



DECISION

AMENDMENTS TO THE OPCW FINANCIAL REGULATIONS AND RULES

The Conference of the States Parties,

Recalling that the Conference of the States Parties (hereinafter “the Conference”) adopted the OPCW Financial Regulations at its First Session (C-I/DEC.3, dated 14 May 1997) and amended them at its Eighth, Ninth, Eleventh, Fifteenth, Sixteenth, Seventeenth, Twenty-Second, and Twenty-Fifth Sessions (C-8/DEC.4, dated 22 October 2003; C-9/DEC.11 and C-9/DEC.12, both dated 2 December 2004; C-11/DEC.6, dated 7 December 2006; C-15/DEC.5, dated 1 December 2010; C-16/DEC.7, dated 30 November 2011; C-17/DEC.6, dated 27 November 2012; C-22/DEC.12, dated 30 November 2017; and C-25/DEC.6, dated 30 November 2020);

Recalling also that the Executive Council (hereinafter “the Council”), in accordance with Financial Regulation 16.2, approved the Financial Rules of the OPCW at its Forty-Sixth Session (EC-46/DEC.6*, dated 5 July 2006) and amended them at its Sixty-First, Eighty-Sixth, Ninety-Fourth, and 101st Sessions (EC-61/DEC.7, dated 1 July 2010; EC-86/DEC.7, dated 11 October 2017; EC-94/DEC.1, dated 8 July 2020; and EC-101/DEC.1, dated 4 October 2022);

Recalling further Financial Regulation 16.1, which states in part that “[a]ny proposed amendments to these Regulations, whether initiated by a State Party or the Director-General, shall be submitted by the Director-General, through the Executive Council, to the Conference of the States Parties”;

Recalling further Financial Regulation 16.2, which states in part that “[t]he Financial Rules, and any subsequent amendments thereto, shall be submitted to the Executive Council for approval”;

Taking into account the Note by the Technical Secretariat entitled “Proposed Amendments to the OPCW Financial Regulations and Rules” (S/2084/2022, dated 26 July 2022);

Understanding that, once the proposed amendments to the relevant Financial Rules have been approved by the Council and the proposed amendments to the relevant Financial Regulations have been approved by the Conference, these amendments would take effect from 1 January 2023;

Noting that the Advisory Body on Administrative and Financial Matters, in the report of its Fifty-Second Session (ABAF-52/1, dated 9 June 2022), reviewed and endorsed the proposed amendments to the Financial Regulations and Rules; and



Noting also the decision of the Council at its 101st Session (EC-101/DEC.1) approving the amendments to the Financial Rules annexed thereto and recommending to the Conference that it amend the Financial Regulations annexed thereto, which are also annexed to the present document;

Hereby:

Approves the amendments to the OPCW Financial Regulations annexed hereto.

Annex: Amendments to the OPCW Financial Regulations and Rules

Annex

AMENDMENTS TO THE OPCW FINANCIAL REGULATIONS AND RULES

(RULES 12.3.04, 12.03.05, 12.4.01 AND REGULATION 12.4)

<u>Current text</u>	<u>Proposed new text</u>	<u>Justification</u>
<p>Rule 12.3.04 Implementation of recommendations</p> <p>Recommendations contained in the internal-audit, inspection, and investigation reports prepared by the internal-oversight mechanism shall be submitted to the Director-General for appropriate action. An initial written response to all recommendations is due from the appropriate responsible official to the Director-General one month after formal receipt of the report and its accompanying recommendations. This response shall include information on the timing of implementation of the recommendations. In the event that the responsible official believes that any recommendation should not be implemented or should be modified, the reasons for this shall be provided in detail. When the Director-General has taken a final decision on the recommendation of the internal-oversight mechanism, the Director-General shall ensure that the</p>	<p>Rule 12.3.04 Implementation of recommendations</p> <p>Recommendations contained in the internal-audit, inspection, <u>evaluation</u>, and investigation reports prepared by the internal oversight mechanism shall be submitted to the Director-General for appropriate action. An initial written response to all recommendations is due from the appropriate responsible official to the Director-General one month after formal receipt of the report and its accompanying recommendations. Except for reports on investigations conducted in accordance with Rule 12.2.02, the relevant Division Director may, within 10 working days after formally receiving the report and its accompanying recommendations, provide a written response to the Director-General on any of the recommendations. This response <u>shall</u> may include information on the timing of implementation of the recommendations. In the event that the</p>	<p>The term “evaluation” has been added to make this Rule consistent with other provisions under Article 12.</p> <p>In line with best practices in other international organisations, and in accordance with Financial Regulation 12.4 and Financial Rule 12.4.01, the OIO provides adequate opportunity to the relevant Division Directors and Branch Heads to provide comments on the draft observations and recommendations in internal audits, inspections, and evaluations, at two stages: during the exit meeting and in the draft report. Management comments on the observations and recommendations in draft reports, as well as proposed timelines for implementation, are duly considered by the OIO and incorporated into the final reports, along with further comments of the OIO, if any.</p> <p>The final report is then submitted to the Director-General. Upon issuance of the final report, the Director-General takes a decision on the recommendations contained therein, in the light of the comments of Management and further OIO comments, if any.</p>

