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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 2015

##### 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 internal oversight activities for each calendar year, “including on the status of implementation” of the OIO’s recommendations. This report is to be submitted through the Executive Council (hereinafter “the Council”) to the Conference of the States Parties 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 Director-General welcomes the changes introduced to the layout of this annual OIO report, which are aimed at making it more clear and understandable.

##### 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 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).

##### COMPLIANCE OF THE OFFICE OF INTERNAL OVERSIGHT WITH THE AUDITING STANDARDS PROMULGATED BY THE INSTITUTE OF INTERNAL AUDITORS

4. The Director-General notes that the OIO has worked in accordance with the auditing standards stipulated in Financial Regulation 12.6.
5. The IIA Netherlands conducted a quality assessment of the OPCW’s internal audit function, and concluded that the OIO conforms with the generally accepted professional practices regulations which comprise the IIA’s International Professional Practices Framework. Mr Hans Nieuwlands, Chairperson of the IIA Netherlands, presented the corresponding certificate to the Director-General and the Director of the OIO on 19 February 2016 at a ceremony held at the OPCW. The facilitator for OIO issues, Mr Eric Smith of the United States of America, was also present during this event.



## **PROGRAMME OF WORK FOR 2015**

6. The Director-General notes with appreciation that the OIO carried out its annual programme of work for 2015 diligently and professionally, despite constraints related to staffing and extra work owing to unplanned assignments and the advisory role played by the Office in the activities related to operations abroad and other internal Secretariat matters. As usual, OIO staff members participated as advisers or observers in meetings of various committees, such as the Committee on Contracts, the Investment Committee, the Property Survey Board, the Information Services Steering Committee and the Enterprise Resource Planning (ERP) Project Board. In addition, the OIO conducted two training programmes for Secretariat staff: Quality Management System (QMS) training and an information technology/information services audit for intermediate-level auditors. The OIO Annual Report annexed to this Note reflects, in a comprehensive and accurate manner, the tasks performed by the OIO in 2015.

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

7. In 2015, the OIO completed the following six audit/evaluation assignments:
  - (i) Audit of Risk Management;
  - (ii) Audit of the OPCW Budgeting Process;
  - (iii) Audit of OPCW Governance;
  - (iv) Audit of IT Business Continuity;
  - (v) Evaluation of the Conference Services Unit; and
  - (vi) Evaluation of the Outreach Activities Conducted in the International Cooperation and Assistance Division.
8. As a result of audits and evaluations conducted in 2015, a total of 27 recommendations were issued and accepted.

## **QUALITY MANAGEMENT SYSTEM**

9. The OIO carried out the following five internal audits of activities in both the OPCW Laboratory and the OIO that are the subject of accreditation:
  - (i) Organisation of the OPCW Central Analytical Database and On-site Databases and Preparation and Testing of Gas Chromatography-Mass Spectrometry Inspection Equipment;
  - (ii) Organisation of OPCW Proficiency Tests;
  - (iii) Management of the Quality Management System Document Central Registry and Control of Quality Management System Documents;
  - (iv) Certification of the OPCW Central Analytical and On-site Databases and Certification of Testing, Preparing, and Packing of GC-MS Inspection Equipment; and

- (v) Management Requirement—Handling of Complaints, Control of Non-conformities and Related Corrective Actions and Management Review Process.
10. The results of the five QMS internal audits were very positive. No non-conformities were identified, and only six observations and seven suggestions for improvement were made.
11. The Director-General appreciates the work carried out by the OIO in respect of the QMS and its maintenance, and of the preparation for the annual surveillance visit of the Dutch Accreditation Council (RvA). The Secretariat was able to obtain the necessary certification from the RvA in 2015 as in each preceding year.

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

12. The Director-General closely monitored the status of the implementation of the OIO recommendations during the year and fully supported the work of the Office. The OIO continued to submit follow-up reports on the implementation of recommendations on a quarterly basis. The Director-General notes with satisfaction that, as at 31 December 2015, the cumulative rate of implementation of recommendations stood at 85.6%. Table 1 in paragraph 5.4 of the OIO Annual Report for 2015 indicates that 264 recommendations were issued between 2011 and 2015 and that 279 (including long-standing recommendations) were implemented in the same period.
13. At meetings of the Management Board, the Director-General, following the guidance of the OIO, advised the directors and branch heads concerned to prioritise the implementation of pending recommendations. Particular attention was given to long-standing recommendations in order to expedite their implementation.

Annex: Annual Report of the Office of Internal Oversight for the period from 1 January to 31 December 2015

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**Annex**

**ORGANISATION FOR THE PROHIBITION  
OF CHEMICAL WEAPONS**



**Office of Internal Oversight**

**ANNUAL REPORT OF THE  
OFFICE OF INTERNAL OVERSIGHT  
FOR THE PERIOD FROM  
1 JANUARY TO 31 DECEMBER 2015**

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## 1. INTRODUCTION

- 1.1 OPCW Financial Regulation 12.5 requires 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 of the States Parties (hereinafter "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 elaborates on the content of the summary report. In compliance with those requirements, this report provides an overview of the main activities of the Office of Internal Oversight (OIO) in 2015 and information on the implementation status of the recommendations issued.
- 1.2 The OIO aims to carry out its work with the highest standards of professionalism and efficiency. While discharging its mandate in accordance with the OIO Charter and the governing rules and regulations of internal oversight, the OIO continued to support the OPCW in achieving its objectives. It also continued to enjoy the full support of the Director-General, senior officers, and OPCW staff members.

### **Confirmation of Office of Internal Oversight Independence**

- 1.3 As Director of the OIO, I can confirm the organisational independence of the Office in the conduct of its duties in accordance with the relevant standards of the Institute of Internal Auditors (IIA).<sup>1</sup>

### **Compliance with Institute of Internal Auditors Standards**

- 1.4 Financial Regulation 12.6 states 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 by the OIO in 2015 were performed in compliance with the International Standards for the Professional Practice of Internal Auditing of the IIA, its code of ethics, and its definition of internal auditing.
- 1.5 The OIO is subject to periodic external quality reviews that independently validate the quality of its work and ensure that the Office complies with the above-mentioned international standards promulgated by the IIA. The IIA Netherlands conducted a quality assessment of the OPCW's internal audit function in the last quarter of 2015 in accordance with the said standards and concluded that the OIO complies with the generally accepted professional practices regulations, which comprise the International Professional Practices Framework of the IIA. The IIA Netherlands presented the corresponding certificate to the Director-General and the Director of the OIO on 19 February 2016 at a ceremony held at the OPCW. The facilitator for OIO issues, Mr Eric Smith of the United States of America, was also present at this event.

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<sup>1</sup> IIA Standard 1110 (Organizational Independence) reads as follows: "The chief audit executive must confirm to the board, at least annually, the organizational independence of the internal audit activity".

