



OPCW

Conference of the States Parties

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DECISION

CHARTER OF THE OFFICE OF INTERNAL OVERSIGHT

The Conference of the States Parties,

Recalling the mandate provided to the Office of Internal Oversight in Article 12 of the OPCW Financial Regulations and Rules; and

Noting that the Director-General has submitted the Charter of the Office of Internal Oversight (EC-89/DG.26, dated 28 September 2018), through the Executive Council at its Eighty-Ninth Session, to the Conference of the States Parties at its Twenty-Third Session, for its consideration and approval;

Hereby:

Approves the Charter of the Office of Internal Oversight.

Annex (English only): Charter of the Office of Internal Oversight



Annex

CHARTER OF THE OFFICE OF INTERNAL OVERSIGHT

1. Purpose and mission

- 1.1 This Charter¹ sets out the purpose, scope, responsibilities, and authority of the Office of Internal Oversight (OIO) and serves as a framework for the internal oversight activities of the Organisation for the Prohibition of Chemical Weapons (OPCW).
- 1.2 The OIO has been established in accordance with the mandate provided in Article 12 of the OPCW Financial Regulations and Rules.
- 1.3 The purpose of the OIO is to assist the Director-General in the management of the OPCW's resources in order to enhance the efficiency and economy of operations of the OPCW (Financial Regulation 12.1). The OIO shall review, evaluate, and report on the soundness, adequacy, and application of systems, procedures, and related internal controls (Financial Regulation 12.2).
- 1.4 The OIO's activities enable the OPCW to accomplish its objectives by providing assurance to the Director-General on the adequacy and effectiveness of governance, risk management, and internal control processes in the Organisation's operations and activities. This ensures continued credibility and trust of States Parties by securing the highest standards of efficiency, competence, and integrity in the OPCW.

2. Scope of internal oversight activities

- 2.1 In accordance with Article 12 of the Financial Regulations and Rules, the internal oversight mechanism assists the Director-General in the management of the OPCW's resources through internal audits (including oversight audits covering confidentiality and quality assurance), evaluations, inspections, investigations, and monitoring in order to enhance the compliance, economy, efficiency, and effectiveness of the OPCW's operations and activities (Financial Regulations 12.1 and 12.2, and Financial Rule 12.1.01.).
- 2.2 The scope of the OIO's internal and confidentiality audit assessments includes examining whether:
 - (a) risks relating to the achievement of the OPCW's strategic objectives are appropriately identified and managed;
 - (b) the results of operations or plans are consistent with established goals and objectives;

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The Charter of the OIO was first approved by the Director-General on 27 July 2006. A revised Charter was approved by the Director-General on 21 March 2011. The present Charter has been revised in accordance with the supplemental guidance on model internal audit activity charter provided by the Institute of Internal Auditors in 2017, as recommended by the External Auditor and External Assessor.

- (c) the actions of OPCW staff, consultants, and contractors are in compliance with organisational policies, procedures, and applicable laws, regulations, and governance standards;
 - (d) operations or plans are being carried out economically, effectively, and efficiently, with due regard to the OPCW's financial, physical, and human resources;
 - (e) established processes and systems enable compliance with the policies, procedures, laws, and regulations that could have a significant impact on the Organisation;
 - (f) information and the means used to identify, measure, analyse, classify, and report such information are reliable and have integrity;
 - (g) resources and assets are acquired economically, used efficiently, and adequately safeguarded; and
 - (h) adequate measures are being taken to prevent fraud, waste, and the abuse and mismanagement of resources.
- 2.3 The confidentiality audits carried out by the OIO involve the audit of the reliability and integrity of the OPCW confidentiality regime, its internal systems of security, and other related provisions of the Chemical Weapons Convention. This includes compliance reviews of related management processes, and investigations of confidentiality breaches or violations. Additional areas include audits of the handling and storage of information on both the Security Critical Network and the Security Non-Critical Network; information-technology governance; management and business continuity; audit of OPCW exercises on challenge inspections and investigations of alleged use of chemical weapons; and certification of equipment as mandated.
- 2.4 The OIO will adhere to the mandatory elements of the International Professional Practices Framework of the Institute of Internal Auditors (IIA), which includes the definition of internal auditing, the core principles for the professional practice of internal auditing, the code of ethics, and the international standards for the professional practice of internal auditing. This mandatory guidance constitutes the principles of the fundamental requirements for the professional practice of internal auditing and for evaluating the effectiveness of the internal audit activity's performance. In addition, the OIO will adhere to the recommended guidance of the IIA, as well as relevant OPCW policies and procedures and the standard operating procedures of the OIO.
- 2.5 The OIO conducts evaluations in accordance with United Nations Evaluation Group norms and standards in the United Nations system. It assesses performance to determine the efficiency, effectiveness, impact, and relevance of a policy, plan, or operation, either ongoing or completed.

