



### NOTE BY THE DIRECTOR-GENERAL

#### SUMMARY OF NOMINATIONS FOR EXTERNAL AUDITOR OF THE OPCW

1. In Note S/1824/2020 (dated 17 January 2020), the Director-General invited nominations from all States Parties for the appointment of an External Auditor to be responsible for the audit of the financial statements of the OPCW and the Provident Fund, of their financial operations, and of other matters relevant to the efficient and effective administration of the OPCW, with effect from the 2021 financial period.<sup>1</sup>
2. The Conference of the States Parties (hereinafter “the Conference”) will appoint the next External Auditor at its Twenty-Fifth Session in November/December 2020 to succeed the current appointee, whose second three-year term will expire with the completion of his audit for 2020.
3. The Technical Secretariat (hereinafter “the Secretariat”) has received nominations for External Auditor from three States Parties: India, the Russian Federation, and Turkey.
4. Note S/1824/2020 indicated that the assessment of nominations would be based, *inter alia*, on the following factors:
  - (a) the extent to which the services proposed meet the requirements and criteria outlined in the Note;
  - (b) past performance and standards of achievement in auditing the financial statements and administrative operations of national and international organisations similar to the OPCW;
  - (c) the experience and capacities of the nominee and of the employees to be engaged in auditing the OPCW; and
  - (d) what fees are proposed.

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\* Reissued for technical reasons.

<sup>1</sup> On account of the worldwide situation caused by the COVID-19 pandemic, the deadline for submission of nominations in a sealed envelope to the Director-General for External Auditor of the OPCW was extended from 31 March 2020, as specified in paragraph 9 of Note S/1824/2020, to 15 April 2020. All other information as stated in the aforementioned Note remained as is. Given the quickly evolving nature of the situation and the restrictive measures imposed in the Netherlands and at the OPCW at the time, the notice of extension was communicated to Permanent Representations to the OPCW by email on 26 March 2020.



5. According to Financial Regulation 13.1 of the OPCW (Annex to C-I/DEC.3/Rev.2, dated 30 November 2017), the External Auditor of the OPCW “shall be the Auditor-General (or an officer holding an equivalent title) of a State Party, shall be appointed in the manner and for the period determined by the Conference of the States Parties and for a single period of not less than two years, but not exceeding six years”. Accordingly, in the past the Conference had appointed the following auditors as External Auditor of the OPCW:
  - (a) the Auditor-General of India, for financial years 1997 to 1999 (first term);
  - (b) the Auditor-General of India, for financial years 2000 to 2002 (second term);
  - (c) the Auditor-General of Pakistan, for financial years 2003 to 2005 (first term);
  - (d) the Auditor-General of Pakistan, for financial years 2006 to 2008 (second term);
  - (e) the President of the Federal Court of Auditors, Germany, for financial years 2009 to 2011 (first term);
  - (f) the President of the Federal Court of Auditors, Germany, for financial years 2012 to 2014 (second term);
  - (g) the Comptroller and Auditor General of the National Audit Office, the United Kingdom of Great Britain and Northern Ireland, for financial years 2015 to 2017 (first term); and
  - (h) the Comptroller and Auditor General of the National Audit Office, the United Kingdom of Great Britain and Northern Ireland, for financial years 2018 to 2020 (second term).
6. One of the current nominees, the Auditor-General of India, had submitted its nomination for the External Auditor of the OPCW in the past, for the terms beginning with financial years 1997 and 2000. On both occasions, India was selected.
7. Annex 1 to the present Note provides an overview of the nominations received, having regard to the aforementioned assessment criteria. Annex 2 provides a summary of each nomination, broken down into the following headings:
  - (a) curriculum vitae of the principal nominee;
  - (b) details of the approach the nominee would take to auditing the OPCW’s annual financial statements and administrative activities; and
  - (c) proposed audit fees and estimated number of audit days.
8. Copies of original nomination documents are available upon request to the Secretariat.

9. The Director-General hereby submits a summary of the nominations for appointment for consideration and approval by the Conference at its Twenty-Fifth Session.<sup>2</sup>

Annexes (English only):

Annex 1: Overview of Nominations for External Auditor of the OPCW

Annex 2: Summary of Nominations for External Auditor of the OPCW

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The Note by the Director-General entitled “Summary of Nominations for External Auditor of the OPCW” was initially submitted to the Executive Council for consideration at its Ninety-Fourth Session (EC-94/DG.9, dated 15 June 2020).

Annex 1

OVERVIEW OF NOMINATIONS FOR EXTERNAL AUDITOR OF THE OPCW

	India	Russian Federation	Turkey
	General Information		
Name of institution	Comptroller and Auditor General of India (CAG)	Accounts Chamber of the Russian Federation	Turkish Court of Accounts (TCA)
Status	Supreme audit institution of India	Supreme audit institution of the Russian Federation	Supreme audit institution of Turkey
Location	New Delhi	Moscow	Ankara
Professional recognition	<ul style="list-style-type: none"> <li>• Member of the United Nations Board of Auditors (UNBOA)</li> <li>• Chair of the Panel of External Auditors of the United Nations, the Specialized Agencies and the International Atomic Energy Agency (IAEA)</li> <li>• Member of the International Organization of Supreme Audit Institutions (INTOSAI)</li> <li>• Founding Member of the Asian Organization of Supreme Audit Institutions (ASOSAI)</li> <li>• Member of Auditors General Global Audit Leadership Forum (GALF)</li> <li>• Member of Commonwealth Auditors General Forum</li> </ul>	<ul style="list-style-type: none"> <li>• Chairmanship of the International Organization for Supreme Audit Institutions (INTOSAI) (2019 – 2022)</li> <li>• Membership of INTOSAI</li> <li>• Observer of the Governing Board of the European Organization of Supreme Audit Institutions (EUROSAI)</li> <li>• Member of the Governing Board of the Asian Organization of Supreme Audit Institutions (ASOSAI)</li> <li>• Council of Heads of Supreme Audit Institutions (SAIs) of the Commonwealth of Independent States (CIS) – Participates in the working group on the development of standards of the CIS SAIs</li> <li>• Cooperation with foreign SAIs under the aegis of international organisations – Brazil, Russian Federation, India, China, and South Africa (BRICS), the Organization for Economic Cooperation and</li> </ul>	<ul style="list-style-type: none"> <li>• Member of the International Organisation of Supreme Audit Institutions (INTOSAI), including membership of the following: <ul style="list-style-type: none"> <li>(a) Knowledge Sharing Committee</li> <li>(b) Capacity-Building Committee</li> <li>(c) Subcommittee on Peer Reviews</li> <li>(d) Working Group on IT Audit</li> <li>(e) Working Group on Environmental Auditing</li> <li>(f) Working Group on Value and Benefits of SAIs</li> <li>(g) Participant in the Working Group on Big Data</li> </ul> </li> <li>• Member of the Asian Organization of Supreme Audit Institutions (ASOSAI), including membership of the following: <ul style="list-style-type: none"> <li>(a) Audit Board (2018 – 2021)</li> <li>(b) Research projects</li> <li>(c) Capacity development Programme on IT Audit</li> <li>(d) Working Group on Environmental Auditing</li> </ul> </li> </ul>

	<b>India</b>	<b>Russian Federation</b>	<b>Turkey</b>
		<p>Development (OECD), CIS, Eurasian Economic Union (EAEU), Shanghai Cooperation Organization (SCO)</p>	<ul style="list-style-type: none"> <li>• Member of the European Organization of Supreme Audit Institutions (EUROSAI), including membership of the following:               <ul style="list-style-type: none"> <li>(a) Governing Board (President from 2017 – 2020)</li> <li>(b) Working Group on Environmental Auditing</li> <li>(c) Working Group on Audit of Funds Allocated to Disasters and Catastrophes</li> <li>(d) IT Working Group</li> <li>(e) Holder of Overall Governance and Culture Portfolio</li> <li>(f) Task Force on Audit and Ethics</li> <li>(g) Task Force on Municipality Audit</li> </ul> </li> <li>• Member of Jurisdictional Forum</li> <li>• Founding member of the Economic Cooperation Organisation Supreme Audit Institutions (ECOSAI) – Member of the Governing Board (2019 – 2022)</li> </ul>

Name and title of principal nominee	India	Russian Federation	Turkey
<b>Professional career</b>	<p>Mr Rajiv Mehrishi, Comptroller and Auditor General of India</p> <ul style="list-style-type: none"> <li>• Chair of the United Nations Panel of External Auditors</li> <li>• Member of the UNBOA</li> <li>• External Auditor of the World Health Organization (WHO) and the Food and Agriculture Organization of the United Nations (FAO)</li> <li>• Member of the Governing Board of INTOSAI</li> <li>• Chairman of the INTOSAI Knowledge Sharing and Knowledge Services Committee</li> <li>• Chair of the INTOSAI Working Group on IT Audit and the Compliance Audit Subcommittee</li> <li>• Member of other Goal Committees of INTOSAI (Professional Standards Committee, Capacity-Building Committee, and Policy, Finance, and Administrative Committee) and Performance Audit Subcommittee, Financial Audit and Sub-Accounts Committee, and various working groups of INTOSAI</li> </ul>	<p>Mr Aleksei Kudrin, Chairman of the Accounts Chamber of the Russian Federation</p> <ul style="list-style-type: none"> <li>• Chairman of INTOSAI (2019 – present)</li> <li>• Member of the Presidential Council for the implementation of state policy on family and child protection (2018 – present)</li> <li>• Chairman of the Accounts Chamber of the Russian Federation (2018 – present)</li> <li>• Research fellow at the Institute of Social and Economic Problems of the Russian (formerly USSR) Academy of Sciences (1988 – present)</li> <li>• Head of the Center for Strategic Research, Deputy Chairman of the Economic Council under the President of the Russian Federation (2016 – 2018)</li> <li>• Chairman of the Committee of Civil Initiatives (2012 – 2016)</li> <li>• Deputy Chairman of the Economic Reform Committee of the Executive Committee of the Leningrad City Council and then Managerial Committee of the Leningrad Free Entrepreneurship Zone (1990)</li> <li>• Deputy Chairman of the Economic Development Committee (1991 – 1992)</li> <li>• Chairman of the Chief Financial Administration, St Petersburg City Administration (1992 – 1993)</li> </ul>	<p>Mr Seyit Ahmet Baş, President of the Turkish Court of Accounts</p> <ul style="list-style-type: none"> <li>• President of EUROSAI (May 2017 – present)</li> <li>• Chairman of the ECOSAI Governing Board (2016 – 2019)</li> <li>• Founding General Director at the General Directorate of Revenue Policies (2006 – 2010)</li> <li>• Deputy Undersecretary at the Ministry of Finance (2010 – 2011)</li> <li>• Co-Chairman of the Taxes and Incentives Committee of the Investment Environment Improvement Coordination Council (2006 – 2010)</li> <li>• Member of the Coordination Council and Chairman of the Taxes Committee of Istanbul International Finance Centre Project (2010 – 2011)</li> <li>• Chairman of the Technical Delegation of Turkey within the framework of the aid program for various countries (2010 – 2011)</li> <li>• Founding Chairman of the Public Oversight, Accounting, and Auditing Standards Authority (2011 – 2015)</li> <li>• Undersecretary of the Ministry of Finance (as of 2015) when elected President of the Turkish Court of Accounts (2016 – present)</li> </ul>