<p>relevant Division Director acts in an appropriate manner on this recommendation. Decisions shall be implemented without delay, and compliance shall be evaluated by the internal-oversight mechanism, in accordance with Rule 12.3.05.</p>	<p>responsible official believes that any recommendation should not be implemented or should be modified, the reasons for this shall be provided in detail. When the Director-General has taken a final decision on the recommendations of the internal-oversight mechanism, the Director-General shall ensure that the relevant Division Director acts in an appropriate manner on these recommendations. Decisions shall be implemented without delay, and compliance shall be evaluated by the internal oversight mechanism, in accordance with Rule 12.3.05</p>	<p>The Director-General ensures that the relevant Division Director acts on these recommendations in an appropriate manner by issuing a memorandum containing the decision to take steps to implement the recommendations according to agreed timelines.</p> <p>The proposed amendments also aim at enhancing efficiency, in that they preserve Division Directors' right to provide additional comments to the Director-General on any of the OIO's final recommendations, within 10 days of receipt of the final report, while eliminating Division Directors' current obligation under Financial Rule 12.3.04 to respond in writing to all the recommendations within one month of receipt of the final reports. This will expedite decision making by the Director-General on the final recommendations contained in the reports.</p> <p>It is also proposed to exclude from this provision investigation reports, which are fact-finding reports designed to establish whether a staff member has violated any provision of the OPCW Staff Regulations and Rules, or Financial Regulations and Rules and Directives issued thereunder, in accordance with Financial Rule 12.2.02. These reports are issued confidentially to the Director-General for further action (including disciplinary action) as appropriate, in accordance with the Staff Regulations and Rules and Directives issued thereunder.</p>
<p>Rule 12.3.05 (heading)</p> <p>Compliance implementation</p>	<p>Rule 12.3.05 (heading)</p> <p>Compliance <u>of</u> implementation <u>of</u> <u>recommendations</u></p>	<p>To clarify that this Rule refers to compliance of implementation of recommendations.</p>

<p>Regulation 12.4</p> <p>Reports on each separate audit, inspection, evaluation, and monitoring activity shall be submitted to the Director-General. For each report, the relevant Division Director shall be afforded adequate opportunity to consider and comment upon the observations and draft recommendations. Copies of all reports and accompanying comments by the Director-General shall be provided to the External Auditor.</p>	<p>Regulation 12.4</p> <p>Reports on each separate audit, inspection, evaluation, investigation, and monitoring activity shall be submitted to the Director-General. For each report, <u>except for reports on investigations conducted in accordance with Rule 12.2.02</u>, the relevant Division Director shall be afforded adequate opportunity to consider and comment upon the observations and draft recommendations. <u>Division Directors' comments shall be duly reflected in the relevant reports.</u> Copies of all reports and accompanying comments by the Director-General shall be provided to the External Auditor, <u>except for reports on investigations conducted in accordance with Rule 12.2.02.</u></p>	<p>Investigation reports are fact-finding reports designed to establish whether a staff member has violated any provision of the OPCW Staff Regulations and Rules, or Financial Regulations and Rules and Directives issued thereunder in accordance with Financial Rule 12.2.02. These reports are issued confidentially to the Director-General for further action (including disciplinary action) as appropriate, in accordance with the Staff Regulations and Rules and Directives issued thereunder.</p> <p>As mentioned in the justification for amendments to Rule 12.3.04, Management comments on the draft observations and recommendations are duly incorporated into the final reports on audit and evaluations. The inclusion of this provision in Financial Regulation 12.4 and Financial Rule 12.4.01 reflects the Technical Secretariat's practice and ensures that this is incorporated in the audit process for all audit, inspection, and evaluation reports.</p>
<p>Rule 12.4.01</p> <p>The internal-oversight mechanism shall provide a copy of the draft report to the Technical Secretariat element most directly concerned in the audit, inspection, evaluation, or investigation. Following discussions and review with the Division Director, the report shall then be put into final form and be forwarded to the Director-General. Copies of all reports</p>	<p>Rule 12.4.01</p> <p>The internal-oversight mechanism shall provide a copy of the draft report to the Technical Secretariat element most directly concerned in the audit, inspection, or evaluation, or investigation. Following discussions and review with the Division Director, the report shall then be put into final form, <u>duly reflecting their comments</u>, and be forwarded to the Director-General.</p>	<p>See above the comments under Financial Regulation 12.4 and Financial Rule 12.3.04.</p>

	<p>Copies of all reports and accompanying comments by the Director-General shall be provided to the External Auditor, <u>except for reports on investigations conducted in accordance with Rule 12.2.02</u>. If requested, copies shall also be provided to the Advisory Body on Administrative and Financial Matters (in accordance with subparagraph (f) of Regulation 15.1), <u>except for reports on investigations conducted in accordance with Rule 12.2.02</u>.</p>	<p>and accompanying comments by the Director-General shall be provided to the External Auditor. If requested, copies shall also be provided to the Advisory Body on Administrative and Financial Matters (in accordance with subparagraph (f) of Regulation 15.1).</p>
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