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### **NOTE BY THE DIRECTOR-GENERAL**

#### **ANNUAL REPORT OF THE OFFICE OF INTERNAL OVERSIGHT FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2022**

##### **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 continued to contribute to maintaining transparency and accountability, as well as strengthening the Organisation’s systems 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". The next external quality assessment is expected to take place in 2025.

### **PROGRAMME OF WORK FOR 2022**

6. In 2022, the OIO continued to implement its Strategic Master Plan for 2020 to 2024, which was approved by the Director-General in 2020 after due consideration by the Advisory Body on Administrative and Financial Matters (ABAF). The Master Plan establishes 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 2022 diligently and professionally. 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 Committee, the IT Steering Committee, the ChemTech Project Board, and the Risk Management Committee, as well as providing advice to the Diversity and Inclusion Network and Gender Focal Points volunteers.
8. The OIO annual report, included as the Annex to this Note, comprehensively reflects the various tasks performed by the Office in 2022 in the areas of internal audit, information systems and confidentiality audits, evaluations, quality management, and internal investigations.

### **REPORTS OF THE OFFICE OF INTERNAL OVERSIGHT**

9. In accordance with the annual programme of work for 2022, the OIO carried out the following assignments:
  - (a) Audit of the Use of Credit Cards;
  - (b) Control Self-Assessment for the Statement of Internal Control (advisory);
  - (c) Spot Check of Payments Made to a Vendor;
  - (d) Audit of the ERP System – Hire-to-Separate Cycle;
  - (e) Audit of the Recruitment and Promotion of Inspectors; and
  - (f) Evaluation of Gender and Diversity in the Inspectorate, International Cooperation and Assistance, and Verification Divisions (in accordance with the OIO 2022 work plan, the evaluation was conducted in 2022 and the final report will be issued in 2023).
10. As a result of these reports on audits and evaluations, a total of 25 recommendations were issued (8 of which rated as high priority and 17 as medium priority).

## **QUALITY MANAGEMENT SYSTEM**

11. Four quality audits of activities under the scope of International Organization for Standardization (ISO) accreditation were conducted at 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 entire area of activities subject to accreditation has been audited, with 12 findings aimed at implementing further improvements to the Quality Management System (QMS). All the findings are subject to a dedicated follow-up exercise in line with accredited ISO Standards.
13. As a result of the last audit (in 2021), the OPCW Laboratory continues to be recognised as fully compliant with the latest ISO 17025:2017 and ISO 17043:2010 Standards. In 2022, no external audit (surveillance assessment) was conducted by the Dutch Accreditation Council—the Raad voor Accreditatie (RvA). The next RvA assessment will be conducted in 2023. In 2022, the OIO organised one training course for Secretariat staff aimed at improving their professional skills and knowledge of the QMS and related standards. The course was conducted in person at the OPCW Headquarters. An additional 12 staff members are now certified and fully competent to support QMS improvements.
14. The Director-General notes that the accredited processes of the Laboratory and the OIO continue to operate in full compliance with the latest internationally recognised standards and are ready to support the Centre for Chemistry and Technology.

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

15. 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 of 31 December 2022, the cumulative rate of implementation of the audit and evaluation recommendations issued in the past five years was 66%. While re-emphasising the importance of implementing all pending recommendations, and despite the fact that some have been partially implemented, it should be noted that the full implementation of certain recommendations remains pending because of the need for systemic changes and/or because of 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 for real-time, continuous monitoring of the implementation of audit/evaluation recommendations, namely an “Audit Tracker” and an “Audilytics” dashboard. The implemented technological solutions have facilitated the timely follow-up of audit and evaluation recommendations, allowing the responsible process owners to take a more proactive approach and to access audit recommendations online, facilitating knowledge sharing and business continuity. At meetings of the Management Board, the Director-General has regularly invited Directors to continue to prioritise the implementation of pending recommendations. Particular attention has been given to high-priority and long-outstanding recommendations. The follow-up of the audit recommendations for both external and internal audits is a standing item on the agenda of every Management Board meeting.

16. The Director-General notes the section in the report on the assessment of the impact of implemented audit and evaluation recommendations, which has contributed 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 2022



**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 2022**

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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 2022. 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 2022, and information on the implementation status of the recommendations issued.

## 2. MANDATE, SCOPE, AND FUNCTIONS 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 is to be a world-class internal audit and evaluation function committed to professional excellence and good governance. The OIO’s mission, in line with that of 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). 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**

- 2.4 As Director of the OIO, I can confirm the organisational independence of the Office in the conduct of its duties, in accordance with Standard 1110 of the International Standards for the Professional Practice of Internal Auditing issued by the IIA–United States of America. There was no limitation of scope that impeded the independence of the OIO during the reporting period.



### **Compliance with the auditing standards of the Institute of Internal Auditors**

- 2.5 OPCW Financial Regulation 12.6 stipulates that “[i]nternal 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 2022 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.

### **Compliance with the United Nations Uniform Guidelines for Investigations**

- 2.6 The Uniform Principles and Guidelines for Investigations, as endorsed by the 10th Conference of International Investigators (2009), set out generally accepted investigation standards for international organisations. They are consistent with the Standards of Conduct for the International Civil Service, the OPCW Staff Regulations and Interim Staff Rules, and administrative directives and policies. The Principles and Guidelines are intended to be used to steer the conduct of investigations subject to the regulations, rules, policies, and the privileges and immunities applicable to the OPCW.

### **Membership of the Institute of Internal Auditors, the United Nations Evaluation Group, and the United Nations Representatives of Investigative Services**

- 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, as well as access to the IIA’s vast resources of auditing materials and guidance.
- 2.8 In 2022, the OIO also continued to be a member of the United Nations Evaluation Group (UNEG), 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 in regard to evaluation techniques and methodologies.
- 2.9 As an active participant in the UNEG Ethics Working Group in 2022, the OIO helped in creating awareness around evaluations by disseminating the UNEG 2020 Ethical Guidelines for Evaluation to all UNEG members, publishing quarterly newsletters—each on one of the four principles of the UNEG Ethical Guidelines—and facilitating two virtual Evaluation Practice Exchange sessions in November 2022, which were attended by UNEG members and external participants.
- 2.10 During the reporting period, the OIO remained a full member of the United Nations Representatives of Investigative Services (UN-RIS). Such membership affords the OIO access to a network that is focused on developing internal investigation frameworks, discussing integrity issues, and addressing challenges relating to the execution of internal investigations, and to related resources. UN-RIS membership is institutional and comprises 27 United Nations system organisations that have independent investigative offices.

