NOTE BY THE DIRECTOR-GENERAL

ANNUAL REPORT OF THE OFFICE OF INTERNAL OVERSIGHT FOR THE PERIOD 1 JANUARY TO 31 DECEMBER 2020

INTRODUCTION

1. Financial Regulation 12.5 of the OPCW Financial Regulations and Rules requires the Director of the Office of Internal Oversight (OIO) to prepare a summary report on the internal oversight activities for each calendar year, "including [on] the status of implementation" of the OIO's recommendations. This report is to be transmitted through the Executive Council (hereinafter "the Council") to the Conference of the States Parties (hereinafter "the Conference") by the Director-General, together with such comments as he and the Council deem appropriate. The requirements and guidelines regarding the contents of the report are detailed in Financial Rule 12.5.01.

2. The work carried out by the OIO during the year under review has contributed significantly to enhancing transparency and accountability throughout the Organisation, by strengthening the system of internal control, risk management, and governance.

INDEPENDENCE OF THE OFFICE OF INTERNAL OVERSIGHT

3. The Director-General and the Management of the Technical Secretariat (hereinafter "the Secretariat") are fully committed to ensuring the operational independence of the OIO, in accordance with the OPCW Financial Regulations and Rules, the OIO Charter, and the auditing standards of the Institute of Internal Auditors (IIA)–United States of America. The OIO Charter was revised in November 2019, with the approval of the Conference, to keep it up to date in accordance with the International Standards for the Professional Practice of Internal Auditing (issued by the IIA).

COMPLIANCE OF THE OFFICE OF INTERNAL OVERSIGHT WITH THE AUDITING STANDARDS PROMULGATED BY THE INSTITUTE OF INTERNAL AUDITORS

4. The OIO performed its work in accordance with the auditing standards stipulated in Financial Regulation 12.6.

5. The IIA–Netherlands conducted a quinquennial quality assessment of the OPCW's internal audit function in 2020 and concluded that the OIO "generally conforms" to the professional practices embodied in the IIA's International Professional Practices

Framework. This is the highest rating offered by the IIA and means that "the relevant structures, policies and procedures of the activity, as well as the processes by which they are applied, comply with the requirements of the individual Standard or element of the Code of Ethics in all material respects".

PROGRAMME OF WORK FOR 2020

6.   In 2020, the OIO's Strategic Master Plan for 2020 to 2024 was approved by the Director-General, after due consideration by the Advisory Body on Administrative and Financial Matters (ABAF). The Master Plan provides, for the period 2020 to 2024, the strategic objectives of the OIO, which are focused on three key pillars/drivers—people, processes, and technology—to enable the OIO to add value to the Organisation and to keep its services fit for purpose.

7.   The Director-General notes with appreciation that the OIO carried out its annual programme of work for 2020 diligently and professionally, despite the disruptions caused by the coronavirus disease (COVID-19) pandemic. OIO staff members continued to provide advice through their participation as observers at meetings of various committees, such as the Committee on Contracts, the Investment Committee, the Property Survey Board, the IT Strategy Advisory Board, the Information Services Steering Committee, the ChemTech Project Board, the Enterprise Resource Planning Project Board, and the Risk Management Committee.

8.   The OIO annual report, included as the Annex to this Note, reflects in a comprehensive and accurate manner the various tasks performed by the Office in 2020.

REPORTS OF THE OFFICE OF INTERNAL OVERSIGHT

9.   Because of the disruptions to OPCW operations caused by the COVID-19 pandemic, and in keeping with the principles of agile auditing, the OIO had to modify its work programme for 2020, as some of the audits planned for the year had to be postponed to the following years. In accordance with the annual programme of work for 2020, the OIO carried out and reported on the following assignments:

(a)   Audit of the Management of Cash Advances;

(b)   Audit of the Inspection Planning Process for Routine Missions;

(c)   Review of the Centre for Chemistry and Technology Project; and

(d)   Review of Segregation of Duties in the ERP System (advisory report).

10.   As a result of these four reports on audits and evaluations, a total of 40 recommendations were issued.

QUALITY MANAGEMENT SYSTEM

11. Four quality audits of activities under the scope of International Organization for Standardization (ISO) accreditation were conducted in the OPCW Laboratory and the OIO, as follows:

    (a) Organisation of the OPCW Central Analytical Database (OCAD) and On-Site Databases and Preparation and Testing of Gas Chromatography-Mass Spectrometry Inspection Equipment;

    (b) Environmental and Biomedical Proficiency Testing;

    (c) Certification of the OCAD and On-Site Databases and Certification of Testing, Preparing, and Packing of Gas Chromatography-Mass Spectrometry Inspection Equipment; and

    (d) Management Requirements.

12. As a result of these four audits, the whole area of activities subject to accreditation has been audited, with 35 findings aimed at implementing further improvements to the Quality Management System (QMS). All of the findings are subject to a dedicated follow-up exercise in line with accredited ISO standards.

13. In 2020, the Dutch Accreditation Council, the *Raad voor Accreditatie* (RvA), conducted an external audit (surveillance assessment) for the accredited processes. The audit was conducted online and no nonconformities were observed. As a result of the audit, the OPCW Laboratory continues to be recognised as one of the first laboratories that is fully compliant with the latest ISO 17025:2017 standard and ISO 17043:2010 standard. The next RvA assessment will be completed in 2021. The OPCW is the first organisation to have successfully passed the RvA certification 100% in online mode.

14. In 2020, the OIO organised one training course for Secretariat staff aimed at improving their professional skills and knowledge of the QMS and related standards. Because of COVID-19, the course was conducted online via Microsoft Teams. An additional 20 staff members are now certified and fully competent to support QMS improvements.

15. The Director-General notes that the accredited processes of the Laboratory and the OIO are operating in full compliance with the latest internationally recognised standards.

MONITORING THE IMPLEMENTATION OF THE RECOMMENDATIONS OF THE OFFICE OF INTERNAL OVERSIGHT

16. The Director-General closely monitored the status of the implementation of the OIO recommendations during the year. The OIO continued to submit periodic follow-up reports on the implementation of recommendations. The Director-General notes that, as at 31 December 2020, the cumulative rate of implementation of the audit and evaluation recommendations issued in the past five years increased to 63%, compared to 57% as reported in the Annual Report for 2019. While re-emphasising the importance of implementing all pending recommendations, it should be noted that a number of

pending recommendations present systemic and/or resource dependencies that have attenuated efforts towards their implementation. The Director-General notes the OIO's technology initiatives that have been implemented and which are focused on developing SharePoint-based tools, namely an "Audit Tracker" and an "Audilytics" dashboard. The implemented technological solutions facilitated the timely follow-up of audit and evaluation recommendations, allowing the responsible process owner to take a more proactive approach and to access audit recommendations online at all times.

17. At meetings of the Management Board, the Director-General invited and instructed Directors to prioritise the implementation of pending recommendations. Particular attention was given to high-priority and long-standing recommendations in order to expedite their implementation. The follow-up of the audit recommendations for both external and internal audit is a standing item on the agenda of every Management Board meeting.

18. The Director-General notes the new section in the report on the assessment of the impact of implemented audit and evaluation recommendations, which has contributed significantly to enhancing compliance with existing regulations and procedures, strengthening internal controls, and improving the allocation of resources and the effectiveness of programmes and policies.

Annex: Annual Report of the Office of Internal Oversight for the Period 1 January to 31 December 2020

Annex

**ORGANISATION FOR THE PROHIBITION
OF CHEMICAL WEAPONS**

Office of Internal Oversight

ANNUAL REPORT OF THE

OFFICE OF INTERNAL OVERSIGHT

FOR THE PERIOD

1 JANUARY TO 31 DECEMBER 2020

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1. INTRODUCTION

The Office of Internal Oversight (OIO) is pleased to provide the Conference of the States Parties (hereinafter "the Conference") with its annual report on the internal oversight activities for 2020. This report is submitted in accordance with OPCW Financial Regulation 12.5, which provides that "the Head of Internal Oversight shall prepare a summary report on the internal oversight activities" for each calendar year, including the status of implementation of recommendations issued. This report is to be transmitted through the Executive Council (hereinafter "the Council") to the Conference by the Director-General, together with such comments as the Director-General and the Council may deem appropriate. Financial Rule 12.5.01 further elaborates on the content of the summary report. In compliance with those requirements, this report provides an overview of the main activities of the OIO in 2020, and information on the implementation status of the recommendations issued.