### **External Auditor's Recommendations**

- 1.6 Five recommendations regarding the operations of the OIO were made in the External Auditor's Report for 2014 (Annex 2 to EC-80/DG.1 C-20/DG.4, dated 13 July 2015).
- 1.7 The first recommendation was that the OIO Charter should be approved by the Conference. In this regard, the OIO will review the Charter to ensure further alignment with the IIA standards and submit it to the Council for its consideration.
- 1.8 The second recommendation referred to the need for the establishment of an audit committee. Such a committee would take over the OIO-related responsibilities that are currently performed by the Advisory Body on Administrative and Financial Matters (ABAF). The OIO intends to consider the matter and the options available with the ABAF and the OIO facilitator before submitting a proposal to the Council for its consideration.
- 1.9 The third recommendation related to the need for clarification of the OIO's different roles in oversight and quality assurance. The OIO is aware of the multilayer responsibilities assigned to it by the States Parties. The situation is being closely monitored and some internal adjustments might be considered in 2016.
- 1.10 The fourth recommendation described the possible conflict of interest when former staff members were contracted as consultants under special service agreements (SSA). The recommendation was immediately addressed and, consequently, has been proposed to be closed.
- 1.11 The fifth recommendation advised the OIO to include a comparison of the work programme with the actual audits performed in the Annual Report. The recommendation was immediately implemented and, thus, has also been proposed to be closed.

### **European Commission Pillar Assessment**

- 1.12 In 2015, the OPCW was subject to an assessment by the European Commission. The assessment, which included the role of the OIO, supported the OIO in the follow-up of outstanding recommendations and the execution of the quality assessment of the internal audit function being performed by the IIA.

## 2. OFFICE OF INTERNAL OVERSIGHT RESOURCES

### Staffing

- 2.1 As at 31 December 2015, the number of filled staff positions in the OIO was six (one director, two professional service positions, and three general service positions).
- 2.2 In 2015, the OIO faced critical resource constraints because of two vacant professional category positions: Senior Evaluator and Quality Assurance Officer, the recruitment process for which was completed in 2014 but for which the selected candidate joined the OIO only on 1 May 2015, and Confidentiality Auditor, made vacant by the incumbent's unexpected departure on 12 July 2015. During those periods, Ms Na Li, Internal Audit Assistant, performed the duties related to quality assurance in addition to her regular duties. Two consultants, Mr Simon Summers and Mr Robert Lakinski, were also contracted on a short-term basis. In addition, Ms Ladan Jarvis was temporarily reassigned for three months to the OIO from the Information Services Branch (ISB) to assist the consultants. All of them made outstanding contributions towards the completion of many OIO tasks.
- 2.3 The OIO staff members continued their professional development in 2015 to fulfil the requirements of the International Professional Practices Framework. The Director of the OIO participated in a course entitled "Process Thinking for Internal Auditors", aimed at deploying a range of new techniques to help improve the evaluation of processes and controls. The Internal Auditor attended auditing communications training, while the Confidentiality Auditor took part in a course entitled "COSO<sup>2</sup> 2013: How to Implement the Revised Internal Control Framework". Due to financial constraints, the Senior Evaluator and Quality Assurance Officer and Internal Audit Assistant were unable to attend any external training.

### Budget

- 2.4 The OIO budget in 2015 was negatively affected by the general financial constraints of the Organisation. Due to staff vacancies, the Office contracted two SSAs to contribute to the implementation of the annual programme of work.

## 3. PROGRAMME OF WORK

- 3.1 The subjects of audits and evaluations for 2015 were identified using the OIO Risk Assessment Framework, applying the COSO methodology. 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 OPCW Management. In accordance with Financial Rule 12.3.01, the Director-General requested the OIO to address specific issues and concerns that were also considered when drafting the annual plan.

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<sup>2</sup>

COSO = Committee of Sponsoring Organizations of the Treadway Commission.

- 3.2 The Annual Programme of Work of the OIO for 2015 included 15 planned assignments to be conducted by the Internal Auditor, the Confidentiality Auditor, and the Senior Evaluator and Quality Assurance Officer:
- (a) Audit of Risk Management;
  - (b) Audit of the OPCW Budgeting Process;
  - (c) Audit of OPCW Governance;
  - (d) Audit of the Implementation of the Confidentiality Regime in the Declarations Branch;
  - (e) Audit of Manpower Planning in the Inspectorate Division;
  - (f) Audit of IT Business Continuity;
  - (g) Audit of the Developed Selection Methods for Plant Site Selection of Schedule 3 Plant Sites;
  - (h) Evaluation of the Conference Services Unit;
  - (i) Evaluation of the Programmes and Activities of the Health and Safety Branch;
  - (j) Evaluation of Outreach Activities Conducted in the International Cooperation and Assistance Division;
  - (k) Organisation of the OPCW Central Analytical Database and On-Site Databases and Preparation and Testing of Gas Chromatography-Mass Spectrometry Inspection Equipment;
  - (l) Organisation of OPCW Proficiency Tests;
  - (m) Management of the Quality Management System Document Central Registry and Control of Quality Management System Documents;
  - (n) Certification of the OPCW Central Analytical Database and On-Site Databases and Certification of Testing, Preparing and Packing of Gas Chromatography-Mass Spectrometry Inspection Equipment; and
  - (o) Management Requirements: Handling of Complaints, Control of Non-Conformities and Related Corrective Actions and Management Review Process.

#### 4. ACTIVITIES PERFORMED

##### **Advisory role**

- 4.1 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 in place in the Technical Secretariat (hereinafter “the Secretariat”). The Director of the OIO held regular meetings with the Director-General on this matter. In accordance with Financial Regulation 12.1, the Office assisted the Director-General in the management of the OPCW’s resources in order to enhance the efficiency and economy of OPCW operations. The Director of the OIO participated in the meetings of the directors and the Management Board.
- 4.2 The OIO continued to receive requests for advice and comments in 2015 related, among other issues, to OPCW operations abroad, the revision of administrative directives, the improvement of internal controls, risk assessment, and information technology (IT) governance. OIO staff members participated as advisers or observers in meetings of the Investment Committee, Property Survey Board, Committee on Contracts, Information Services Steering Committee, and the Enterprise Resource Planning Project Board, among others. The fact that the Management frequently consults the OIO for advice reflects the key role that the Office plays in the Secretariat.
- 4.3 Throughout the year, the OIO provided information, whenever requested, to members of the ABAF during their meetings and to delegates from States Parties during informal consultations held by the facilitator for administrative and financial matters.