### 3. RESOURCES

#### **Budget**

- 3.1 The OIO managed to carry out its activities within the available budget resources. The total revised budget of the OIO for 2022 was EUR 1,027,859, while actual expenditure for the year was EUR 1,075,935. The excess of expenditure over the revised budget was mainly a result of increased staff costs.

#### **Staffing**

- 3.2 As of 31 December 2022, the OIO had eight budgeted staff positions, consisting of one Director, three professional audit, evaluation, quality management systems and internal investigations staff, and four general service staff. All staff positions had been filled by the end of the year, except for one part-time general service staff position. Further, the OIO engaged the services of three individual contractors using special service agreements (SSA) during different periods of the year to provide support for specialised activities.

#### **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 a variety of technical topics related to the Office's function. These topics include: auditing and data analytics techniques; investigations; evaluation practices and the impact of gender and diversity; quality management; complaint procedures; the PRINCE2 project management foundation and practitioner course; and the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Enterprise Risk Management Framework. OIO staff undertook additional training related to soft skills development in areas such as teamwork, negotiations, stakeholder management, diversity, prevention of harassment, and leadership and effective communications, among others. All of these training activities have been included in the annual work plan of the OIO and are aligned with the OIO strategy for 2020–2024. All OIO staff members have added these training activities as part of their annual objectives included in their work plans.

##### Capacity building for Technical Secretariat staff

- 3.4 The Office organised one Quality Management System (QMS) training course with an external instructor for 12 staff members of the Technical Secretariat (hereinafter "the Secretariat"). The course, which took place in person at the OPCW Headquarters in September 2022, focused on two Standards for which the Organisation is accredited: ISO/IEC<sup>1</sup> 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

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<sup>1</sup> ISO/IEC = International Organization for Standardization/International Electrotechnical Commission.

future auditors to conduct, report, audit, and follow up on the findings of internal audits, allowing the Secretariat to retain a pool of certified auditors for its QMS requirements. It also included the guidelines for auditing quality systems and qualification criteria for auditors, with reference to ISO 19011:2018. The course met the requirements of the International Register of Certificated Auditors.

- 3.5 The OIO also organised three virtual trainings on risk management for Secretariat staff in 2022. This included one advanced risk management training for directors, branch heads, risk owners, and other staff that support risk management activities (attended by 73 participants) and two trainings of two sessions each on revised Administrative Directive AD/ADM/33/Rev.1 (dated 29 December 2021) on the Risk Management Framework (attended by 57 staff members, including directors and branch heads). Accordingly, in the past two years (2021 and 2022) the OIO has provided risk management training to 260 participants. These trainings helped to raise awareness of the importance of embedding risk management into the Secretariat's operations and to improve the understanding of the Risk Management Framework and methodology.
- 3.6 Further, and as part of the support for knowledge management activities, the OIO, in collaboration with the Knowledge Management Team, organised a seminar to promote awareness of the role of the OIO in the Secretariat (attended by 194 participants). The objective of this seminar was to promote the value addition of the OIO in strengthening the internal controls and risk management and governance processes in the Organisation, so as to enable increased staff and management support for its activities.

#### **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, conducted through peer reviews, are carried out periodically. 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 2022 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 of the internal audit activity of the Office of Internal Oversight**

- 4.2 External quality assessments of the OIO's internal audit activity 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 most recent external quality assessment of the OPCW's internal audit was carried out in 2020 by the Netherlands Chapter of the IIA, which 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”. The next external quality assessment will be carried out in 2025.

#### **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 foster mutual synergies.
- 4.5 The OIO briefed States Parties on its implementation of the External Auditor’s recommendations during two facilitation meetings in 2022. The OIO has proposed to the External Auditor the closure of three audit recommendations (8/2015, 9/2015, and 10/2015) related to training for fraud awareness, complaint procedures, and fraud response. The induction training for new staff members is being expanded to include awareness of fraud-related risks, which are now included in the Risk Register. The OIO has strengthened fraud-related controls since 2021, by improving access to direct reporting to the OIO, which is further strengthened through OIO trainings, and through an annual reinforcement campaign during Global Compliance week. On safeguarding those who raise bona fide concerns within the Organisation, the Code of Conduct for Staff Members of the Secretariat, revised in 2022, reinforces the Organisation’s zero tolerance for retaliation. The OIO has also developed the legal framework required for internal fraud investigations (including establishing an administrative directive on the confidential reporting of fraud-related concerns to the OIO, resourcing the internal fraud investigations function in the OIO at the P-4 level in 2021, and conducting anti-fraud-related trainings). As part of its continuous improvement actions, an anti-fraud policy is currently being drafted and is expected to be completed in 2024.

#### **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 Fifty-Second Session held in June 2022 its annual report for the period 1 January to 31 December 2021 (EC-100/DG.3 C-27/DG.2, dated 11 April 2022). During the presentation, the OIO briefed the ABAF on its key initiatives and activities during the reporting period. It also provided a summary of the key audit/evaluation recommendations, an update on the status of implementation of its recommendations and the impact of those implemented by the process owners during the year, and a summary of the risk management trainings that it had provided. The ABAF congratulated the OIO on its comprehensive report. In response to a query on whether the shift from in-person to online modalities during the COVID-19 pandemic had affected the OIO’s work plan, the OIO informed the ABAF that while its work had been affected initially, the adoption by the Secretariat of new tools and working methods had allowed the OIO to effectively perform its work, including in remote working formats as and when required. Regarding the status of the OIO’s investigative role, the OIO explained that internal investigations, primarily of fraud,

had always been part of the OIO's mandate, but given resource restrictions the OIO did not have the appropriate expertise to lead them. With the redesign of one of the OIO's professional staff roles to include an investigation responsibility, as well as the subsequent corresponding recruitment for that post, this issue has now been addressed. At the same time, the OIO is leading efforts to further develop the Secretariat's anti-fraud policy framework, including a revision of the Secretariat's complaint procedure, starting with the promulgation in May 2022 of a revised Code of Conduct. Addressing the implementation rate for OIO recommendations by the process owners, the OIO noted that there had been a positive trend in this regard over the past three years, notwithstanding the extra challenges imposed by the COVID-19 pandemic. The OIO's assessment of the quality of the implementation rate was now buttressed by online data collected by the OIO regarding the primary reasons on why it takes longer for certain recommendations to be implemented, namely, resource constraints, including staffing, and the processes that are required in order to adjust system changes and relevant policy frameworks. During the Fifty-Second Session of the ABAF, the OIO shared its observations that most international organisations have an implementation rate in the 60% to 75% range, and the OPCW Secretariat was well within that range with an implementation rate of 68% as at 31 December 2021.

