



NOTE BY THE TECHNICAL SECRETARIAT

REPORT ON THE STATUS OF IMPLEMENTATION OF THE RECOMMENDATIONS OF THE EXTERNAL AUDITOR

1. At its Twelfth Meeting, the Executive Council (hereinafter “the Council”) recommended that the Conference of the States Parties (hereinafter “the Conference”) request the Technical Secretariat (hereinafter “the Secretariat”) to report half-yearly to the Council on the implementation of the recommendations of the External Auditor (subparagraph 7.2(b) of EC-M-XII/3, dated 4 May 2001). At its Sixth Session, the Conference endorsed the recommendation of the Council (subparagraph 12.2(g) of C-VI/6, dated 19 May 2001 and Corr.1, dated 7 September 2001).
2. This Note reports on the status of implementation of the recommendations made in the “Financial Statements of the Organisation for the Prohibition of Chemical Weapons and Report of the External Auditor for the Year Ending 31 December 2010” (EC-66/DG.1 C-16/DG.5, dated 21 June 2011). The recommendations are listed in Annex A on page 72 of EC-66/DG.1 C-16/DG.5.
3. The report of the External Auditor for the year ending 31 December 2011, in which the most recent recommendations of the External Auditor are presented, will be submitted to the Council when it meets for its Seventieth Session (from 25 to 28 September 2012), but is not yet available for this session (the Sixty-Ninth). This is the last Note that addresses the recommendations made by the External Auditor in regard to 2010. The next Note, to be submitted to the Council at its Seventieth Session, will report on the status of implementation of the recommendations made in the report of the External Auditor for the year ending 31 December 2011, and may include recommendations made in 2010 that either have been carried forward or that have not been implemented.

Risk management

4. The first issue raised by the External Auditor concerns risk management. As reported to the Council at its Sixty-Seventh Session (EC-67/S/3, dated 6 February 2012), the Secretariat conducted an introductory workshop on risk management for senior and middle-level managers, and is developing a risk-management policy for the Organisation. Risk management will also be integrated into a programme-monitoring-and-reporting system that is intended to measure how effectively performance targets established as part of results-based management are achieved. A corporate risk register will also be prepared and reviewed by the Management Board on a regular basis.



Financial situation

5. The second recommendation includes the suggestion to revise the original decision under which special accounts were originally established. As reported to the Council at its Sixty-Seventh Session (EC-67/S/3), this recommendation was implemented when the Council at its Sixty-Fifth Session approved a Note by the Director-General entitled "Replenishment of Special Funds" (EC-65/DG.9, dated 28 June 2011).

Articles IV and V invoices

6. The third issue concerns a review of the internal communication process in order to support the timely and complete invoicing of Article IV and V inspection costs to States Parties. The Secretariat has reviewed its internal processes and improved them, by increasing the frequency of the communication between the Inspectorate and the Administration Division (ADM), thus ensuring that these costs are fully and punctually invoiced by the ADM.

International Cooperation and Assistance Division, Associate Programme: allocation of training capacities

7. The fourth issue refers to the provision of the training capacities for qualified candidates at a well-balanced rate among the States Parties. As reported to the Council at its Sixty-Seventh Session (EC-67/S/3), the Secretariat used various methods to reach out to a maximum number of States Parties and expanded the number of countries with participants in the programme. The External Auditor indicated that this recommendation has been implemented, which will be reflected in the 2011 report.

Losses, write-offs, and ex-gratia payments

8. The fifth recommendation made by the External Auditor is that the Secretariat should identify irrecoverable receivables and take the necessary steps to write them off. As reported to the Council at its Sixty-Seventh Session (EC-67/S/3), this recommendation was implemented when the Conference at its Sixteenth Session approved the Note by the Director-General, "Recommendation for Write-Offs of Irrecoverable Accounts Receivable and of Losses of Assets" (EC-66/DG.3 C-16/DG.7, dated 29 July 2011 and Corr.2, dated 28 September 2011).

Operational aspects of tenure policy

9. The sixth issue concerns the operational aspects of the tenure policy. As reported to the Council at its Sixty-Seventh Session (EC-67/S/3), this recommendation was implemented when the Conference at its Sixteenth Session took the decision on "Future Implementation of the Tenure Policy of the OPCW" (C-16/DEC.9, dated 30 November 2011).

Property Survey Board

10. The last issue addresses the Property Survey Board. The maximum time between the identification of an asset "loss" and the write-off measures to be taken will be defined in the revised administrative directive, "Management of Non-Expendable and Expendable Assets" (AD/FIN/6/Rev.2), which will be issued in the second half of 2012.