	<b>India</b>	<b>Russian Federation</b>	<b>Turkey</b>
	<ul style="list-style-type: none"> <li>• Member of the Governing Board of ASOSAI</li> <li>• Chair of the Board of Editors of the ASOSAI Journal</li> </ul>	<ul style="list-style-type: none"> <li>• Deputy and First Deputy Mayor, Member of the Municipal Government, Chairman of the Economy and Finance Committee of St Petersburg City Administration (1993 – 1996)</li> <li>• Deputy Chief of Staff of the Presidential Executive Office, Head of Presidential Control Directorate (1996 – 1997)</li> <li>• First Deputy Minister of Finance of the Russian Federation (1997 – 1999)</li> <li>• First Deputy Chairman of the Board of RAO Unified Energy System (RAO UES) of the Russian Federation (January – June 1999)</li> <li>• First Deputy Minister of Finance of the Russian Federation (1999 – 2000)</li> <li>• Deputy Prime Minister of the Russian Federation – Minister of Finance of the Russian Federation (2000 – 2004 and 2007 – 2011)</li> <li>• Minister of Finance of the Russian Federation (2004 – 2007)</li> </ul>	

	<b>India</b>	<b>Russian Federation</b>	<b>Turkey</b>
	<b>Extent to which the services proposed meet the requirements and criteria</b>		
<b>Audit and quality standards</b>	<ul style="list-style-type: none"> <li>• International Standards of Supreme Audit Institutions (INTOSAI's framework of Professional Standards)</li> <li>• International Standards on Auditing (ISA) issued by the International Federation of Accountants (IFAC)</li> <li>• Auditing guidelines issued by the Panel of External Auditors of the United Nations, the Specialized Agencies, and the International Atomic Energy Agency Framework of International Public Sector Accounting Standards (IPSAS)</li> <li>• Article 13.3 of the Financial Regulations of the OPCW and Additional Terms of Reference Governing External Audit, set out in the Annex to the Financial Regulations</li> <li>• Internal Control Framework of Control Objectives for Information and related Technology (CoBIT)</li> <li>• Comptroller and Auditor-General of India Auditing Standards and Guidelines</li> <li>• Comptroller and Auditor-General of India Audit Quality Management Framework (AQMF)</li> </ul>	<ul style="list-style-type: none"> <li>• Standards promulgated by INTOSAI, including International Standards for Supreme Audit Institutions (ISSAI) 100-400</li> <li>• International Standards of Audit (ISA)</li> <li>• Auditing guidelines adopted by the Panel of External Auditors of the United Nations and its Specialized Agencies</li> </ul>	<ul style="list-style-type: none"> <li>• International Standards of Supreme Audit Institutions (ISSAI)</li> <li>• INTOSAI Framework of Professional Pronouncements (IFPP)</li> <li>• International Public Sector Accounting Standards (IPSAS)</li> <li>• International Financial Reporting Standards (IFRS)</li> <li>• Information Technology Assurance Framework (ITAF)</li> <li>• Financial Regulations of the OPCW</li> </ul>



	<b>India</b>	<b>Russian Federation</b>	<b>Turkey</b>
<b>Audit focus and deliverable products</b>	<p><u>Deliverable products</u></p> <ul style="list-style-type: none"> <li>• Management letters (audit of financial statements, management/value-for-money audit, and information systems audit)</li> <li>• Short-form report (audit opinion on annual financial statements)</li> <li>• Long-form report</li> </ul> <p><u>Audit focus</u></p> <ul style="list-style-type: none"> <li>• Financial audit: <ul style="list-style-type: none"> <li>(a) Focus on the regularity and efficiency of OPCW: <ul style="list-style-type: none"> <li>(i) financial procedures;</li> <li>(ii) accounting systems;</li> <li>(iii) internal financial controls;</li> <li>(iv) processes of income recognition of assessed and voluntary contributions with underlying liabilities and agreement;</li> <li>(v) reviews of employee benefits expenditure and actuarial valuation</li> </ul> </li> <li>(b) Financial administration of the OPCW</li> </ul> </li> </ul>	<p><u>Deliverable products</u></p> <ul style="list-style-type: none"> <li>• Financial, performance and compliance audits, quality-assured and comprehensive audit services based on the principles of independence, legitimacy, and objectivity</li> <li>• Reports and auditor's opinion would be accompanied by a detailed report that would include the findings, results of analyses, observations, and recommendations regarding the need for improvement of internal controls</li> </ul> <p><u>Audit focus</u></p> <ul style="list-style-type: none"> <li>• Financial statements of the OPCW and OPCW Provident Fund</li> <li>• Audits of: <ul style="list-style-type: none"> <li>(a) Financial management</li> <li>(b) Budgeting and strategic financing</li> <li>(c) Governance, management and internal control</li> <li>(d) Procurement and contract management</li> <li>(e) Implementation of the enterprise resource management (ERP) system</li> </ul> </li> </ul> <p>Audit areas would be determined at the planning phase, taking into account the assessment of risks and results of the previous audits</p>	<p><u>Deliverable products</u></p> <ul style="list-style-type: none"> <li>• Financial audit – audit opinion on the financial statements</li> <li>• Long-form annual report indicating the results of the audit at the end of the process</li> <li>• Performance (value-for-money) audit – constructive and guiding suggestions regarding the performance of the Organisation</li> </ul> <p><u>Audit focus</u></p> <ul style="list-style-type: none"> <li>• The TCA will make observations with respect to the regularity and efficiency of the OPCW's financial procedures, the accounting system, the IT systems, the performance of the Organisation, the internal financial controls, and, in general, the administration and management of the OPCW</li> <li>• The TCA also plans to focus especially on the following issues in its audit: <ul style="list-style-type: none"> <li>(a) Cash and cash equivalents;</li> <li>(b) Income recognition;</li> <li>(c) Employee benefits;</li> <li>(d) Operation of the two trust funds for Syria;</li> <li>(e) Financial management;</li> <li>(f) Enterprise resource planning (ERP) audit</li> </ul> </li> </ul>

	<b>India</b>	<b>Russian Federation</b>	<b>Turkey</b>
	<ul style="list-style-type: none"> <li>• Management/Value-for-Money Audit:               <ul style="list-style-type: none"> <li>(a) Financial management</li> <li>(b) Operational efficiency and management</li> <li>(c) Human resource management</li> <li>(d) Risk management</li> <li>(e) Organisational management</li> </ul> </li> <li>• Information Systems (IS) Audit:               <ul style="list-style-type: none"> <li>(a) Review the operation and control framework within the enterprise resource planning (ERP) system</li> <li>(b) Review of information communication technology/management system</li> </ul> </li> </ul>		

	India	Russian Federation	Turkey
	<b>Past performance and standards of achievement in auditing the financial statements and administrative operations of national and international organisations similar to the OPCW</b>		
<b>National organisations</b>	<ul style="list-style-type: none"> <li>• Audit of all three tiers of government (federal, state, and local):               <ul style="list-style-type: none"> <li>(a) Over 1,500 public commercial enterprises controlled by federal and state governments</li> <li>(b) Over 350 non-commercial autonomous bodies and authorities financed by the federal and state governments</li> <li>(c) Over 4,800 bodies and authorities substantially financed by federal and state governments</li> <li>(d) Over 3,000 local bodies (third tier of governance) at the municipal and village level</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Total audit experience of 25 years</li> <li>• 2019 Accounts Chamber – conducted 319 events (242 audits, 45 expert-analytical events, and 32 other events)</li> <li>• Development strategy of the Accounts Chamber for the period 2018 – 2024, practising and developing staff competencies in strategic audit to external oversight on achievement of nationally agreed targets, including those linked to sustainable development goals (SDGs)</li> </ul>	<ul style="list-style-type: none"> <li>• The 505 public entities audited in 2018 covered:               <ul style="list-style-type: none"> <li>(a) 100% of the public entities under the General Budget</li> <li>(b) 92% of the special budget public entities</li> <li>(c) 100% of the regulatory and supervisory public entities</li> <li>(d) 100% of the social security institutions</li> <li>(e) 100% of the metropolitan municipalities</li> </ul> </li> <li>• In 2018, performance audits were performed on 275 public entities</li> </ul>
<b>International organisations similar to the OPCW</b>	<ul style="list-style-type: none"> <li>• Member of the UNBOA (2014 – 2020) and Chair of the UNBOA (2017 – 2018)</li> <li>• Appointed External Auditor of the WHO (2020 – 2023) and the FAO (2020 – 2025)</li> <li>• External Auditor of the United Nations (1993 – 1999)</li> <li>• External Auditor of the FAO (2002 – 2008)</li> <li>• External Auditor of the WHO (2004 – 2011)</li> </ul>	<ul style="list-style-type: none"> <li>• External Auditor of the United Nations Industrial Development Organization (UNIDO) (2020 – 2022)</li> <li>• INTOSAI               <ul style="list-style-type: none"> <li>(a) Chair of the Governing Board for the term 2019 – 2020</li> <li>(b) Member of local committees</li> <li>(c) Chair of the Working Group on SDGs and Key Sustainable Development Indicators</li> <li>(d) Working Group on Public Procurement Audit</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Training of SAIs in various countries in the Middle East, the Gulf, and the Mediterranean regions in various areas, including financial audit, performance audit, audit of public enterprises, computer-aided audit, IT audit, public procurement audit, ethics audit</li> <li>• Audit of funds granted by the United Nations Children's Fund (UNICEF) to public entities</li> <li>• Audit of funds granted by the United Nations High Commissioner for Refugees (UNHCR) to public entities</li> <li>• Development of eight external audits</li> </ul>

