2021 of the bank account at the BNP PARIBAS, as resulted by the statement provided by ICRANet, amounted to 94.834,30 Euros (97,578 97 Euros in 2020).
28. We highlight that the statement related to this account at BNP PARIBAS did not arrive to us from the bank. We decided to adopt the alternative procedure and ICRANet provided us a copy of the statement.

### **Recommendation n. 2**

29. Considering that a confirmation from a bank was missing, we asked and obtained from Management a copy of the statement of accounts as at 31.12.2021. However, we recommend that Management make efforts in instructing banks to send the confirmations directly to the External Auditor as a general rule, being worthwhile for us receiving these communications with all requested information directly from banks, as also stated by ISA505.

### **Reply from Management**

ICRANet took action to request to BNP Paribas to send the bank documentation directly to the Italian Court of Auditors, without receiving a positive feedback. The Director went personally to the bank office in Nice to reiterate the need to send copy of the documentation requested, but also in this case the bank replied that would have provided this documentation only to the subject holder of the relationship.

The Director commits himself to send a PEC and will go again personally in the bank office of BNP Paribas in Nice, recalling them the observations of the Italian Court of Auditors, in order to invite the bank to send the documentation directly to the Court, as established by the regulations.

30. Concerning the power of signature, we must note that the only person authorized to perform banking operations at the mentioned banks is the Director.
31. As a result of our audit, we found also that the signatory power granted to the Director is unlimited (formally, till 9.999.999.999.999,99 Euros).

### **Recommendation n. 3**

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

### **Reply from Management**

The structure of ICRANet includes only 4 administrative personnel and the presence of a new official would imply additional fees, not sustainable for ICRANet, also in view of the limited number of personnel.

### *Investments*

33. The sub-heading “Short terms investments” in 2021 amounted to zero. A policy on investments was not adopted.

### *Receivables*

34. Account receivables for non-exchange transactions, represent a net worth of (1,031,042.59 Euros in 2021). They weighted 44% on the total current assets. As stated in Note 5, they are mainly represented by the contributions from Brazil not yet received (see below, para. 37).
35. Account receivables for exchange transactions amounted to zero.
36. In 2021, as in 2020, there is disclosed no amount as “Non-current receivable”.

### *Brazil contribution*

37. As seen above, for the seventh year, the contributions from Brazil remain outstanding. As already done in our past reports, we must underline that a variation in credit risk could be determined by the mere course of the time.
38. We acknowledge that a “long term provision” is added among the non-current liabilities, also as implementation of our recommendation as “the prudential provision, made during the year in relation to future and unpredictable obligations that may arise”.
39. However, we highlight that the unliquidated contribution from Brazil represents about 1/3 of the Asset.

### **Recommendation n. 4**

40. We recommend checking the item of receivables from Brazil of 990,000 euros, as they no longer represent a certain liquid and collectable receivable. In these cases, in which a credit has certainly become uncollectable for known reasons, in compliance with the principles of truthfulness and clarity of the financial statements, the credit must be:
- represented in the financial statements on the basis of the presumable realizable value by offsetting the loss with the specific bad debt provision of Euro 240,000 and, in the event of inadequacy, using the existing reserves;

- definitively removed from the financial statements, offsetting a part of the loss with the bad debt provision of Euro 240,000 and for the remainder by drawing on existing reserves.

#### **Reply from Management**

ICRANet will provide to make a new verification on the receivable credits from Brazil and, in case the times for recovery would not be immediate, will provide to establish a fund for depreciation credits for the entire amount of the credit.

#### **Non-current assets**

41. Non-current assets as at 31 December 2021 totalled 334.260,28 Euros (in 2020 356,912.87 Euros); they recorded a reduction of 6,3%, mainly due to the depreciation of the buildings.
42. This item also includes the value of the MG registered mark, which was inserted in the financial year 2016 and maintained in 2017, 2018, 2019, 2020 and 2021. The basis for the evaluation of Non-current Assets is given in the Accounting Principles (Note 2.6).

#### **Asset register and physical verification of goods**

43. In past years, we recommended more accuracy in checking and labelling the items belonging to ICRANet (see rec. nn. 2/2019 and 2/2020); we were informed that in 2020 ICRANet staff could not complete the inventory procedure with the labelling of all the equipment because of the health COVID-19 emergency, however, we renewed the above-mentioned recommendations also in last year's report.
44. We were recently informed that the items have all been tagged, while their physical verification check has yet to be carried out.

#### **Recommendation n. 5**

45. We **recommend** setting up a procedure that provide for the physical verification of the assets to carry out on a regular basis, at least annually. Furthermore, this task should be entrusted to internal staff not involved in labelling items, in order to respect the segregation of duties.

### **Reply from Management**

We will provide to setting up a procedure that provide the physical verification of the assets carried on annual basis, by the internal staff not involved in the labelling items

### ***Property, plant and equipment***

46. The heading is composed of “Property, Plant and Equipment”, amounting to 334.260,28 Euros in 2021 (356.912,87 Euros in 2020), representing the whole of non-current assets.
47. The Headquarters in Pescara must be registered according to a “lean to use” agreement, strictly for institutional use. While the value of the building is not disclosed, the works contained therein, the last one of which took place in 2008, are disclosed for a residual value, at the end of 2020, amounting to Euros 326,635.09.