2. MANDATE, SCOPE, AND FUNCTIONS OF THE OFFICE OF INTERNAL OVERSIGHT

Mandate, scope, and charter of the Office of Internal Oversight

2.1 The internal oversight function has been established on the basis of Article 12 of the OPCW Financial Regulations and Rules, which defines its scope and functions. Regulation 12.1 stipulates that "[t]his mechanism will assist the Director-General in the management of the OPCW's resources, through internal audit, inspection, evaluation, investigation and monitoring in order to enhance the efficiency, and economy of the operations of the OPCW". According to Regulation 12.2, "[t]he purpose of internal oversight audits shall be to review, evaluate and report on the soundness, adequacy and application of systems, procedures and related internal controls".

2.2 The OIO's Vision was redefined in 2019 to be a world class internal audit and evaluation function committed to professional excellence and good governance. The OIO's Mission, in line with the Institute of Internal Auditors (IIA), is "to enhance and protect organisational value by providing risk-based and objective assurance, advice, and insight". The OIO helps the OPCW to achieve its objectives by applying a systematic approach to evaluating and enhancing the adequacy and effectiveness of risk management, internal control, and governance processes.

2.3 The purpose, scope, responsibilities, and authority of the OPCW internal oversight function are further defined in the OIO Charter approved by the Conference in November 2018. The Charter was revised to keep it up to date, in accordance with the International Standards for the Professional Practice of Internal Auditing (issued by the IIA–United States of America).

2.4 While conducting its activities, the OIO continued to receive the full support of the Director-General, senior officers, and OPCW staff members.

Confirmation of Office of Internal Oversight independence

2.5   As Director of the OIO, I can confirm the organisational independence of the Office in the conduct of its duties in accordance with the relevant standards of the IIA.[1]

Compliance with the auditing standards of the Institute of Internal Auditors

2.6   OPCW Financial Regulation 12.6 stipulates that internal oversight activities "shall be conducted in accordance with best professional practice and, in the case of internal audits, in accordance with the auditing standards promulgated by the Institute of Internal Auditors". The audits conducted in 2020 were performed in compliance with the International Professional Practices Framework issued by the IIA (United States of America), which consists of the International Standards for the Professional Practice of Internal Auditing of the IIA, the core principles, the code of ethics, and the definition of internal auditing.

Membership of the Institute of Internal Auditors and United Nations Evaluation Group

2.7   During the reporting period, the OIO continued to be a member of the IIA–United States of America and its chapter in the Netherlands. Such membership provides OIO staff with knowledge of the latest professional standards in the conduct of audits, and access to the IIA's vast resources of auditing materials and guidance.

2.8   In 2020, the OIO also continued to be a member of the United Nations Evaluation Group (UNEG). This is an interagency professional network that brings together the evaluation units of the United Nations system, including United Nations departments, specialised agencies, funds and programmes, and affiliated organisations. Such membership provides OIO staff with opportunities to exchange knowledge about best practices across the United Nations system with regard to evaluation techniques and methodologies.

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[1]   According to IIA Standard 1110 (Organizational Independence), "[t]he chief audit executive must confirm to the board, at least annually, the organizational independence of the internal audit activity".

3. RESOURCES

Budget

3.1   The OIO managed to carry out its activities with the available budget resources. The total revised budget of the OIO for 2020 was EUR 940,106; the actual expenditure for the year was EUR 1,009,121 owing to an increase in staff costs.

Staffing

3.2   As at 31 December 2020, the OIO had eight budgeted staff positions, consisting of one Director, three professional audit staff, and four general service staff. All staff positions had been filled by the end of the year, except that of Senior Evaluator, Investigator and Quality Assurance Officer, for which recruitment was finalised in February 2021 and the selected candidate is expected to join the OIO in May 2021.

Capacity building

Capacity building for Office of Internal Oversight staff

3.3   In accordance with IIA Standard 1210, staff members of the OIO continued to develop their proficiency by enhancing their professional knowledge, skills, and other competencies needed to perform their responsibilities. OIO staff members attended training programmes on critical thinking and leadership in the auditing process, process management, and information technology (IT) audit and controls.

Capacity building for Technical Secretariat staff

3.4   The Office organised one Quality Management System (QMS) training course with an external instructor for 20 staff members of the Technical Secretariat (hereinafter "the Secretariat"). Because of COVID-19, the course, which took place online via Microsoft Teams in September/October 2020, focused on two standards for which the Organisation is accredited: ISO/IEC[2] 17043:2010 and ISO/IEC 17025:2017, as well as the principles of Standard ISO 9001:2015. The course addressed the latest tools and techniques that will allow future auditors to conduct, report, audit, and follow up on the findings of internal audits. They also included the guidelines for auditing quality systems and qualification criteria for auditors, with reference to ISO 19011:2018. The courses met the requirements of the International Register of Certificated Auditors.

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[2]   ISO/IEC = International Organization for Standardization/International Electrotechnical Commission.

4.   QUALITY ASSURANCE AND PERFORMANCE REPORTING

4.1   In accordance with IIA Standard 1300, the OIO has established a quality assurance and improvement programme that covers all aspects of its activity. Internal quality assessments are carried out by ongoing monitoring and periodic assessments are conducted through peer reviews of the OIO audit reports; external quality assessments are conducted every five years by the IIA–United States of America, in accordance with its standards. In addition, the performance of the OIO is assessed by the External Auditor and the Dutch Accreditation Council, the *Raad voor Accreditatie* (RvA). The 2020 sessions of the Advisory Body on Administrative and Financial Matters (ABAF), as well as the facilitation meetings on the OIO annual report and on the External Auditor's report also provided States Parties with an opportunity to assess and comment on the performance of the Office.

External quality assessment by the Institute of Internal Auditors

4.2   External quality assessments of the OIO's activity are conducted every five years. These reviews independently validate the quality of its work and ensure that the Office complies with the international standards promulgated by the IIA. Such reviews are performed in accordance with IIA Standard 1312, which states that "[e]xternal assessments must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organization".

4.3   The Netherlands Chapter of the IIA conducted a quality assessment of the OPCW's internal audit function in the last quarter of 2020 and assessed that the OIO "generally conforms" to the Standards and is in compliance with the IIA Code of Ethics. This is the highest rating offered by the IIA, meaning that "the relevant structures, policies and procedures of the activity, as well as the processes by which they are applied, comply with the requirements of the individual Standard or element of the Code of Ethics in all material respects".

External Auditor's recommendations on Office of Internal Oversight performance and activities

4.4   The OIO continued to coordinate its activities and communicate the outcome of its oversight work with the External Auditor. Furthermore, the OIO's annual planning process included several consultations with the External Auditor, in order to avoid duplication of effort and to develop mutual synergies.

4.5   The OIO briefed States Parties on its implementation of the External Auditor's recommendations during two facilitation meetings in 2020. At the beginning of 2020, the OIO had only one recommendation for which implementation was pending. As shown in the table below, action was taken in 2020 to implement this recommendation. As such, there is no other recommendation of the External Auditor currently pending implementation by the OIO.