- 4.7 Further, at a facilitation meeting with States Parties in 2022 in preparation for the 100th Session of the Council (held in July 2022), the OIO presented its annual report for 2021 (EC-100/DG.3 C-27/DG.2), highlighting its programme of work for that year, the status of implementation of audit recommendations, and other activities and initiatives to be carried out in 2022.

#### **Customer satisfaction survey**

- 4.8 The OIO conducted a survey to assess the level of staff members' satisfaction with its performance. In 2022, the OIO satisfaction survey was further redesigned and improved based on the results of the previous year, to obtain feedback on 11 key areas of OIO activities. Overall, the survey results showed improvement on participant satisfaction with OIO services and engagement, with a response rate that had increased by 11% compared to 2021. As a result of the 2022 annual survey, the OIO plans to:
- (a) redesign the survey questionnaire to make it more user-friendly;
  - (b) redesign the OIO intranet page; and
  - (c) publish the OIO annual report on the OIO intranet page.

#### **Key performance indicators**

- 4.9 The OIO reviews and keeps updated its key performance indicators (KPIs) in line with best international practices and the guidance provided by the IIA. The OIO's performance with respect to all KPIs for 2022 is provided in Appendix 1 hereto. The OIO will continue to review the KPIs in 2023 to keep them aligned 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 2022**

- 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 programmes of work for 2021 and beyond are based on the Strategic Master Plan.
- 5.2 In 2021, the OIO introduced changes to its reporting practices by providing an overall rating (green, orange, yellow, or blue) of the audited processes. This is carried out in accordance with the provisions of Standard 2450 of the International Standards for the Professional Practice of Internal Auditing issued by the IIA–United States of America.
- 5.3 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 2022**

- 5.4 The OIO carried out various tasks in 2022. Besides the conduct of internal audits, information systems and 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 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 internal 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 in the Meeting of Representatives of Internal Audit Services of the United Nations Organizations and Multilateral Financial Institutions (RIAS), UNEG, the Conference of International Investigators, 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) implementing new technology and improving its data analytics capabilities for OIO operations;
- (k) updating the OIO's internal policies and procedures in line with best international practices;
- (l) budget management, staff, and administration;
- (m) preparing various reports and presentations to governing bodies;
- (n) providing several trainings about OIO matters and tasks to staff and to external stakeholders;
- (o) supporting code of conduct and core values training during induction exercises for new staff; and
- (p) participating in several virtual forums and conferences as a speaker on OIO matters.

#### **Amendments to the OPCW Financial Regulations and Rules**

- 5.5 In addition to the above activities, the OIO also devoted its resources to proposing a number of amendments to Financial Regulation 12.4 and Financial Rules 12.3.04, 12.3.05, and 12.4.01. These were considered by the ABAF at its Fifty-Second Session in June 2022. The amendments to the Financial Rules were approved by the Council at its 101st Session (EC-101/DEC.1, dated 4 October 2022) and the amendments to the Financial Regulations were approved by the Conference at its Twenty-Seventh Session (C-27/DEC.10, dated 28 November 2022). These amendments will serve to align the OPCW Financial Regulations and Rules related to the finalisation and issuance of audit, inspection, and evaluation reports with international best practices in the United Nations system organisations.

#### **Status of audit/evaluation reports**

- 5.6 The subjects of audits and evaluations for 2022 were identified using the OIO Risk Assessment Framework, which was guided by the COSO frameworks and was updated at the time of preparation of the work plan to reflect the current management processes. 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, the results of the questionnaire on the Statement of Internal Control, and the risks identified in the OPCW Risk Register. Further, the Director-General's requests to the OIO to address specific issues and concerns, in accordance with Financial Rule 12.3.01, were also considered when drafting the annual programme of work for 2022.

- 5.7 As a result of the disruptions to OPCW operations caused by the COVID-19 pandemic in 2020 and 2021, the OIO had to adjust and modify its audit/evaluation methodology, incorporating new practices and IT tools, such as SharePoint-based document sharing and Microsoft Teams, virtual meetings, and online assessments. In 2022, in-person interviews and physical document reviews were resumed, where possible and most efficient to the projects at hand.
- 5.8 The internal audits, confidentiality audits, evaluations, and QMS assignments for 2022 were as follows:
- (a) Audit of the Use of Credit Cards;
  - (b) Control Self-Assessment for the Statement of Internal Control (advisory);
  - (c) Spot Check of Payments Made to a Vendor;
  - (d) Audit of the ERP System – Hire-to-Separate Cycle;
  - (e) Audit of the Recruitment and Promotion of Inspectors;
  - (f) Evaluation of Gender and Diversity in the Inspectorate, International Cooperation and Assistance, and Verification Divisions;
  - (g) Organisation of the OCAD and On-Site Databases and Preparation and Testing of Gas Chromatography-Mass Spectrometry Inspection Equipment;
  - (h) Environmental and Biomedical Proficiency Testing;
  - (i) Certification of the OCAD and On-Site Databases and Certification of Testing, Preparing, and Packing of Gas Chromatography-Mass Spectrometry Inspection Equipment;
  - (j) Management Requirements; and
  - (k) Audit of the Financial Statements of the OPCW Staff Association.

#### **Management acceptance of Office of Internal Oversight recommendations**

- 5.9 In the audit and evaluation reports issued in 2022, the OIO raised 25 recommendations, which were included in the Audit Tracker for the follow-up exercises. Of these, 8 were classified as “high” priority recommendations and the remaining 17 as “medium” priority.
- 5.10 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 2022, 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**

- 5.11 The OIO reviews the quality assurance policy and strategy 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).
- 5.12 To maintain both certificates, two units of the OPCW are accredited, namely, the OPCW Laboratory and the OIO.
- 5.13 As a result of last audit (in 2021), the OPCW Laboratory continues to be recognised as fully compliant with the latest ISO 17025:2017 and ISO 17043:2010 Standards. In 2022, no external audit (surveillance assessment) was conducted by the RvA. The next regular RvA assessment is scheduled for 2023, after the inauguration of the OPCW Centre for Chemistry and Technology.
- 5.14 In 2022, 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 has been set at three years (2020 to 2022), 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 noted that the current QMS framework is complex and consists of two systems: a well-established, fully implemented QMS for accredited activities, and another one for the rest of the Secretariat. The Committee agreed that there is a need for the Secretariat to further enhance the implementation of the QMS framework for non-accredited processes within the Secretariat. Consequently, a working group was set up to draft a revised standard operating procedure for the management, among others, of quality documentation within the Secretariat. The Committee also agreed to consider alternatives to implementing the Quality Assurance Representatives initiative to drive the strengthening of QMS concepts across the Secretariat.
- 5.15 The OIO issues 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**

- 5.16 The OIO continued to use a results-based management (RBM) approach to enhance the achievement of its outputs, outcomes, and impacts in 2022.