##### **Internal Audit**

###### Risk Management (OIO/15/05)

- 4.4 The Secretariat maintains a risk register that is based on a risk management policy. The Risk Management Committee provides guidance on risk control to the Director-General, who refers to the risk management process in the Statement on Internal Control.
- 4.5 The International Organization for Standardization (ISO) has defined risk management norms (ISO 31000) that are supported by the IIA through its International Professional Practices Framework (IPPF). The OIO has used the IPPF in its audit of risk management.
- 4.6 In its practice guide on assessing the adequacy of risk management, the IIA states that “[t]he quality of an organization’s risk management process should improve with time. Implementing effective risk management—true ERM<sup>3</sup>—often takes several years. One of the key criteria that internal auditors should consider is whether there is

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<sup>3</sup> ERM = enterprise risk management.

a suitable framework in place to advance a corporate and systematic approach to risk management”. The risk management framework must be designed to suit the OPCW and its internal and external environment. For risk management to be effective, a framework should be in place. The OIO noted that the key elements of a risk management framework are in place in the Secretariat, but it has also identified certain practices that need to be addressed to increase the overall impact of risk management.

- 4.7 The practical guidance on incorporating risk management into the day-to-day operation of the Secretariat, referred to in paragraph 10 of Administrative Directive AD/ADM/33 (dated 6 February 2013) on the “OPCW Risk Management Policy”, needs to be further materialised. This will ensure a process approach that will help to create continued and predictable outcomes, resulting in a risk register that provides better insight on the exposures of the Organisation. The relationship between risks and operational processes should be made explicit, and include periodic updates of the risk register. This will create a natural trigger to address the risks in operational situations, giving risk management more leverage.
- 4.8 The explicit relationship between risks and the achievement of objectives in the divisions should also be considered. This will not only make risks more specific, measureable, and tangible for the divisions but, even more importantly, it will make it so that their objectives better support the achievement of the overall goals of the Secretariat and justify the allocation of resources.
- 4.9 The OIO issued four recommendations (including one critical) reflecting the need to strengthen these operational processes.

#### OPCW Budgeting Process (OIO/15/01)

- 4.10 The budgeting process and the resulting budget serve as both a planning tool and a control measure. The planning tool reflects the purpose of the use of funds, while the control measure reflects the alignment of the planned and realised use.
- 4.11 The OIO has reviewed the budgeting process, the efficiency of the steering tool, and the internal control measures over a period of three years up to 2015 according to budget and expenditures. Administrative directives were also reviewed and the practical use of the budget process was assessed.
- 4.12 The budgeting process has been improved during the audit period, reflecting a more leading role for the budgeting process. Strategic planning meetings were defined to better link the Annual Programme and Budget to the Medium-Term Plan. The OIO noted that these improvements were initiated recently and, therefore, need to be further refined. Last-minute changes made after the strategic planning can be well justified; however, they should be made with caution and lessons learned from such exceptions should be noted.
- 4.13 The budget controls ensure that expenditure is linked to the agreed budget and that over- or underexpenditures are identified for the benefit of the programme manager. Quarterly reports enable managers to ensure timely responses on the alignment with

the budget. The OIO noted some budget over- and underexpenditures in certain areas. This information on the over- and underutilisation of the financial budget is useful as a predictive value of the numbers for the remainder of the year. However, underlying cost drivers such as vacancy rates, policy changes in tenure for staff in the Inspectorate Division (INS), or logistical challenges in inspections could argue against these financial expectations. In the second half of the year, programme managers provide forecasts that could benefit from an ongoing assessment of changes in cost drivers.

- 4.14 While the budget process reflects financial impacts, cost drivers depend on the logistics of planned inspector days and the realised costs for inspector days. Extra control measures to assess the cost of used inspector days according to the initial planning could allow for a better alignment with the budget and a timely indication if realignment with the budget is needed. The Budget, Planning and Control Branch (BUD) received information on this process in 2015; however, this process could benefit from a more formalised approach. The OIO also noted that tracking trends on cost drivers could provide valuable management information.
- 4.15 Standard costs can be based on historical expenditures and used to predict expenditure in the future. The OIO noted that minor changes in the standard staff costs have a direct impact on the budget. Developments in 2015 showed significant changes in the standard costs during the year, prompting the Organisation to assess them. The OIO supports this effort and recommends a formalised approach.
- 4.16 Certain elements of the standard costs, mainly the cost drivers, could be used to improve the tracking of expenditures during the year. The impact of extensions of tenure for inspectors from seven to nine years and of exchange rates could be followed more closely. However, the balance between the added value and the extra effort to track the expenditures should be monitored carefully. Reporting lines regarding the determination of the budget and the monitoring of deviations would also benefit from a more formalised and centralised approach.
- 4.17 The OIO recommends that the BUD should reflect annually on the previous budget cycle to ensure continued improvements. The Director of Administration should inform the BUD early on strategic changes to determine their financial impact. Where possible, the BUD should follow closely changes in the standard staff costs, as such costs have a significant influence on the overall expenditures. Close communication on cost drivers such as inspector days should be formalised, and reporting lines between the INS and the BUD should be considered.
- 4.18 The OIO issued five recommendations (including one critical) reflecting the need to involve the BUD early on strategic changes.

OPCW Governance (OIO/15/08)

- 4.19 The OIO has reviewed certain critical elements of the Secretariat's governance framework and considers that the overall governance system is well established. However, some improvements may be introduced to strengthen the system.

- 4.20 It is noted that the Organisation uses administrative directives and information circulars to disseminate policies and procedures. The OIO identified certain elements that could be considered as outdated and requiring review. The Office also noted that the process to develop policies and procedures can be strengthened by creating templates, standard definitions, and through frequent review. In addition, administrative directives and information circulars should have different roles and formats.
- 4.21 The OIO noted that recent developments have demanded that the Organisation become more active in new areas in which it did not play a material role before. Existing procurement and logistical procedures were not best suited for these activities. While the Office cannot determine if this situation will re-emerge, it does note that the Organisation was exposed in these situations, and that it should consider whether it needs to be prepared for new developments.
- 4.22 While the Organisation does not have a code of ethics, the OIO is of the opinion that the “Code of Conduct for Staff Members of the Secretariat” (Administrative Directive AD/PER/1, dated 7 May 2001) addresses all elements of a code of ethics. However, a review of the code of conduct should be considered since it was issued in 2001.
- 4.23 The Organisation has established procedures to respond to fraud cases. The OIO notes that the procedure is well established and includes roles and responsibilities. However, it is not clear who maintains the repository of the investigation files.
- 4.24 As the governance structure includes a role for the OIO, this review did not include an assessment of the Office due to a possible conflict of interest. However, the OIO would like to refer to the independent assessment by the IIA in 2015, which certified that the Office complies with the standards promulgated by the IIA as referred to in the OPCW Financial Regulations and Rules.
- 4.25 The OIO issued six recommendations (including one critical) regarding the necessary controls aimed at strengthening the Secretariat’s governance framework.