TABLE: **STATUS OF IMPLEMENTATION OF THE RECOMMENDATIONS OF THE EXTERNAL AUDITOR**

Reference	Recommendation	OIO Response	Time frame
02/2016	OIO should consider its current staffing and resourcing model within its overall level of resources, ensuring it has the structure, skills, experience, and capacity to deliver a core level of assurance over the key risks to OPCW. Furthermore, OIO should review current activities to ensure they focus on assurance provision rather than attendance in OPCW working groups and ensure appropriate independence from management functions and activities.	The Director of the OIO has prepared the Strategic Master Plan for the Office of Internal Oversight for 2020 to 2024 in consultation with the ABAF. The Director-General has considered and approved the Plan. The document covers the key strategic focus areas to be managed by the OIO, securing a well-balanced delivery between assurance and advisory services.	Completed

Reporting to governing bodies – the Advisory Body on Administrative and Financial Matters and the Executive Council

4.6   The OIO presented to the ABAF at its Forty-Eighth Session its Annual Report for the period 1 January to 31 December 2019 (EC-94/DG.4 C-25/DG.2, dated 24 April 2020). During the presentation, the OIO briefed the ABAF on its revised risk assessment process, assessment based on risk parameters, and relative weightings. The ABAF expressed its appreciation for the fact that the annual audit plan had been developed based on a comprehensive assessment and prioritisation of organisational risks in line with best international practices. The ABAF appreciated the proactive initiatives taken by the OIO in regard to the implementation rate of audit and evaluation recommendations, through the introduction of continuous conversations with key stakeholders and, in particular, the introduction of new software that would improve, automate, and facilitate the follow-up actions taken by the Management for the implementation of the recommendations—the "Audit Tracker—and the new reporting dashboard tool for oversight—"Audilytics". The ABAF reiterated the importance of management adherence to the agreed timelines for implementation of the audit recommendations and appreciated that the implementation status was being monitored at the highest level within the Organisation, by including it as a standing agenda item at meetings of the Management Board. The ABAF also welcomed the survey and analysis conducted by the OIO on the reasons for the outstanding audit recommendations. The ABAF appreciated the added value of the audit and evaluation recommendations in strengthening internal control, risk management, and governance systems in the audited areas.

4.7   Further, at a facilitation meeting with States Parties in 2020 in preparation for the Ninety-Fourth Session of the Council, the OIO presented the Annual Report of the OIO for 2019 (EC-94/DG.4 C-25/DG.2), highlighting its programme of work for 2020, the status of implementation of audit recommendations, and other activities and initiatives to be carried out over the course of the year.

Customer satisfaction survey

4.8   The OIO conducted a survey to assess the level of satisfaction with its performance. In 2020, the OIO Satisfaction Survey was further redesigned. In response to the auditors' suggestions for the development and roll-out of alternative feedback tools, in the last quarter of 2020 the OIO introduced a mechanism for continuous conversations with key stakeholders, which will be further improved in 2021 (initially with individual projects and post-assessment surveys).

Key performance indicators

4.9   The OIO reviewed and updated its key performance indicators (KPIs) in 2019, in line with best international practices and the guidance provided by the IIA. As a result, the "implementation of the annual programme of work of OIO" was included as a KPI in lieu of "ratio of coverage of identified risks". The OIO's performance with respect to all KPIs for 2020 is provided in Appendix 1 hereto. The OIO will further review the KPIs in 2021 in order to continue to ensure alignment with professional best practices and in line with the OIO Strategic Master Plan for 2020 to 2024.

5.   OFFICE OF INTERNAL OVERSIGHT STRATEGY AND WORK PROGRAMME FOR 2020

5.1   In 2020, the OIO's Strategic Master Plan for 2020 to 2024 was approved by the Director-General, after review by the ABAF. The Plan provides the strategic objectives of the OIO for the period 2020 to 2024 and is focused on three key pillars/drivers—people, processes and technology—to enable the OIO to add value to the work of the Organisation. The document covers the key strategic focus areas to be managed by the OIO, securing a well-balanced delivery between assurance and advisory services. The programme of work for 2021 to 2022 and beyond will be based on the Strategic Master Plan.

5.2   Keeping in view the role and functions of the OIO as described in Article 12 of the OPCW Financial Regulations and Rules as well as the Strategic Master Plan of the OIO, the Office seeks to contribute to the achievement of the United Nations Sustainable Development Goals (SDGs), and in particular SDG 16 (Peace, Justice, and Strong Institutions) through the fostering of an effective, accountable, and more inclusive organisation, incorporating wherever possible new ratios to better assess this and promoting the highest standards on governance, while at the same time preventing fraud and corruption.

Key tasks of the programme of work for 2020

5.3   The OIO carried out various tasks in the course of 2020. Besides the conduct of internal audits, confidentiality audits, evaluations, and QMS audits, the OIO devoted its time and budget resources to:

(a)   following up on the action taken by the Management to implement the audit recommendations;

(b)   providing advisory services to strengthen management processes;

(c)   developing risk management training courses;

(d)   updating the code of conduct, other relevant policies related to alleged breaches of obligations, and protection policies and related procedures for investigations;

(e)   participating in several Management meetings in an observer capacity;

(f)   providing certification of inspection equipment and the OPCW Central Analytical Database (OCAD);

(g)   participating in and strengthening its knowledge-sharing capacity at meetings of the Representatives of Internal Audit Services of the United Nations Organizations (RIAS), UNEG, and other international organisations;

(h)   drafting necessary procedures for the implementation of a new quality manual for the Secretariat, in accordance with a Quality Management System Technical Committee mandate;

(i)   capacity building of staff;

(j)   updating the relevant portions of Article 12 of the OPCW Financial Regulations and Rules;

(k)   implementing new technology for OIO operations;

(l)   updating the OIO's internal policies and procedures in line with best international practices;

(m)   budget management, staff, and administration;

(n)   preparing various reports and presentations to governing bodies;

(o)   providing several trainings about OIO tasks to staff and to external stakeholders; and

(p)   participating in several virtual forums and conferences as speaker on OIO matters.

Status of audit/evaluation reports

5.4   The subjects of audits and evaluations for 2020 were identified using the OIO Risk Assessment Framework, which was updated by applying the methodology of the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In addition, the Office took into account requests and concerns expressed by OPCW stakeholders during official meetings, as well as risk assessments made by the Management and the risks identified in the OPCW Risk Register. In accordance with Financial Rule 12.3.01, the Director-General requested the OIO to address specific issues and concerns that were also considered when drafting the annual programme of work for 2020.

5.5   Owing to the disruptions to OPCW operations caused by the COVID-19 pandemic, and in keeping with the principles of agile auditing, the OIO had to modify some projects in its work programme for 2020, as the disruption caused some of the planned audits to be postponed to the following years (details can be found in paragraph 5.6 below). Furthermore, the OIO had to make significant changes to its audit/evaluation methodology, as in-person interviews and physical document reviews were not possible because of COVID-19 restrictions. Accordingly, scanned documents and new IT tools, such as SharePoint-based document sharing and Microsoft Teams, were used to conduct virtual meetings and assessments.

5.6   The internal audits, confidentiality audits, evaluations, and QMS assignments for 2020 were as follows:

(a)   Audit of the Management of Cash Advances;

(b)   Lessons learned from COVID-19 (advisory report) (this activity was taken up in lieu of the Audit of Leave Management but was postponed until 2021 owing to the engagement of concerned staff with the enterprise resource planning (ERP) go-live project);

(c)   Audit of the Management of Non-Staff Travel (to be taken up in the risk assessment for 2021 to 2022 owing to COVID-19);

(d)   Audit of the Inspection Planning Process for Routine Missions;

(e)   Review of the Centre for Chemistry and Technology Project;

(f)   Review of Segregation of Duties in the ERP System (advisory report);

(g)   Evaluation of OPCW Committees (second batch[3]) (to be taken up in the 2021 work plan);

(h)   Management of Staff Training Activities (to be taken up in the risk assessment for 2021 to 2022 owing to COVID-19);

(i)   Organisation of the OCAD and On-Site Databases and Preparation and Testing of Gas Chromatography-Mass Spectrometry Inspection Equipment;

(j)   Environmental and Biomedical Proficiency Testing;

(k)   Certification of the Testing, Preparing, and Packing of Gas Chromatography-Mass Spectrometry Inspection Equipment;

(l)   Management Requirements; and

(m)   Audit of the Financial Statements of the OPCW Staff Association.