- 2.6 The OIO provides assistance to the Technical Secretariat (hereinafter “the Secretariat”) in developing and maintaining a sustainable Quality Management System. It ensures the maintenance of International Organization for Standardization (ISO) accreditation through the conduct of quality audits of the accredited activities in accordance with ISO auditing standards. In addition, the OIO assesses the analytical network, including OPCW quality-assurance and quality-control programme for on-site analysis, and the OPCW Laboratory, together with the designated and other laboratories’ performances.
- 2.7 The OIO may also carry out investigations into alleged violations of OPCW Financial Regulations and Rules, and directives issued thereunder—and the relevant Staff Regulations, Rules, and directives—that pose a significant risk to the efficiency, effectiveness, and credibility of the Secretariat, or if requested by the Director-General. It may also conduct enquiries into issues of waste, fraud, and mismanagement that come to its attention (Financial Rule 12.2.02). When conducting and managing investigations, the OIO is guided by the Uniform Principles and Guidelines for Investigations developed by the Conference of International Investigators, as adopted by the United Nations.
- 2.8 The role of the OIO as regards the monitoring function is to assist in improving it, initially through the issuance of policies and guidelines and routinely through regular assessments of the quality of management reports on monitoring activities (Financial Rule 12.2.01).
- 2.9 In fulfilment of its role, the OIO shall provide independent and objective oversight services at the request of the Director-General to improve the performance and operations of the Secretariat, including improvements to risk management and to control and governance processes.

3. Independence and objectivity

- 3.1 The OIO shall exercise operational independence in the conduct of its duties under the authority of the Director-General. The Director of the OIO may be removed by the Director-General only for cause and with the prior approval of the Executive Council (hereinafter “the Council”) (Financial Regulation 12.1).
- 3.2 The Director of the OIO will ensure that the OIO remains free from all conditions that threaten its ability to carry out responsibilities independently and in an unbiased manner, including matters relating to selection of audits, scope, procedures, frequency, timing, and report content, subject to the right of the Director-General as provided for in paragraph 3.7 below.
- 3.3 Where the Director of the OIO has or is expected to have roles and/or responsibilities that fall outside the scope of internal auditing, such as advisory services, safeguards will be established to limit impairments to independence and objectivity.

- 3.4 OIO staff members will maintain an unbiased mental attitude that allows them to perform engagements objectively and in such a manner that they believe in their work product, that no quality compromises are made, and that they do not subordinate their judgment on audit matters to others.
- 3.5 The OIO Director and OIO staff members shall have no direct operational responsibility or authority over any of the activities audited. Accordingly, OIO staff will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair their judgment, including:
- (a) assessing specific operations for which they had responsibility within the previous year;
 - (b) performing any operational duties for OPCW;
 - (c) initiating or approving transactions external to the OIO; and
 - (d) directing the activities of any OPCW employee not employed by the OIO, except to the extent that such employees have been appropriately assigned to auditing teams or to otherwise assist auditors.
- 3.6 The OIO Director and staff will:
- (a) disclose any impairment of independence or objectivity, in fact or appearance, to appropriate parties;
 - (b) exhibit professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined;
 - (c) make balanced assessments of all available and relevant facts and circumstances; and
 - (d) take the necessary precautions to avoid being unduly influenced by their own interests or by others in forming judgments.
- 3.7 The OIO shall have the operational independence to develop its own tasks and audit plans under the authority of the Director-General, consistent with the approved programme of work and budget. In addition, the Director-General has the right to request the internal-oversight mechanism to address specific issues and concerns within its mandate (Financial Rule 12.3.01).
- 3.8 The OIO shall request the necessary resources, including budgetary resources and appropriately trained and experienced professionals, in order to fulfil its responsibilities under the Financial Regulations and Rules and under this Charter. The allocation of resources to the OIO shall be clearly identified in the Programme and Budget of the OPCW to support the operational independence of the OIO.