- 5.17 In 2022, the OIO continued to perform tasks and other related activities covering the following nine sections: audits, evaluations, investigations, 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 in the Secretariat. The OIO RBM conceptual framework, which was developed in 2019 and continued to be used in 2022, is available in Appendix 2 hereto.

#### **Use of information technology in the Office of Internal Oversight**

- 5.18 In 2022, the OIO continued to promote initiatives to make the best use of available IT tools to improve its internal processes and methodologies. The OIO made progress in the full use of the IDEA data analytics software, to facilitate the analysis of data for audit purposes and with the objective of implementing continuous auditing. This objective has been set in the OIO Strategy for 2020 to 2024.
- 5.19 The OIO intranet site based on the OrgNet platform on SharePoint was kept up to date to improve OIO communication to staff, to provide general information about OIO services, and to provide information on the mandate, vision, mission, and activities of the OIO. Through this intranet site, authorised staff have access to the new SharePoint-based "Audit Tracker" tool, which was developed to facilitate the follow-up of audit and evaluation recommendations. The OIO updated the "Audilytics" tool, which uses Qlik Sense software to provide a dashboard analysis of implementation status by year, division, and target date, among others, for oversight purposes.
- 5.20 In 2022, two technological projects were successfully deployed with the support of external contractors: the update of OIO templates for management reporting; and the first exploration of the continuous auditing project, using IDEA on defined high-risk processes such as procurement and finance.

## 6. KEY RECOMMENDATIONS OF AUDIT AND EVALUATION REPORTS

### Internal audits

#### Audit of the Use of Credit Cards (2022/IA/01)

- 6.1 As part of its 2022 audit work plan, the OIO conducted an audit of use of credit cards in the Secretariat. The objective of this audit was to add value to the internal control system in the process of the management of the use of credit cards. 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. The period under review was from January 2021 to May 2022. Five audit recommendations were issued in the report, all of which were of “medium” priority. The audited processes received an overall rating of “green”.<sup>2</sup>
- 6.2 Recommendations were made to incorporate a provision that credit card holders should not conduct procurement of any goods or services of a cumulative amount greater than the limit mentioned in the procurement rules; to incorporate a mandatory provision requiring the Certifying Officer to confirm in the credit card expenses form that three comparative options for procurement of goods and services have been obtained and duly documented; to require the Certifying Officer to confirm in writing, in cases of waiver of bidding, that the waiver was justified and the prices quoted are fair and reasonable, as required under the procurement rules; to define the retention requirements for originals of supporting documents (hard or soft copies), which should be aligned with the data retention considerations as prescribed by the Office of Confidentiality and Security; to review the timeline for the submission of expenditure reports; and to incorporate a mandatory field in the online credit card expenses form to confirm the recording of assets in the online asset management tool.

#### Staff Association Audit

- 6.3 The audit opinion concerning the financial statements of the Staff Association carried out in 2022 stated that the statements present a true and fair view, in all material respects, of the financial position of the Staff Association as at 31 December 2021. 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 include recommendations to ensure the segregation of duties in payments, and write-offs of the amounts due for parking payment advances.

### Information Systems and Confidentiality Audits

#### Audit of the ERP System – Hire-to-Separate Cycle (2022/CA/01)

- 6.4 As part of the 2022 audit work plan, the OIO conducted an audit of the Unit4 Business World enterprise resource planning (ERP) system, with a focus on the hire-to-separate

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<sup>2</sup> “Green” rating: “The assessed governance arrangements, risk management practices or controls were adequately established and functioning well. Issues identified by the audit, if any, are unlikely to significantly affect the achievement of the objectives of the audited entity/area”.

processes. The audit sought to assess whether relevant controls were adequately designed and operated effectively to mitigate risks. The period under review was January to December 2021.

- 6.5 The OIO made 13 recommendations, of which six were rated “high” priority and seven were rated “medium”. The audit processes received an overall rating of “yellow”.<sup>3</sup> Although the ERP system met the bulk of user requirements in the Hire-to-Separate module, the OIO observed that there was a need to strengthen some controls.
- 6.6 It was recommended that the Human Resources Branch should review the appropriateness of access rights to personnel information and set up timelines for subsequent periodic reviews; request an enhancement in the leave management system related to adjustment of leave days; and organise training sessions that are more focused and targeted for a unit that faced unique challenges.
- 6.7 Additionally, it was recommended that the Information Services Branch should resolve some issues related to leave management, ensuring they incorporated accurate and complete data; liaise with the Human Resources Branch to provide links within the ERP system to training materials on SharePoint; and estimate relevant costs for the Unit4 Milestone 7 upgrade and set milestones for the upgrade process.

#### Audit of the Recruitment and Promotion of Inspectors (2022/CA/02)

- 6.8 As part of the 2022 audit work plan, the OIO conducted an audit of the recruitment and promotion of inspectors. The objective of the audit was to provide reasonable assurance to the Director-General on the adequacy and effectiveness of internal controls, risk management, and governance of the audited processes. The audit sought to assess whether relevant controls were adequately designed and operated effectively to mitigate risks. The period under review was January 2019 to November 2022. The OIO made seven recommendations (two rated “high” priority and five rated “medium”). The audited processes received an overall rating of “yellow”.
- 6.9 The OIO observed that the recruitment and promotion of inspectors, guided by approved policies and procedures, had operated in a well-structured manner. As the Organisation looked ahead to the period following the end of the destruction of chemical weapons, it was necessary to ensure that the process for recruiting and promoting inspectors remained fit for purpose. In general, the recommendations related to staff recruitment strategies and plans; policies and procedures; job descriptions; alignment of recruitment with the Organisation’s future priorities; proportions of inspector specialisations; cross-trained inspectors; rehiring decisions; and gender representation.

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<sup>3</sup> “Yellow” rating: “The assessed governance arrangements, risk management practices or controls were generally established and functioning, but need some improvement. Issues identified by the audit do not significantly affect the achievement of the objectives of the audited entity/area”.

## **Evaluations**

### Evaluation of Gender and Diversity in the Inspectorate, International Cooperation and Assistance, and Verification Divisions (2022/EV/01)

- 6.10 As part of its updated work programme for 2022, the OIO conducted an evaluation of gender and diversity initiatives implemented by the Inspectorate, International Cooperation and Assistance, and Verification Divisions.
- 6.11 The objective of the evaluation was to examine the effectiveness of gender and diversity initiatives implemented within the three divisions in the period 1 January 2019 to 31 December 2021 to assess the relevance and adequacy of the initiatives and practices; review the process of planning, monitoring, and decision making activities related to gender and diversity initiatives within the Inspectorate, International Cooperation and Assistance, and Verification Divisions; and identify good practices and lessons learned. However, any significant changes introduced after the end of the evaluation period were also considered.
- 6.12 The evaluation was conducted in 2022 and the final report will be issued in 2023.