	<b>India</b>	<b>Russian Federation</b>	<b>Turkey</b>
	<ul style="list-style-type: none"> <li>• External Auditor of the World Food Programme (WFP) (2010 – 2016)</li> <li>• External Auditor of the International Maritime Organization (IMO) (2000 – 2012)</li> <li>• External Auditor of the World Tourism Organization (UNWTO) (2000 – 2014)</li> <li>• External Auditor of the International Organization for Migration (IOM) (2010 – 2016)</li> <li>• External Auditor of the World Intellectual Property Organization (WIPO) (2012 – 2018)</li> <li>• External Auditor of the IAEA (2012 – 2016)</li> <li>• Management assessment of International Thermonuclear Experimental Reactor (ITER)</li> <li>• International Fusion Energy Organization in 2011</li> <li>• International Centre for Genetic Engineering and Biotechnology (ICGEB) (1996 – 2004)</li> <li>• External Auditor of the Organisation for the Prohibition of Chemical Weapons (OPCW) (1997 – 2003)</li> </ul>	<ul style="list-style-type: none"> <li>• EUROSAI</li> <li>(a) Observer of the Governing Board</li> <li>(b) Participates in Working Groups on: <ul style="list-style-type: none"> <li>(i) Information technologies</li> <li>(ii) Environmental auditing</li> <li>(iii) Audit of funds allocated to disasters and catastrophes</li> <li>(iv) Task force Audit and Ethics</li> </ul> </li> <li>• Asian Organisation of Supreme Audit Institutions (ASOSAI)</li> <li>(a) Member of the Governing Board</li> <li>(b) Participates in: <ul style="list-style-type: none"> <li>(i) Regional Working Group on Environmental Auditing</li> <li>(ii) Capacity-development programmes</li> </ul> </li> <li>• Council of Heads of SAIs of the Commonwealth of Independent States (CIS)</li> <li>• Bilateral and multilateral cooperation: <ul style="list-style-type: none"> <li>(a) Agreements with 69 countries</li> <li>(b) Cooperation with foreign SAIs under the aegis of international organisations (BRICS, OECD, CIS, EAEU, SCO)</li> <li>(c) Joint parallel audits since 1999</li> </ul> </li> <li>• Auditing experience in United Nations organisations: <ul style="list-style-type: none"> <li>(a) United Nations Independent Audit Advisory Committee (IAAC) (2008 – 2022)</li> </ul> </li> <li>• International Anti-Corruption Academy (IACA) – 4 years</li> </ul>	<p>(organisation for the development of cooperation among the following countries: Bangladesh, Egypt, Indonesia, Iran (Islamic Republic of), Malaysia, Nigeria, Pakistan, and Turkey)</p> <ul style="list-style-type: none"> <li>• Audit of ASOSAI accounts</li> <li>• Participation in international public audit of the Energy Charter Treaty (ECT)</li> </ul>

	<b>India</b>	<b>Russian Federation</b>	<b>Turkey</b>
		<ul style="list-style-type: none"> <li>• The Union State of Belarus and Russia – 19 years</li> <li>• The Eurasian Customs Union – 5 years</li> <li>• The Eurasian Economic Union (EAEU) – 5 years</li> <li>• Joint and parallel audits with foreign SAIs – 24 years (over 100 audits)</li> </ul>	

	<b>India</b>	<b>Russian Federation</b>	<b>Turkey</b>
<b>Achievements</b>	<ul style="list-style-type: none"> <li>• Over 160 years as sole public auditor</li> <li>• From 2018 – 2019, audited 47,976 units and issued 36,304 inspection reports to various audited entities</li> <li>• Over 88 years of cumulative experience as External Auditor of the United Nations, its agencies, and other international organisations</li> <li>• First interactive Digital Report of the CAG on “Working of Inland Container Depots and Container Freight Stations” presented to Parliament in 2019. With this innovative step in audit reporting, the CAG of India became one of the few Supreme Audit Institutions presenting its reports in a web-based, interactive format</li> <li>• As external auditor of the WHO, IMO, WIPO, IAEA, IOM and United Nations, audited the transition to IPSAS and the incorporation of IPSAS into business processes. Served as External Auditor of the OPCW from 1997 to 2003 and the earlier experience of auditing the Organisation would facilitate better understanding of the context</li> </ul>	<ul style="list-style-type: none"> <li>• Promotes the development of a strategic vision for senior public officials by putting forward a comprehensive, future-oriented picture of the national development trends and risks</li> <li>• Assists in bringing more efficiency to public resource management by matching national goals, agency objectives, and strategic goal-setting documents with their resourcing, improving the methods of development, management, and implementation of state programmes and their efficiency evaluation through a transition to comprehensive public audit</li> <li>• Strengthens the culture of publicity and openness in public decision-making processes, improving the accountability of authorities and encouraging personal responsibility of senior officials in government agencies and organisations to the public for the achievement of goals/objectives</li> <li>• Develops legislative and institutional conditions that prevent abuse, as well as an environment of integrity by improving anti-corruption measures</li> </ul>	<ul style="list-style-type: none"> <li>• 150 years of experience in auditing</li> <li>• 400 regularity audits (compliance audits and financial audits), along with many performance audits each year</li> </ul>

	<b>India</b>	<b>Russian Federation</b>	<b>Turkey</b>
	<p>of operations as well as greater appreciation of the Organisation's priorities</p> <ul style="list-style-type: none"> <li>• Recently conducted the audit of UMOJA, the enterprise resource planning (ERP) solution of the United Nations, and prepared progress reports on UMOJA and ICT in the United Nations. Also conducted audit of SAP and Oracle-based ERP systems in the WHO, FAO, IAEA, WFP, and IMO</li> <li>• The CAG conducted an audit of ERP systems based on Unit4 software in international organisations such as the United Nations Office for Project Services (UNOPS)</li> <li>• Key role in international accounting and auditing bodies</li> <li>• Proficiency in technical audits</li> <li>• Professional and skilled manpower</li> </ul>		

	<b>India</b>	<b>Russian Federation</b>	<b>Turkey</b>
	<b>Experience and capacities of the nominee and of the employees to be engaged in auditing the OPCW</b>		
<b>Team</b>	<ul style="list-style-type: none"> <li>Mr Rajiv Mehrishi, Comptroller and Auditor General of India</li> <li>32 additional Senior Audit Directors and Managers, named in the nomination document</li> </ul>	<ul style="list-style-type: none"> <li>Mr Aleksei Kudrin, Chairman of the Accounts Chamber of the Russian Federation</li> <li>One Audit Manager and nine auditors, named in the nomination document</li> </ul>	<ul style="list-style-type: none"> <li>Mr Seyit Ahmet Baş, President of the Turkish Court of Accounts (to directly supervise work of TCA audit teams to the OPCW)</li> <li>One Director-General (to supervise and lead the audit and provide audit quality controls)</li> <li>One team leader</li> <li>Three team members</li> </ul>
<b>Experience and capabilities</b>	<ul style="list-style-type: none"> <li>In addition to the basic qualifications of a university degree in accounting, management, commerce, humanities, sciences, and other streams, these officers possess a wide range of professional and advanced academic qualifications in multiple disciplines, adding to their overall competence and analytical skills, including: <ul style="list-style-type: none"> <li>Fluency in English</li> <li>Certified Information Systems Auditors (CISA)</li> <li>Certified Internal Auditors (CIA)</li> <li>Chartered Accountants (CA)</li> <li>Cost Accountancy (CMA)</li> <li>Certified Public Accountants (CPA)</li> <li>Certified Fraud Examiners (CFE)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Audit team fluent in English and with at least three years of public sector experience</li> <li>Members of the audit team have cumulative work experience in ministries and other federal structures, international accounting, and auditing firms and public companies.</li> <li>The auditors of the SAI of the Russian Federation are qualified and experienced in such areas as: <ol style="list-style-type: none"> <li>Financial audits</li> <li>Management audits</li> <li>Value-for-money audits</li> <li>Procurement audits</li> <li>IT audits</li> </ol> </li> <li>Compliance audits would be conducted by a small group within the SAI of the Russian Federation audit team and would be supervised by the team leaders with the most relevant experience and competence</li> </ul>	<ul style="list-style-type: none"> <li>Good command of English</li> <li>Postgraduate degrees in economics, including accountancy and auditing, and other majors, namely law and social sciences</li> <li>Good command of International Standards on Auditing (ISSAI)</li> <li>Good command of International Public Sector Accounting Standards (IPSAS)</li> <li>At least one team member certified as Independent External Auditor/Certified Public Accountant</li> <li>A back office will be established at the TCA for support services</li> </ul>



	<b>India</b>	<b>Russian Federation</b>	<b>Turkey</b>
	<ul style="list-style-type: none"> <li>• Master of Business Administration (MBA) or equivalent</li> <li>• Engineering</li> <li>• Law</li> <li>• Information Technology</li> <li>• Other</li> </ul>		
	<b>Proposed fees and audit days</b>		
<b>2021</b>	EUR 120,000 (EUR nil in audit fees and EUR 120,000 for travel and subsistence costs <sup>3</sup> ) Audit person days: 238 <sup>4</sup> EUR 120,000	EUR 267,741 (EUR 116,000 for audit fees and EUR 151,741 for travel and subsistence costs) Audit days: 37 EUR 266,998 (EUR 116,000 for audit fees and EUR 150,998 for travel and subsistence) Audit days: 35	EUR 103,000 (EUR nil in audit fees and EUR 103,000 for travel and subsistence costs <sup>5</sup> ) Auditor/work days: 122 EUR 103,000 Auditor/work days: 122
<b>2022</b>	Audit person days: 238 EUR 120,000	Audit days: 35 EUR 464,927 (two years) (EUR 232,000 for audit fees and EUR 232,927 for travel and subsistence)	Auditor/work days: 122 EUR 103,000 <sup>6</sup>
<b>2023</b>	Audit person days: 238	Audit days: 55	Auditor/work days: 122

<sup>3</sup> India has indicated that for 2021–2023 there is no element of fixed cost or professional fee, as it does not propose to charge any audit fee, but only to claim reimbursement of costs, all of which are in the nature of variable costs.

<sup>4</sup> India has indicated that for 2021–2023 the calculation of audit costs is based on working days at OPCW Headquarters in The Hague, the Netherlands only, and does not include work to be undertaken at CAG Headquarters (119 man-days) in New Delhi, India (related to project management and quality assurance), for which no separate costs or fees will be charged.

