



NOTE BY THE DIRECTOR-GENERAL

COMMENTS ON THE REPORT OF THE ADVISORY BODY ON ADMINISTRATIVE AND FINANCIAL MATTERS AT ITS THIRTY-EIGHTH 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-Eighth Session (ABAF-38/1, dated 3 June 2015), which was held from 1 to 3 June 2015.

Review of the report of the previous session of the ABAF (paragraph 4 of ABAF-38/1)

3. The Secretariat notes the points made by the ABAF with regard to the use of programme-support costs (PSC). The Secretariat will ensure that its PSC policy aligns with the current best practices used by other international organisations in the United Nations system and will continue to use the PSC trust fund to recover the indirect costs of administrative and operational support services incurred in managing voluntary contributions (paragraph 4.1).

Status of the 2015 financial performance (first quarter of 2015) (paragraph 5 of ABAF-38/1)

4. The Secretariat notes the comments of the ABAF concerning the number of States Parties that are in arrears in respect of annual assessed contributions, and will continue to remind States Parties to fulfil their obligations in this regard (paragraph 5.2).

Financial Statements of the OPCW and the report of the External Auditor for the year ending 31 December 2014 (paragraph 6 of ABAF-38/1)

5. The Secretariat notes the ABAF recommendation to monitor the status of net assets/equity and will explore potential options to fund employee benefit liabilities,



taking into consideration best practices at other international organisations (paragraphs 6.1 and 6.5).

6. The Secretariat notes the comments of the ABAF regarding the timing of the write-down of verification-related invoices and its comments on how the non-payment of such invoices, as well as the late payment of assessed contributions, is having a negative impact on the cash position of the Organisation. The Secretariat acknowledges the need for the Council to address these issues (paragraphs 6.2 and 6.3).
7. Concerning the ABAF recommendation that the Council consider creating an independent audit committee consistent with best practices, the Secretariat believes that a discussion should be initiated with States Parties to decide whether such a committee is required (paragraph 6.6).
8. The Secretariat notes the ABAF recommendation regarding clarification of the roles of the Dutch Accreditation Council (*Raad voor Accreditatie*, RvA), the Office of Internal Oversight (OIO), and the OPCW divisions pertaining to quality assurance (paragraph 6.7). In this regard, the Secretariat recalls that the current quality management system (QMS) provides controls at various levels. At the divisional level, quality assurance representatives ensure that applicable International Organization for Standardization (ISO) standards are implemented in accordance with the quality policy of the Secretariat. The OIO assists in improving the QMS through regular assessment of the quality of management. The RvA conducts annual surveillance audits to ensure that the QMS is maintained in conformity with the relevant ISO standards and that it qualifies for the RvA accreditation. The Quality Management System Technical Committee meets twice a year to review the status of RvA surveillance audit reports and to ensure that timely action is taken to address non-conformity issues, if any. Furthermore, the Committee reviews the QMS in general across the Secretariat to ensure its continuing relevance, adequacy, and effectiveness. The OIO also conducts activities to ensure the continuity of the OPCW Central Analytical Database certification, as instructed by the Council at its Sixty-Second Session (EC-62/DEC.3, dated 6 October 2010).

**Report of the Office of Internal Oversight for the year ending 31 December 2014
(paragraph 7 of ABAF-38/1)**

9. With regard to the recommendation of the ABAF that the duties and responsibilities of each post be carefully considered before they are downgraded, the Secretariat notes that the grading of all fixed-term staff positions of the Organisation is subject to stringent job classification by an independent external expert. Accordingly, the grade given to each post is commensurate with the experience, knowledge, and academic requirements to fulfil each job function (paragraph 7.2).
10. The Secretariat notes the view of the ABAF on the External Auditor recommendation that internal auditors should not be placed in situations that could impair their independence or objectivity. The Secretariat remarks that, while the Director-General may task any staff member with a special duty that is different from their usual function, the Secretariat will continue to engage the relevant staff members, including

OIO staff members, in such special duties, without impeding their independence or operations (paragraph 7.7).

Any other business (paragraph 8 of ABAF-38/1)

Review of OIO resources and benchmarking

11. The Secretariat acknowledges the reiteration by the ABAF of the External Auditor's recommendation for the timely recruitment of personnel for vacant posts to avoid future negative impacts on the OIO work programme, and notes that the Office's staffing table is now at full strength. It further highlights that the level of OIO resources corresponds to those in similar international organisations, an opinion shared by the External Auditor (paragraph 8.2).

Update on the enterprise-resource-planning strategy

12. The Secretariat welcomes the positive comments regarding progress made to date on the enterprise-resource-planning (ERP) project and acknowledges the request that more detail be provided at its Thirty-Ninth Session on the estimated total cost of the project. The Secretariat will continue to provide the Council with updates on the project's implementation, as required by the decision on ERP by the Conference of the States Parties at its Nineteenth Session (C-19/DEC.7, dated 3 December 2014) (paragraph 8.8).

Development of a medium- to long-term staffing plan

13. The Secretariat acknowledges the comments of the ABAF that the medium- to long-term staffing plan must be linked to the elements of the Organisation's strategic framework, particularly the Medium-Term Plan, and confirms that the implementation of the plan will be reflected in the annual Programme and Budget (paragraph 8.10).