4. Responsibility

4.1 The Director of the OIO has the responsibility to:

- (a) submit annually to the Director-General an audit plan for review and approval, after taking into account the requests from the Director-General to address any specific issues and concerns within the OIO's mandate (in accordance with para 3.7 above);
- (b) review and adjust the tasks and audit plan, as necessary, in response to changes in the OPCW's business, risks, operations, plans, systems, and controls;
- (c) communicate to the Director-General any significant changes to the tasks and audit plan;
- (d) communicate to the Director-General the impact of resource limitations on the internal audit plan;
- (e) ensure that each engagement of the audit plan is executed, including the establishment of objectives and scope, the assignment of appropriate and adequately supervised resources, the documentation of working papers, other documents, and test results, and the communication of engagement results with applicable conclusions and recommendations to the Director-General;
- (f) follow up on engagement findings and corrective actions, and report periodically to the Director-General on any corrective actions not effectively implemented;
- (g) ensure the principles of integrity, objectivity, confidentiality, and competency are applied and upheld;
- (h) ensure that the selection and maintenance of a cadre of audit, evaluation and investigation personnel with the required knowledge, skills, experience, and professional certifications, such that the OIO collectively possesses or obtains the knowledge, skills, and other competencies required for the conduct of its duties;
- (i) engage consultants, audit firms, and experts as necessary for the performance of the functions under this Charter;
- (j) establish and ensure adherence to policies and procedures designed to guide the OIO;
- (k) ensure adherence to the OIO Charter, unless the OPCW's relevant policies and procedures conflict with the OIO Charter. Any such conflicts will be communicated to the Director-General; and

- (l) ensure conformance of the OIO with the IIA standards, with the following qualifications:
 - (i) if the OIO is prohibited by law or regulation from conformance with certain parts of the standards, the Director will ensure appropriate disclosures and will ensure conformance with all other parts of the standards; and
 - (ii) if the standards are used in conjunction with requirements issued by other authoritative bodies, the Director of the OIO will ensure that the OIO conforms to the standards, even if the OIO also conforms to the more restrictive requirements of other authoritative bodies.

4.2 OPCW staff members at all levels are required to cooperate fully with the OIO in order to facilitate the timely and effective execution of its mandate and audit plan.

5. Authority

5.1 The OIO shall have full, free, and unrestricted access to all functions, records, property, and personnel relevant to carrying out any engagement, subject to maintenance of confidentiality as required, and safeguarding of records and information.

5.2 The OIO shall allocate resources, set frequencies, select subjects, determine scope of work, apply techniques required to accomplish audit objectives, and issue reports.

5.3 The OIO may request assistance from the necessary personnel of the OPCW, as well as other specialised services from within or outside the OPCW, in order to conduct its activities. OIO staff members may communicate directly with all levels of staff in order to discharge the responsibilities of the OIO.

5.4 The OIO shall have the right, if necessary, to request the Director-General to instruct Division Directors to provide such information or assistance as is reasonably required to conduct the work of the OPCW (Financial Regulation 12.3(c)).

5.5 The OIO shall have procedures in place that provide for: direct confidential access of staff members to the internal-oversight mechanism for the purposes of suggesting improvements for programme delivery or for reporting perceived cases of misconduct; protection against repercussions; due process for all parties concerned; and fairness during any investigation (Financial Regulation 12.3(d)). The OIO shall protect the identity of, and prevent reprisals against, any staff member making a complaint or disclosing information to, or cooperating in, any audit, investigation, or inspection by the OIO (Financial Rule 12.3.02).