### **Confidentiality Audit**

#### Audit of IT Business Continuity (OIO/15/03)

- 4.26 The audit of IT business continuity was conducted to assess the effectiveness of governance, risk management, and control processes established at the OPCW in order to provide reasonable assurances of the effectiveness of the business continuity plan (BCP) and disaster recovery plan (DRP).
- 4.27 The goal of the BCP is to ensure that business operations will continue before, throughout, and after the occurrence of a disaster. The focus of the BCP is on the business as a whole, and on ensuring that critical functions can still be carried out both at the start of a disruption and after it has passed. The DRP focuses on mitigating the impact of a disaster and the immediate response and recovery of critical IT systems when facing a significant disruption.

- 4.28 This audit was aimed at assessing the extent of the Organisation's existing business continuity management (BCM), at reviewing the results of the testing of the BCPs and their performance, and at identifying the possible risks regarding the ability of the existing IT infrastructure to provide services with a high level of availability in order to comply with acceptable levels.
- 4.29 The business continuity and disaster recovery activities, governance, and risk management were assessed as partially satisfactory. Initial activities for establishing a sound BCM process in the Organisation have been undertaken in the past. However, these activities were not finalised and adequate BCPs and DRPs were not fully developed.
- 4.30 By the time this audit was conducted, a business impact analysis had not been performed by the Organisation's business units to identify and assess the criticality of their respective business processes. In addition, the risk assessment process for the information systems had also not been performed and the Business Continuity Manager had not been appointed. There was no one with Organisational-wide authority assigned to lead the BCM process.
- 4.31 In addition, the Organisation did not possess an adequate and operational disaster recovery site. The lower physical security standards at the Rijswijk Facility, compared to those at the Headquarters, represent a risk to the confidentiality and availability of the data kept on those premises. The information relating to the Security Critical Network (SCN) is available only at Headquarters and not at the disaster recovery location (DRL); this represents a risk to the availability of data in case of a major incident or disruption. Eleven recommendations were issued relating to the establishment of the business impact analysis process, the appointment of a business continuity manager, increasing the related physical security measures at the DRL, the construction of the server room at the DRL, and the responsibilities of the Information Services Steering Committee in terms of the BCP.

Audit of Manpower Planning in the Inspectorate (OIO/15/07)

- 4.32 This assignment is in an advanced stage of development and will be finalised in 2016.

Audit of the Implementation of the Confidentiality Regime in the Declarations Branch

Audit of the Developed Selection Methods for Plant Site Selection of Schedule 3 Plant Sites

- 4.33 The two above engagements were postponed due to a lack of human resources in 2015 and will be conducted in 2016.

## **Evaluation**

### Evaluation of Outreach Activities Conducted in the International Cooperation and Assistance Division (OIO/15/02)

- 4.34 The planning process for outreach activities in the International Cooperation and Assistance Division (ICA) is aligned with budget planning by concentrating on the financial amounts required for activities to be conducted. These activities are very different in nature and depend on the yearly objectives set for each branch in accordance with the mandate conferred by the Chemical Weapons Convention, the decisions of the policy-making organs, and the implementation needs identified through interaction with the States Parties.
- 4.35 The OIO arrived at the conclusion that the ICA should aim at improving a culture of strategic thinking about its activities in the long term. Effective strategic planning should allow for the divisional goals to be defined together with the actions needed to achieve them.
- 4.36 Because of the initiative taken by the ICA, substantial progress has been made recently with regard to the introduction of evaluation tools. However, these mechanisms could be improved and integrated into the planning of outreach activities. Implementation of results-based management (RBM) principles in the Division's performance could also be strengthened.
- 4.37 A process of systematic gathering of feedback from participants is in place, and in most cases it is associated with a statistical assessment of the feedback. However, the remaining steps of the evaluation cycle<sup>4</sup> could not be yet easily identified. Therefore, a fully fledged evaluation system needs to be further developed (providing information that is credible and useful, and enabling the incorporation of lessons learned into the decision-making process of the ICA).
- 4.38 Consequently, more attention will need to be placed on describing specific objectives of activities, identifying proper ways to collect data, and developing suitable tools to measure those objectives. This process must be improved and rationalised in order to ensure that objectives are measurable, so that information collected for analysis and reporting can be reliably used in the decision-making process.
- 4.39 The evaluation team has identified five recommendations concerning long-term planning, an evaluation mechanism, (annual) planning of events, and the formalisation and alignment of existing procedures. The first two recommendations have been classified as critical.

### Evaluation of the Conference Services Unit (OIO/15/04)

- 4.40 The OIO assessed the quality of operations in the Conference Services Unit (CSU) and found that they are conducted effectively and efficiently. The CSU has identified

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<sup>4</sup> Analysing feedback, identifying lessons learned, strategic planning, and implementing changes.

and provided the services required by the States Parties, while coping with a challenging period involving a significant increase in the number of policy-making organ activities. The OIO found evidence of effective and efficient operations within the CSU. Services required by the States Parties have been identified and are provided.

- 4.41 While the feedback mechanism was strengthened, opportunities remain to improve and bring greater clarity to the planning process, as well as to establish a more robust evaluation and lessons-learned mechanism.
- 4.42 The OIO considers the CSU to be in a position to lead the way in exploring and subsequently implementing a viable paperless conference environment, as the Secretariat has committed to implement.
- 4.43 The OIO issued seven recommendations on formalising working practices, reducing paper consumption, developing and managing the Extranet, increasing capacity in the Ieper Room, improving feedback tools, and developing an evaluation mechanism. All recommendations have been graded as standard.

Evaluation of the Programmes and Activities of the Health and Safety Branch (OIO/15/6)

- 4.44 This evaluation began in 2015 and will be concluded in 2016.

**Quality Assurance**

- 4.45 The OIO reviews the quality assurance policy and strategy in order to maintain a comprehensive programme intended to meet the requirements of the following international standards that are subject to the assessment of the Dutch Accreditation Council (RvA):
- ISO/IEC<sup>5</sup> 17025:2005 (General requirements for the competence of testing and calibration laboratories); and
  - ISO/IEC 17043:2010 (Conformity assessment—General requirements for proficiency testing).
- 4.46 Currently, three units of the OPCW are accredited, namely, the OPCW Laboratory, the OIO, and the Documents, Registration and Archiving Section (DRA) in the Verification Division.
- 4.47 The RvA conducted a surveillance visit in September 2015 to evaluate the efficiency and effectiveness of the Secretariat's Quality Management System (QMS) and its capacity for performing the accredited activities. The RvA team concluded that the OPCW staff are competent and that the management system is well documented and effective. No non-conformities were identified and, thus, no formal corrective actions needed to be taken.

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<sup>5</sup> ISO/IEC = of the ISO and the International Electrotechnical Commission.

