

**NOTE BY THE DIRECTOR-GENERAL****SUBMISSION OF THE 2018 OPCW FINANCIAL STATEMENTS TO THE EXTERNAL AUDITOR (FINANCIAL RULE 11.1.02)**

1. The Financial Regulations and Rules of the OPCW govern the preparation of the OPCW Financial Statements and their submission to the External Auditor. In line with Financial Regulations 11.1 and 11.2, the Director-General shall submit annually financial statements for the financial period to which they relate as submitted for, and subject to, examination by the External Auditor.
2. In accordance with Financial Rule 11.1.02, “the financial statements shall, after approval by the Director-General, be submitted to the External Auditor not later than three months following the end of the financial year, together with such statements as may be required.” The application of this Rule to the financial statements for 2018 would imply that they be submitted to the External Auditor no later than 31 March 2019.
3. In the most recent update on the status of implementation of the new enterprise resource planning (ERP) system (EC-89/DG.17, dated 14 September 2018), the Director-General noted that the go-live of the core ERP solution is planned for the end of 2018.
4. In the report of the External Auditor on the 2017 Financial Statements (Annex 3 to EC-89/DG.3 C-23/DG.4, dated 7 August 2018), the External Auditor noted that there can be significant burdens on finance staff following the implementation of a new ERP system and that the Organisation “should consider the operational impact of the final go-live date and, if necessary, approach States Parties to agree a one-off amendment to the normal timeline for accounts submission at an early point”.
5. In the report of its Forty-Fifth Session (ABAF-45/1, dated 3 August 2018), the Advisory Body on Administrative and Financial Matters (ABAF) agreed that, given the ERP go-live, an exceptional request for extension of the submission date for the financial statements to the External Auditor would be submitted to the Executive Council (hereinafter “the Council”) at its Eighty-Ninth Session and to the Conference of the States Parties (hereinafter “the Conference”) at its Twenty-Third Session for approval. The ABAF also noted that the audit report and financial statements would still, however, be available to States Parties at the Ninety-Second Session of the Council and Twenty-Fourth Session of the Conference.
6. In consideration of the above factors, the Director-General hereby requests the suspension, on an exceptional basis, of the application of Financial Rule 11.1.02 in



respect of the submission of the 2018 financial statements to the External Auditor, to allow additional time to prepare the 2018 financial statements in parallel with the implementation of the new ERP system.

7. The Director-General also wishes to inform the Council that, should this proposal be accepted, the Technical Secretariat will publish the 2018 financial statement document at a later date for the consideration of the Council at its Ninety-Second Session.

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