<sup>5</sup> Turkey has indicated that the quoted fees are based on the full recovery of costs incurred on audit and include all travel and other ancillary costs, as well as the living expenses/per diem of the auditors sent for audit work.

<sup>6</sup> Turkey has indicated in its nomination package that the total costs of EUR 103,000 and 122 auditor/workdays would also apply to the period 2024–2026.

## Annex 2

### SUMMARY OF NOMINATIONS FOR EXTERNAL AUDITOR OF THE OPCW

#### India

##### Curriculum vitae of the principal nominee

**Mr Rajiv Mehrishi** assumed office as the Comptroller and Auditor General of India on 25 September 2017. Mr Mehrishi has rich and diverse public service experience of nearly four decades in senior positions in finance, administration, and public policy. His immediate previous position was as Home Secretary in the Government of India. Prior to that, he held key positions as the Finance Secretary, Secretary (Fertilizers), and Secretary (Overseas Indian Affairs) to the Government of India. He has also held important positions in the Provincial Government of Rajasthan as the Chief Secretary, Principal Secretary (Finance), Chairman of the Indira Gandhi Nahar Board, and District Magistrate and Collector of Bikaner. Mr Mehrishi has also worked in the Ministry of Agriculture, the Cabinet Secretariat, and the President's Secretariat.

With his vast experience in public service, Mr Mehrishi possesses a perspective insight into the governance process in the public sector. He has been instrumental in promoting and implementing innovative practices in various departments in the Government at both federal and provincial levels.

As the Comptroller and Auditor General of India, Mr Rajiv Mehrishi is responsible for auditing the accounts and related activities of all three tiers of government (i.e. federal, state, and local). These include ministries/departments of the Government of India and the state governments, state-owned public commercial enterprises controlled by the federal and state governments, non-commercial autonomous bodies and authorities financed by the federal and state governments, and local bodies responsible for municipal activities, among others. His primary responsibility is ensuring financial accountability in the governance process and making recommendations for the improvement of systems and procedures.

Mr Mehrishi is currently a member of the United Nations Board of Auditors and the Chair of the United Nations Panel of External Auditors. He has been appointed External Auditor of the World Health Organization (WHO) for the period 2020 – 2023 and External Auditor of the Food and Agriculture Organization (FAO) for the period 2020 – 2025. Mr Mehrishi is a member of the Governing Board of the International Organization of Supreme Audit Institutions (INTOSAI) and Chairman of the INTOSAI Knowledge Sharing and Knowledge Services Committee, which is one of the four main committees of INTOSAI. He also chairs the INTOSAI Working Group on IT Audit and the Compliance Audit Subcommittee. He is a member of other Goal Committees of INTOSAI, namely the Professional Standards Committee, the Capacity-Building Committee, and the Policy, Finance and Administrative Committee. He is a member of the Performance Audit Subcommittee and the Financial Audit and Accounts Subcommittee, and of various Working Groups of INTOSAI. He is also a member of the Governing Board of the Asian Organization of Supreme Audit Institutions (ASOSAI). He is closely associated with ASOSAI's training, research, and publication activities in the area of public auditing, and he is also Chair of the Board of Editors of the ASOSAI journal. By virtue of these key positions in the international forums, Mr Mehrishi plays a key role in setting international standards and best practices in the field of public audit.

Mr Mehrishi holds a degree in business administration from Strathclyde Business School, Glasgow. His earlier degrees of BA (History) and MA (History) were from St Stephen's College, New Delhi. Mr Mehrishi is fond of reading and writing. He has authored books entitled "India 2017 Yearbook" and "India 2020" on current affairs in India.

### **Details of the approach the nominee would take to auditing the financial statements and administrative activities**

#### **Scope of audits**

The audit by the Comptroller and Auditor General (CAG) of India will include in its scope financial, value-for-money, compliance, and IT audits, among others, which are detailed in the following paragraphs.

#### **Financial audit**

This includes

- (a) Attesting the function of the annual financial statements of the OPCW and the Provident Fund of the OPCW, in accordance with Article 13 of the OPCW Financial Regulations and the Additional Terms of Reference Governing External Audit; and
- (b) Evaluating the appropriateness of the accounting policies used by the OPCW and the reasonableness of the accounting estimates and disclosures contained in its Financial Statements, providing an opinion on the financial statements.

#### **Management audit/ value-for-money audit**

This covers the audit of diverse areas, including assessing whether the programmes and projects have achieved the desired objectives at optimum cost, that operations have been carried out with due regard to economy and efficiency, and that they have been effective. The areas for performance audit would be selected on the basis of the quantum of resources allocated to them and the risk to the efficient and effective operation of the OPCW.

#### **Compliance audit**

This includes audit against appropriation and assessing compliance with applicable rules, regulations, and legislative authority. We will examine the propriety of transactions and report cases, if any, of wasteful and improper expenditure. The focus of audit, however, will be on enabling corrective measures to prevent recurrences, and to recommend changes that may be needed to the system of internal controls, their adequacy, and implementation.

#### **IT audit**

The supreme audit authority (SAI) of India carries out IT audits under the broad framework of financial, performance, and compliance audits. It covers audit of IT systems including enterprise resource planning (ERP) systems like SAP, Oracle, PeopleSoft, JD Edwards, etc. Our IT audits will focus on substantiating that internal controls exist to minimise business risks and that they function as expected. We will also provide assurance regarding confidentiality, integrity, reliability, and availability of information and IT resources. We will also assess the integrity of financial reporting through computer-assisted audit techniques (CAATs).

Information systems audits are one of the focus areas of SAI India. Our roles in facilitating smooth transitions from legacy accounting and IT systems to International Public Sector Accounting Standards (IPSAS) and ERP-based systems at the United Nations, WHO, and the International Maritime Organization (IMO) are examples of our ability to synergise our competencies in IPSAS with expertise in ERP audits. We have recently conducted an audit of: (a) information and communication technology (ICT) resources of the United Nations Peacekeeping Operations; and (b) an IT audit of UMOJA (the ERP system of the United Nations).

### **Structure of audit report**

Our audit report and opinion will be accompanied by a long-form report setting out findings, observations, and recommendations concerning any material weakness in the design or implementation of internal controls, and the audit report will conform with the requirements prescribed in the Financial Regulations and Additional Terms of Reference Governing External Audit of the OPCW.

Our audit report and opinion on the audit of the OPCW's financial statements will include such information, as deemed necessary, in regard to matters referred in Article 13.4 and in the additional terms of reference set forth in the Annex to the Financial Regulations.

### **Special examination**

We understand that, in accordance with Article 13.6 of the Financial Regulations, the Conference of the States Parties (hereinafter “the Conference”) or the Executive Council (hereinafter “the Council”) under the authority of the Conference, may request the External Auditor to perform special examination and to issue separate reports on the results thereof. If requested, we will carry out such special examinations and issue separate reports on the results thereof.

### **Audit methodology**

#### Conducting external audit

The audit methodology will be designed to add value to the performance of the OPCW, by conducting audits with the objective of reporting on the true and fair picture of the financial statements, on compliance with internal control mechanisms, and on the economy, efficiency, and effectiveness of the OPCW's operations. The audit strategy will aim at providing high-quality, cost-effective, and professional external audit services. The financial statements of the OPCW would be audited and certified annually, along with an assessment of the internal control frameworks governing the preparation of the financial statements. The extent and nature of the compliance and value-for-money audits would be decided following an extensive risk assessment.

## **Audit process**

### Audit planning

#### *Risk assessment*

Prioritisation of audit areas will be done on the basis of risk assessment conducted with reference to financial materiality, significance, topicality, and visibility, and with reference to any specific areas indicated in the terms of the OPCW Financial Regulations. The risk assessment exercise is expected to generate a set of focus areas for further review in audit.

#### *Strategic audit plan*

Following the risk assessment, a strategic audit plan would be drawn up for the entire tenure of the audit. This document would highlight the specific audits as well as their nature (financial, compliance, performance, information systems), which would be attempted during the tenure. The strategic plan would remain dynamic to accommodate risk areas that may emerge with time, and to also factor in stakeholder requests.

#### *Annual audit plans*

Each year, an audit plan would be prepared in line with the strategic audit plan. The audit plan will indicate the details of the units/divisions to be audited, the audit schedule for the year, the nature and scope of each individual audit, the assignment of personnel, and the duration of audits. A time frame for different phases of audit reporting will also be assigned in the annual audit plan.

#### *Internal control and internal audit*

The internal control environment will be evaluated to decide the extent of reliance to be placed thereon, based on which the nature and extent of substantive audit testing will be determined. Coordination will be established with the Office of Internal Oversight to avoid duplication of efforts.

#### *Interaction with Management*

We will interact with the Technical Secretariat (hereinafter “the Secretariat”), including the Budget and Finance Branch and other departments, before finalising the overall audit strategy. The timing of audit assignments will also be discussed with the Secretariat. The offices/branches to be audited will be informed of the time frame and terms of reference of the audit assignment in advance.

#### *Audit team composition*

The audit team would typically be headed by a senior Audit Director, and will be comprised of an audit manager and three auditors. The team leader would have over 16 years of experience in public audit, while the team members would have between 9 and 24 years of experience. Apart from the basic qualifications of a university degree in accounting, management, commerce, humanities, sciences, and other streams, these officers possess a wide range of professional and advanced academic qualifications in multiple disciplines, adding to their overall competence and analytical skills.

The officials nominated for the OPCW audit will possess the capabilities and skills to perform different types of audit (financial, compliance, value-for-money, IT), audit planning, audit execution, and report writing, both at the national and international levels. They will have experience in auditing a diverse range of organisations and have a high level of competence in planning, implementing, and reporting on financial compliance and performance audits for technical and scientific departments, commercial undertakings, etc. Personnel with expertise in the specific audit area would be assigned to the team.

Profiles of a representative sample of Audit Directors/Managers are included as Annex A.

