NOTE BY THE DIRECTOR–GENERAL

COMMENTS ON THE REPORT OF THE ADVISORY BODY ON ADMINISTRATIVE AND FINANCIAL MATTERS AT ITS THIRTY-FOURTH SESSION

1. At its Thirty-Fourth Session, the Executive Council (hereinafter “the Council”) requested that the Director-General, when submitting reports of the Advisory Body on Administrative and Financial Matters (ABAF) to the Council for its consideration, indicate what actions the Technical Secretariat (hereinafter “the Secretariat”) has taken in response to the recommendations of the ABAF, and what decisions are required by the Council on the report being submitted (paragraph 21.4 of EC-34/5, dated 26 September 2003).

2. The Director-General welcomes the continuing advice and support provided by the ABAF, as reflected in the conclusions it reached during its Thirty-Fourth Session (ABAF-34/1, dated 29 May 2013), which was held from 27 to 29 May 2013.

Review of the report of the previous session of the ABAF (paragraph 4 of ABAF-34/1)

3. The Director-General notes the point made by the ABAF with regard to the annual report of the Office of Internal Oversight (OIO) for 2011, and the implementation of the recommendations contained therein. The Director-General notes that every effort will continue to be made to implement these recommendations in a timely fashion (paragraph 4.1).

4. With reference to paragraph 4.2, the Director-General would like to clarify that the terms of reference of the Information Services Steering Sub-Committee (ISSC) are being revised, and the role and responsibilities of the Chief Information Officer (CIO) are being defined in an information technology (IT) governance process in order to articulate their respective tasks, so as to avoid any conflict of authority. Whereas the ISSC is responsible for defining the strategy in relation to the use of IT and makes recommendations to the Director-General to maintain proper funding (thus guaranteeing that strategic IT initiatives are properly funded), the CIO, who is a member of the ISSC, with the support of the core group, ensures—by means of the prioritisation of initiatives that match the available resources—that the approved IT strategy is properly implemented. The Secretariat is, accordingly, in the process of drawing up a comprehensive IT governance framework, which will include revised terms of reference for the ISSC and new terms of reference for the CIO core group that comply with their roles and responsibilities and that take into consideration the needs of all OPCW units.
5. The Director-General acknowledges paragraphs 4.3 and 6.3 of ABAF-34/1 in regard to the receipt of voluntary contributions, and would emphasise that the Secretariat is working towards formalising guidelines for the application of programme-support costs, in order to bring Secretariat practices in line with those in some organisations in the United Nations system.

6. The Director-General notes the recommendation made by the ABAF in regard to the implementation of the Electronic Document Management System (EDMS), and notes that every attempt will be made to implement the project, through making savings and/or through the use of underutilised funds, where available (paragraph 4.8).

**Status of the 2013 income and expenditure (first quarter of 2013) (paragraph 5 of ABAF-34/1)**

7. With regard to the efficient use of allotments, the Secretariat will continue to make every attempt to utilise available allotments efficiently and to the maximum extent possible, in line with the Programme and Budget of the OPCW for 2013 (paragraph 5.3).

8. With regard to paragraph 5.4, the Secretariat is reviewing all unliquidated obligations that pertain, not only to trust funds, but also to the regular budget. This is being carried out on a regular basis in order to encourage certifying officers to effectively and fully utilise their allotted budgets and to enable them to make realistic projections as to whether funds already obligated will actually be disbursed as planned.

9. The Secretariat acknowledges the ABAF recommendation that the Financial Statements should provide explanations on the late clearance or cancellation of unliquidated obligations reported at the end of the year. In this regard, the Secretariat is pleased to note that Tables 5.1 to 5.4 in the Annex to the annual Financial Statements have already included information on the status of unliquidated obligations and savings on obligations that were not disbursed. The Secretariat will request certifying officers to analyse and explain why outstanding unliquidated obligations are not fully utilised, and what savings have arisen as a result. These explanations will be added to the Financial Statements.

**Financial Statements of the OPCW and the report of the External Auditor for the year ending 31 December 2012 (paragraph 6 of ABAF-34/1)**

10. The Secretariat notes the request of the ABAF that the negative balance of EUR 3.5 million in net assets/equities of the Organisation be monitored, and that it provide necessary updates in time for the ABAF’s Thirty-Sixth Session (paragraph 6.4), which will take place after the 2013 Financial Statements have been produced and audited (during the first quarter of 2014).

11. The Secretariat acknowledges the ABAF recommendation with respect to the current level (EUR 9.9 million) of the Working Capital Fund (WCF), and will review and reassess the appropriate level at which it should be kept, so that the Secretariat’s operational needs in the future are not affected.
Report of the Office of Internal Oversight for the year ending 31 December 2012 (paragraph 7 of ABAF-34/1)

12. In relation to paragraph 7.2, the OIO will continue to conduct quarterly follow-up exercises on the status of implementation of its recommendations and to submit quarterly reports to the Director-General and to the Management Board. The Director-General notes that every effort will continue to be made to implement these recommendations in a timely fashion.

13. The Secretariat acknowledges paragraph 7.6, which recommends that the Secretariat evaluate and identify those administrative directives that are outdated and impractical, with a view to changing them. The Secretariat continues to develop relevant administrative directives that are in line with identified best practices.

14. The Secretariat noted the recommendation to introduce more benchmarking and, in this regard, the Secretariat will provide an update at the ABAF’s Thirty-Sixth Session (paragraph 7.7).

Any other business (paragraph 8 of ABAF-34/1)

Outline of an action plan for results-based management in the OPCW

15. The Secretariat notes the ABAF’s recommendation that additional efforts be made to sharpen programme objectives and key performance indicators, using outside expertise, if necessary, for implementing result-based management (RBM) (paragraph 8.4), and eventually involving an external auditor to provide assurance in regard to the validity of the results (paragraph 8.6). The Secretariat will provide the ABAF with an update at its Thirty-Sixth Session.

16. In relation to paragraph 8.7, the Secretariat will perform a full analysis of the relevant Financial Regulations and Rules, in order to determine whether any rules and regulations pose obstacles to the full implementation of RBM.

Presentation on the enterprise-resource planning road map for 2013 and 2014

17. The Secretariat acknowledges the ABAF recommendation that a task force be created to evaluate all current processes, with a view to streamlining and optimising them, so as to meet the Secretariat’s operational needs in the future as the OPCW evolves. In this regard, the Secretariat is pleased to note that an enterprise resource-planning working group was already established in April 2011, which will, amongst other tasks, address this recommendation (paragraphs 6.5 and 8.10).