## **Quality Management System Audits**

### Organisation of the OCAD and On-Site Databases and Preparation and Testing of Gas Chromatography-Mass Spectrometry Inspection Equipment (QS/22/01)

- 6.13 The objective of this audit was to verify whether the existing 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.
- 6.14 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.
- 6.15 The audit team made one new recommendation aimed at soliciting inspector feedback through a survey/questionnaire after each deployment of GC-MS equipment. In addition, one opportunity for improvement was suggested to the OPCW Laboratory to ensure the inclusion of the Agilent 5977A Series Gas Chromatograph/Mass Selective Detector in the quality system.

### Environmental and Biomedical Proficiency Testing (QS/22/02)

- 6.16 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.
- 6.17 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 and have consistently improved year-on-year. The maturity of

the process being run for many years and the quality of existing controls in place guarantee compliance with the requirements described in the relevant QMS documents and Standard ISO/IEC 17043:2010.

- 6.18 The audit did not identify any non-conformities or new opportunities for improvement. In addition, the audit team verified actions taken by the OPCW Laboratory to address the audit findings and opportunities for improvement from previous engagements. As a result, three opportunities for improvement from the 2021 audit were closed, while one remained open with an extended implementation date to ensure in QMS document QDOC/LAB/WI/PT02 the inclusion of a requirement that the sample preparation laboratory assess the compatibility of primary containers with the samples using parameters such as the type of solvent, vapor pressure, or filling volumes.

Certification of the OCAD and On-Site Databases and Certification of Testing, Preparing, and Packing of Gas Chromatography-Mass Spectrometry Inspection Equipment (QS/22/03)

- 6.19 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.
- 6.20 Overall, the audit team considered it good practice that both processes were well-documented and that procedures were correctly followed. Three new opportunities for improvement were issued, in particular that: the validity period of the competence certificate and refresher training be stipulated to ensure that the relevant OIO staff are competent to perform certification activities; the OIO review its record retention policy to drive uniformity between its Work Instruction for Records Management and QDOC/OIO/SOP/003, taking into consideration the relevant provisions of Standard ISO 17025:2017; and the OIO ensure the use of the dedicated mail group for certification requests, to guarantee that the relevant and authorised OIO staff members are well informed. One remaining opportunity for improvement is pending from past audits, relating to the OIO taking into consideration stakeholder feedback when preparing its annual summary report, in addition to potentially updating QDOC/SOP/OIO/003 with a template to capture stakeholder feedback.

Management Requirements (QS/22/04)

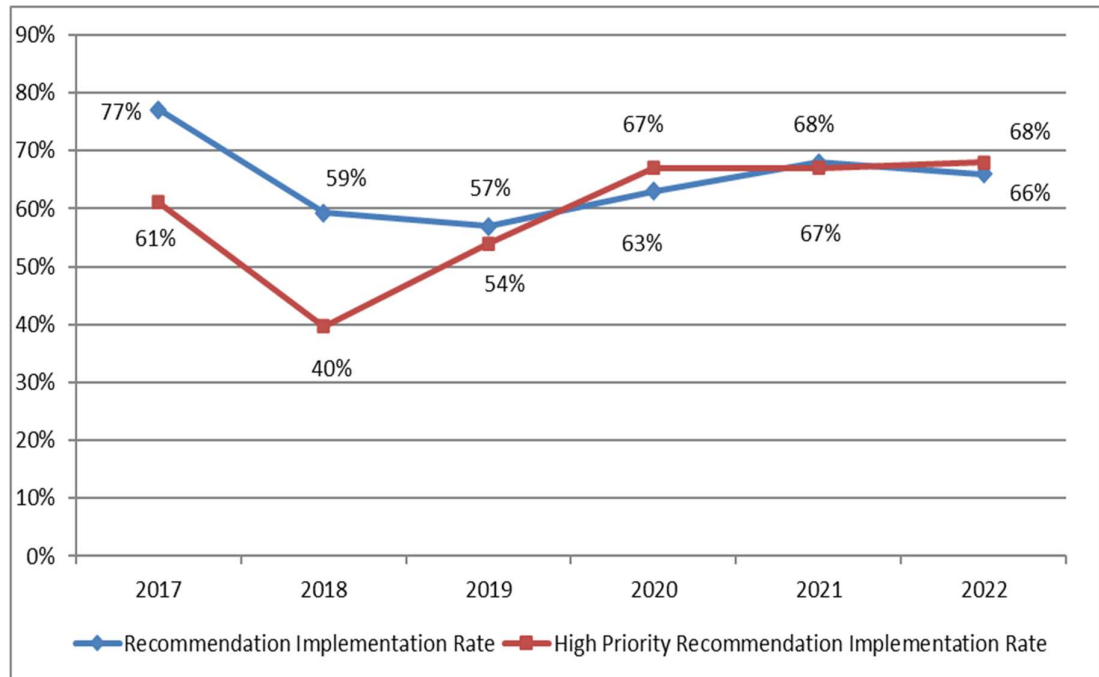
- 6.21 As part of the accredited areas, the objective of the audit was to determine whether managerial arrangements in place sufficiently address the management requirements of the two ISO standards, and whether quality processes are adequate and effective in providing the intended results.
- 6.22 The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

- 6.23 The quality auditors did not identify any serious deviations from ISO standards and issued no non-conformities. However, they noted two new opportunities for improvement, suggesting that the OIO appropriately manage the access rights in SharePoint for internal audit folders, in addition to considering the conduct of mock audits, which are essentially simulations of actual audits conducted to assess good practices and process efficiencies. It is intended that through mock audits the efficiency and effectiveness of the QMS function will be further increased in conducting and responding to actual audits. Four opportunities for improvement were pending from previous audits.

## **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 2022, a total of 27 recommendations (including 11 high-priority recommendations) were closed since they had been fully implemented by the Secretariat. Of the 231 audit and evaluation recommendations issued between 2017 and 2022, 152 were implemented and closed, bringing the cumulative rate of implementation of OIO recommendations to 66% as at 31 December 2022.
- 7.3 As at 31 December 2022, there was a total of 79 open recommendations for which implementation was pending, of which 23 were of “high” priority and the remaining 56 of “medium” priority. A yearly breakdown of open recommendations is provided in Appendix 3 hereto, while a list of the high-priority open recommendations, broken down by report, is provided in Appendix 4. The OIO maintains regular contact with directors and branch heads to assist them in finding the best ways to operationalise the implementation of the pending recommendations under their responsibility. The Office has included in the follow-up exercise a clear description of what is expected from programme managers as process owners to address each recommendation. It should also be noted that while some open recommendations have been partially implemented, others present systemic or resource dependencies that have attenuated efforts towards their implementation, and some recommendations require additional time to be implemented.
- 7.4 The implementation rate of recommendations from 2017 to 2022 is presented in the figure below.