- 4.48 In May and November 2015, the OIO organised two QMS Technical Committee (QMSTC) meetings discussing the overall effectiveness of the QMS, the preparations of the accredited units for the RvA assessment held in September 2015, and the implementation of the QMS internal audit programme.
- 4.49 Implementing the mandate given by the Council, the OIO issued certificates for the OPCW Central Analytical Database (OCAD) and the on-site analytical databases, as well as certificates for the gas chromatography-mass spectrometry (GC-MS) inspection equipment.
- 4.50 In order to maintain the Secretariat's QMS, the OIO needs to organise five internal audits covering the activities that are subject to accreditation in the OPCW Laboratory, the OIO, and the DRA.

Organisation of the OPCW Central Analytical Database and On-site Databases and Preparation and Testing of Gas Chromatography-Mass Spectrometry Inspection Equipment (QS/15/1)

- 4.51 The audit team found that the process of organisation of the OCAD and on-site databases and the preparation and testing of GC-MS inspection equipment were adequate and efficient. The documentation was complete and in compliance with the requirements described in the relevant QMS documents (QDOCs) and ISO/IEC 17025:2005. The audit team noted the commitment of the OPCW Laboratory to making continuous improvements.
- 4.52 As a result, two observations and one suggestion for improvement have been issued, namely, the revision of QDOC/LAB/WI/GCMS10, the training the Head of the OPCW Laboratory to act as a backup for the management of the OCAD, and the establishment of the tolerance limits for different parameters by reflecting field conditions.

Organisation of OPCW Proficiency Tests (QS/15/2)

- 4.53 The audit team found that the organisation of the OPCW proficiency tests was adequate and efficient. It also noted the continuous efforts by the OPCW Laboratory to improve the proficiency test process, based on RvA assessment findings, recommendations from the evaluating laboratories, feedback from the participating laboratories, the experience of OPCW staff members, and internal audit results.
- 4.54 The auditors recommended that the OPCW Laboratory incorporate into the continuous improvement process the outcome of the surveys conducted among proficiency test participating laboratories. In addition, the template of the final evaluation report should make a reference to the latest versions of the relevant QDOCs.

Management of the Quality Management System Document Central Registry and Control of Quality Management System Documents (QS/15/3)

- 4.55 The audit team found that the management process of the QDOC Central Registry and the control of QDOCs are adequate, effective, and efficient.
- 4.56 The audit team recommended that the QMSTC review the management and effectiveness of QDOCs and improve the awareness of the process owners to review their QDOCs periodically. Some of the existing procedures should also be updated.

Certification of the OPCW Central Analytical Database and On-Site Databases and Certification of Testing, Preparing and Packing of Gas Chromatography-Mass Spectrometry Inspection Equipment (QS/15/4)

- 4.57 The audit team concluded that the audited process provided a reasonable assurance of product quality. In addition, the auditors suggested that the current certification procedure could be further simplified without compromising product quality.

Management Requirements: Handling of Complaints, Control of Non-Conformities and Related Corrective Actions and Management Review Process (QS/15/5)

- 4.58 The audited processes appeared to be adequate, effective, and efficient. The auditors recommended the development of a long-term plan for the QMS to include updates to the quality policy and the QMSTC terms of reference.

**Unplanned Assignments**

- 4.59 The Confidentiality Auditor, together with two officers from the Human Resources Branch (HRB) and the Office of the Legal Adviser, was appointed as a member of an Internal Review Team established by the Director-General on 26 February 2015 to provide information and advice on specific issues related to the extension of contracts for Group I inspectors, namely, their working schedules, accrued replacement and annual leave days, as well as proposed changes in the inspector replacement days policy. The team was asked to provide an assessment of the situation and to advise the senior management on future steps. The task of the Internal Review Team was completed on 22 May 2015 when it issued a final report containing recommendations related to the proposed changes in the replacement days policy.

**Other Activities**

- 4.60 In collaboration with the HRB, the OIO organised a QMS training course with an external instructor for 11 staff members of the Secretariat. The course took place in August 2015 and focused on the basic understanding of standard ISO/IEC 17043:2010, as well as on the requirements of ISO 9001:2008 and ISO/IEC 17025:2005. A section of the course was devoted to guidelines for auditing quality systems and qualification criteria for auditors, with reference to ISO 19011:2011. The course met the requirements of the International Register of Certificated Auditors.

- 4.61 The OIO organised an information technology/information systems (IT/IS) audit for intermediate-level auditors, a training course provided by the Chartered Institute of Internal Auditors (IIA UK) in November 2015. The course, attended by 18 staff members from five divisions, focused on IT operations and key regulatory matters; auditing existing IT systems; auditing building blocks of IT controls; and logical security and IT networks. The OIO conducted a survey of participants showing a satisfaction rate of 98.75%. An IT/IS audit for advanced-level auditors was planned for early 2016.
- 4.62 The Internal Auditor attended the meeting of the Representatives of the United Nations Internal Audit Services in September 2015 in Manila, the Philippines. This meeting was intended to give insights in internal audit practices and developments among United Nations agencies.
- 4.63 The Internal Auditor also attended the meeting of the heads of internal audit departments of international organisations in Europe in April 2015 in Munich. The meeting was combined with an in-house audit training provided by the organising entity.
- 4.64 The Office worked intensively in 2015 in preparing the Oversight Texts, a compilation of all rules, regulations, international standards, and norms and OIO Annual Reports, which will be made available in 2016 to the Management and substantive areas that work closely with the OIO, to serve as an updated reference. The publication will also be available in electronic format on the OIO intranet site.
- 4.65 The OIO prepared the necessary documentation and held several interviews with the IIA Netherlands for a quality assessment of the OPCW's internal audit function. The IIA Netherlands concluded that the OIO complies with the IIA's standards for professional practices in internal auditing.

## **5. STATUS OF IMPLEMENTATION OF RECOMMENDATIONS**

- 5.1 The OIO continued to assess regularly the status of implementation of its recommendations. A total of 27 recommendations were issued as a result of audits and evaluations conducted in 2015.<sup>6</sup> In 2015, 51 recommendations (including six critical) issued between 2011 and 2015 were implemented by the Secretariat. The cumulative rate of implementation of the OIO recommendations stood at 85.6% as at 31 December 2015, compared to 87.3% as at 31 December 2014.
- 5.2 Forty recommendations were issued in 2014. The OIO reviewed the progress in respect of their implementation and noted that 30 of them (75%) could be considered as implemented and closed as at 31 December 2015 (see Appendix 2).

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<sup>6</sup> Only recommendations contained in the final reports issued in 2015 (see Appendix 1) are included in the statistics.

5.3 The total number of recommendations pending as at 31 December 2015 was 46 (see Appendix 3). The OIO will continue to conduct timely assessments of the progress in respect of implementation of these recommendations.