### *Work plan*

The audit team will draw up an audit work plan outlining the scope and objectives of the particular audit assignment, the areas of concern to audit, time frames for various activities, and the exact work to be performed by each member of the audit team. Progress against the plan will be monitored in each case to ensure that the audit task is completed in an efficient and cost-effective manner. An audit work plan will include, inter alia, the following:

- (a) Introduction of the organisation/entity/unit to be audited—its activities and functions, organisational structure, financial and regulatory framework, IT systems, etc.
- (b) Financial Management: This section will contain data on indicators of financial health for the last three years and analysis of this data.
- (c) Audit Risk Assessment: This section will identify the risk areas relevant to the branch/area being audited. The risk assessment will be based on the following:
  - (i) key findings, audit recommendations, and follow-up action on previous audits;
  - (ii) reports of internal audit;
  - (iii) assessment of internal controls;
  - (iv) analysis of financial and operational data;
  - (v) overall risk assessment of the OPCW, to be conducted by SAI India; and
  - (vi) any other inputs available in the public domain.
- (d) Audit areas/objectives: As derived from the risk assessment.
- (e) Audit criteria, such as financial regulations and rules, manuals, resolutions passed by governing bodies, administrative instructions, applicable accounting standards, and accounting policies.
- (f) Audit scope and methodology, which will be in accordance with the international standards on auditing.
- (g) Initial audit requisition: This will contain the list of documents that the team would require at the start of the audit and the list of officials/stakeholders that the team intends to interview.
- (h) Work distribution among team members.
- (i) List of documents consulted for preparation of the audit plan.

## Execution

### *Entry conference, field work, sampling and collection of evidence*

The audit execution will commence with an entry conference, where the audit plan consisting of audit objectives and audit approach will be discussed with the head of the audited entity, with their views being taken into account. The audited entity will also be apprised of the data, information, and documents required by the audit team in the conduct of the audit assignment.

Fieldwork will be conducted at the Headquarters of the OPCW. Audits will be performed with a view to obtaining assurance regarding the accuracy of the Financial Statements of the OPCW and the OPCW Provident Fund, compliance with rules and regulations, and the adequacy of internal financial controls and, in general, the economy, efficiency, and effectiveness of the administration and management of the OPCW. This will involve collection of evidence through scrutiny of financial records and examination of supporting documentation, conducting interviews of the concerned officials of the OPCW, analysis of trends and variations, re-performance of calculations, interviews with key staff of the audited entity, questionnaires, etc.

The audit team would employ audit tools like analytical procedures, computer-aided audit techniques (e.g. IDEA) for sampling and interrogation of data, vouching, verifying against benchmarks and criteria, etc. The team would have the necessary knowledge and skills to extract information from the information systems existing in the unit and verify the transactions against the internal control checks laid down in the Financial Regulations and Rules of the OPCW.

### *Exit conference*

Each audit assignment will close with an exit conference with the head of the audited entity. The exit conference is an opportunity for the entity to discuss the audit findings and recommendations with the audit team. This also affords an opportunity for the audit team to clarify any points of doubt that the entity may like to raise.

## Reporting

### *Compliance with the Financial Regulations, and the principle of no surprises*

While reporting on the results of the audit, we will comply with the requirements as stated in the Financial Regulations of the OPCW and Additional Terms of Reference Governing External Audit as set out in the Annex to the Financial Regulations. Following the principle of "no surprises", the entire reporting process will be marked by a vigorous two-way exchange of audit observations and findings on one side, and management views and comments on the other, at all stages. The final report to be presented to the Conference will contain nothing which had not been brought to the notice of the Management earlier.

The structure of various audit reports will be in accordance with the international standards of audit, clearly stating the audit objectives, scope, findings, and recommendations. It will be ensured that the audit results presented to the OPCW Management are balanced, fair, and accurate, and have constructive and implementable recommendations. There will be three types of audit products that will be delivered to the OPCW:

### **Management letters**

- (a) Summary of key findings and recommendations
- (b) Introduction
- (c) Mandate, scope, and methodology
- (d) Audit objective
- (e) Audit findings and recommendations
- (f) Acknowledgment
- (g) Annexes

### **Short-form report (audit opinion on annual Financial Statements)**

- (a) Opinion
- (b) Basis for opinion
- (c) Information other than the Financial Statements and auditor's report thereon
- (d) Responsibilities of Management and those charged with governance of the Financial Statements
- (e) Auditors' responsibilities for the audit of the Financial Statements
- (f) Report on other legal and regulatory requirements

### **Long-Form Report (annual audit report)**

- (a) Summary of key findings and recommendations
- (b) Introduction
- (c) Mandate, scope and methodology
- (d) Audit objective
- (e) Audit findings and recommendations
- (f) Acknowledgment
- (g) Annexes

The timelines for the delivery of various audit products will be decided after discussion with the administration. The actual implementation of the assignments will also be monitored at CAG Headquarters to ensure that there are no slippages in the agreed timelines decided in consultation with the OPCW management. The audit deliverables are explained in Table A below.

#### *Collaboration with the internal auditors*

We follow a systems-based approach in which the study of internal control structures in audited organisations is an integral part of the audit process. Such a study also covers an analysis of internal audit arrangements. The quantum of substantive auditing to be performed and resources to be deployed is based on such studies. Audit work is drastically reduced in organisations where internal controls, including internal audit, are strong. We will follow this standard audit procedure in the audit of the OPCW and closely interact with the internal auditors to synergise the audit effort and coordinate audit activity so as to avoid duplication of work and audit fatigue.



**Table A: Audit deliverables**

Audit Assignment	Deliverable/Focus Areas	Audit at	Nature and Objective of Work
<b>Risk assessment and audit planning</b>	(a) Strategic audit plan (b) Annual audit plan	OPCW Headquarters	Risk assessment, audit planning
<b>Audit of the OPCW's annual Financial Statements and the Provident Fund of the OPCW</b>	Management letter with focus on: (a) Regularity and efficiency of the OPCW's: (i) Financial procedures. (ii) Accounting system (iii) Internal financial controls, with special emphasis on: a. Cash and cash equivalents; b. Inventory management; c. Property, plant and equipment; d. Intangible assets; and e. Deferred revenue (iv) Process of income recognition of assessed and voluntary contributions with underlying liabilities and agreement; (v) Review of employee benefits expenditure and actuarial evaluation; (b) Financial administration and management of the OPCW	OPCW Headquarters	Financial audit
<b>Management/ value-for-money audit</b>	Management letter with focus according to the strategic and annual audit plan, covering one of the following themes every year with the consultation of the Management: (a) Financial management; (b) Operational efficiency and management; (c) Human resource management; (d) Risk management system; and (e) Organisational management	OPCW Headquarters	Performance audit
<b>Information systems (IS) audit</b>	Management letter with focus according to strategic and annual audit plan, covering one of the following themes, with the consultation of the Management: (a) Review of the operation and control framework within the enterprise resource planning (ERP) system (b) Review of information and communication technology/ management information systems	OPCW Headquarters	Audit of information systems/ information technology systems

Audit Assignment	Deliverable/Focus Areas	Audit at	Nature and Objective of Work
<b>Participation in the meetings of the Executive Council and Conference of the States Parties according to the terms of Article 13.11 of the Financial Regulations of the OPCW</b>	(a) Presentation of external audit report and opinion accompanied by a long-form report (b) Audit recommendations	OPCW Headquarters	(a) Audit report presentation (b) Audit Recommendations
<b>Meetings with Management</b>	Discussion with the Management, planning with respect to subsequent audits related to: (a) Audit recommendations (b) New risk areas (c) Internal audit in order to avoid duplication of efforts (d) Fraud/ presumptive fraud (e) Topics for value-for-money/ performance and IS audits, and (f) Any other key areas	OPCW Headquarters	Audit planning with reference to risk areas
<b>Management of audit teams, quality assurance and finalisation of audit reports</b>	(a) Short-form report (audit opinion on annual Financial Statements) (b) Long-form report	CAG Headquarters, New Delhi, India	-

### Maintaining client confidentiality

We note that maintaining strict confidentiality by our staff when dealing with OPCW documents would be of paramount importance. We have a code of ethics and specific ethical standards which require the auditors to maintain absolute integrity at all times and prohibit them from disclosing information obtained in the auditing process to third parties, either orally or in writing.

### Risk assessment

#### *Enterprise risk management (ERM)*

SAI of India regularly conducts audits of internal control systems in individual departments/ministries of the Government of India and the state governments; such audits cover the adequacy and effectiveness of risk management in different areas—operational, financial, and personnel. In addition, risk management is a key audit focus area for us in our national and international responsibilities.

However, in the absence of formal standards/frameworks for internal control and risk management in the Indian federal and provincial governments, SAI India partnered with other key stakeholders in the Government of India (including the Planning Commission, the Ministry of Finance, and the Controller General of Accounts) to develop an Internal Control and Risk Management (ICRM) framework for major schemes/programmes of the Government. The ICRM Framework covers the major phases of the risk management process, namely setting the risk management context; risk assessment; risk treatment; risk monitoring; risk assurance; and risk re-assessment. The Framework draws upon concepts/principles enshrined in internationally accepted frameworks, notably the ERM-Integrated Framework of the

Committee of Sponsoring Organizations of the Treadway Commission (COSO), the supplementary guidance on ERM issued by the INTOSAI Subcommittee on Internal Controls, as well as the Australia/New Zealand Risk Management Standard AS/NZ 4360, which have been appropriately adapted to the working environment in the Indian public sector.

We will follow a similar approach, which has been codified in our Internal Control Evaluation Manual. This will enable us to determine the level of assurance that can be derived from the internal control framework of the OPCW for the purposes of designing our audit procedures and tests. Such an exercise will also provide us opportunities to recommend suitable improvements required, if any, to further improve the efficacy of controls at the OPCW.

### *CoBIT framework*

Our staff is fully equipped with technical skills, knowledge, and experience of using the internal control framework of Control Objectives for Information and Related Technology (CoBIT) in undertaking audits of IT systems. CoBIT has been adopted as the framework to guide the IT audits in the country and in the audit of international organisations. As an example, the audit of IS controls over the SAP environment in the International Thermonuclear Experimental Reactor (ITER) International Fusion Energy Organization was conducted by SAI India after risk analysis and against standard benchmarks applicable in the CoBIT framework.

## **Professional standards**

### Professional standards framework

SAI India has adopted a set of auditing standards patterned on auditing standards used internationally. These have been disseminated widely and are used as a standpoint for evaluating audit operations. Further, audit methodology is constantly reviewed and prescribed and codified for all types of audits and also for audits by nature of transactions.

The CAG of India occupies premier positions in major international standard-setting bodies of the global community of SAIs and has, therefore, been closely associated with the work relating to setting and revising standards, establishing best practices, and preparing audit guidance.