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[3]   Investment Committee.

Management acceptance of Office of Internal Oversight recommendations

5.7   In the four reports on audits and evaluations issued in 2020, the OIO issued 40 recommendations, which included 20 recommendations issued in the advisory report on segregation of duties in the ERP system. The remaining 20 recommendations were included in the Audit Tracker for the follow-up exercise. Of these, seven were classified "High" priority recommendations and the remaining 13 "Medium" priority.

5.8   According to Financial Rule 12.5.01 (d), the annual report may contain "a description of all recommendations not approved by the Director-General and his/her reasons for not doing so". In 2020, the Director-General accepted all of the OIO recommendations issued in the above-mentioned reports and instructed the relevant programme managers to take appropriate action, in accordance with Financial Rule 12.3.04. All action plans developed by programme managers have been included in the Audit Tracker.

Quality Management System

5.9   The OIO reviews the quality assurance policy and strategy in order to maintain a comprehensive programme aimed at meeting the requirements of the following international standards, which are subject to the assessment of the RvA:

(a)   ISO/IEC 17025:2017 (General requirements for the competence of testing and calibration laboratories); and

(b)   ISO/IEC 17043:2010 (Conformity assessment—General requirements for proficiency testing).

5.10   To maintain both certificates, two units of the OPCW are accredited, namely, the OPCW Laboratory and the OIO.

5.11   In 2020, external audit (surveillance assessment) was conducted by the RvA and no nonconformities were observed. Owing to COVID 19, the whole audit was conducted online using the Microsoft Teams tool. The next regular RvA assessment is planned for 2021.

5.12   The OIO organised one meeting of the QMS Technical Committee (QMSTC). At the meeting, the OIO continued to elaborate on the OPCW QMS Transformation Programme. The timing proposed for this programme is three years (2020 to 2023), starting from and including the definition of the critical processes through to completion of the first round of the quality cycle (identification, definition, controls, indicators, management review, monitoring, and audit). It has been explained that the current QMS framework is complex and consists of actually two QMS systems: a well-established, fully implemented QMS for accredited activities, and another one for the rest of the Secretariat. The Committee agreed to continue with the proposed objectives presented by the OIO to prepare the necessary framework for the new system and launch a mapping process, assisting the Directors with identifying the critical QMS processes and their possible improvements. The OIO mentioned the need to test this programme on selected areas rather than launching it across the entire Secretariat. It was decided to test some activities in cross-divisional work with the Inspectorate, with a special focus on developing quality training activities.

5.13   The OIO issued certificates for the OCAD and on-site analytical databases, as well as certificates for gas chromatography-mass spectrometry (GC-MS) inspection equipment in accordance with the mandate issued by the Council.

Results-based management

5.14   The OIO continued using a results-based management (RBM) approach to enhance the achievement of its outputs, outcomes, and impacts in 2020.

5.15   In 2020, the OIO continued to perform tasks and other related activities covering the following nine sections: audits, evaluations, and certifications; follow-up of implementation of recommendations; consulting services; OIO documentation; training; participation in international events; reporting to States Parties and other activities; budget, staff, and administration; and quality assurance and improvement. These tasks and activities generated 19 outputs which resulted in the achievement of nine outcomes, which were intended to be consistent with two expected impacts: the continued credibility and trust of the OIO vis-à-vis States Parties by securing the highest standards of efficiency, competence, and integrity; and strengthened oversight practices to enable the OIO to achieve its mandate and goals with the necessary skilled staff and budgetary resources. Accordingly, the Office continues to contribute to the achievement of OPCW core objectives 1, 2, and 7. The OIO's RBM framework was first presented at the QMSTC meeting in November 2018 and has been shared with all Directors/Branch Heads. The OIO RBM conceptual framework, which was developed in 2019 and continued to be used in 2020, is available in Appendix 2 hereto.

Use of information technology in the Office of Internal Oversight

5.16   Over the course of the year, the OIO took the initiative to make the best use of available IT tools to improve its processes. The OIO purchased the IDEA data analytics software to facilitate the analysis of data for audit purposes. A new intranet was set up for staff use and provides information on the mandate, vision, mission, and activities of the OIO as well as access to the new SharePoint-based "Audit Tracker" tool, which was developed to facilitate the follow-up of audit and evaluation recommendations. The OIO also worked with the Information Services Branch to develop a tool to analyse the status of implementation of audit and evaluation recommendations. This tool, called "Audilytics", uses Qlik Sense software to provide dashboard analysis of implementation status by year, division, target date, etc., for oversight purposes.

6.   KEY RECOMMENDATIONS OF AUDIT AND EVALUATION REPORTS

Internal audits

Audit of the Management of Cash Advances (2020/IA/01)

6.1   The objective of this audit was to add value to the internal control system in the process of management of cash advances, with particular focus on events of the International Cooperation and Assistance Division (ICA). The audit sought to improve the efficiency of the process with a view to making it more cost-effective, while maintaining the internal controls required to address operational risks. Seven audit recommendations were issued in the report, three of which were considered to be of "High" priority, with the remaining four determined to be of "Medium" priority. The following recommendations were made:

(a)   For payment by cash in respect of ICA events, authorisation should be obtained from the Principal Financial Officer in accordance with Financial Rule 10.1.14 with a waiver of the prescribed limit per event, either generally or on a case-by-case basis, after taking a considered decision across all options and documenting the justification.

(b)   Contractual arrangements for the engagement of hotels for ICA events should be conducted in accordance with Financial Rule 10.6.01 as a procurement process, duly taking into account the delegations of authority mentioned in paragraph 4.2 of Administrative Directive AD/FIN/1/Rev.5 (Procurement of Goods and Services), and this should be included in the ICA's procurement plan from 2021.

(c)   Segregation of duties should be ensured between receiver and payer for all payments to hotels, including final payments, which should be made by electronic funds transfer only from the Budget and Finance Branch. No payments should be settled by substantive officers. With the involvement of the Procurement Section, contractual arrangements with hotels should incorporate this clause. Besides, in compliance with Dutch law and the laws of the host country where an event is organised, the ICA should file the necessary declarations while entering/leaving a country when the amount of cash carried by its staff members is more than the prescribed limits.

Staff Association Audit for 2020

6.2   The audit of the financial statements of the Staff Association is a courtesy audit carried out by the Senior Internal Auditor. The audit opinion on the financial statements of the Association stated that they present a true and fair view, in all material respects, of the financial position of the Staff Association as at 31 December 2020. In the detailed report, recommendations were made to strengthen internal controls and to ensure transparency and accountability in the use of Staff Association funds. These included recommendations to ensure that claims for recovery of expenditures incurred for legal advice from its insurance company are correctly reflected in the financial statements and that steps are taken to write-off the amounts which are not recoverable from them.

Confidentiality Audits

Review of the Centre for Chemistry and Technology Project (OIO/2020/CA/1)

6.3   The objective of the review was to provide a proactive assessment of the status of the Centre for Chemistry and Technology ("ChemTech Centre") project while it was ongoing, and thereby identify any matters that could impede the achievement of the objectives. The OIO made six main recommendations, which were intended to improve and/or enhance governance, risk management, and control processes on the project.

6.4   In light of the progression of the design process and the potential for assumptions contained in the business case to be challenged as more accurate cost information became available, it was recommended that the business case be formally reviewed in line with the requirements of the adopted Prince2 project management methodology. In addition, it was recommended that Project Board oversight be extended to a wider range of critical risks, beyond funding and costs. There was a need to ensure that the risk register reflects updated information at all times, including for risk scores. Where residual risks are observed not to be much lower than the risks before mitigations are applied, then the adequacy and/or effectiveness of chosen risk mitigation measures should be re-evaluated. In such cases, the period required for mitigation measures to take effect should also be considered. The Project Manager should coordinate the identification of fraud risks and corresponding mitigation measures regarding the prevention, monitoring and detection of fraud. As planned, a right-to-audit clause should be incorporated in the construction contract to enable interventions if necessary. The Project Manager should define and document a holistic quality management approach to support the quality management strategy. This should include aspects related to quality planning, control, records, timing, and reporting. A quality register should be maintained for planning and tracking quality activities. Quality criteria should be specified in the construction contract.