5.4 The status of the recommendations issued and to be implemented from 2011 to 2015 is presented in Table 1 below.

**TABLE 1: STATUS OF OFFICE OF INTERNAL OVERSIGHT RECOMMENDATIONS AND THEIR IMPLEMENTATION FROM 2011 TO 2015**

<b>Year</b>	<b>Recommendations Pending from Previous Years</b>	<b>Recommendations Issued Arising from Audits and Evaluations Conducted During the Year</b>	<b>Total Recommendations to be Implemented</b>	<b>Recommendations Implemented During the Year</b>
2011	61	71	132	57
2012	75	82	157	85
2013	72	44	116	58
2014	58	40	98	28
2015	70	27	97	51

5.5 Reports on the status of implementation of recommendations were submitted to the Director-General and the Management Board on a quarterly basis. 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.

5.6 The OIO conducted an analysis of the use of its recommendations to determine their added value for the Organisation and concluded that the implemented recommendations contributed mainly to ensuring compliance with existing regulations and procedures so as to make them relevant and adequate, strengthening internal controls, and improving the allocation of resources and the effectiveness of programmes and policies.

5.7 Seventeen internal audit recommendations (including two critical) were closed in 2015. The implementation of internal audit recommendations led to strengthened internal controls. In this regard, the OIO identified possible improvements in respect of the Provident Fund, the budget process, and the monitoring of travel costs.

5.8 In 2015, a total of 27 confidentiality audit recommendations (including two critical) were closed by the OIO. Value enhancements as a result of the implementation of these recommendations were as follows: the effective and efficient handling of access rights and user accounts on the SCN, with a consequent reduction of risks associated with unauthorised access; improved quality of verification activities as a result of updating the applicable standard operating procedures (SOPs); effective and efficient implementation and monitoring of the confidentiality regime in the Industry Verification Branch (IVB); improvements in the planning for an investigation of

alleged use (IAU) of chemical weapons through issuance of an SOP on IAU and the rationalisation of existing guidelines; improvements in the data validation rules in the Electronic Declarations Tool for National Authorities with a reduction in data input errors; enhanced monitoring of the effectiveness of project implementations through the reduction of risk of delayed project delivery and lack of realisation of anticipated benefits; maintenance of the integrity of Verification Information System data and its effective utilisation; and effective and efficient management of mission warning orders (MWOs) to maintain the surprise element of inspections, as well as the automation of the process of preparing, authorising, and distributing MWOs to reduce the risk of early disclosure of missions to concerned States Parties.

- 5.9 Seven evaluation recommendations (including two critical) were closed in 2015. A review of the results of the closed recommendations revealed that they contributed to improving the programme of work and the management of resources within the units in question. The two implemented critical recommendations triggered the formation of the External Outreach Committee and the revision of programme objectives by the IVB. Most of the recommendations closed in 2015 focused on a more effective implementation of RBM.
- 5.10 A number of QDOCs were reviewed by the relevant Secretariat units when implementing the OIO recommendations in 2015. These revisions ensured the continuous relevance of the QDOCs concerned and subsequently contributed to the improvement of work processes. Further improvements are expected to take place in 2016 to ensure the compliance of QDOCs with ISO norms.

## **6. EVALUATION OF OFFICE OF INTERNAL OVERSIGHT PERFORMANCE**

- 6.1 As mentioned above, the OIO was subject to regular oversight by the RvA, the IIA, the External Auditor, and the European Commission. The two ABAF sessions and the OIO facilitation meeting also provided States Parties with an opportunity to evaluate and comment on OIO performance.
- 6.2 As part of the requirements to maintain the Secretariat's ISO accreditation, which is granted by the RvA, the OIO conducted an annual survey to assess the level of satisfaction of its performance. Several amendments to enhance the survey were introduced in 2015. More than half of the responses received rated OIO performance as positive (either excellent or good), and 2% rated it as unsatisfactory. The survey will be further refined in 2016.
- 6.3 The IT/IS audit for intermediate-level auditors organised by the OIO was also the subject of a survey among participants, who considered the course quite relevant to their actual tasks within the Secretariat and who praised the quality of the information provided. The OIO used comments received about the improvement of case studies and interaction with students to improve the advanced course on the same subject that was to be given in February 2016.

- 6.4 The OIO's KPIs for 2015 were in line with the results in previous years (see Appendix 5). The Office intends to review these KPIs in 2016 to make them more suitable in providing a better assessment of OIO performance.

Alberto E. Dojas  
Director, Office of Internal Oversight

**Appendix 1**

**REPORTS OF THE OFFICE OF INTERNAL OVERSIGHT ISSUED IN 2015<sup>7</sup>**

<b>Assignment Reference Number</b>	<b>Audit Title</b>	<b>Number of Recommendations Issued</b>
OIO/15/01	OPCW Budgeting Process	5 (1)
OIO/15/03	Audit of IT Business Continuity	11 (7)
OIO/15/04	Evaluation of the Conference Services Unit	7 (0)
OIO/15/05	Audit of Risk Management	4 (1)
<b>Number of Recommendations Issued in 2015</b>		<b>27 (9)</b>

Note: Numbers in brackets indicate the number of critical recommendations therein.

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<sup>7</sup> The field work was completed in 2015 for two additional assignments: “OPCW Governance” and “Evaluation of Outreach Activities Conducted in the International Cooperation and Assistance Division”. However, the final reports were issued in 2016.

**Appendix 2**

**IMPLEMENTATION OF RECOMMENDATIONS  
 ISSUED IN 2014 AS AT 31 DECEMBER 2015**

Assignment Number	Audit Title	Number of Recommendations		Implementation Rate
		Issued	Implemented	
OIO/14/02	Review of the Provident Fund of the OPCW	8	8	100.0%
<b>Subtotal for Internal Audit</b>		<b>8</b>	<b>8</b>	<b>100.0%</b>
OIO/13/09	Review of Security Critical Network Access Controls and Audit Logging	7	5	71.4%
OIO/14/01	Audit of the Management of Mission Warning Orders	8	7	87.5%
OIO/14/04	Review of the Quality of Confidential Data Maintained in the Verification Information System	5	5	100.0%
<b>Subtotal for Confidentiality Audit</b>		<b>20</b>	<b>17</b>	<b>85.0%</b>
OIO/13/10	Evaluation of the Implementation of Result-Based Management in the Information Services Branch	6	3	50.0%
OIO/14/03	Evaluation of the Implementation of Results-Based Management in the Industry Verification Branch	6	2	33.3%
<b>Subtotal for Evaluation</b>		<b>12</b>	<b>5</b>	<b>41.7%</b>
<b>Total</b>		<b>40</b>	<b>30</b>	<b>75.0%</b>

**Appendix 3**

**STATISTICS ON AUDIT RECOMMENDATIONS  
 NOT IMPLEMENTED AS AT 31 DECEMBER 2015**

**TOTAL NUMBER OF RECOMMENDATIONS THAT HAD NOT BEEN  
 IMPLEMENTED AS AT 31 DECEMBER 2015**

<b>Audit/Evaluation</b>	<b>Total Number of Recommendations Not Implemented</b>		
	<b>Overall</b>	<b>Critical</b>	<b>Standard</b>
Internal Audit	10	1	9
Confidentiality Audit	21	9	12
Evaluation	15	1	14
<b>Total</b>	<b>46</b>	<b>11</b>	<b>35</b>