As is the case with other international audits, the audit of the OPCW will be conducted within the following standards framework:

- (a) The Auditing Standards promulgated by the International Organization of Supreme Audit Institutions (INTOSAI);
- (b) The International Standards on Auditing (ISA) issued by the International Federation of Accountants (IFAC) and adopted by the Panel of External Auditors of the United Nations, its Specialized Agencies, and the International Atomic Energy Agency as common auditing standards;
- (c) Auditing guidelines issued by the Panel of External Auditors of the United Nations, the Specialized Agencies, and the International Atomic Energy Agency;

- (d) The framework of International Public Sector Accounting Standards (IPSAS); and
- (e) Article 13.3 of the Financial Regulations of the OPCW and Additional Terms of Reference governing External Audit, set out in the Annex to the Financial Regulations.

Adherence to internationally accepted auditing standards and proven audit methods will form the basis of our assurance for providing high quality professional audit services to the OPCW.

### **Code of ethics**

The CAG also has a code of ethics, in force since 2012, which applies to individual auditors, the Head of the SAI, officers, and all individuals working for and on behalf of the SAI. The SAI has the responsibility to ensure that all of its auditors acquaint themselves with the values and principles contained in the code of ethics and that they act accordingly. The following are a few of the principles contained in this code:

- (a) The auditor and the SAI should be independent and should avoid conflicts of interest with the audited entity on matters that may impair their independence materially.
- (b) The auditors should strive not only to be independent of audited entities and other interested groups, but also to be objective in dealing with the issues and topics under review.
- (c) In all matters relating to the audit work, the independence of auditors should not be impaired by personal or external interests.
- (d) The auditor and the SAI must possess the required competence.
- (e) The auditor must exercise due care and concern in complying with the auditing standards.
- (f) The auditor should at all times maintain absolute integrity and devotion to duty.
- (g) The auditor should not disclose information obtained in the auditing process to third parties, either orally or in writing.

Further, all SAI employees are civil servants and are subject to the Central Civil Services (Conduct) Rules, 1964, which prescribe standards of behaviour and ethical conduct. Information regarding all financial transactions, gifts received, and property acquired has to be notified on occurrence and where stipulated, and prior permission is to be obtained. These Conduct Rules are very similar to the Standard of Conduct for the International Civil Service. The ethical conduct is further monitored and reflected in the annual performance reports of the officials. The annual performance appraisal of the staff has a specific entry relating to integrity of conduct. Staff who fail to meet standards of professional and ethical conduct required are subject to the provisions of the Civil Services (Classification, Control and Appeal Rules), 1965, which codify all disciplinary methods including imposition of penalties and holding of formal inquiries. This will take care of potential conflict of interest situations where the capacity of an auditor to make an independent decision or judgment may be influenced or prejudiced by considerations of a personal nature, or considerations emanating from a third party, resulting in the interests of the OPCW being inappropriately affected.

## Other details

### Quality assurance and control

We will, while communicating audit findings, make appropriate and constructive recommendations. As set out above, the issue of reports will be preceded by comprehensive discussions and consultations with Senior Management. As a part of quality assurance, the audit work will be reviewed, at CAG Headquarters in New Delhi, by experienced audit professionals unconnected with the audit to ensure that the audit assignment has been conducted with due regard to standards and best practices.

The CAG of India follows a rigorous quality assurance regime to ensure that all its products meet the highest standards of quality. We have an Audit Quality Management Framework (AQMF) for the organisation, compliance with which is mandatory. The AQMF has five broad parameters of quality management processes, namely, leadership and direction, human resources management, audit management, client and stakeholder relations, and continuous improvement. These parameters are further divided into “Quality Management Elements”, each of which has then been mapped to “Key Instruments Employed (KIE)” (KIEs being the Constitution), CAG's (Duties, Powers and Conditions of Service Act), auditing standards, manuals, guidelines, etc.

To ensure high standards of audit, several quality assurance procedures are implemented. These are:

- (a) Establishment and compliance with documented audit standards and audit methods and procedures.
- (b) Regular training of audit staff to update and enhance audit skills and knowledge.
- (c) Frequent evaluation of audit staff through periodic tests.
- (d) A well-laid down system of supervision of audit operations both at headquarters and field offices.
- (e) Independent review of audit operations by Internal Audit and headquarters inspection teams.
- (f) Rigorous scrutiny of audit findings, both at field offices and headquarters, by persons not involved in audit field work, so as to ensure that audit findings meet standards of materiality and evidence. This also includes detailed discussion of draft audit findings with the audited entity.
- (g) Review of working papers.
- (h) Structured mid-term review of operations.
- (i) Implementation of an audit management information system.

The field offices of SAI India have their own internal audit wing with a wide charter to assist the audit department in achieving effective management of its own operations and sustaining the quality of its performance. Adding to this, there are regular peer reviews and inspections of field offices carried out by the inspection wing of the CAG Headquarters Office. These are explained below:

- **Internal peer reviews:** peer reviews of audit offices are organised as part of the quality assurance mechanism. These are governed by the guidelines on “quality assurance through peer review”. A new peer review report format was devised in 2016 – 2017. For balanced reporting, the peer reviewers have also been specifically requested to highlight the good practices being followed by the reviewed offices. The Inspection Wing coordinates these peer reviews, while follow-up action on the peer review reports is monitored by the concerned functional wings.
- **Quality management through inspections:** The Inspection Wing conducts inspections of all field offices, including branch offices. The selection of offices is based on risk assessment, generally leading to a triennial periodicity. For audit offices, the reports cover six different dimensions, namely office performance, audit and audit methodology, quality control, stakeholder management, management and support structure, and test audit note. For the training institutes, the report covers office performance, training, hostel facilities, management, and support structure.

#### Continuity with the previous External Auditor

We will follow the International Standards for Supreme Audit Institutions to ensure continuity with the work done by the previous External Auditor. To ensure smooth and effective succession, we will follow the detailed guidance for handover by the outgoing External Auditor and takeover by the incoming External Auditor, as has been prescribed by the Panel of External Auditors of the United Nations, its Specialized Agencies, and the International Atomic Energy Agency. We will also hold meetings with the previous auditor to gain a better understanding of the OPCW, its priorities, and practices.

#### CAG’s participation in OPCW meetings

The CAG or his representative will be present when the External Auditor's report and opinion is first considered by the Council. In addition, the CAG or his representative may present his report and opinion to the Conference, if necessary, or may be present during subsequent consideration of the External Auditor's report and opinion by the Council or the Conference, if so requested by the Council or the Conference.

#### **Proposed audit fees and estimated total number of audit days**

<b>Year</b>	<b>Audit Days</b>	<b>Audit Fee</b>	<b>Travel and Subsistence Cost</b>	<b>Total Costs</b>
2021	238	Nil	EUR 120,000	EUR 120,000
2022	238	Nil	EUR 120,000	EUR 120,000
2023	238	Nil	EUR 120,000	EUR 120,000

Explanatory notes

The fee is based on total recovery of audit costs and covers all costs specified in the OPCW Secretariat Note S/1824/2020 (dated 17 January 2020).

Calculation of audit costs is based on working days at OPCW Headquarters in The Hague, the Netherlands only, and does not include work to be undertaken at CAG Headquarters (119 Man-days), in New Delhi, India (related to project management and quality assurance), for which no separate costs/ fees will be charged.

There is no element of fixed cost/ professional fees, as we do not propose to charge any audit fee, but only to claim reimbursement of costs, all of which are in the nature of variable costs. The cost calculation is based on the currently applicable United Nations daily subsistence allowance (DSA) rates and airfare for February 2020.

However, any material changes in the cost on account of increases in the rate of DSA and air travel, changes in the relevant exchange rate, changes in the scope or programme of work, or that reflect extraordinary items not foreseen will be reviewed with the OPCW, either at our request or at the request of the OPCW. Any increase in costs on account of these elements will be claimed on actuals with sufficient documentation supporting such claims. Further, these claims will be subject to approval by the competent authority of the OPCW.

Analysis of our cost with reference to the proposed programme of work

To put things into proper perspective, our financial bid may be read in the context of our technical proposal and the audit coverage we have proposed. The work programme offered by us encompasses 357 man-days of annual work, that is, 238 man-days at the OPCW Headquarters in The Hague, and 119 man-days at CAG Headquarters in New Delhi.

## **Russian Federation**

### **Curriculum vitae of the principal nominee**

**Mr Aleksei Kudrin** was appointed Chairman of the Accounts Chamber of the Russian Federation on 22 May 2018. For over 30 years, Mr Kudrin has focused on the issues of economic development and improvement of the state governance system.

Mr Kudrin started his career as a research fellow at the Institute of Social and Economic Problems of the USSR Academy of Sciences. Later, he was given an opportunity to use his knowledge in practice at the Executive Committee of the Leningrad City Council, the highest governing body of St Petersburg, then as Deputy Chairman of the Economic Reform Committee, and thereafter at the Managerial Committee of the Leningrad Free Entrepreneurship Zone.

In recognition of Mr Kudrin's knowledge, experience, and aptitude in dealing with challenging issues that his city was facing at the time, he was appointed the First Vice-Mayor and Chairman of the Economy and Finance Committee of the St Petersburg City Administration. His main goal was to guide the city's transformation from a planned economy to the modern free market system.

Aleksei Kudrin managed to preserve profit and loss balance and to prevent disruptions in wage payments. The reforms he spearheaded caused the city's economy to grow and minimised the financial losses in the challenging 1990s period, when inflation rates reached 1,400%, the old system was destroyed, and material and human resources were needed desperately.

Subsequently, Mr Kudrin moved to Moscow, where he was appointed Deputy Chief of Staff of the Presidential Executive Office. His responsibilities included control of implementation of presidential orders and decrees and development of the country's financial development strategies.

In 2000, Mr Kudrin was appointed Deputy Prime Minister of the Russian Federation/ Minister of Finance of the Russian Federation. His tenure at the office was marked by a tax reform introducing a flat income tax rate, a decrease in foreign debt, and the establishment of a "rainy day fund", the strategic financial reserve known as the "Stabilisation Fund", formed out of oil duty income and natural reserves tax money. The Fund facilitated the stabilisation of the country's financial system and lowered the national economy's dependency on external factors.

After finishing his service in the government, Mr Kudrin proposed the establishment of the Committee of Civil Initiatives, a community of professionals able to offer alternative solutions to the problems faced by the country. After taking the post of the committee chairman, together with other experts, Mr Kudrin carried out extensive research that served as the basis for dozens of reports and draft laws in key areas of national development.