Audit of the Inspection Planning Process for Routine Missions (OIO/2020/CA/2)

6.5   The objective of the audit was to provide objective and relevant assurance regarding the efficiency and effectiveness of governance, risk management, and internal control in the inspection planning process. The period under review ran from January 2018 to December 2019. The OIO made seven recommendations, resulting in eight actions to be considered for implementation. Out of the seven recommendations, two were rated as "High priority" and five as "Medium" priority.

6.6   It was recommended that the Inspectorate Division (INS) implement a process of regular reviews and updates of its Quality Management System Documents (QDOCs) relating to policies and procedures, prioritising six outdated standard operating procedures and work instructions. Further, the INS should also consider streamlining policies and procedures, given the high number of QDOCs. To mitigate the potential for inconsistent application of procedures and lack of transparency in decisions that affect inspectors, the INS should formally document mission planning procedures applied by mission planning staff. Given the operational context and impacts on inspector numbers, the INS should ensure that a work instruction for determining the

number of inspectors required is formally approved, as well as consider automating and adapting the inspection planning formulas for the biennial cycle beginning in 2022. As the INS bases its calculation of the minimum number of inspectors required on 135 inspector days to be spent on missions related to chemical weapons destruction facilities, it should review and, if necessary, revise the planning assumption based on a balanced analysis of historical data on inspector days as well as the limits imposed by the effects of excessive travel on health. Finally, measures to reduce observed disparities in the utilisation of inspectors should be strengthened, taking into account time spent on all mission-related activities.

Review of Segregation of Duties in the ERP System (advisory report) (OIO/2020/CA/3)

6.7   The OIO conducted an advisory review of segregation of duties in the ERP system prior to the system's launch in January 2021. The objectives of the review were to provide advice on best practices and to determine whether roles allocated in the system are consistent with the job functions, whether or not conflicts in segregation of duties exist, and whether or not the design of controls over system administration and the change management process are adequate. The scope of the review was limited to the following identified high risk areas: system administration; the change management process; payroll amendments and adjustments; the supplier payment approval process; supplier account management; and the supplier invoice approval process.

6.8   The OIO made 20 recommendations relating to the following areas: documentation of business flows; identification of conflicting roles; role descriptions; ongoing reviews of segregation of duties; system administration; change management; supplier payment approval – accounts payable reversals; payroll amendments and adjustments; allocation of roles to positions; supplier account management; supplier creation; supplier invoice approvals; supplier invoice deletion and amendment; and clean-up activities before the go-live.

Evaluations

Evaluation of OPCW Committees: the Investment Committee (originally scheduled for 2020) (2020/EV/01)

6.9   As part of its updated work programme for 2020, the OIO intended to conduct the second part of the engagement "Evaluation of OPCW Committees", the total number of which, as at November 2019, was 45. However, because of the heavy workload in the Budget and Finance Branch (namely, end-of-year closure, the 2020 audit by the National Audit Office (which will be even more compressed this year in the first quarter in view of that Office's schedule/availability), and the ERP project), it was agreed that the OIO would conduct the evaluation of the selected committee after 31 March 2021.

6.10   The objective of the evaluation of committees is to provide objective and relevant assurance, and contribute to the efficiency and effectiveness of governance, risk management, and the internal control processes in the evaluated area. The evaluation covers all activities of each selected committee in the period 1 January 2018 to 31 December 2020. However, any significant change introduced after that date will also be taken into account.

6.11 Some initial observations and opportunities for improvement were already noted in 2019 and will be further analysed and tested. The OIO observed that Secretariat committee management differs greatly from one committee to the next in terms of how each committee is established, how mandates are defined, how members are appointed, how the reporting mechanism functions, how decision-making processes operate, how chairpersonship levels work, and how committee work is presented.

Quality Management System Audits

<u>Organisation of the OCAD and On-Site Databases and Preparation and Testing of Gas Chromatography-Mass Spectrometry Inspection Equipment (QS/20/01)</u>

6.12 The objective of this audit was to verify whether the existing formalised procedures sufficiently cover the requirements of Standard ISO/IEC 17025:2017, and whether these processes are adequate, efficient, and effective in providing the required results.

6.13 The organisation of the OCAD and on-site databases and the preparation and testing of GC-MS inspection equipment are both well-established processes with strong controls in place, working adequately and efficiently. The auditors also followed up on previous findings.

6.14 The OIO made five new suggestions aimed mainly at training new staff, as well as at providing some regular refresher trainings to the analytical chemist inspectors on the preparation and testing of GC-MS equipment.

<u>Environmental and Biomedical Proficiency Testing (QS/20/02)</u>

6.15 The objective of this audit was to verify compliance of the existing system used to conduct proficiency tests with the requirements of the dedicated ISO Standard 17043:2010, and to identify opportunities to improve the effectiveness and efficiency of procedures.

6.16 The audit team arrived at the conclusion that the processes for the organisation of the Official OPCW Proficiency Test (PT) and Biomedical Proficiency Test (BioPT) are adequate and efficient. The maturity of the process that has been run for many years and the quality of existing controls in place guarantee compliance with the requirements described in the relevant QMS documents and ISO/IEC 17043:2010. In addition, while the OIO supports the OPCW Laboratory's actions to increase the difficulty of test samples, it also recommends doing so gradually and with caution.

6.17 The audit did not identify any nonconformities. Five opportunities for improvement were made, recommending the conduct of statistical analysis of issues arising during the PT and BioPT, the evaluation of existing procedures for more complex matrices (e.g., soil extraction), and the presentation/suggestion of best practices to all participating laboratories, using all available resources to conduct a thorough evaluation of any new background, spiking, or irrelevant chemical before their application in PT schemes, in particular in regard to their potential impact on analysis and/or reporting.

Certification of the OCAD and On-Site Databases and Certification of Testing, Preparing, and Packing of Gas Chromatography-Mass Spectrometry Inspection Equipment (QS/20/03)

6.18   The objective of this audit was to determine whether the certification processes for the testing, preparation, and packing of GC-MS inspection equipment and the OCAD comply with the requirements set out in the related legal framework and those of Standard ISO/IEC 17025:2017.

6.19   Overall, the audit team was satisfied that the audited processes provided reasonable assurance of the quality of products and services. Four new recommendations were made and relate to the training of additional OIO staff to be able to certify the testing, preparation, and packing of GC-MS inspection equipment, the updating of the checklist in Annex 1 to QDOC/OIO/SOP/003 (Standard Operating Procedure for Certification of the Process of Testing, Preparing, and Packing of GC-MS Inspection Equipment) to include more specific information on the staff member to sign-off on the lists, and the updating of the disclaimers in Annexes 2 and 3 to QDOC/OIO/SOP/004 (Standard Operating Procedure for Certification of the Process of Organising OPCW Central Analytical Database and On-Site Databases) to bring them in line with Standard ISO/IEC 17025:2017.

Management Requirements (QS/20/04)

6.20   As part of the accredited areas, the objective of the audit was to determine whether managerial arrangements in place sufficiently address the management requirements of the two ISO standards, and whether quality processes are adequate and effective in providing the intended results.

6.21   The auditors noted that the OIO provides Secretariat staff with the possibility to receive high-level quality management training, resulting in staff being certified as Internal Auditor by the International Register of Certificated Auditors. The internal quality audits provide the suitable environment for staff to develop their capacities in this area.

6.22   The auditors did not identify any serious deviations from ISO norms and issued no nonconformities. However, they noted that there was room for improvement in a number of procedures, accordingly issuing 16 recommendations as opportunities for improvement.