### ***Villa Ratti***

48. The seat in Nice (Villa Ratti) is held thanks to a long-term lease (30 years), and it is not disclosed as fixed asset.
49. On the other hand, as referred above, a liability has been disclosed regarding a fund granted by the General Council of Maritime Alps for the refurbishment of Villa Ratti.
50. In the contract concluded on the 23 October 2006, ICRANet undertook a commitment for the restructuring of Villa Ratti, corresponding to 800.000 Euros as a charge for the use of the building starting from 2007. In respect of these reconstruction works, that were already completed, ICRANet received a contribution from the General Council of the Maritime Alps, amounting to 500.000 Euros. From an accounting point of view, the restructuring costs are represented as an advanced cost, recognized for a period of 30 years. The annual impact on the financial statements of this advanced cost amounts to Euros 10.000 for 30 years, starting from 2007. The contribution from the General Council of the Maritime Alps has been registered as a deferred charge.

51. We underline that in past years' reports we suggested enhancing this asset, planning its profitable use as well as through periodic recording of the activities carried out.
52. In the new "Statement V", the item "Activity in Nice, Science data center" shows a budgeted amount of 63.145,83 Euros for the year 2021, meanwhile the actual amount was equal to zero. Management referred to us that the budgeted amount had been foreseen for activities which were supposed to take place in Nice in 2021 and which were not carried out due to the pandemic.
53. During our visit at the HQs in Pescara, in November 2021, we were informed that, actually, no activity had been carried out nor had any staff been present in Villa Ratti for a long time. Therefore, also considering its administrative costs, last year we recommended renegotiating with the City of Nice the mentioned contract of long-term lease and disposing its closure.
54. The Director (ICRANet) declared in the reply to our recommendation of last year's report, that in 2021 and in 2022 there were developed in Villa Ratti some scientific activities.

#### **Recommendation n. 6**

55. Even considering the Director's reply to our past recommendation n. 2/2020, we again **recommend** renegotiating with the City of Nice the contract of long-term lease and disposing the closure of the site located in Villa Ratti, given that the few scientific activities, supposedly held in the site in 2021 and 2022, do not justify the high costs, especially considering that the meetings were held in "blended mode" (both physical and virtual): indeed, the administrative costs amount to about 10.000.00 Euros per year, same as the restructuring costs.
56. This is also confirmed by the new Statement V, where it is clearly shown that no activities were carried out in 2021.



### **Reply from Management**

The activities in Nice, included the IRAP PhD program in collaboration with several European Universities as well as regular scientific meetings, have been carried on continuously in Villa Ratti until the beginning of the Covid-19 pandemic. It should be noted that the end of the “stato di emergenza” has been settled on March 31, 2022, with the exclusion of the maintenances visits of the Villa, no activities were allowed by the international laws in the Seat. At the end of this period, activities in that center have resumed again. This was clearly recalled on November 2021 on the occasion of the visit of [omissis<sup>1</sup>] in Pescara. Please, modify the statement on point 53, accordingly.

The contract of long-term lease with the City of Nice for a duration of 30 years envisaged as consideration the restructuring of Villa Ratti. This restructuring has been already made for Euro 800.000,00 with a contribution of Euro 500.000,00 granted by the Alpes Maritimes, so with a cost for ICRANet of Euro 300.000,00. The early termination of the contract of long-term lease would lead to the budgetary loss of Euro 140.000,00, equal to the fees anticipated through the restructuring. The continuation of the contract of long-term lease would have the advantage to have a prestigious seat where could be organized meetings and research events, with reduced fees compared with those which would be borne addressing to external structures, especially considering the end of the health emergency and the recovery of the activities in presence.

We take this opportunity to request an important modification on point 9 about the Seat of ICRANet, particularly important is the Seat in Yerevan (Armenia). We enclose the document “GOVERNMENT OF THE REPUBLIC OF ARMENIA DECISION”, with particular attention to point 1 “to take back the space with a total area of 270 square meters (with estimated value of AMD 150 million 930 thousand) of the main building of the Institute of Geological Sciences (address: 24 Marshal Baghramyan Avenue, Yerevan 0019, Kentron district) which belongs to the State Property Management Committee and attach it to ICRANET Armenia Center International Organization with the right of gratuitous use for an indefinite period of time”.

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<sup>1</sup> Names of the team members, hidden by the EA

## **Intangible Assets**

57. A registered mark, namely “MG meetings”, owned by ICRANet, is capitalized (for the first time in 2016) and subject to a depreciation which has been calculated on the basis of 12 years of useful life. The residual value amounts to Euros 28,092.70.