6. Reporting and follow-up

6.1 The OIO shall provide a copy of the draft report to the Secretariat element most directly concerned in the audit, inspection, evaluation, or investigation. Following

discussions and review with the Division Director, the report shall then be put into final form and be forwarded to the Director-General (Financial Rule 12.4.01).

- 6.2 Copies of all final reports issued by the OIO and accompanying comments by the Director-General shall be provided to the External Auditor (Financial Regulation 12.4). If requested, copies shall also be provided to the Advisory Body on Administrative and Financial Matters in accordance with Financial Rule 15.1(f).
- 6.3 Following the final decision on the recommendation of the OIO by the Director-General in accordance with Financial Rule 12.3.04, the Division Director/Head of Branch concerned is required to propose an action plan to implement the recommendations contained in the report without delay and within the timelines agreed with the OIO, and identify the additional resources required, if any. The Director of the OIO shall establish procedures for a prompt, effective follow-through on recommendations in, or derived from, OIO reports, and a systematic review of responses to determine whether implementation is satisfactory, or, in the event that compliance is unsatisfactory and non-compliance is not sufficiently justified, a follow-through procedure, including a direct referral of the issue to the Director-General for resolution (Financial Regulation 12.3(e) and Rule 12.3.05). The Director of the OIO shall submit a report on the follow-up on implementation of the OIO audit/evaluation recommendations on a periodical basis to the Director-General and the Management Board for appropriate action.
- 6.4 The Director of the OIO shall prepare an analytical and summary report each calendar year, transmitted by the Director-General through the Council to the Conference of the States Parties (hereinafter “the Conference”) together with such comments as the Director-General and the Council may deem appropriate, on the internal oversight activities for each calendar year, including the status of implementation of its audit/evaluation recommendations (Financial Regulation 12.5 and Financial Rule 12.5.01). This report may also include the status of the OIO’s performance relative to its annual plan, the significant risk exposures, control issues, and governance issues, results of audit/evaluation engagements and other activities, resource requirements, and any response to risk by management that may be unacceptable in the interests of the OPCW as determined in accordance with IIA standards, and other matters requiring the attention of the Director-General.
- 6.5 The Director of the OIO will confirm to the Conference, in the OIO annual activity report, the organisational independence of the OIO’s oversight activity. The Director of the OIO shall disclose in the same report any limitation and related implications in determining the scope of audits/evaluations, performing assignments, and/or communicating results, including instances when information or assistance requested by the OIO was not provided (Financial Rule 12.5.01(h)).
- 6.6 Where the Director of the OIO deems a matter to be of particular significance or urgency requiring the prompt attention of Member States, or where the Director of the OIO wishes to bring any additional reports on significant internal oversight or investigative findings to the attention of Member States, such reports shall be transmitted to the Council or the Conference in accordance with Financial Regulation 12.5 (Financial Rule 12.5.02).

7. Quality assurance and improvement plan

- 7.1 The OIO shall maintain a quality assurance and improvement plan that covers all aspects of the internal oversight activity. The plan includes an evaluation of the internal audit activity's conformance with the IIA definition of internal auditing and IIA auditing standards and an evaluation of whether OIO staff members apply the code of ethics. The plan also assesses the efficiency and effectiveness of the oversight activity and identifies opportunities for improvement.
- 7.2 The Director of the OIO, through the Director-General, shall transmit through the Council to the Conference, together with such comments as the Director-General and the Council may deem appropriate, the OIO's quality assurance and improvement plan, including results of internal assessments (both ongoing and periodic) and external assessments conducted at least once every five years by a qualified, independent assessor or assessment team from outside the OPCW.

8. Approval and amendment of the OIO Charter

- 8.1 This Charter shall be transmitted by the Director-General through the Council to the Conference, for its consideration and approval, together with such comments as the Director-General and the Council may deem appropriate.
- 8.2 The Director of the OIO may recommend amendments to this Charter, as necessary. Any such amendment to this Charter shall be transmitted by the Director-General through the Council to the Conference, for its consideration and approval, together with such comments as the Director-General and the Council may deem appropriate.