7.   STATUS OF IMPLEMENTATION OF AUDIT AND EVALUATION RECOMMENDATIONS

7.1   The International Professional Practices Framework for internal auditing issued by the IIA requires "a follow-up process to monitor and ensure that management actions have been effectively implemented". The OIO's annual programme of work includes provisions for such follow-up. The OIO has launched an "Audit Tracker", a SharePoint-based platform designed to enable programme managers to continuously report the actions taken towards implementing audit recommendations. Desk reviews are performed by the OIO in regular consultations with programme managers on actions taken to address these recommendations. A real-time dashboard known as "Audilytics" has also been developed and is based on data extracted from the "Audit Tracker". The dashboard provides analysis of implementation status by year, division, and target date, among others, for oversight purposes.

7.2   In addition, the OIO maintains regular contact with Directors and Branch Heads to assist them in finding the best ways to implement pending recommendations. The Office has included in the follow-up exercise a clear description of what is expected from programme managers to address each recommendation.

7.3   In 2020, 41 recommendations (including 14 high-priority recommendations) were implemented by the Secretariat. Over the period 2015 to 2020, of the 219 audit and evaluation recommendations that were issued, 138 were implemented, bringing the cumulative rate of implementation of OIO recommendations to 63% as at 31 December 2020. It should be noted that a number of pending recommendations present systemic or resource dependencies that have attenuated efforts towards their implementation. It should also be noted that such recommendations require more time to be implemented. The total number of recommendations for which implementation was pending as at 31 December 2020 was 81. A yearly breakdown is provided in Appendix 3 hereto.

7.4   The recommendation implementation rate from 2015 to 2020 is presented in the figure below, showing a positive trend in the implementation of high-priority recommendations since 2018.

FIGURE: RECOMMENDATION IMPLEMENTATION RATE FROM 2015 TO 2020
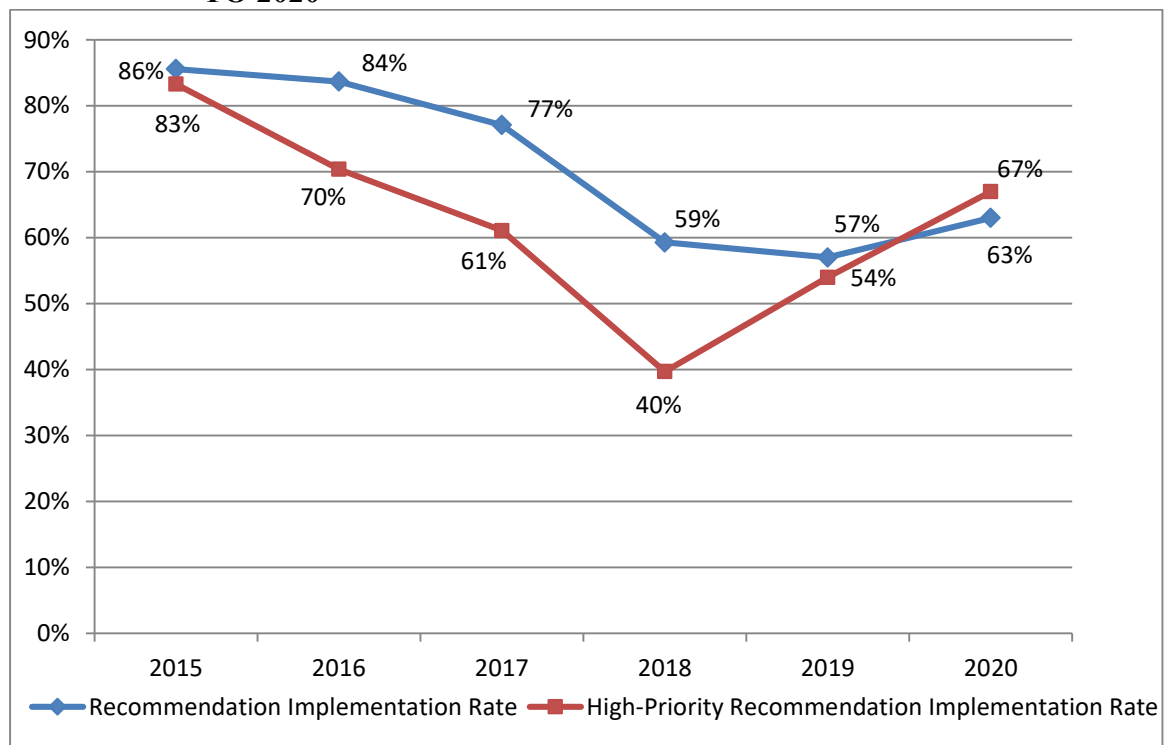
7.5   Reports on the status of implementation of recommendations were submitted to the Director-General periodically. As in previous years, the Director-General paid close attention to this matter and instructed the programme managers concerned to expedite the implementation of pending recommendations. In accordance with the recommendation of External Auditor, the "update by Directors on progress delivery against the External Auditor's and OIO's recommendations" has become a standing item on the agenda of every Management Board Meeting. At the same time, the OIO proactively discussed issues with programme managers at regular follow-up meetings.

8. IMPACT OF IMPLEMENTED AUDIT AND EVALUATION RECOMMENDATIONS

8.1   As mentioned above, based on a review of action taken by management for the implementation of audit and evaluation recommendations, the OIO was able to close 41 recommendations in 2020. Of these, nine were related to internal audit reports, 21 to confidentiality audit reports, and 11 to evaluation reports.

8.2   The OIO conducted an assessment of the impact of its recommendations that had been implemented over the course of the year. This contributed significantly to adding value to the Organisation by enhancing compliance with existing regulations and procedures, further strengthening internal controls, and improving the allocation of resources, and the effectiveness of programmes and policies.

Internal audits

8.3   In 2020, the OIO closed nine audit recommendations related to internal audits, of which five were of high priority and the remaining four of medium priority.

8.4   Two recommendations relating to the audit of the management of cash advances were closed (report issued in 2020). After duly considering all options, the ICA Management requested and obtained the authorisation of the Principal Financial Officer, as required under Financial Rule 10.1.14, for payment by cash of ICA events and for a waiver of the prescribed limit set out in administrative directive AD/FIN/18/Rev.2. In addition, the approval of the Director-General was obtained for the payment of 10% of the daily subsistence allowance for participants in ICA events in cases where all meals are provided, in accordance with paragraph 4 of administrative directive AD/ADM/29/Rev.4[*] (Official Travel).

8.5   Four recommendations in the audit report on procurement systems were also closed in 2020. The Management has carried out a risk analysis for the procurement function and updated the risk register, which will be reviewed periodically. This will be used in the development of the procurement strategy. In addition, the cumulative value of contracts is now being monitored in the new ERP system. Supplier performance evaluation reports are now conducted after completion of each contract, and a copy of the contractor performance report will be stored in the documents archive of the contract module in the new ERP system. Further, the new ERP system provides for electronic approval of requisitions and purchase orders, and commercial evaluations and contract awards are approved electronically using the voting button functionality in Microsoft Outlook.

8.6   Three recommendations related to the audit of governance of evaluation were also closed, in view of the action taken by the Management to update the evaluation policy and guidelines.

Confidentiality audits

8.7   In 2020, the OIO closed 21 recommendations relating to confidentiality audits, of which seven were of high priority and the remaining 14 of medium priority.

8.8   As a result of the implementation of the related recommendations, the INS streamlined the sign-off process in relation to inspection materials turned in by inspection teams by transferring guiding instructions to the OPCW Central Registry – Document Check-in/out Log, while remaining compliant with the OPCW Manual of Confidentiality Procedure. The INS also completed a review of that Manual, and updated QDOC/INS/SOP/GG010 (Standard Operating Procedure for Change Management of Documents on Inspection Laptops) and QDOC/INS/SOP/GG011 (Standard Operating Procedure for Managing Inspection Laptops and Other Confidentiality Support Materials). The INS also finalised an e-learning course on different mission tasks (administration, logistics, and confidentiality), incorporating lessons learned on activities to be completed before, during, and after an inspection.