## **Liabilities**

58. In 2021 Liabilities amounted to 1.117.113,40 Euros (960.610,32 Euros in 2020) and they increased of 16,3% comparing to 2020.
59. They consisted of Current liabilities, amounting to 574.493,34 Euros (455.900,34 Euros in 2020) representing the 51,4% on total Liabilities, and of Non-Current Liabilities, equivalent to 542.620,06 Euros (504.709,98 Euros in 2020), with 48,6% of weight on total Liabilities.

## **Current Liabilities**

60. As seen above, total current liabilities in 2021 amounted to 574.493,34 Euros, presenting an increase of 118.593,00 Euros compared to 2020 (+26%). The basis for the evaluation of current liabilities assets is given in Notes from 11 to 17.

## ***Employee benefits***

61. The sub-headings “Employee benefits” in Current liabilities amounted to 204.162,88 Euros (183.464,24 Euros in 2020) with an increase by 11,3%.
62. They are mostly related to the accrued annual and previous leave provision. The breakdown is presented in Note 12.

## ***Other current Liabilities***

63. The heading “Other current liabilities” amounted to 115.330,46 Euros, showing a huge increase compared to 2020 (5.769,44 Euros). This amount, as Note 17 explains, refers to the obligations that are paid in the following financial year.

### **Non-current liabilities**

- 64. Total non-current liabilities totalled 542.620,06 Euros, increasing by 7,5% comparing to 2020.
- 65. They are mainly composed of “Employee benefits”, which are referred to the end-of-service allowance provided for by the Italian social security system (the so-called “liquidazione” or “TFR”). This sub-heading amounted to 302.620,06 Euros in 2021, and it is explained in Note 12.
- 66. The non-current liabilities heading also includes the prudential provision, made during the financial year in relation with future and unpredictable obligations that may arise. An explanation of the nature of such liability is offered in Note 18.

### **STATEMENT OF FINANCIAL PERFORMANCE 2021**

- 67. This Statement showed the Organization’s operating and financial revenue and expenses classified, disclosed and presented on a consistent basis in order to explain the year’s net deficit or surplus.
- 68. The result for the period shows a surplus of 619,39 Euros, decreasing from 2020, when it was 3,358.79 Euros. It corresponds to the difference between Revenue, equal to 1.465.834,12 Euros, and Expenses, equal to 1.465.214,73 Euros; both amounts increased on 2020.

### **Revenue**

- 69. As seen above, total revenue amounted to 1.465.834,12 Euros (1,400,472.01 Euros in 2020); they were composed of Mandatory and Voluntary Contributions.
- 70. The only “Mandatory Contribution” is the one given from the Italian Government, amounting to 1.400.330,00 Euros.
- 71. In 2021 there was an acquisition of Voluntary contributions, which amounted to 65.015,38 Euros (in 2020 no voluntary contributions were present).
- 72. Finance revenue amounted to 74,77 Euros and was represented by interests on term with bank (59.34 Euros in 2020).

73. Among revenue, the entry “Other revenue producing activities” shows a null value.
74. “Other revenue” totalled 411,00 Euros (82,67 in 2020).

### **Expenses**

75. Expenses totalled 1.465.214,73 Euros in 2021, an increase of 2.56% compared to the value of 2020, when they amounted to 1,397,113.22 Euros. The breakdown is shown in Note 21.

### ***Personnel expenses***

76. Among expenses, the most relevant amount is registered as of Employee benefits which is disclosed at the value of 1.083.536,32 Euros (in 2020 it was 1,043,724.87 Euros then it was registered an increase of 3,8%).
77. The expenditure refers to 13 units: 5 administrative personnel (including three of them part-time at about 90%), one “coordinated and continuous” collaborator acting as the Internal auditor, and 7 scientists, among which there are Professors and research staff.
78. Two system managers were engaged with a contract as “external consultants” (42,000 Euros).
79. The expenses related to the Director’s salary amounted to 280,200.80 Euros in 2021 (same as 2020).
80. Also for the financial year 2021, the expected “*ex-gratia*” contributions were reported, as declared in Note 21 pursuant to Art. 8.3 of the Financial Regulations, from ICRANet to: 1) Campus Bio-Medico (10.000,00 Euros)<sup>2</sup>; 2) Università di Ferrara (10.000,00 Euros); 3) CNR (2,500.00 Euros). These amounts were the same as in 2020, with the exception of the contribution to the University of Ferrara, which doubled in 2021 (in 2020 it was 5,000.00 Euros).

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<sup>2</sup> On 11 October 2018, a two-year renewable agreement was signed with the University Campus Bio Medico in Rome.