Just before coming to the Accounts Chamber of the Russian Federation, Mr Kudrin was in charge of the Center for Strategic Research (CSR), a leading institution for drafting and implementing the long-term Russian development strategy. As the head of the CSR, he continued his work in analysis of domestic social and economic development. In that period, the Russian Strategy of Social and Economic Development 2018 – 2024 was drafted.

### Education

1983: Graduated from the political economy department, School of Economy of Leningrad State University

1983 – 1985: Intern researcher at the Institute of Social and Economic Problems of the USSR Academy of Sciences

1985 – 1998: Postgraduate student at the Institute of Social and Economics of the USSR Academy of Sciences, PhD in Economics

### Work Experience

- Since 1988: Research Fellow at the Institute of Social and Economic Problems of the Russian (formerly USSR) Academy of Sciences
- 1990: Deputy Chairman of the Economic Reform Committee of the Executive Committee of the Leningrad City Council. After liquidation of the Economic Reform Committee, he moved to the Managerial Committee of the Leningrad Free Entrepreneurship Zone
- 1991 – 1992: Deputy Chairman of the Economic Development Committee
- 1992 – 1993: Chairman of the Chief Financial Administration, St Petersburg City Administration
- 1993 – 1996: Deputy and First Deputy Mayor, member of the Municipal Government, Chairman of the Economy and Finance Committee of the St Petersburg City Administration
- 1996 – 1997: Deputy Chief of Staff of the Presidential Executive Office, Head of the Presidential Control Directorate
- 1997 – 1999: First Deputy Minister of Finance of the Russian Federation
- 1999 (January – June): First Deputy Chairman of the Board of RAO Unified System (RAO UES) of Russia
- 1999 – 2000: First Deputy Minister of the Russian Federation
- 2000 – 2004: Deputy Prime Minister of the Russian Federation – Minister of Finance of the Russian Federation
- 2004 – 2007: Minister of Finance of the Russian Federation
- 2007 – 2011: Deputy Prime Minister of the Russian Federation – Minister of Finance of the Russian Federation

- 2012 – 2016: Chairman of the Committee of Civil Initiatives, a community of professionals able to offer alternative solutions to the problems faced by the country
- 2016 – 2018: Head of the Center for Strategic Research, Deputy Chairman of the Economic Council under the President of the Russian Federation
- On 22 May 2018, as proposed by the President of the Russian Federation, Mr Kudrin was appointed by the State Duma as Chairman of the Accounts Chamber of the Russian Federation
- Since November 2018, Mr Kudrin has been a Member of the Presidential Council for the implementation of state policy on family and child protection
- Since 25 September 2019, Mr Kudrin serves as Chairman of the International Organization of Supreme Audit Institutions (INTOSAI)

### Research

Mr Kudrin has authored more than 30 scientific papers in economics and finance:

- PhD thesis on: “Comparability in economic competition relations implementation mechanism”
- Doctoral thesis on: “Theoretical and methodological approaches to implementation of balanced and effective budget policy”

### International Approval

- In 2004, Aleksei Kudrin was named the Finance Minister of the Year by “The Banker” (UK), winning two categories: “World Finance Minister of the Year” and “European Finance Minister of the Year”;
- In 2006, “Emerging Markets” (UK) named Aleksei Kudrin as best Minister of Finance among the European countries with developing markets
- In 2010, “Euromoney” (UK) named Aleksei Kudrin the best Finance Minister of the Year. According to the editor of the magazine, Padraic Fallon, Kudrin got the award because “[...] having overcome major political pressure [he] secured the creation of the Reserve Fund, which allowed the Russian Federation to come out of the global financial crisis in a much better shape than the experts had expected”.

### Participation in Education and Scientific Institutions

- Dean of the Faculty of Liberal Arts and Sciences of St Petersburg State University, and a member of the Supervisory Board of St Petersburg State University
- Chairman of the Board of Trustees, the Gaidar Institute
- Member of the Board of Trustees, Yegor Gaidar Foundation
- Chairman of the Supervisory Board, Northern (Arctic) Federal University
- Member of the Board of Trustees, European University in St Petersburg
- Member of the Board of Directors, New Economics School

### State Awards

- Order “For Merit to the Fatherland”, III class
- Order “For Merit to the Fatherland”, IV class
- Order of Friendship
- Certificate of Appreciation from the President of the Russian Federation
- Government awards
- P.A. Stolypin Medal, I class for proactive involvement in developing the main vectors of social and economic development of the Russian Federation

### **Details of the approach the nominee would take to auditing the financial statements and administrative activities**

#### Professional contribution and services that the Accounts Chamber of the Russian Federation (SAI of Russia) can offer to the OPCW and its States Parties

The main aims of the audit of the OPCW for the supreme audit institution (SAI) of the Russian Federation are:

- (a) to obtain independent and reasonable assurance for the States Parties whether the financial statements of the OPCW are transparent, free from material misstatements, including due to fraud or error, and compliant with the International Public Sector Accounting Standards (IPSAS);
- (b) to add value to the OPCW’s financial management and governance so that the Organisation can perform economically, efficiently, and effectively to achieve the purpose for which it was established;
- (c) to provide an independent and objective opinion on the relevance of the internal control and risk management systems of the OPCW; and
- (d) to support management in the achievement of strategic goals and objectives set for the OPCW.

#### Approach to the audit

The SAI of the Russian Federation is prepared to offer the OPCW: financial, performance, and compliance audits, quality assured and comprehensive audit services based on the principles of independence, legitimacy, and objectivity.

In the course of the audit we will determine whether the procedure of formation, management, and disposal of the OPCW’s funds is effective and complies with the Organisation’s goals and financial statements, including the purposes of strategic planning, management, and value-for-money audits, as well as procurement, human resources, and IT audits.

The SAI of the Russian Federation is also ready to perform special audits upon a request of the Executive Council (hereinafter “the Council”) or the Conference of the States Parties (hereinafter “the Conference”). These audits will be conducted in conformity with the terms of reference set out in the OPCW’s Financial Regulations.

We will plan our work in a manner ensuring that a high-quality audit is carried out in a timely, efficient, effective, and economic way.

#### Planning phase

The planning phase would include studying and understanding the OPCW’s activities, documents and resources management, key reports and operating manuals, conducting a financial and operational review, sourcing out risks, and determining the adequacy of the risk management processes of the OPCW. During the planning phase we will focus on higher-risk and error-prone areas in order to maximise the audit results.

#### Execution phase

The execution phase would include several analytical reviews, the building-up of the evidence base, and preparation and review of the working papers.

#### Reporting and monitoring phases

The reporting and monitoring phases are aimed at ensuring that our recommendations are being implemented. Our strategy-oriented audit approach would also seek to develop audit findings aimed at helping to enhance future actions.

We intend to closely cooperate with the Division of Administration (ADM) and the Office of Internal Oversight (OIO) of the Technical Secretariat of the OPCW, as well as with the Advisory Body on Administrative and Financial Matters (ABAF) to ensure effective delivery of audits.

Our reports and auditor’s opinion would be accompanied by a detailed report that would include the audit findings, results of analyses, observations, and recommendations regarding the need for improvement of internal controls.

We would make our observations with respect to the regularity and efficiency of the OPCW’s financial procedures, the accounting system, the internal financial controls and, in general, the administration and management of the OPCW.

#### Scope of audit

Apart from the annual audits of the Financial Statements of the OPCW and the OPCW Provident Fund under the mandate of the External Auditor, the SAI of the Russian Federation would conduct audits of the following activities and areas of the Organisation:

- (a) Financial management;
- (b) Budgeting and financing;
- (c) Governance, management, and internal control;
- (d) Human resources;
- (e) Procurement and contract management; and
- (f) Implementation of the enterprise resource planning (ERP) system.

The audit areas would be determined at the planning phase taking into account the assessment of risks and results of previous audits.

We pay great attention to financial and compliance audits, as the results of such audits depict the actual state of the audited object and reveal main issues that need to be revised and updated to improve the performance of the Organisation as a whole.

#### Methods

The following methods would be used by the SAI of the Russian Federation during the OPCW audit:

- (a) Documentary audit;
- (b) Analytical audit;
- (c) Actual check;
- (d) Combined check; and
- (e) Spot check method.

Collection of audit evidence would be carried out by the method of substantive testing.

#### Risk assessment

In the strategic audit, analysing the goals and aims we will use the risk-oriented approach to select risk areas and rank them in order of importance and impact on the Organisation.

#### Standards governing the auditing work

The SAI of the Russian Federation will operate its annual audit activities in compliance with internationally recognised standards: International Standards of Audit (ISA), standards promulgated by the International Organization of Supreme Audit Institutions (INTOSAI), including ISSAI 100-400, foundational auditing principles and guidelines, as well as auditing guidelines adopted by the Panel of External Auditors of the United Nations and its Specialized Agencies.

Additional information on the auditing work

Taking into account the specificities of the OPCW, the SAI of the Russian Federation will respect the confidential nature of any classified information obtained during the audit, and will not make use thereof except in direct connection with the performance audits.

The audit of the OPCW Headquarters would consist of around four audit visits for the biennium 2021 – 2022 (mainly in spring and autumn). Additional visits will be considered if necessary. Each visit should be no longer than 22 working days.

The SAI of the Russian Federation may consider the possibility of engaging the services of external experts technically qualified to conduct special examinations and audits.

**Proposed audit fees and estimated total number of audit days**

<b>Year</b>	<b>Audit Days</b>	<b>Audit Fee</b>	<b>Travel and Subsistence Cost</b>	<b>Total Costs</b>
2021	37	EUR 116,000	EUR 151,741	EUR 267,741
2022	35	EUR 116,000	EUR 150,998	EUR 266,998
2023*	55	EUR 232,000	EUR 232,927	EUR 464,927

\*Two years

## Turkey

### Curriculum vitae of the principal nominee

**Mr Seyit Ahmet Bař** graduated from the Department of Public Administration at Istanbul University in 1989. He obtained his Master's Degree in Finance at Boston University in the United States from 2001 to 2003. He served in the Ministry of Finance as a tax inspector from 1991 to 2003; as a Head of Department at the Revenue Administration from 2003 to 2005; as an Adviser to the Minister at the Ministry of Finance in 2005 and 2006; as a Founding General-Director at the General Directorate of Revenue Policies from 2006 to 2010; and as a Deputy Undersecretary at the Ministry of Finance in 2010 and 2011.