**FIGURE: RATE OF IMPLEMENTATION OF OIO AUDIT AND EVALUATION RECOMMENDATIONS (2017 – 2022)**



(Source: OIO Audit Tracker database and dashboard)

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 the 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 actions taken by Management for the implementation of audit and evaluation recommendations, the OIO was able to close 27 recommendations in 2022 as these had been fully implemented. Of these, 10 related to internal audit reports, 16 to information systems and confidentiality audit reports, and one to evaluation reports.

8.2 The OIO assessed the impact of its recommendations that had been implemented over the course of the year. The implementation of recommendations 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 2022, the OIO closed 10 audit recommendations related to internal audits, of which two were of high priority and the remaining eight of medium priority.
- 8.4 One recommendation relating to the Audit of the Management of Cash Advances (issued in 2020) was implemented. The standard operating procedures for all the three branches of the International Cooperation and Assistance Division were amended to reflect the revised procedure for contractual arrangements for engaging hotels.
- 8.5 Two recommendations related to the Audit of Sick Leave (report issued in 2018) were closed, as the Administrative Directive on Flexible Working Arrangements (AD/PER/61, dated 22 April 2022) has been issued and the leave management system has been updated to include the different options mentioned in the recommendation. Further, two recommendations in the Audit of Sick Leave (issued in 2021) were also closed, as supporting documents are now being submitted to the Health and Safety Branch through a dedicated email account and stored confidentially within the Branch.
- 8.6 One recommendation related to the Audit of Staff Performance Management (issued in 2021) was implemented, as the Human Resources Branch has invested considerable effort in developing a range of learning opportunities to provide flexible ways to support staff on all aspects of the Performance Management and Development System.
- 8.7 Four recommendations related to the Audit of the Management of the Staff Recruitment Process (issued in 2019) were implemented. The talent acquisition strategy has now been developed and vacancy management is now strengthened by recruitment planning to support recruitment activities. Information about Provident Fund entitlement and retirement age, among others, is now provided with the vacancy announcements. Guidelines have been issued to encourage post owners to play an active role in disseminating vacancy announcements by contacting professional accreditation bodies and related United Nations networks. The recruitment process has been further strengthened by providing justifications for shortlisting, clarifying how certain periods of relevant work such as internship are treated, strengthening training activities for panel members, and providing training material to candidates to enable them to better prepare for competency-based interviews.

### **Information systems and confidentiality audits**

- 8.8 In 2022, 16 information systems and confidentiality audit recommendations were implemented, nine of which were rated “high” risk while seven were rated as “medium”. The closed recommendations related to eight separate audits in the Information Services Branch, the Office of Strategy and Policy, the Inspectorate Division, the Verification Division, and the Office of Confidentiality and Security.
- 8.9 The final two recommendations in the review of the ChemTech Project report (issued in 2020) were implemented in 2022, marking the full implementation of all recommendations. From those recommendations, a holistic quality management approach was documented to implement the project’s quality management strategy more effectively. The quality plan was integrated into a phase plan that was approved

by the Project Board. In addition, a quality register was introduced and shared with the Project Board and other stakeholders. The quality register supported the quality management approach and was used as a basis for undertaking quality control activities during the Project. Subsequently, the Project Board deliberated on quality matters based on the quality register.

- 8.10 Two recommendations from the Audit of the Inspection Planning Process for Routine Missions (issued in 2020) were implemented. A new work instruction documenting mission planning procedures was also drafted and published. To adapt and automate planning formulas for determining the number of Inspectors for a biennial planning cycle, a new work instruction covering the requirements for Inspectors for Article IV, V, and VI inspections was published. With the implementation of these recommendations, all recommendations in the report issued by the OIO have now been implemented.
- 8.11 In response to a recommendation in the Audit of IT Project Management (issued in 2021), the Verification Division formulated and published, effective February 2022, a new standard operating procedure for the management of its IT Projects. This marked the complete implementation of all recommendations in the report issued by the OIO.
- 8.12 Three recommendations from the audit of the ERP system—General controls and the Procure-to-Pay Module (issued in 2021) were implemented. Enhancements were planned to add requisitioner and approver details for each requisition as part of the standard purchase requisition reports in the ERP system, after the Milestone 7 upgrade. Regarding end dates for access to the system, the system is position-based, with end dates tied to users' employment data. In addition, the Information Services Branch reviewed all user-based access and removed unneeded role memberships for OPCW personnel.
- 8.13 One recommendation from the Review of Strategic Planning in the Technical Secretariat (issued in 2018) was implemented during the year under review. The Office of Strategy and Policy started the process of incorporating strategic risks into the next Medium-Term Plan for 2024, and also agreed to take into account the outcomes of the Fifth Special Session of the Conference of the States Parties to Review the Operation of the Chemical Weapons Convention in 2023. With the implementation of this recommendation, all recommendations in the report issued by the OIO have now been implemented.
- 8.14 An Organisation-wide business impact analysis was completed in 2022. This addressed a long-standing recommendation from the Audit of IT Business Continuity (issued in 2015). With the implementation of this recommendation, all recommendations in the report issued by the OIO have now been implemented.
- 8.15 One recommendation was implemented from the Audit of Logical Access Controls, Logging, and Monitoring in the Security Critical Network (issued in 2019). The Office of Confidentiality and Security updated the information classification policy in consultation with divisions and branches in the Secretariat. Further, the Manual of Confidentiality Procedure, which had previously been annexed to the information classification policy, was updated as a separate document.

- 8.16 Finally, the last five outstanding recommendations arising from the Audit of Physical Security at the OPCW Headquarters, Laboratory, and Equipment Store (issued in 2018) were implemented. In general, the Office of Confidentiality and Security addressed pertinent security risks in existing and new infrastructure.

### **Evaluations**

- 8.17 In 2022, the OIO closed one medium-priority evaluation recommendation (issued in 2015) related to the evaluation of programmes and activities in the Health and Safety Branch in regard to the oversight of medical personnel.