### *Implementation of an adequate recruitment policy and selection process*

81. With reference to the HR recruitment, we acknowledged a document “Regulation for search and recruitment of staff not belonging to the category of scientific staff”. We noticed, however, that no recruitment process, with a step-by-step description in guidelines, has been put in place, as it should be, considering that, as clearly stated in the law 31/2005, ICRANet is an International Organization and has an international status.
82. Furthermore, personnel selections were made without a transparent communication on the Internet site (e.g., publishing “Job opportunities”).
83. Actually, at international level, both private and public, a precise reference model for HR does not exist, although several reference models exist that should be duly considered by Management, in order to create and maintain a cost-effective HR framework.
84. HR internal control procedures are significantly important in limiting what can be severe consequences for failing to control risk, such as penalties, fines and damage to the Organization’s reputation (e.g., for failing to comply with State employment and labour laws).
85. In addition, procedures that fail to control risks often decrease both the efficiency and effectiveness of the entire activity. At this regard, preventative HR internal controls are an important first line of defence. Then, detecting controls are a second level of defence.
86. Moreover, being no process for examining contracts, this might generate the risk that the mentioned risks are not fully covered.
87. As regards risks related to strategies, for the COSO Framework’s two additional types of risk related to strategies are namely, (a) the risks that the strategy may not align with the organization’s mission, vision, and core values and (b) the implications from the strategy chosen. COSO framework highlights that “An effective system of internal control requires an organization-wide commitment to effective policies and procedures to ensure compliance with applicable laws and regulations”. In this sense, employment-related matters are no exceptions: following best practices

regarding employment could help ICRA Net to improve the organization of the structure.

88. In our opinion, a procedure should be implemented for the recruitment of both administrative and scientists, comprising a step envisaging the approval/non approval of the selected candidate by the Steering Committee, to which the Director should refer to.

**Recommendation n. 7**

89. We **recommend** defining a recruitment policy regarding administrative and scientists, in accordance with UN rules, with a step-by-step description of the phases in guidelines, through a revision of existing rules. So far as practicable, selection shall be made on a competitive basis.

**Reply from Management**

ICRA Net will pride to define a recruitment policy regarding administrative and scientists, in accordance with UN rules.

**To the attention of the Steering Committee**

90. We draw the attention of the Steering Committee on the above paragraphs concerning the need of an implementation of guidelines on the recruitment policy.

***Various Expenses***

91. Consultants, external experts and mission costs amounted to 67.177,04 Euros (69,113.95 Euros in 2020, -2,8%).
92. In 2021, as detailed in Note 21, the “Cost of training research and scientific activities” amounted to 169.628,41 Euros (from 131.663,11 Euros in 2020, an increase of 28,8%).
93. The expenses for “Coordination and travels” amounted to 1.735,49 Euros.
94. In the report for the financial year 2018, we recommended adopting a written and complete regulation for travel expenditures and their

reimbursement. A regulation on travel has been approved on 5<sup>th</sup> February 2020. In this regulation, it has been established that the Director has the right to derogate from the above, if he deems it necessary.

**Recommendation n. 8**

95. We **recommend** that in all internal regulations concerning staff leaves, missions, etc., a procedure be established foreseeing the supervision of a responsible as Head of Administration, and joint signatures.

**Reply from Management**

ICRANet doesn't have an head of administration, apart from the Director, and the establishment of a new official would imply additional fees, not sustainable for ICRANet, also in view of the limited number of personnel.

**OPTIMIZATION OF ICRANet OPERATIONAL STRUCTURE**

96. Therefore, we clearly state the need to define an operational structure that will optimize the functioning of the ICRANet for a sound and fair administration, inspired by the principles of economy, efficiency and effectiveness.
97. In connection with what we pointed out above, we have prepared a table (see below) where are summarized, for the last 3 years, all the Revenue and the Expenses, detailing the personnel cost, and the related incidence on revenue.
98. It would therefore be advisable to conduct a thorough examination in terms of cost/benefit based on the table.

EUROS	2021	2020	2019
Mandatory contributions			
Voluntary contributions			
<b>TOTAL REVENUE</b>	<b>1.465.834,12</b>	<b>1.400.472,01</b>	<b>1.436.044,75</b>
<b>TOTAL EXPENSES</b>	<b>1.465.214,73</b>	<b>1.397.113,22</b>	<b>1.433.856,92</b>
Total EXPENSES for " <i>Training, research, and scientific activities</i> "	169.628,42	131.663,11	208.553,22
weight on TOTAL EXPENSES	11,58%	9,42%	14,54%
<b>TOTAL Expenses personnel costs-employee BENEFITS</b>	<b>1.083.536,32</b>	<b>1.043.724,87</b>	<b>1.017.374,49</b>
weight on TOTAL EXPENSES	73,95%	74,71%	70,95%
<b>INCIDENCE on TOTAL REVENUE:</b>			
of Total Personnel Expenses:	73,92%	74,53%	70,85%
of Training and Research Expenses:	11,57%	9,40%	14,52%

#### Recommendation n. 9

99. We observe that in last 3 years, a huge percentage of revenue was dedicated to personnel costs (as an average the 73% of the revenue) meanwhile only a low amount (as an average the 11,8% of the revenue) was addressed to *Training* and other scientific activities. We **recommend** adopting a new administrative framework (or restructuring the existing one), with the aim of reducing the incidence of personnel expenses in relation to total revenue, so that the resources allocated for scientific research will not be impaired.



