



Seventy-Fourth Session  
8 – 11 October 2013

EC-74/DG.16  
1 October 2013  
Original: ENGLISH

### NOTE BY THE DIRECTOR-GENERAL

#### COMMENTS ON THE REPORT OF THE ADVISORY BODY ON ADMINISTRATIVE AND FINANCIAL MATTERS AT ITS THIRTY-FIFTH SESSION

1. At its Thirty-Fourth Session, the Executive Council (hereinafter “the Council”) requested that the Director-General, when submitting reports of the Advisory Body on Administrative and Financial Matters (ABAF) to the Council for its consideration, indicate what actions the Technical Secretariat (hereinafter “the Secretariat”) has taken in response to the recommendations of the ABAF, and what decisions are required by the Council on the report being submitted (paragraph 21.4 of EC-34/5, dated 26 September 2003).
2. The Director-General welcomes the continuing advice and support provided by the ABAF, as reflected in the conclusions it reached during its Thirty-Fifth Session (ABAF-35/1, dated 4 September 2013), which was held from 2 to 4 September 2013.

#### **Review of the report of the previous session of the ABAF (paragraph 4 of ABAF-35/1)**

3. The Secretariat notes the request by the ABAF that it receive an update at its Thirty-Sixth Session on the policy and proposed guidelines for the application of programme-support costs, in order to bring Secretariat practices on voluntary contributions in line with those in some organisations in the United Nations system (paragraph 4.2).
4. The Secretariat notes the recommendation of the ABAF that the Secretariat monitor the negative balance of EUR 3.5 million in net assets/equities of the Organisation, and that it report, as applicable, to the ABAF at its Thirty-Sixth Session, after the Financial Statements for 2013 have been produced and audited (paragraph 4.5).
5. The Secretariat acknowledges the recommendation of the ABAF that a task force be created to evaluate all current enterprise-resource planning (ERP) system processes, with a view to streamlining and optimising them. The Secretariat will, as requested, provide updates to the ABAF, as available (paragraph 4.6).
6. The Secretariat takes note of the recommendation of the ABAF that the Council consider lowering the current level (EUR 9.9 million) of the Working Capital Fund from almost 15% to 6% of the total Budget, and to retain the surplus in the fund for future one-time, non-recurring projects, such as a new ERP system. The Secretariat



will undertake a study on this subject and report to the Council for its consideration (paragraph 4.7).

7. The Secretariat notes the request by the ABAF that it receive updates, as available, in regard to the analysis determining whether any rule and regulations pose obstacles to the full implementation of results-based management (RBM) (paragraph 4.11).

**Status of the 2013 financial performance (first half of 2013) (paragraph 5 of ABAF-35/1)**

8. With regard to the efficient use of allotments, the Secretariat will continue to make every attempt to utilise available allotments efficiently and to the maximum extent possible, in line with the Programme and Budget of the OPCW for 2013 (C-17/DEC.4, dated 27 November 2012) (paragraph 5.3).

**Financial Statements of the OPCW and the report of the External Auditor for the year ending 31 December 2012 (paragraph 6 of ABAF-35/1)**

9. The Secretariat notes that the ABAF at its Thirty-Fourth Session received an oral presentation of the findings of the report of the External Auditor for the year ending 31 December 2012 (EC-74/DG.3 C-18/DG.5, dated 30 July 2013), addressing the second year of Financial Statements prepared under the International Public Sector Accounting Standards (paragraph 6.1). The Secretariat also notes that at the Thirty-Fifth Session of the ABAF, further review of the report did not result in any additional recommendations (paragraph 6.4).

**Draft Programme and Budget for 2014 (including the Medium-Term Plan and the programme-performance report for 2012) (paragraph 7 of ABAF-35/1)**

10. The Secretariat takes note of the plan of the ABAF to review the mid- to long-term plan of the Secretariat for staffing, which will be submitted to the Council in accordance with subparagraph 3(t) of the 2013 Budget decision (C-17/DEC.4) (paragraph 7.5).
11. The Secretariat takes note of the recommendation by the ABAF to include the estimated resources to be used from trust funds and special accounts, insofar as they are known, as part of an integrated budget proposal in the future, and notes the recommendation to draw down the required resources from the special accounts in light of their current balances (paragraph 7.7).
12. In regard to the proposed creation of a Knowledge Management Centre under the Verification Programme in the Draft Programme and Budget for 2014, the Secretariat notes the recommendations of the ABAF. As discussed during the budget facilitations and the ABAF session, the Secretariat has modified its proposal to focus on knowledge management in the year 2014. The Secretariat will continue to develop the concept to implement the recommendation of the Third Special Session of the Conference of the States Parties to Review the Operation of the Chemical Weapons Convention that the OPCW should remain the global repository of knowledge and expertise (paragraph 9.14 and subparagraph 9.155(h) of RC/3-3\*, dated 19 April 2013) (paragraph 7.8).

13. In accordance with the recommendations of the ABAF in subparagraphs 7.11(a) to (e) of ABAF-35/1 and the discussion during the Budget facilitations, the Secretariat has revised its proposal on education-and-outreach activities, with a view to defining the responsibilities between the Office of Strategy and Policy (OSP) and the International Cooperation and Assistance Division in implementing the programme of work.
14. In regard to the OSP, the Secretariat notes the ABAF recommendations and refers to the Note by the Secretariat entitled "Review of the Office of Strategy and Policy" (S/1110/2013, dated 4 July 2013). The Director-General is satisfied with the performance of the OSP to date and the Secretariat will report on the annual performance of the OSP as part of the programme-performance report for 2013 (as for all other Secretariat programmes and units) (subparagraph 7.11(f)).
15. The Secretariat notes the recommendations of the ABAF in relation to RBM and key performance indicators (KPIs) for several programmes, and will continue to refine the KPIs.

**Any other business (paragraph 8 of ABAF-35/1)**

**Recommendation for write-offs of irrecoverable accounts receivables and of losses of assets**

16. The Secretariat appreciates the recommendation of the ABAF that the Council at its next regular session approve the write-off of irrecoverable accounts receivable and of losses of assets. It also notes the recommendation of the ABAF that the Secretariat apply any lessons learned to the procedures followed in this regard, with a view to reducing these amounts in future (paragraph 8.3 of ABAF-35/1).

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