**RECOMMENDATIONS FROM INTERNAL AUDITS**

<b>Year</b>	<b>Number of Recommendations Not Implemented</b>		
	<b>Overall</b>	<b>Critical</b>	<b>Standard</b>
2012	2	0	2
2015	8	1	7
<b>Total</b>	<b>10</b>	<b>1</b>	<b>9</b>

**RECOMMENDATIONS FROM CONFIDENTIALITY AUDITS**

<b>Year</b>	<b>Number of Recommendations Not Implemented</b>		
	<b>Overall</b>	<b>Critical</b>	<b>Standard</b>
2010	1	0	1
2011	1	0	1
2012	3	1	2
2013	4	1	3
2014	1	0	1
2015	11	7	4
<b>Total</b>	<b>21</b>	<b>9</b>	<b>12</b>

**RECOMMENDATIONS FROM EVALUATIONS**

<b>Year</b>	<b>Number of Recommendations Not Implemented</b>		
	<b>Overall</b>	<b>Critical</b>	<b>Standard</b>
2011	1	0	1
2014	7	1	6
2015	7	0	7
<b>Total</b>	<b>15</b>	<b>1</b>	<b>14</b>

**DISTRIBUTION OF RECOMMENDATIONS NOT IMPLEMENTED**

<b>Division/Branch/Office</b>	<b>Number of Pending Recommendations</b>
Administration Division	6
Budget, Planning and Control Branch	4
Human Resources Branch	1
Information Services Branch	10
Procurement and Support Services Branch	1
International Cooperation and Assistance Division	2
Inspectorate Division	3
Office of Confidentiality and Security	6
Office of the Director-General	1
Office of Strategy and Policy	1
Secretariat for the Policy-Making Organs	7
Verification Division	4
<b>Total</b>	<b>46</b>

**Appendix 4**

**CRITICAL RECOMMENDATIONS MADE IN REPORTS  
 OF THE OFFICE OF INTERNAL OVERSIGHT ON WHICH CORRECTIVE  
 ACTIONS HAD NOT BEEN COMPLETED BY 31 DECEMBER 2015**

**RECOMMENDATION ISSUED IN 2012**

<b>Division/Branch Concerned: INS</b>	<b>Audit Title: Review of the Planning for an Investigation of Alleged Use of Chemical Weapons</b>
<b>Audit Assignment Number: OIO/12/03</b>	
<p><u>Recommendation 1: Preparation of the Secretariat’s Contingency Operation Plan Document</u>          The Special Adviser on International Cooperation and Assistance, as Chairman of the Secretariat Drafting Board, should formalise the draft Secretariat contingency operation plan document as a QMS document. This would replace the existing overarching QDOC/ODG/ SOP/002 on “Headquarters Activities in Preparation to Conduct a Challenge Inspection (CI) or an Investigation of Alleged Use (IAU)”. Steps should also be taken to ensure that the associated checklists of various Secretariat units are consistent with each other and are adopted in a common format.</p> <p><u>Management response</u>          This activity has been taken over by the Office of Strategy and Policy (OSP) and the proposed solution was the review of QDOC/ODG /SOP/002 together with representatives of the VER and the INS. The SOP has been reviewed. However, as the overall SOP on contingency operations is currently under review, the SOP on IAU needs to be streamlined with it.</p>	

**RECOMMENDATIONS ISSUED IN 2014**

<b>Division/Branch Concerned: OSP</b>	<b>Audit Title: Review of Security Critical</b>
<b>Audit Assignment Number: OIO/13/09</b>	<b>Network Access Controls and Audit Logging</b>
<p><u>Recommendation 4: Review of the Policy and Review Branch shared folder</u>          The Director of the OSP, in association with Director of the VER and the Head of the OCS, should review the contents of the Policy and Review Branch (PRB) shared folder and transfer to the relevant shared folders of the VER the electronic files related to the Verification Implementation Report, Schedule 3 and other chemical production facility (OCPF) plant site selection, and other verification issues.</p> <p><u>Management response</u>          We have begun to consider how best to implement this recommendation. There are certain issues to clarify and coordinate with the Director of the VER and the Head of the OCS; this is ongoing. Therefore, for the time being, we are not in a position to set a firm implementation target date, but at least one month will be required to perform the task.</p>	

<b>Division/Branch Concerned: ISB</b>	<b>Audit Title: Evaluation of the</b>
<b>Audit Assignment Number: OIO/13/10</b>	<b>Implementation of Results-Based</b>
<b>Management for the Information Services Branch</b>	
<p><u>Recommendation 2: IT Strategy</u>          An overarching and clear long-term IT strategy is crucial to ensuring the productive and appropriate use of the ISB's resources in the short, medium and long term. The Head of the ISB should consider seeking support from the OSP in finalising this strategy and having functioning and relevant governance and accountability mechanisms related thereto.</p> <p><u>Management response</u>          As at the 2nd quarter of 2016, the IT Governance had been finalised and adopted. A first meeting of the IT Strategy Advisory Committee will take place in the second quarter of 2016, in accordance with information circular OPCW-S/IC/120/Rev.1 (dated 24 March 2016), and it is anticipated that an IT strategy will be finalised and adopted by the end of 2016.</p>	

**RECOMMENDATIONS ISSUED IN 2015**

<b>Division/Branch Concerned: OCS</b>	<b>Audit Title: Audit of IT Business Continuity</b>
<b>Audit Assignment Number: OIO/15/03</b>	
<p><u>Recommendation 1: Business impact analysis</u>          In order to assess the criticality of business processes, a mechanism for performing a business impact analysis should be established.</p> <p><u>Management response</u>          We agree that a business impact analysis is crucial; however, the higher level governance first needs to be in place (as stated in memorandum M/ODG/OCS/203006/16). This would be a function of the Business Continuity Manager (not yet appointed within the OCS).</p>	
<p><u>Recommendation 8: Physical security at the disaster recovery location in Rijswijk</u>          In order to maintain the necessary level of confidentiality of the data at the disaster recovery location (DRL), the same level of physical security measures as those currently implemented at headquarters needs to be implemented. A 24-hour physical security presence should be established. The video surveillance system should be improved in order to monitor the uncovered areas that have been identified.</p> <p><u>Management response</u>          This has been raised as a staffing issue, as stated in memorandum M/ODG/OCS/203006/16: “The requirement for additional security guards has also been raised as a staffing issue (required if we are to adequately protect the Rijswijk site both in its current role and as a potential alternate site).”</p>	