### **Reply from Management**

It should be noted that the personnel costs include the costs for Professors (Faculty), the costs for the Director and the costs for the administrative staff. Only the last ones are not directly involved in the scientific research. Therefore, if in the costs for research would be included also the costs for the staff involved in the scientific research activities, the percentage of the costs devoted to research compared with the total costs would correspond, for the year 2021, to the 68%. The activities carried on by the Professors as well as by the Director is devoted to the scientific research and to teaching activities in the Universities members of the joint PhD programs, e.g. the University of Ferrara, the University of Sciences and Technology of China (USTC) and the University of Bremen, as certified by their many scientific publications.

### **To the attention of the Steering Committee**

100. We draw the attention of the Steering Committee on the incidence on the total revenue of both the personnel costs and of the scientific activities (respectively 11,8% and 73% as an average in last 3 years).

## **Procurement**

### ***Serious weakness in the Regulations for the purchase of supply of goods and services***

101. During the audit we received a copy of the “Regulations for the purchases of supply of goods and services”, which was approved on 8<sup>th</sup> February 2021.
102. However, we found that such document does not cover the key requirements essential for a Procurement Manual generally accepted in International Organizations.
103. As an example, some of the following key requirements are missing:
  - lack of segregation of duties during the procurement process (the Director of the Institute is the only responsible for the procurement process),

- lack of transparency (for example, contracts opportunities are not published anywhere),
- lack of any declaration of no conflict of interest by the staff involved in the procurement,
- lack of rules related to the set-up of an Evaluation Committee the rules to applied during the evaluation of the offers received,
- lack of prescription in order to avoid the splitting of contracts.

#### **Recommendation n. 10**

104. Considering that, according to art.13 of the Statute “The financial operations of the ICRANET shall be governed by financial regulations to be adopted by the Steering Committee in accordance with the established principles of the United Nations”, we **recommend** setting-up a Procurement Manual, covering all the key requirements of the procurement procedure and best practices applied by the UN International Organizations for public procurement.

#### **Reply of Management**

ICRANet will provide to set up a Procurement Manual, covering all the key requirements of the procurement procedure and best practices applied by the UN.

#### **Direct award of contract**

105. During the audit, we found that, since 2013, ICRANet has directly awarded (without any competition or publicity), and yearly renewed, the outsourcing of IT services to the same supplier SOABIT (contract amount of 42k for 2021).

#### **Recommendation n. 11**

106. Considering that the contract for outsourcing the IT services was awarded with no transparent and competitive procedure, according to the common practices and procurement rules adopted within the UN system, we

**recommend** that such contract be immediately terminated, and that a competitive and transparent procedure be prepared for the award of the services needed.

#### **Reply of Management**

ICRANet will provide to establish a transparent and competitive procedure finalized to the outsourcing of IT services, pointing out that the current services will not be interrupted until the end of the new recruitment process, in order to guarantee the regular development of scientific activities.

#### **STATEMENT OF CHANGES IN NET ASSETS/EQUITY FOR THE YEAR ENDED ON 31 DECEMBER 2021**

107. Table III “Statement of changes in net assets” represents the surplus/ deficit registered in the year on the net asset.
108. In 2021 a surplus was registered, amounting to 619,39 Euros, in 2020 it was 3,358.79 Euros.

#### **TABLE OF CASH FLOWS FOR THE PERIOD CLOSED ON 31 DECEMBER 2021**

109. The Table of cash flows identifies the sources of cash inflows, the items on which cash was spent during the reporting period, and the cash balance as at the reporting date.
110. According to the Cash flow statement, in 2021 there were reported a cash flow from operating activities of 213.294,00 Euros (111.387,00 Euros in 2020) and a cash flow from investing activities of 6.236,84 Euros (19.879,00 Euros in 2020).

#### **INTERNAL CONTROL**

111. Starting from financial year 2017 an Internal Control System is formally in use, and an Internal Auditor was appointed, as requested in our previous Reports.

112. On 18 October 2022 a report was presented by Internal Auditor to the Governing Bodies, referring the areas covered in 2021, according to Art. 8.1 of the Financial Regulations.
113. With reference to financial year 2021, Internal Auditor briefly reported on the following subjects: Follow-up and implementation of audit recommendations of the Italian Court of Auditors; the Procurement contracts; Management of voluntary Funds; Assessment of central risk and the governance issue; Control on the accounting operations; MG XVI Meeting accounts.
114. Furthermore, the IA examined the Journal, the General Ledger accounts, as well as the statements for the year ended on 31 December 2021, regarding: the Financial Positions: Assets, Liabilities and Net assets/equity; the Financial Performance: Revenue, Expenses; Surplus.
115. Specifically, he verified: the control on the Statements and the resources regularly utilized for the activities; the appropriateness of the accounting operations, the costs for the operating activities and the disclosures that are in compliance with the financial regulations and IPSAS; the right financial position of ICRANet, satisfactory at December 31, 2021; the Statements and the other documents audited are free from irregularity or error.
116. According to internal auditor report, the accounting system has been implemented, as well as the satisfactory control on the expenditures and costs; the planned activities found effective fulfilment.
117. Regarding the follow-up of previous recommendations of Italian Court of Auditors, in the Report at December 31, 2021 Annex 1 and the previous ones matters on financial procedures indicated at December 31, 2014, the internal audit noted that only five recommendations have not yet been implemented by ICRANet. Moreover, the Administration continued to improve its financial management.
118. The Report points out the regularity of the documents and operations of the ICRANet accounts that are in compliance with the Financial Regulations and IPSAS rules.

