DECISION

IMPLEMENTATION OF AN ENTERPRISE-RESOURCE-PLANNING SYSTEM AND ESTABLISHMENT OF A SPECIAL FUND FOR THIS PURPOSE

The Executive Council,

Noting that the current SmartStream software used by the Technical Secretariat (hereinafter “the Secretariat”) to support its financial, procurement, and human resources management processes was purchased in 1996, and that numerous satellite applications—i.e., customised software solutions—used to run other administrative processes have been introduced over the years, and linked to SmartStream with varying degrees of success;

Mindful that it is not always technically possible to implement a seamless interface between each of the satellite applications and SmartStream and that, as a result, manual intervention is frequently required to ensure the accuracy and consistency of the data in SmartStream and the satellite application in question;

Aware that it is becoming increasingly difficult for the Secretariat to find qualified experts to operate and maintain a software platform that is based on 20-year old technology;

Recognising that the Conference of the States Parties (hereinafter “the Conference”) decided at its Fourteenth Session (C-14/DEC.5, dated 2 December 2009) that the OPCW would adopt the International Public Sector Accounting Standards (IPSAS) as its accounting and financial framework beginning with the 2011 financial year, while deciding at that time not to acquire an IPSAS-compliant enterprise-resource-planning (ERP) system, but to instead require the Secretariat to make any necessary modifications in SmartStream to facilitate the preparation of IPSAS-compliant financial statements;

Concerned that the Secretariat’s experience in preparing IPSAS-compliant financial statements over the past three years has shown that a substantial number of manual operations are required in order to produce accurate financial statements, with the high risk of human error that is inherent in such operations;

Noting that, in his report on the audit of the OPCW financial statements for 2012 (EC-74/DG.3 C-18/DG.5, dated 30 July 2013), the External Auditor of the OPCW highlighted his concerns about these risks and recommended that the organisation develop an ERP strategy aligned with its future business requirements;
Noting further that, in his report on the audit of the OPCW financial statements for 2013 (EC-77/DG.1 C-19/DG.4, dated 14 July 2014), the External Auditor of the OPCW repeated his concerns about the risks associated with the current SmartStream system, and went on to urge that a decision on a future ERP system be made as soon as possible;

Bearing in mind that, since its Thirtieth Session in June 2011, the Advisory Body on Administrative and Financial Matters has raised its concerns about the shortcomings of the SmartStream system and associated satellite applications, and continued to express its view at subsequent sessions that a new ERP system should be considered to mitigate the potential risks to the Organisation;

Acknowledging the briefing presented by the Secretariat to the Executive Council (hereinafter “the Council”) at its Seventy-Sixth Session in July 2014 on its ERP strategy and issues to be considered in implementing a new ERP system;

Considering the ERP strategy document distributed to States Parties under cover of a Note by the Director-General submitted to the Council at its Seventy-Seventh Session (EC-77/DG.15, dated 12 September 2014); and

Considering also the “Request for Withholding of the Distribution of the Cash Surplus for 2012” (EC-77/DG.16, dated 12 September 2014) and the “Recommendation for Reduction of the Working Capital Fund” (EC-77/DG.17, dated 12 September 2014) relating to funding sources for the implementation of the new ERP system;

Hereby:

Recommends that the Conference at its Nineteenth Session:

1. authorise the Secretariat to implement a new ERP system in the most cost-effective manner, in accordance with the options set out in the ERP strategy document distributed to the States Parties (EC-77/DG.15), and in a manner which fully takes into consideration all aspects related to data security and confidentiality;

2. approve the establishment of a special fund in accordance with Financial Regulation 6.9 to meet the financial requirements of implementing the new ERP system; and

3. require the Secretariat to provide periodic progress reports to the Council on the status of implementation of the ERP system.