



Seventy-Sixth Session
8 – 11 July 2014

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NOTE BY THE DIRECTOR-GENERAL

COMMENTS ON THE REPORT OF THE ADVISORY BODY ON ADMINISTRATIVE AND FINANCIAL MATTERS AT ITS THIRTY-SIXTH 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-Sixth Session (ABAF-36/1, dated 5 June 2014), which was held from 2 to 5 June 2014.

Review of the report of the previous session of the ABAF (paragraph 4 of ABAF-36/1)

3. The Secretariat notes the point made by the ABAF with regard to the use of programme-support costs (PSC). The Secretariat will conduct a review of its policy on the management and use of PSC and of the current best practices in other organisations in the United Nations system (paragraph 4.2).
4. The Secretariat acknowledges the ABAF recommendation to strengthen the budget formulation methodology in order to better estimate resource requirements and to strengthen the mechanisms by which unliquidated obligations are cleared. In this regard, steps are currently being taken to enhance the budgeting methodology to ensure that resource estimates are as accurate as possible and are based on latest cost information (subparagraph 4.3 (c)).

Status of the 2014 budget performance (first quarter of 2014) (paragraph 5 of ABAF-36/1)

5. With regard to the comments reiterated by the ABAF on the efficient use of allotments, the Secretariat will continue to make every attempt to utilise available allotments efficiently and to the maximum extent possible. The Secretariat will continue the work that began in 2014 to develop a budget tracking mechanism that provides early warning of potential budget overspends or underspends to enable early rectifying action, with the aim of maximising financial performance (paragraph 5.3).



6. With regard to paragraph 5.4, the Secretariat has invoiced the relevant States Parties for all reimbursable costs related to inspections conducted under Articles IV and V, which are covered by the regular budget.

Financial Statements of the OPCW and the report of the External Auditor for the year ending 31 December 2013 (paragraph 6 of ABAF-36/1)

7. The Secretariat notes the ABAF recommendation to monitor the status of net assets/equity, and will also explore options to consider funding this liability, as recommended by the External Auditor (paragraph 6.1).
8. The Director-General acknowledges the ABAF recommendation with respect to reducing the current level of the Working Capital Fund (WCF), as well as the accompanied proposal to use the balance of the WCF and budget surpluses to fund the enterprise resource planning (ERP) project. The Director-General will request that the Council duly consider the proposal (paragraph 6.4).

Report of the Office of Internal Oversight for the year ending 31 December 2013 (paragraph 7 of ABAF-36/1)

9. In relation to paragraph 7.2, the Office of Internal Oversight (OIO) will continue to conduct quarterly review exercises on the status of implementation of its recommendations, and to submit quarterly status 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 manner.
10. The Secretariat acknowledges the ABAF recommendation to include a more comprehensive management response in future OIO reports (paragraph 7.5).

Any other business (paragraph 8 of ABAF-36/1)

Rehiring of inspectors

11. The Secretariat notes the comments made by the ABAF regarding the rehiring of inspectors and will prepare a cost/benefit analysis to identify the potential savings (paragraphs 8.4 and 8.6).

Presentation on the enterprise-resource planning strategy

12. The Director-General notes the recommendation of the ABAF concerning the implementation of a fully integrated ERP system, and acknowledges the importance of mapping and streamlining current processes ahead of the planned implementation in order to minimise customisation requirements. The Secretariat will further develop total project cost and timeline estimates that take into consideration the strategic direction of the Organisation. The Secretariat plans to brief the Council on the draft ERP strategy for the OPCW (paragraphs 8.13 and 8.14).

Development of a medium- to long-term staffing plan

13. The Director-General notes the comments of the ABAF on the document prepared by the Secretariat concerning the development of a medium- to long-term staffing

strategy, as well as its recommendation on the plan for medium- to long-term staffing. The Director-General will continue his discussions with the Management Board and Directors on this key issue and formulate a medium- to long-term staffing plan (paragraph 8.17).

Results-based management and the OPCW Medium-Term Plan

14. The Director-General notes the positive comments made by the ABAF with regard to the implementation of results-based management at the Secretariat, and acknowledges the importance of progress monitoring, performance evaluation, and incorporating lessons learned into future programmes of work. The Director-General also notes that further dialogue is needed to more concretely define the strategic direction of the OPCW (paragraph 8.22).

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