119. The report has issued only a recommendation related to the management of the voluntary funds (Recommendation: it is relevant to try to identify some funding partners that can offer long-term commitments).
120. The new model of the three lines (issued by the IIA in 2020) states that, as the third line, the "Internal audit:
- Maintains primary accountability to the governing body and independence from the responsibilities of management.
  - Communicates independent and objective assurance and advice to management and the governing body on the adequacy and effectiveness of governance and risk management (including internal control) to support the achievement of organizational objectives and to promote and facilitate continuous improvement.
  - Reports impairments to independence and objectivity to the governing body and implements safeguards as required".
121. According to this model, we have the opinion that a full self-assessment, on a regular basis, is required.

#### **Recommendation n. 12**

122. Considering that the regular self-assessment, envisaged by the standards, has never been performed, we **recommend** that the Internal Auditor carry out, as soon as possible, a full self-assessment with external quality review, to verify its compliance with all IIA standards and with the three lines model, in order to support regular improvement of the Internal Audit function, determining all actions required.
123. We also **recommend** that, after this exercise, which should be performed at least each five years, the Internal auditor start to carry out the annual self-assessment.

#### **Reply of Management**

The Internal Auditor will carry out, as soon as possible, a full self-assessment with external quality review, to verify its compliance with all IIA standards and with the three lines model, in order to support regular improvement of the Internal Audit function, determining all actions required.

## **FOLLOW UP TO PREVIOUS RECOMMENDATIONS**

124. Annex I collects all our previous recommendations and the comments received from ICRANet Management at the time of the delivery of the Report.
125. The recommendations that are evaluated as “closed” will not be included in next year’s Audit Report, unless they need an annual follow-up.

## Follow-up to recommendations in our previous reports

N.	Recommendation made by the Corte dei conti	Comments received from ICRANet Director at the date of the audit report	Status as reported by ICRANet	Status as assessed by the Italian Corte dei conti
1/2020	We renew the recommendation to complete as soon as possible the inventory of the assets owned by ICRANet and to label the items properly, as requested by best practices.	The labelling of the assets owned by ICRANet, and already inventoried, is going on and it will be completed as soon as possible, hopefully within the end of year 2022.	<b>Update as of December 2022:</b> The 75% of the assets has been labeled. The remaining 25% will be completed / finalized within the first months of 2023	Ongoing
2/2020	We recommend renegotiating with the City of Nice the contract of long-term lease and disposing the closure of the site located in Villa Ratti, because it has not been utilized for a long time, also considering its administrative costs of around 10,000.00 Euros per year, in addition to the restructuring costs amounting to 10,000.00 Euros per year.	<p>The recommendation concerning the renegotiation of the contract of long-term lease with the City of Nice for a possible closure of the Seat cannot be accepted, since ICRANet should respect the contract terms'. The request cannot be accepted, also in view of the outstanding activities carried out in the Seat of Villa Ratti over the years, with vast international scientific returns.</p> <p>One of the major activities of ICRANet starting in 2005 has been fostering the International Relativistic Astrophysics Ph.D. program (IRAP-PhD), a joint international Ph.D. program jointly founded by ICRA and by University of Rome La Sapienza in 2002. Since 2004, following the agreement between ICRANet and the City of Nice, the seat of the IRAP Ph.D. has been located in Villa Ratti (Nice), with the participation, among others, of the University of Nice Sophia Antipolis, the Observatoire de la Côte d'Azur, the University of Savoie, the University of Rome Sapienza, the University of Bremen, the Free University of Berlin, ICRA and ICRANet. Starting from 2010, the IRAP-PhD was recognized by the Erasmus Mundus program of the European Commission as the first Ph.D. program of its kind in the whole European Union, and was therefore co-sponsored for five cycles by the European Commission with a 5.768.200,00 contribution (Consortium Agreement signed in 2011). Additional contributions were provided by various universities, including</p>	<b>Update as of December 2022:</b> 1) The organization of "Prof. Remo Ruffini Festschrift. A conference in celebration of Prof. Remo Ruffini 80 <sup>th</sup> birthday", held from May 16 to 18, 2022 at ICRANet Seat Villa Ratti in Nice (France) and online. More than 90 speakers from 26 different countries joined the conference, delivering scientific presentations, remembering the important role played by the Director in the field of Relativistic Astrophysics. The proceedings of this meeting are being published in a special issue of the Universe journal with guest editors Jorge Rueda, Remo Ruffini, Narek Sahakyan and Gregory Vereshchagin in 2023. Currently two of the papers presented at the meeting are published in refereed journals: J. A. Rueda, L. Li, R. Moradi, R. Ruffini, N. Sahakyan, Y. Wang, "On the X-Ray, Optical, and Radio Afterglows of the BdHN 1 GRB 180720B Generated by Synchrotron Emission", ApJ 939 (2022) 62.S.-S. Xue, "Spontaneous Peccei-Quinn symmetry breaking renders sterile neutrino, axion and $\chi$ boson to be candidates for dark matter particles", Nuclear Physics B 980 (2022) 115817 On this occasion, the official ceremony to deliver the MG16 Awards' statues in person to the Awardees has been also organized in Villa Ratti and took place on May 18, 2022. The MG16 Awards have been there delivered to Prof.	Renewed as Recommendation 6 in this report