## **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 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 received several requests for advice and comments in 2022 concerning, among other issues, the revision of administrative directives, the improvement of internal controls, risk management (with a special focus on fraud risk), quality aspects, and IT governance.
- 9.3 In 2022, the OIO undertook a comprehensive exercise to revise the control self-assessment questionnaire for the Statement of Internal Control. The original questionnaire had been in use since May 2019 and consisted of 128 lines (including comments). Concerns were expressed as to the significant number of questions and their relevance to the operational needs of the Organisation. Several questions were considered to be abstract, redundant, and not easily understood in the context of OPCW operations, making it difficult to elicit the right responses. The revision was taken up in order to incorporate best practices from other international organisations, keeping in view the operational needs of the OPCW. The OIO consulted the OPCW Risk Register, reports of the External Auditor and the ABAF, and control self-assessment questionnaires from other international organisations, and relied extensively on its own knowledge and experience of evaluating the adequacy and effectiveness of internal controls in the OPCW. The revised questionnaire now consists of 44 questions which are addressed to "all divisions". A few specific questions on internal controls related to particular divisions/branches have also been included and are to be answered only by those specific directors and branch heads.
- 9.4 The revised Statement of Internal Control questionnaire covers some of the most pertinent macro-level internal controls in the OPCW, and will provide enhanced assurance on the adequacy, efficiency, and effectiveness of internal controls by key programme managers to support their attestations on internal control for the Statement of Internal Control. The key benefit of using this revised questionnaire is that it provides a structured set of questions to reflect on, and understand, the management

environment, which helps managers to better understand the strengths, weaknesses, and adequacy of controls in the operations under their direct areas of responsibility, while facilitating the prioritisation of actions to strengthen the division's control environment. The questionnaire enables each manager to identify key areas for improvement to manage operational risks and promotes individual accountability through the annual attestations. The revised Statement of Internal Control questionnaire will be used to support the Director-General's Statement of Internal Control, to be attached to the OPCW Financial Statements for 2022.

- 9.5 The OIO 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 IT Steering Committee, the ChemTech Project Board, and the Risk Management Committee.
- 9.6 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. INVESTIGATION ACTIVITIES**

- 10.1 In accordance with the requirements of OPCW Financial Rule 12.2.02 and paragraph 2.7 of the OIO Charter, the OIO may investigate alleged violations of the OPCW Financial Regulations, Rules, and Directives issued thereunder, and the relevant Staff Regulations, Rules, and Directives; alleged waste, fraud, and mismanagement of OPCW resources; and where required, alleged misconduct or wrongdoing by OPCW staff, non-staff personnel, and third parties. The results of these fact-finding activities are transmitted to the Director-General, together with supporting evidence, to guide OPCW Management in deciding on administrative, disciplinary, or other actions to be taken, as appropriate.
- 10.2 In 2021, the OIO resourced its investigation function and began internal investigation activities. Between July 2021 and the end of 2022, the OIO provided investigation oversight to the Secretariat by assessing allegations of potential misconduct. When the allegation falls within its mandate, that is, if the facts alleged, if found to be true, would amount to a breach of the OPCW Financial Regulations, Rules, and directives issued thereunder and/or the relevant Staff Regulations, Rules, and directives, the OIO ordinarily conducts a preliminary assessment of the allegations and formally records the matter as a "case". A preliminary assessment determines whether the allegation merits a full investigation, considering its credibility, materiality, and verifiability.
- 10.3 Since the commencement of its activities, the OIO investigation function has managed nine cases, consisting of five allegations reported in the second half of 2021 and four allegations reported in 2022. In addition to case management, the investigations function actively contributed to the revision of the Code of Conduct for Staff Members of the Secretariat (AD/PER/1/Rev.1), which was published on 20 May 2022, and to the revision of the OPCW Uniform Guidelines for Conducting Internal Investigations (AD/ADM/26), which is still under finalisation.

## **11. 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 issues certificates for the testing, preparing, and packing of GC-MS inspection equipment used in sampling missions. In 2022, the OIO did not receive any request for GC-MS inspection equipment certification. A new version of the OCAD (v.24\_2022) was certified by the OIO during the year.

## **12. OUTREACH ACTIVITIES**

- 12.1 In 2022, the OIO continued to participate in the following outreach activities to enhance the professional competency of its staff and to keep abreast of the latest guidance and good practices in the field of audits, internal investigations, and evaluations:
- (a) the Representatives of the Internal Audit Services of the United Nations Organizations and Multilateral Financial Institutions (RIAS);
  - (b) the United Nations Evaluation Group (UNEG);
  - (c) The Hague Evaluations Network (HEN);
  - (d) the Heads of Internal Audit in International Organizations in Europe (HOIA) and at other international organisations; and
  - (e) the Conference of International Investigators organised by the United Nations Representatives of Investigative Services (UN-RIS).
- 12.2 The OIO also attended the following audit and integrity professional networking events:
- (a) Alliance for Integrity, organised by the German Society for International Cooperation with support from the Organisation for Economic Co-operation and Development (OECD) and the United Nations Office on Drugs and Crime;
  - (b) the Auditors Alliance, organised by the OECD;
  - (c) the European Compliance and Ethics Conference;
  - (d) the Women in Compliance group; and
  - (e) the Society of Corporate Compliance and Ethics.