Mr Bař acted as the Co-chairman of the Taxes and Incentives Committee of the Investment Environment Improvement Coordination Council from 2006 to 2010, and as a member of the Coordination Council and Chairman of the Taxes Committee of the Istanbul International Finance Centre Project in 2010 and 2011. He presided various delegations in the context of Turkey's assistance programs abroad, and was the founding Chairman of the Public Oversight, Accounting and Auditing Standards Authority from 2011 to 2015.

Mr Bař held the position of Undersecretary of the Ministry of Finance from 29 August 2015, and was then elected as President of the Turkish Court of Accounts (TCA) on 23 June 2016 at the 106th session of the Parliament. He was the Chairman of the Economic Cooperation Organisation Supreme Audit Institutions (ECOSAI) Governing Board from 2016 to 2019, and has been President of the European Organization of Supreme Audit Institutions (EUROSAI) since May 2017.

### Details of the approach the nominee would take to auditing the financial statements and administrative activities

The TCA's approach to the external audit of the OPCW will be based on the pillars of guidance and leadership by providing qualified audit services and engaging in close collaboration with the auditee. In other words, with this proposal, the TCA proposes to lead and guide the OPCW by working closely with it contributing to the following objectives:

- (a) speeding up functioning;
- (b) establishing good governance;
- (c) developing transparency and accountability in management; and
- (d) strengthening the institutional structure.

### Audit standards

The TCA will conduct its audit in accordance with the International Standards of Supreme Audit Institutions (ISSAI), the Financial Regulations of the OPCW, and internationally accepted audit methodologies. The International Financial Reporting Standards (IFRS) and International Public Sector Accounting Standards (IPSAS) will be taken into account for the

financial audit. The audit team will fully comply with the requirements of ISSAI 30 and the code of ethics of the OPCW. In addition, the audit will be conducted on a risk-based methodology in compliance with ISSAI 1330, ISSAI 3000, and ISSAI 4000. Previous audit reports and other related documents will be taken into account in risk determination.

### Audit methodology

#### *Financial audit*

The TCA will express an audit opinion on the OPCW Financial Statements, which will identify the financial statements examined and describe the scope and extent of audit procedures. In addition, cases of fraud, wasteful or improper expenditure, or expenditure not in conformity with the governing authority will be reported according to the Additional Terms of Reference. These issues will be audited through compliance audit and performance audit methodologies, which will be conducted in accordance with ISSAI.

The audit team will fully comply with the requirements of ISSAI 30 and the code of ethics of the OPCW. In addition, the audit will be conducted on a risk-based methodology in compliance with ISSAI 1330, ISSAI 3000, and ISSAI 4000. The previous audit reports and other related documents will be taken into account to determine the risks.

#### *Planning*

This phase consists of understanding the OPCW's business operations, performing a risk assessment, determining the audit approach, and developing an audit plan.

Understanding the OPCW's business operations, including its operating environment, accounting system and financial structure, IT system, and internal controls, will help the TCA to design the necessary work, respond to significant risks and, hence, conduct an effective, efficient, and enriching audit. In addition, the TCA also takes into account the findings of previous audits, including those of performance audits that provide potential impacts on the OPCW's Financial Statements.

The TCA performs risk assessment as an important part of this phase to obtain sufficient appropriate evidence, at minimum cost and within the shortest time. The risk assessment process includes:

- (a) an assessment of inherent risks, both at the financial statement and account balance levels; and
  - (b) an assessment of control risk through evaluating the internal control system.
- The TCA will accept a level of risk for which the audit procedures will not detect an existing misstatement that could be material. This risk, which is assessed as low, is accepted because of the considerable costs and impracticability of performing an audit that accepts no, or an extremely low, level of risk; so it cannot be reduced to zero.



- Based on the understanding of the OPCW's business operations and risk assessments, the TCA will develop an audit plan, which contains the summarised information, including the rationale and bases for the audit approach, which was obtained from work during the planning phase. It will also include an audit programme and procedures specific to the OPCW.

### Field work

In the area of field work, the TCA will obtain sufficient and appropriate audit evidence by conducting substantive procedures, including analytical procedures and a detailed examination of the accounts and transactions underlying the accounting records; testing of the accounting and internal control systems of the OPCW, in order to obtain audit evidence about whether these systems operate effectively enough to prevent any material misstatements; performance of analytical procedures as an evaluation of financial information through the analysis of rationale relationships among both financial and non-financial data; and the checking of the OPCW's compliance with rules and regulations in accordance with ISSAI 1500 and 1520.

The TCA will inform the OPCW as soon as possible about significant detections and evaluations, such as detection of significant control deficiencies, suspected fraud, even though its impact on the financial statements may not be significant, detection of fraud, and material misstatements.

The quality control of the audit will be ensured through routine supervision to achieve effective execution of audit procedures, with due regard to the auditing standards and adherence to best practices.

### *Reporting*

For reporting, the TCA will make the necessary notifications in different formats throughout the audit process. It will issue a long-form annual report indicating the results of the audit at the end of the process. This final report will be issued after receiving the opinion of the OPCW's Management on problematic areas.

The TCA will ensure that the audit report is balanced, clear, fair, accurate, and reader-friendly, and that it includes constructive recommendations.

### *Performance (value-for-money) audit*

The TCA will also undertake a performance (value-for-money) audit of the OPCW. With the performance audit to be done within the framework of ISSAI 300, it will be determined whether the OPCW's business operations, activities, and systems are carried out in line with the principles of economy, efficiency, and effectiveness, and whether there is room for improvement.

Accordingly, the TCA aims to promote economic, efficient, and effective management in a constructive way and to contribute to accountability and transparency in the OPCW's Management. The TCA will also make constructive and guidance suggestions regarding the performance of the Organisation at the end of its performance audit.

### *Evaluation of the System of Internal Control*

The System of Internal Control of the OPCW will be evaluated based on the “COSO Internal Control – Integrated Framework (2013)”.

According to the framework, the TCA will have an understanding of the OPCW’s objectives and subobjectives set by the Management, in order to identify the risks of failing to meet those objectives, which are categorised into three types (operations, reporting, and compliance) in the 2013 framework. It will also evaluate components of the internal control system (control environment, information and communication, and monitoring) to determine the efficiency and effectiveness of the system.

As a result of the evaluation, there will be an assessment of the whole system beyond mere financial reporting.

### *Communication with those charged with governance*

The TCA acknowledges the importance of communication with the auditee and those charged with governance throughout the audit process. Effective communication will be prioritised, and the requirements of ISSAI 200 and ISSAI 1260 will be met.

### *Development of the Quality Assurance System*

For the development of a quality assurance system, a two-phased quality control system has been established, in compliance with the “elements” and “application guidance for SAIs” of ISSAI 140: Quality Control for SAIs, which is based on the International Standard on Quality Control (ISQC 1), with the aim of ensuring quality in audits. The first phase consists of the quality control work conducted during the execution of the audit, and before the audit report is finalised. During this quality control work, respectively, the team leader, head of group, report evaluation commission, trial chambers, and the Report Evaluation Board are responsible. The controls made by the report evaluation commission, trial chambers, and the Report Evaluation Board, which are not the part of the engagement team, are carried out before the date of the auditor’s report, and constitute part of the engagement quality control review process in this aspect.

The second phase of the quality control system includes quality control assurance work. Quality assurance work is carried out with the aim of assessing the effectiveness of quality control processes and the compliance of completed audits with the audit manuals, determining the necessary actions for capacity building. As of 2019, quality assurance work was initiated, and six auditors were commissioned for such work.

Within the scope of the quality assurance work, an assessment framework was first prepared on the basis of both financial audit manual requirements and professional pronouncements to some extent. The framework in question was prepared by the quality assurance team and finalised after review by the auditors specialised in this field. The audit files, which were randomly selected and represented the population in terms of quality and quantity, were examined and their compliance with the requirements in the framework was assessed.

Works for the assessment, generalisation, and reporting of the findings obtained in the examination of the audit files continues, and after they are finalised, the results of the quality assurance works will be submitted to the top management.

#### *Enterprise resource planning audit experience*

Enterprise resource planning (ERP), which defines many work processes by forming a wholeness, and enables cost savings, increased efficiency, and a more effective and rapid decision-making process for administrators by ensuring data flow between those work processes, is widely used by the Turkish public institutions, especially those with complex transactions.

An ERP system is typically based on a common database, various integrated business process application modules, and business analysis tools. Given the integrated nature of ERP systems, such systems can further add to the risks or challenges of an organisation related to:

- (a) industry and business environment;
- (b) user or management behaviour;
- (c) business process and procedures;
- (d) system functionality;
- (e) application security;
- (f) underlying infrastructure;
- (g) data conversion and integrity; and
- (h) ongoing maintenance/business continuity.

Regarding those risks, particular importance is attached to the development of an audit methodology for ERP in all functions and in all areas of activity, including internal control systems of those entities that are under the audit scope of the TCA. Within this scope, public entity audit manuals attach particular importance to the issue of understanding the IT systems of entities. In addition, a specific IT audit group has been formed for handling IT systems, particularly ERP.

In the audit of the system by the TCA, a risk-based audit methodology will be followed based on the TCA's experience. In line with this, a risk assessment of systems will be made after understanding the systems' elements, gathering information from previous period audit reports, identifying the basic arrangements regarding the audited entity, its work processes, works performed in the IT environment, and third-party relations. Control mechanisms will then be identified to minimise those risks, and there will be an examination of whether these control mechanisms are formed, considering the organisational structure and, if so, whether they work effectively; internal control deficiencies will be evaluated after examination, and the findings will be reported according to defined procedures.

**Proposed audit fees and estimated total number of audit days**

The TCA proposes an audit cost of EUR 618,000 for six years, or EUR 103,000 per year, for the financial years 2021 to 2026.

The costs quoted are based on the full recovery of the costs incurred on audit, and include all traveling and other ancillary costs, as well as the living expenses/per diem of the auditors sent for audit work.

<b>Year</b>	<b>Audit Days</b>	<b>Audit Fee</b>	<b>Travel and Subsistence Costs</b>	<b>Total Costs</b>
2021	122		EUR 103,000	EUR 103,000
2022	122		EUR 103,000	EUR 103,000
2023	122		EUR 103,000	EUR 103,000
2024 – 2026	122		EUR 103,000	EUR 103,000/year*

\*Total costs for 6 years: EUR 103,000 \* 6 = EUR 618,000

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