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N.	Recommendation made by the Corte dei conti	Comments received from ICRANet Director at the date of the audit report	Status as reported by ICRANet	Status as assessed by the Italian Corte dei conti
		<p>approximately 1 million of Euros from the University of Rome Sapienza, contributions from Brazil for approximately 1 million of Euros for students and postdoc, and additional funding from various universities in South America. The IRAP-PhD received important contributions in kind from ICRA and ICRANet Centers. Approximately 150 PhD students received the diploma. A partial list of the students is available at the following link: <a href="http://www.icranet.org/index.php?option=com_content&amp;task=view&amp;id=595">http://www.icranet.org/index.php?option=com_content&amp;task=view&amp;id=595</a>. The last IRAP Ph.D. degree was awarded on February 1, 2022 (see also Document D I which we hereby endorse).</p> <p>In addition, Villa Ratti has been the seat of very prestigious bilateral activities (see also Volume 1, Enclosure 4, of the ICRANet Scientific Report 2021), most notoriously the Galileo Xu Guanqi meetings, held alternatively at Villa Ratti and in China. To be mentioned are also the "Bego Rencontres": the 6th Bego Rencontre will be held in second half of May 2022, if the pandemic will allow in person. Villa Ratti has also hosted several summer schools of the IRAP PhD, the last one held in June 2019.</p> <p>From 2022, Villa Ratti will also host teaching activities of the newly established Joint International Ph.D program between the University of Science and technology of China (USTC), the University of Ferrara (UNIFE), ICRA and ICRANet. This is the first Joint Ph.D. program between Europe and China.</p> <p>In parallel of all the above, the activities in Villa Ratti have been made possible by the publication of the new edition of the book by Ohanian and Ruffini "Gravitation and Spacetime" (third edition 2013, published by Cambridge University Press, <a href="https://www.cambridge.org/core/books/gravitation-and-spacetime/241957A2AD43AC319336B28833CB3E9">https://www.cambridge.org/core/books/gravitation-and-spacetime/241957A2AD43AC319336B28833CB3E9</a>) and of the proceedings of the Zel'dovich Meetings</p>	<p>Tsvi Piran (Hebrew University of Jerusalem), to Prof. Peter Predehl on behalf of the Max Planck Institute for Extraterrestrial Physics- MPE, to Prof. Rashid Sunyaev on behalf of the Space Research Institute IKI of the Russian Academy of Sciences; to the Prof. Alexander Shirshakov on behalf of the Lavochnik Association.</p> <p>2) The organization of the "6<sup>th</sup> Bego Rencontre Summer School", held from July 4 to 14, 2022 at ICRANet Seat Villa Ratti in Nice (France) and online.</p> <p>More than 90 participants from 19 different countries joined the conference. Currently five of the papers presented at the meeting are published in refereed journals:</p> <ul style="list-style-type: none"> <li>– J. A. Rueda, L. Li, R. Moradi, R. Ruffini, N. Sahakyan, Y. Wang, "On the X-Ray, Optical, and Radio Afterglows of the BdHN I GRB 180720B Generated by</li> <li>– Synchrotron Emission", <i>ApJ</i> 939 (2022) 62.</li> <li>– Nick E. Mavromatos, "Gravitational anomalies, axions and a string-inspired running vacuum model in Cosmology", proceedings of the The Sixteenth Marcel Grossmann Meeting, ed. R. Ruffini and G. Vereshchagin, World Scientific, pp. 1693-1712 (2023)</li> <li>– S.-S. Xue, "W boson mass tension caused by its right-handed gauge coupling at high energies?", <i>Nuclear Physics B</i> 985 (2022) 115992</li> <li>– J. A. Rueda, R. Ruffini, L. Li, R. Moradi, J. F. Rodriguez, Y. Wang, "Evidence for the transition of a Jacobi ellipsoid into a Maclaurin spheroid in gamma-ray bursts", <i>Physical Review D</i>, 106 (2022) 083004</li> </ul>	