8.9   The Verification Division (VER) facilitated the inclusion of a banner in the Secure Information Exchange System (SIX) for the electronic transmission of declarations to alert users to consider in advance the justification for sending unclassified information via the System, thereby enhancing the effective use of it. In addition, VER surveyed users of SIX to formally elicit feedback that could inform future efforts to enhance they system and resolve issues raised by users. This effort will ultimately improve user satisfaction with the system.

8.10   The Information Services Branch completed the IT configuration management and release management procedures by issuing QDOC/ISB/SOP/060 (Standard Operating Procedure for IT Configuration Management). This provided the basis for enhancing the related processes and integrating them with the overall IT change management process. QDOC/ISB/SOP/060 also provides a basis for completing the Configuration Management Database and for continuing a review of the accuracy and completeness of information on configuration items.

8.11   As part of the continuous process established to review risk exposures, the ChemTech Centre Project risk register was fully updated and remained under regular review. The project team reconsidered the adequacy and/or appropriateness of mitigating measures in light of residual risks. Fraud risks were included in the revised risk register. Mitigation measures regarding the prevention, monitoring, and detection of fraud were also identified. Enhancements were made for the solicitation of the Project Board's feedback on all categories of top-ranked risks.

8.12   Finally, the Office of Confidentiality and Security drafted a revised information security policy in response to the audit of IT infrastructure in the OPCW Laboratory. As a result of the audit of logical access controls and logging and monitoring in the Security Critical Network, account management procedures were enhanced. In addition, a mechanism for performing a business impact analysis was put in place in 2020, thereby enhancing the Organisation's objectives with regard to IT business continuity. Improvements in physical security were also made by implementing recommendations broadly involving policies, procedures and guidelines, preparedness, system administration, and evidence analysis.

Evaluations

8.13   In 2020, the OIO closed 11 recommendations related to evaluations, of which two were of high priority and the remaining nine of medium priority.

8.14   Two recommendations related to the evaluation mechanism and the high-level strategic document of the ICA were implemented. The ICA programme overview has been approved by the Director-General and a results framework document, to be used as an evaluation mechanism, has been created.

8.15   The OIO closed three recommendations concerning the External Relations Division, relating to monitoring and evaluation, quality system documentation, and internal communication.

8.16   One recommendation that was issued following an evaluation of the activities and programmes of the Health and Safety Branch was closed; the related medical standard operating procedure was accordingly updated. Four recommendations regarding the Health and Safety Committee were also closed as the mandate and composition of the Committee has been revised in the OPCW Health and Safety Manual.

8.17   One recommendation relating to the formalisation of existing work practices in the Secretariat for the Policy-Making Organs was closed. The Management reviewed and formalised the working processes relating to regular and core activities into procedures by means of a QDOC.

9. ADVISORY SERVICES

9.1 In accordance with the requirements of OPCW Financial Rule 12.3.01, the OIO ensured its operational independence and reported to the Director-General on the adequacy and effectiveness of the systems of internal control, risk management, and governance in place at the Secretariat. In accordance with Financial Regulation 12.1, the Office assisted the Director-General in the management of the OPCW's resources in order to enhance the economy and efficiency of OPCW operations. The Director of the OIO also attended meetings of the Management Board.

9.2 The OIO observed an increase in requests for advice and comments in 2020 concerning, among other issues, the revision of administrative directives, the improvement of internal controls, risk management (with special focus on fraud risk), quality aspects, the OPCW Policy on Confidentiality, crisis management in regard to COVID-19, and IT governance.

9.3 In view of the risks associated with the implementation of the ERP Project, and at the request of the Management, the OIO conducted an advisory review on the System for Segregation of Duties in the ERP system, as mentioned in paragraph 6.7 above. The OIO issued 20 recommendations aimed at strengthening the system of internal controls in this process.

9.4 The OIO's staff members participated as observers in meetings of the Investment Committee, the Property Survey Board, the Committee on Contracts, the IT Strategy Advisory Board, the Information Services Steering Committee, the Enterprise Resource Planning Project Board, the ChemTech Project Board, and the Risk Management Committee.

9.5 Throughout the year, the OIO provided information, upon request, to members of the ABAF during their meetings, as well as to delegates of States Parties during informal consultations held by the facilitator for administrative and financial matters.

10. CERTIFICATION OF THE OPCW CENTRAL ANALYTICAL DATABASE AND INSPECTION EQUIPMENT

At the request of the OPCW Laboratory and in accordance with Council decision EC-62/DEC.3 (dated 6 October 2010), the OIO issued two certificates in 2020 for the testing, preparing, and packing of GC-MS inspection equipment used in sampling missions.

11.   OUTREACH ACTIVITIES

11.1   In 2020, the OIO continued to participate in the following outreach activities in order to enhance the professional competency of its staff and to keep abreast of the latest guidance and good practices in the field of audits and evaluations:

(a)   Representatives of the Internal Audit Services of the United Nations Organisations and Multilateral Financial Institutions (RIAS);

(b)   United Nations Evaluations Group (UNEG);

(c)   The Hague Evaluations Network (HEN);

(d)   Heads of Internal Audit in International Organizations in Europe (HOIA) and at other international organisations; and

(e)   Annual European Conference of the Information System Audit and Control Association (ISACA).

11.2   The OIO also attended the following audit and integrity professional networking events:

(a)   Alliance for Integrity, organised by the German Society for International Cooperation (GIZ) with support from the Organisation for Economic Co-operation and Development (OECD) and the United Nations Office of Drugs and Crime (UNOCD);

(b)   the Auditors Alliance, organised by the OECD;

(c)   the Conference of International Investigators (of the United Nations and other international organisations);

(d)   the Women in Compliance group; and

(e)   the Society of Corporate Compliance and Ethics (SCCE).

Silvina Coria
Director, Office of Internal Oversight

Appendix 1

KEY PERFORMANCE INDICATORS IN 2020

PROGRAMME: EXECUTIVE MANAGEMENT – OFFICE OF INTERNAL OVERSIGHT

Primary Alignment to Core Objective(s):	*Core objective 7: Full, effective, and non-discriminatory implementation of all provisions of the Convention by the OPCW*

OPCW Programme Objectives	Key Performance Indicators	Target for 2020	Results Achieved	Explanation of Variances
1. Effective oversight of the OPCW policy and programme management.	1.1 Implementation of the annual programme of work of the OIO	100%	69%	Modifications to the work plan were introduced owing to the disruptions caused by the COVID-19 pandemic, especially in the first half of the year. As a result, some audits were rescheduled to subsequent years.
	1.2 Percentage of acceptance of OIO recommendations by management	95%	100%	All recommendations made in the audit reports issued in 2020 were accepted by the Management.
	1.3 Rate of implementation of total recommendations of OIO issued in the past five years, which are due for implementation	70%	63%	Implementation hindered by COVID-19, delay in the implementation of the ERP system and/or resource dependencies, as well as some management-level vacancies in 2020.
	1.4 Implementation of nonconformities with applicable ISO standards within prescribed timeline (as identified by the Dutch Accreditation Council)	100%	100%	N/A

Appendix 2

OFFICE OF INTERNATIONAL OVERSIGHT
RESULTS-BASED MANAGEMENT CONCEPTUAL MAP

OIO RBM CONCEPTUAL MAP 2019

Tasks	Sections	Outputs	Outcomes	Impacts	Core Objectives

Tasks:
71 Tasks
225 Activities

Sections:
- Section 1: Audits, Evaluations, and Certifications (22 tasks)
- Section 2: Follow up Exercises (2 tasks)
- Section 3: Consulting Services (13 tasks)
- Section 4: OIO Documentation (3 tasks)
- Section 5: Training (10 tasks)
- Section 6: Outreach Activities (8 tasks)
- Section 7: Reporting to States Parties and Other Activities (9 tasks)
- Section 8: Budget, Staff and Administration (1 task)
- Section 9: Evaluation of Performance (4 tasks)

