



NOTE BY THE DIRECTOR-GENERAL

**COMMENTS ON THE REPORT OF THE ADVISORY BODY ON ADMINISTRATIVE
AND FINANCIAL MATTERS AT ITS THIRTY-NINTH 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-Ninth Session (ABAF-39/1, dated 3 September 2015), which was held from 31 August to 3 September 2015.

**Review of the report of the previous session of the ABAF (paragraph 4 of
ABAF-39/1)**

3. The Secretariat notes the request by the ABAF to receive an update on the progress of the enterprise-resource-planning project at its next session (paragraph 4.1).

**Status of the 2015 financial performance (first half of 2015) (paragraph 5 of
ABAF-39/1)**

4. The Secretariat notes the ABAF’s concern that 32 States Parties have lost their voting rights due to their outstanding balances for the 2012 and prior years’ assessed contributions. The Secretariat also notes the ABAF’s concern about the significant outstanding balances with regard to the 2013 and 2014 assessed contributions. The Secretariat further notes the ABAF’s concern regarding the cumulative outstanding balance of EUR 3,433,061 for reimbursements relating to inspections invoiced under Articles IV and V. As the non-payment of assessed contributions and Article IV and V invoices continues to have a negative impact on the Organisation’s cash flow position, the Secretariat supports the ABAF’s recommendations for the Council to address this issue. The Secretariat will continue to carefully monitor its cash position and will employ short-term mechanisms to address any cash shortage, such as the Working Capital Fund, to ensure the full implementation of the 2015 programme of work (paragraphs 5.3, 5.4, and 5.6).



5. The Secretariat acknowledges the positive comments made by the ABAF on the improvements made to budget tracking and 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 2015 (C-19/DEC.4, dated 3 December 2014) (paragraph 5.5).

Draft Programme and Budget for 2016 (including the Medium-Term Plan and the programme performance report for 2014) (paragraph 6 of ABAF-39/1)

6. The Secretariat takes note of the ABAF's recommendation to strengthen the presentation of the Programme and Budget in future years by presenting financial information by objective, rather than the current organisational structure, for a more results-orientated focus and will continue to build on the work it has already conducted in this regard. The Secretariat also takes note of the ABAF's recommendation to include more details of cross-cutting strategies in the Programme and Budget and will look for optimal ways to include such information in its future budget documents (paragraph 6.3).
7. The Secretariat notes the ABAF's support for its proposal to use the 2013 cash surplus as the seed money for a new special account for contingency operations, utilising a mechanism similar to the one used for the special account to fund verification and inspection equipment (paragraph 6.5).
8. The Secretariat acknowledges the ABAF's recommendation that the activities of the International Cooperation and Assistance Programme for 2016 be prioritised. Such practice is now routine during the Secretariat's annual programme planning process (paragraph 6.6).
9. The Secretariat notes the ABAF's recommendation on the expeditious recruitment of fixed-term posts within the Office of Internal Oversight and will continue to plan and execute the timely recruitment of personnel for vacant posts (paragraph 6.8).
10. The Secretariat takes note of the ABAF's recommendations to review the key performance indicators (KPIs) of the Office of the Legal Adviser so that they reflect the positive aspects of the work of the Office. The Secretariat will continue to review, streamline, and strengthen its KPIs as it continues to embed the principles of results-based management in its programme planning. The Secretariat also takes note of the ABAF's recommendation that the activities of the Legal Officers throughout the Organisation be closely coordinated to avoid duplication and ensure due diligence in all legal matters. The roles and responsibilities of Legal Officers are routinely assessed during the formulation of job descriptions to ensure that there is no overlap in duties. Furthermore, Legal Officers coordinate their activities when working on cross-cutting issues (paragraph 6.10).
11. The Secretariat notes the ABAF's recommendation to set up mechanisms—such as a task force—to plan and coordinate knowledge management activities in order to ensure efficiencies and avoid overlaps in strategy implementation. The Secretariat is currently in the process of preparing a knowledge management framework and will later develop and implement a comprehensive strategy, which will involve close coordination of all relevant stakeholders (paragraph 6.12).

12. The Secretariat takes note of the ABAF's recommendation that future Programme and Budget documents include an annex detailing planned efficiencies and the projected savings they will deliver. The Secretariat will explore options on how to best present such information and will seek to include a "pilot" annex in the Programme and Budget for 2017 (paragraph 6.13).
13. The Secretariat notes the ABAF's comments on the importance of the programme performance report and will seek ways to strengthen the content and format of the document so that it better highlights the impact of the Organisation's programmes and the lessons learned from programme implementation (paragraph 6.15).

Any other business (paragraph 7 of ABAF-39/1)

Status of the implementation of the External Auditor's recommendations from 2013 and 2014

14. The Secretariat takes note of the ABAF's request to be updated on the implementation of the External Auditor's recommendations from 2014 at its Fortieth Session (paragraph 7.1).

Recommendation for write-offs of irrecoverable accounts receivable and of losses of assets

15. The Secretariat appreciates the comments of the ABAF with regard to its pro-active approach to reducing the level of write-offs (paragraph 7.3).

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