# ANNEX I

N.	Recommendation made by the Corte dei conti	Comments received from ICRANet Director at the date of the audit report	Status as reported by ICRANet	Status as assessed by the Italian Corte dei conti
		(http://www.icranet.org/ZeldovichMeetings), of the Marcel Grossmann (MG) meetings (http://www.icranet.org/proceedingsMG), of the Italian-Korean meetings (http://www.icranet.org/ik-meetings) and of the Galileo Xu GuangQi Meetings (http://www.icranet.org/GXMeetings)	<p>– Yu Wang, J. A. Rueda, R. Ruffini, et al., "GRB 190829A-A Showcase of Binary Late Evolution", ApJ 936 (2022) id.190.</p> <p>Following the cooperation agreement between ICRANet and the University of South China (USC), we develop teaching activities for 3 graduate students and 2 postdocs per year, from USC, in the ICRANet Seats at Villa Ratti in Nice (France), Pescara and Ferrara (Italy). This project will be included in the framework of the JIRA PhD program between Italy and China.</p>	
<b>3/2020</b>	We recommend that in regulating more specific rules be adopted with respect to the reasons that can justify derogations, also relatively to its limits (e.g., amounts or duration).	The Regulation for missions and travels will be modified as requested	<p><b>Update as of December 2022:</b></p> <p>The examined Regulation is the one called "Reimbursement of costs to scientific visitors (professors and scientists)", approved during the 22<sup>nd</sup> ICRANet Steering Committee meeting on February 5, 2020 and here attached. The amount of the per diem which will be paid to those visitors could range from the maximum amount envisaged in the "Collaboration contract for research activities" for the Adjunct Professors, as indicated in art. 8 (support for collaboration), to the minimum amount which envisages a support limited to lodging free of charges in the ICRANet guesthouse, with all the other expenses cover by the Institute of the visitor.</p> <p><b>Update as of December 2022:</b></p> <p>The majority of the documents is transmitted through ICRANet institutional email addresses, so it is tracked. The residual part, for which it's necessary to transmit the printed paper, is managed on ICRANet registered letterhead.</p>	Ongoing
<b>4/2020</b>	We recommend that all the key documents and procedures related to contracts procedure are proceeded on headed ICRANet paper and protocollod.	All the key documents and procedures related to contracts procedure will be proceeded on headed ICRANet paper and protocollod.		Ongoing

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2/2019	We recommend to be more specific with respect to the reasons that can justified the derogation, also relatively to its limits (amounts, duration and so on).	The Regulation for expense reimbursements will be modified and improved introducing the reasons that can authorize the Director to derogate what established in the Regulation.	<p><b>Update as of December 2022:</b></p> <p>In the regulation "Rules for expenses Reimbursements", approved on February 8, 2021, the motivations for which the Director can derogate to what is envisaged in the regulation itself have been introduced. Moreover, it has been introduced a new rule in case of missions abroad for a prolonged period for scientific or medical needs, with a per diem amount of € 45,00, with a maximum per month of € 1.000,00. The new version of the regulation will be submitted to the approval of the Steering Committee on the occasion of its forthcoming meeting.</p>	Ongoing
1/2018	<p><b>Receivables from Brazil</b></p> <p>We recommend setting aside and add to the provisional fund all the available resources, and to take every possible further action to recover the unpaid sum.</p>	The provision for credit losses, prudently established to mitigate the possible risk due to the lengthening of the time for the recovery of the credit due by Brazil, will be increased using all the available resources, despite it is considered as still possible to collect its full amount. All the necessary actions to the recovery this credit due by Brazil will be carried on, in a short time.	<p><b>Update as of December 2022:</b></p> <p>The fund has been further increased with the available resources and we will continue to do that until the achievement of the entire amount, or until the collection of the credit.</p> <p>Moreover, the ongoing collaboration agreements with the following Brazilian Universities: Instituto Tecnológico de Aeronáutica (ITA), Universidade Federal do Rio Grande do Sul (UFRGS), Universidade Estadual de Campinas (UNICAMP), the Universidade do Estado de Santa Catarina (UDESC), Government of the State of Ceará, Universidade Federal do Espírito Santo (UFES), Universidade Federal do Cariri (UFCA), Universidade Federal do Paraná (UFPR) Conselho Nacional de Desenvolvimento Científico e Tecnológico (CNPq), Universidade Federal da Paraíba (UFPB), Universidade do Estado do Rio de Janeiro (UERJ), Universidade Federal de Itajubá (UNIFEI), Universidade Tecnológica Federal do Paraná (UTFPR), Instituto Nacional de Pesquisas Espaciais (INPE), Universidade Nacional de Brasília (UnB) will allow to host, in ICRANet seats, students and researchers paid by Brazilian Universities and Institutions.</p>	Ongoing

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### Follow-up to suggestions in our previous reports

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1/2020	We suggest to enhance this asset [Villa Ratti], planning its profitable use (in consideration of its administrative costs: € 10.225,42 per year).	The Seat in Nice will be used in a more profitable use, planning new activities which will take place there, as soon as the Covid medical emergency will be over.	<b>Update as of December 2022:</b> See reply to Rec. 2 for FY 2020	Ongoing See also rec. 2/2020 and rec. 6 in this report
1/2018	<b>Utilization of Villa Ratti</b> We suggest to present in a detailed way the utilization of the seat in Nice.	The utilization of ICRANet seat in Nice will be documented in a detailed way, and their relevant expenses will be further presented in the Explanatory Note. Please, note that for the year 2017 the item "Start-up of activities in Nice" in "Note 20: Expenses" is zero.	<b>Update as of December 2022:</b> See reply to Rec. 2 for FY 2020	Ongoing See also rec. 2/2020 and rec. 6 in this report