Outputs:
- Audit Report
- Certificate, in accordance with EC-62/DEC. 3 and EC-XX/DEC. 5
- QMS Audit Report
- QMS Internal Audit Schedule
- Quarterly Follow-up Report on the implementation of OIO's Recommendations
- Meetings to assist programme managers in the implementation of outstanding recommendations.
- Quality Manual
- Meeting Minutes
- Meetings to assist the Director-General in the management of OPCW's resources
- Pertinent advices presented at committee meetings (FRR 12.1) and to the OPCW Top Management
- Briefing for diplomats on OIO's function and activities
- OIO Policies and Procedures
- Updated Oversight Texts
- Dissemination of information on OIO activities
- Successful completion of training
- Exchange of views on latest developments in IIA professional guidelines
- Exchange of views on latest developments in ISO Standards
- Successful participation in International Events (UNEG, OIO-IAEA-CTBTO, EC(HOIA), HEN, UNRIAS, RIAS, ISACA meetings and 13th European Evaluation Society Biennial Conference)
- Successful convening of UNEG WG Professionalisation activities
- Proposal for consideration of State Parties about OIO Programme of Work and Budget
- Meetings to report to the Director-General on the management of the OIO's resources, work plans and findings
- Briefing State Parties about OIO implementation of External Auditors Recommendations
- Briefing EC on OIO Annual Report
- Participation in EC and CSP meetings and reporting to SPs as required
- Reporting to State Parties on oversight activities and the status of implementation of its recommendations
- OIO Annual Budget
- OIO Annual report
- OIO Annual Work Plan
- Sound budget staff and working procedure management
- OIO Procurement Plan
- OIO Training Plan
- OIO Survey Report
- OIO Management Review report
- Exchange of information on work plans, reports etc.
- Changes made as a result of implementation of EA's recommendations
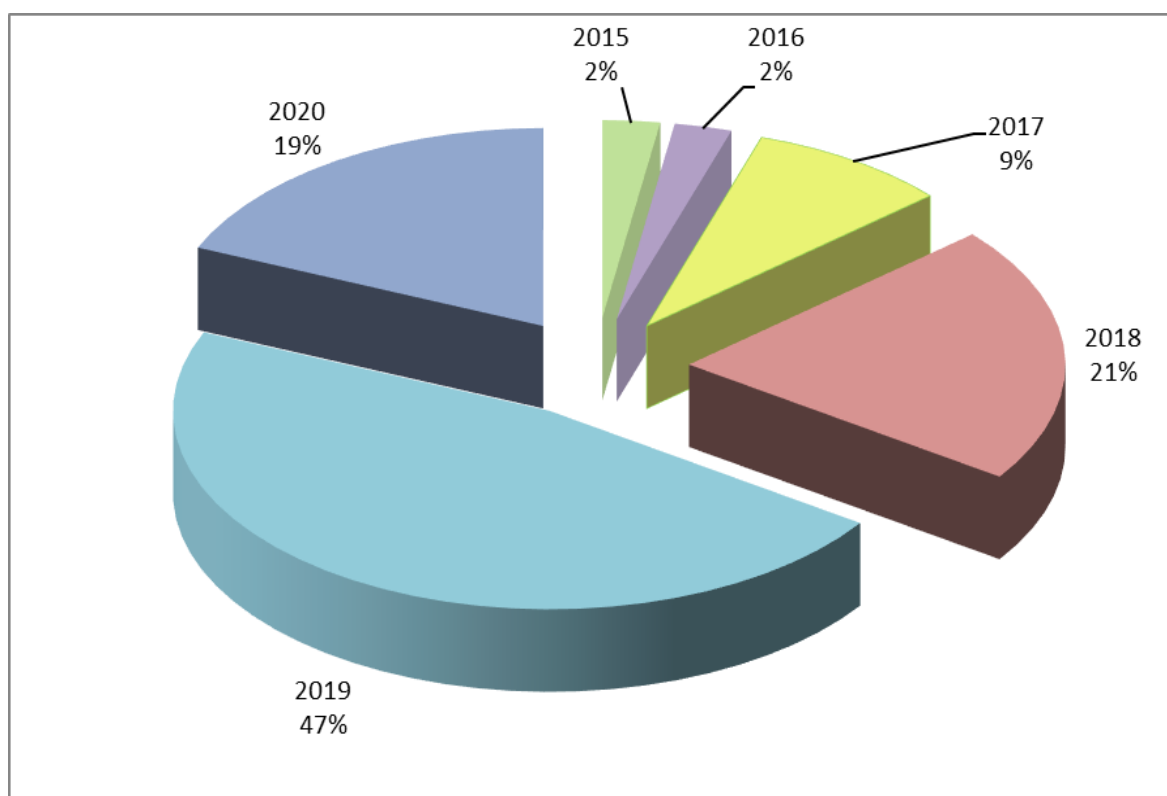- Evaluation of Performance Report

Outcomes:
- More economical, efficient and effective management of processes and operations, which are in compliance with OPCW legal framework, by adding value to improve the system of internal controls, risk management and governance in the organisation (FRR Reg. 12.2)
- More efficient and effective management of accredited processes in compliance with ISO standards (FRR Reg. 12.2)
- More effective and timely implementation of audit recommendations (FRR Reg. 12.3)
- Enhancing the efficiency, and economy of the operations of the OPCW (FRR Reg 12.1)
- Dissemination of OIO standards and guidelines (FRR Reg. 12.2)
- Development of professional skills within OIO in accordance with the latest IIA and UN standards (FRR Reg. 12.6)
- Allocation of OIO resources for ensuing year
- Improved auditing processes and practices (FRR Reg. 12.6)
- Reporting to State Parties on OIO's function and activities (FRR Reg. 12.5.01 and .02)
- State Parties to strengthen OIO independence and practices

Impacts:
- Continued credibility and trust of States Parties, by securing the highest standards of efficiency, competence and integrity both in the OIO and the OPCW (CWC, VIII, 44)
- OIO to have the necessary skilled staff and budgetary resources to achieve its mandates and goals, by strengthening the oversight practices.

Core Objectives:
- Core Objective 1: Elimination of Chemical Weapons
- Core Objective 2: Non-Proliferation of Chemical Weapons
- Core Objective 7: Full, effective, and non-discriminatory implementation of all CWC provisions.

Appendix 3

**NUMBER OF OUTSTANDING AUDIT AND EVALUATION
RECOMMENDATIONS BY YEAR**

Year	Number of Pending Recommendations as at 31/12/2019	Number of Pending Recommendations as at 31/12/2020	Percentage of Recommendations Closed
2015	6	2	67%
2016	5	2	60%
2017	21	7	67%
2018	21	17	19%
2019	50	38	24%
2020	0	15	-
Total	**103**	**81**	**21%**

Appendix 4

PENDING HIGH-PRIORITY RECOMMENDATIONS

Year	Report	Number of Pending High-Priority Recommendations
2015	Audit of IT Business Continuity (OIO/15/03)	1
2017	IT Change Management Process (OIO/17/01)	1
	Audit of the Management of the Procurement System (OIO/17/02)	1
2018	Review of Strategic Planning in the Technical Secretariat (2018/CA/01)	3
	Audit of Physical Security at the OPCW Headquarters, Laboratory, and Equipment Store (2018/CA/02)	4
2019	Audit of Management of Software Licenses (2019/CA/01)	1
	Audit of Logical Access Controls, Logging, and Monitoring in the Security Critical Network (2019/CA/02)	2
	Audit of Official Duty Travel (2019/IA/01)	2
	Audit of the Management of the Staff Recruitment Process (2019/IA/02)	2
2020	Audit of the Inspection Planning Process for Routine Missions (2020/CA/2)	2
	Audit of the Management of Cash Advances (2020/IA/1)	2
Total		**21**

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