<b>Division/Branch Concerned: ISB</b>	<b>Audit Title: Audit of IT Business Continuity</b>
<b>Audit Assignment Number: OIO/15/03</b>	
<p><u>Recommendation 6: Establishing adequate and effective standard operating procedures for the disaster recovery location</u></p> <p>In the case of a major disruption or natural disaster, it is very unlikely that all of the assumptions from the SOP for modelling the site will be present, which means that QDOC/ISB/SOP/001 may not be applicable at all. The Organisation’s disaster recovery plan (DRP) should cover the implementation of the recovery strategy for both the Security Critical Network (SCN) and Security Non-Critical Network (SNCN). This plan should include the development and implementation of a so-called “hot site” with all the necessary network and IT equipment already in place at the disaster recovery location (DRL) premises.</p> <p><u>Management response</u></p> <p>This recommendation has been accepted.</p> <p>Further action is dependent on Recommendation 1, and a timeline and course of action will be established when that recommendation has progressed. The ISB will establish a plan with the OCS and other stakeholders after an initial assessment. The target date is therefore theoretical until further notice.</p>	
<p><u>Recommendation 7: The role of the Information Services Steering Committee in the business continuity management process</u></p> <p>The process for business continuity management (BCM) should be established by using a top-down approach. In order for the BCM process to be effective, it should be driven by a body with the necessary organisational-wide authority. The Information Services Steering Committee (ISSC) should take a leading role in establishing and conducting a BCM process within the Organisation. The BCM activities should also become a part of the ISSC’s terms of reference and agenda.</p> <p><u>Management response</u></p> <p>This recommendation has been partially accepted.</p> <p>The BCM process will benefit from oversight at a higher organisational level that considers all the continuity aspects, rather than purely IT.</p> <p>Specific to the IT areas, the IT Steering Committee would be the correct forum to provide guidance and monitoring of actions undertaken as part of the BCM process.</p> <p>The governance of IT is currently under review, but this recommendation is compatible with proposed changes and can be introduced quickly once the BCM terms of reference are established.</p>	

<b>Division/Branch Concerned: ISB</b>	<b>Audit Title: Audit of IT Business Continuity</b>
<b>Audit Assignment Number: OIO/15/03</b>	
<p><u>Recommendation 10: The availability of the Security Critical Network backups</u>        After achieving for the disaster recovery location (DRL) a certain level of security standards similar to those at the primary location (see Recommendation 8), the copy of the Security Critical Network (SCN) and other confidential or sensitive information stored on backup media should also be transferred and kept at the DRL, for the purpose of minimising the risk of forever losing the data in the case of a major disaster. These backup media are essential for the purpose of the data restoration process in case of activation of the disaster recovery plan (DRP).</p> <p><u>Management response</u>        This recommendation has been accepted.        Further action is dependent on Recommendation 1, Recommendation 2,<sup>8</sup> and Recommendation 6, and a timeline and course of action will be established when they have progressed. The ISB will establish a plan with the OCS and other stakeholders after an initial assessment. The target date is therefore theoretical until further notice.</p>	
<p><u>Recommendation 11: Protection of the confidentiality of the Security Critical Network data on the backup media through encryption</u>        In order to protect the confidentiality of information stored on the backup media, the ISB should ensure that the Security Critical Network (SCN) data written on the backup media is properly encrypted.</p> <p><u>Management response</u>        This recommendation has been accepted.        The ISB will appraise encryption technology and seek to implement this recommendation in the second half of 2016.</p>	

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Recommendation 2: Complete implementation of the disaster recovery plan  
 The activities for implementing a partial business continuity/disaster recovery plan for either the Security Critical Network (SCN) or the Security Non-Critical Network (SNCN) (not both) should be carefully reassessed. The Organisation needs comprehensive business continuity and disaster recovery plans in place, which include all core activities and critical processes. The criticality of the business processes should be determined (or confirmed) by performing a business impact analysis (see Recommendation 1).

<b>Division/Branch Concerned: PSB</b>	<b>Audit Title: Audit of IT Business Continuity</b>
<b>Audit Assignment Number: OIO/15/03</b>	
<p><u>Recommendation 9: Technical security at the disaster recovery location</u>          As an independent power supply is a necessary precondition for the effective implementation of both the business continuity plan (BCP) and disaster recovery plan (DRP), a power generator with sufficient capacity to support the functioning of the critical business processes and IT systems needs to be procured and installed. In addition, a server room meeting the widely accepted standards should be constructed on the first floor, which includes but is not limited to the implementation of: an armoured door; a restricted access control system; heating, ventilation, and air-conditioning (HVAC) systems; a raised floor; temperature sensors; smoke and fire detectors; motion detectors; video surveillance; and fire extinguishers.</p> <p><u>Management response</u>          Addressing this recommendation requires, at a minimum, that Recommendation 1, Recommendation 3,<sup>9</sup> and Recommendation 7 be addressed first. The planning will determine the size of the servers, which will allow for the power requirements and the size of the server room to be determined. Such planning will also be affected by the security arrangement, which would first have to be implemented.</p>	
<b>Division/Branch Concerned: ADM</b>	<b>Audit Title: Audit of Risk Management</b>
<b>Audit Assignment Number: OIO/15/05</b>	
<p><u>Recommendation 2: Information circular</u>          The Director of Administration should consider assigning the task of drafting an information circular on practical guidance for incorporating risk management into the day-to-day operations of the Secretariat.</p> <p><u>Management response</u>          This guidance has not been formalised. However, new instructions were drafted and distributed to the directors to support their response to the risk register.</p>	

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<sup>9</sup> Recommendation 3: Business Continuity Manager  
 The Director-General should appoint the Head of the OCS or another staff member to fulfil the role of Business Continuity Manager.

## Appendix 5

### OFFICE OF INTERNAL OVERSIGHT KEY PERFORMANCE INDICATORS IN 2015

OPCW Programme Objectives	Key Performance Indicators	Target for 2015	Results Achieved	Explanation of Variances
Effective oversight of the OPCW policy and programme management	• Rate of coverage of identified risks <sup>10</sup>	71.4%	71.4%	The audits performed covered the targeted risks.
	• Rate of implementation of the total recommendations of the OIO	85%	85.6%	The rate of implementation was slightly higher.
	• Rate of implementation of critical recommendations	85%	83.3%	We set a higher target rate for 2015 than for 2014 (82%). Although the implementation rate was greater than the 2014 target, it did not reach the 2015 target. The OIO issued four audit and evaluation reports containing nine critical recommendations at the end of 2015. The programme managers had not yet been afforded sufficient time to implement the recommendations.
	• Absence of non-conformities with applicable ISO standards <sup>11</sup>	100%	100%	No non-conformities were identified by the Dutch Accreditation Council (RvA).
	• Percentage of acceptance of OIO advice by Management <sup>12</sup>	95%	100%	All recommendations were accepted by the Management.

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<sup>10</sup> This percentage includes 100% of high risks.

<sup>11</sup> All non-conformities will be resolved within the same year.

<sup>12</sup> The OIO is not in a position to demand 100% acceptance and therefore targets 95%.