Silvina Coria  
Director, Office of Internal Oversight

**Appendix 1**

**KEY PERFORMANCE INDICATORS IN 2022**

**PROGRAMME: EXECUTIVE MANAGEMENT – OFFICE OF INTERNAL OVERSIGHT**

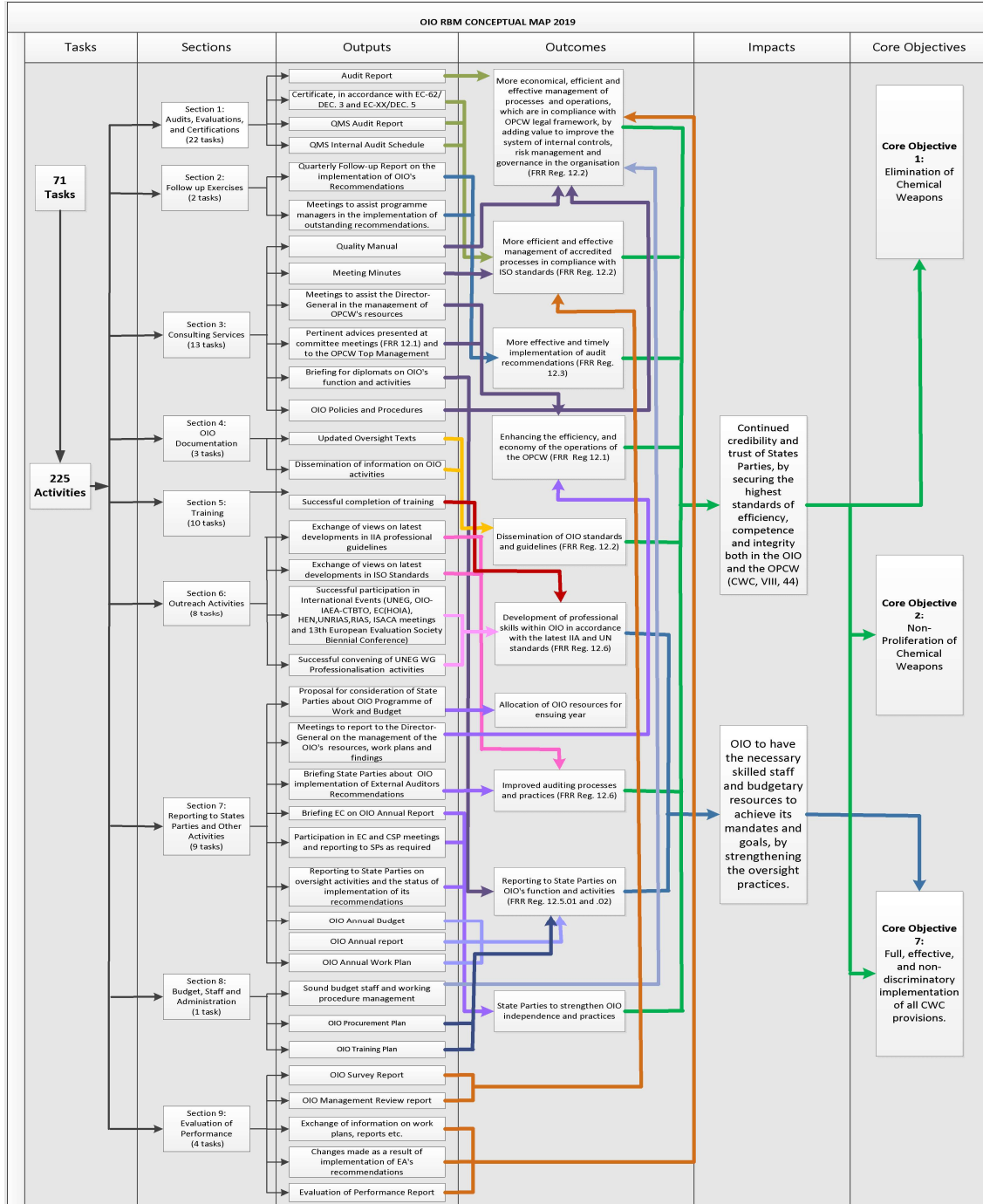
<b><u>Primary Alignment to Core Objective(s):</u></b>	<i>Core objective 7: Full, effective, and non-discriminatory implementation of all provisions of the Chemical Weapons Convention by the OPCW</i>
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<b>OPCW Programme Objectives</b>	<b>Key Performance Indicators</b>	<b>Target for 2022</b>	<b>Results Achieved</b>	<b>Explanation of Variances</b>
1. Effective oversight of the OPCW policy and programme management	1.1 Implementation of the annual programme of work of the OIO	100%	92%	Given the ongoing Milestone 7 upgrade of the ERP system, one workstream was carried forward to the 2023 annual work plan. It will be conducted after the completion of the upgrade in 2023. The implementation rate continues to show an increased trend, from 69% in 2020, to 83% in 2021, and 92% for the current year’s report. One evaluation was conducted in 2022, and the final report for it will be issued in 2023.
	1.2 Percentage of acceptance of OIO recommendations by Management	95%	100%	All recommendations made in the audit reports issued in 2022 were accepted by the Management. One evaluation was conducted in 2022, and the final report for it will be issued in 2023.

<b>OPCW Programme Objectives</b>	<b>Key Performance Indicators</b>	<b>Target for 2022</b>	<b>Results Achieved</b>	<b>Explanation of Variances</b>
	1.3 Timely follow-up of audit/evaluation recommendations during the year	Within one month of due date	Completed as scheduled	N/A
	1.4 Implementation of non-conformities with applicable ISO standards within prescribed timeline (as identified by the Dutch Accreditation Council)	100%	100%	N/A

Appendix 2

OFFICE OF INTERNAL OVERSIGHT  
 RESULTS-BASED MANAGEMENT CONCEPTUAL MAP





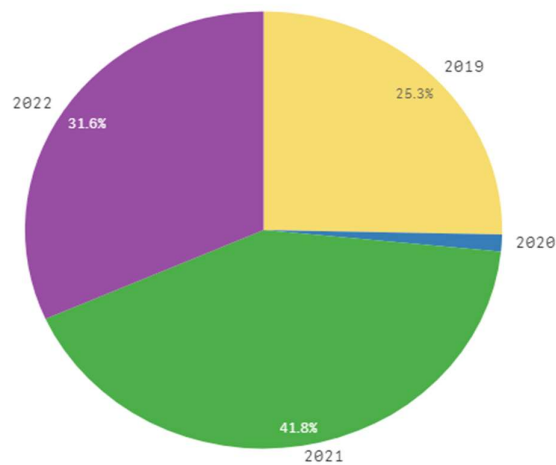
**Appendix 3**

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

<b>Year</b>	<b>Number of Open Recommendations as at 31/12/2021</b>	<b>Number of Open Recommendations as at 31/12/2022</b>
2015	1	0
2016	1	0
2017	0	0
2018	8	0
2019	25	20
2020	6	1
2021	40	33
2022	0	25
<b>Total</b>	<b>81</b>	<b>79</b>

*(Source: OIO Audit Tracker database and dashboard)*

**FIGURE: DISTRIBUTION OF OPEN RECOMMENDATIONS AS AT 31 DECEMBER 2022, BY YEAR**



*(Source: OIO Audit Tracker database and dashboard)*

**Appendix 4**

**OPEN HIGH-PRIORITY RECOMMENDATIONS**

<b>Year</b>	<b>Report</b>	<b>Number of Open High-Priority Recommendations</b>
2019	Audit of Logical Access Controls, Logging, and Monitoring in the Security Critical Network (2019/CA/02)	1
	Audit of Official Duty Travel (2019/IA/01)	2
	Audit of the Management of the Staff Recruitment Process (2019/IA/02)	1
2021	Audit of the Management of Sick Leave (2021/IA/01)	3
	Audit of Staff Performance Management (2021/IA/02)	4
	Audit of the ERP System – General Controls and the Procure-to-Pay Module (2021/CA/02)	4
2022	Audit of the ERP system – Hire-to-Separate Cycle (2022/CA/01)	6
	Audit of the Recruitment and Promotion of Inspectors (2022/CA/02)	2
<b>Total</b>		<b>23</b>

*(Source: OIO Audit Tracker database and dashboard)*