NOTE BY THE DIRECTOR-GENERAL

ANNUAL REPORT OF THE OFFICE OF INTERNAL OVERSIGHT FOR THE PERIOD FROM 1 JANUARY 2016 TO 31 DECEMBER 2016

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 transmitted 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 appreciates the added value of the work carried out by the OIO during the year under review, which has contributed significantly to enhancing transparency and accountability throughout the Organisation by strengthening the systems of internal controls, risk management, and governance.

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 that comprise the IIA's International Professional Practices Framework. This is the highest rating offered by the IIA and means that "the relevant structures, policies and procedures of the activity, as well as the processes by which they are applied, comply with the requirements of the individual Standard or element of the Code of Ethics in all material respects."

PROGRAMME OF WORK FOR 2016

6. The Director-General notes with appreciation that the OIO carried out its annual programme of work for 2016 diligently and professionally, despite constraints related to staffing and extra work owing to unplanned assignments, the advisory role played by the Office, and other internal Secretariat matters. OIO staff members continued to provide valuable advice through their participation as 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 Project Board. In addition, the OIO conducted two training programmes for Secretariat staff, namely, Quality Management System (QMS) training and an information technology/information services audit for advanced-level auditors. The OIO annual report, which is included as an annex to this Note reflects in a comprehensive and accurate manner the various tasks performed by the OIO in 2016.

REPORTS OF THE OFFICE OF INTERNAL OVERSIGHT

7. In accordance with the Annual Programme of Work for 2016, the OIO carried out the following six audit/evaluation assignments:

   (a)   Audit of Manpower Planning in the Inspectorate (final report issued);

   (b)   Audit of IT Infrastructure in the OPCW Laboratory (final report issued);

   (c)   Evaluation of the Programmes and Activities of the Health and Safety Branch (final report issued);

   (d)   Evaluation of the Quality Management System in the Technical Secretariat (final report issued);

   (e)   Audit of Evaluation of Governance in the Technical Secretariat (draft report issued); and

   (f)   Audit of the Developed Selection Methods for Schedule 3 Plant Sites (draft report issued).

8. As a result of the four reports on audits and evaluations that were finalised in 2016, a total of 27 recommendations were issued and accepted by the Management.

QUALITY MANAGEMENT SYSTEM

9. The OIO carried out the following six internal audits of activities in both the OPCW Laboratory and the OIO that are the subject of accreditation:

   (a)   Organisation of the OPCW Central Analytical Database and On-site Databases and Preparation and Testing of Gas Chromatography-Mass Spectrometry Inspection Equipment;

   (b)   Organisation of OPCW Proficiency Tests;

(c)   Management of the Quality Management System Document Central Registry and Control of Quality Management System Documents;

(d)   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;

(e)   Management Requirements—Handling of Complaints, Control of Non-conformities and Related Corrective Actions and Management Review Process; and

(f)   Organisation of OPCW Biomedical Proficiency Tests.

10.   The audit on the Organisation of OPCW Biomedical Proficiency Tests was conducted for the first time within the framework of preparation for the scope extension for accreditation to standard ISO 17043 of the International Organization for Standardization (ISO).

11.   The results of the six QMS internal audits were positive. No non-conformities were identified, and only nine observations and 11 suggestions for improvement were issued.

12.   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 2016 as in each preceding year.

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

13.   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 2016, of the 291 recommendations issued between 2010 and 2016, 245 recommendations had been implemented, bringing the cumulative rate of implementation of recommendations to 84.2%.

14.   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 2016

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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 2016

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1. INTRODUCTION

The Office of Internal Oversight (OIO) is pleased to provide the Conference of the States Parties (hereinafter "the Conference") with its annual report on the internal oversight activities for 2016. This report is submitted in accordance with OPCW Financial Regulation 12.5, which provides 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 by the Director-General, together with such comments as the Director-General and the Council may deem appropriate. Financial Rule 12.5.01 further elaborates on the content of the summary report. In compliance with those requirements, this report provides an overview of the main activities of the OIO in 2016 and information on the implementation status of the recommendations issued.

2. MANDATE AND FUNCTIONS OF THE OFFICE OF INTERNAL OVERSIGHT

Mandate and charter of the Office of Internal Oversight

2.1 The internal oversight function is established on the basis of Article 12 of the OPCW Financial Regulations and Rules, which defines its scope and functions.

2.2 The scope, responsibility, accountability, and standards of the OPCW internal oversight function are further defined in the OIO Charter approved by the Director-General in 2011. The Charter is under revision to keep it up to date with the International Standards for the Professional Practice of Internal Auditing (issued by the Institute of Internal Auditors (IIA), United States of America).

2.3 While discharging its mandate in accordance with the OIO Charter and the governing rules and regulations relating to 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

2.4 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 IIA.[1]

Compliance with Institute of Internal Auditors standards

2.5 In accordance with OPCW Financial Regulation 12.6 "[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". Accordingly, the audits conducted by the OIO in 2016 were performed in compliance with the International Standards for the Professional

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[1] 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".

Practice of Internal Auditing of the IIA, its code of ethics, and its definition of internal auditing.

Membership of the Institute of Internal Auditors

2.6   During the reporting period, the OIO was a member of the IIA (United States of America) and its chapter in the Netherlands. Such membership provides OIO staff with knowledge of the latest professional standards in the conduct of audits, and access to the IIA's vast resources of auditing materials and guidance.

3.   RESOURCES

Budget

3.1   The total budget of the OIO for 2016 was EUR 844,000. The OIO managed to carry out its activities within the available budget resources.

Staffing

3.2   As at 31 December 2016, the OIO had seven budgeted staff positions, consisting of one director, three professional audit staff, and three general service staff.

3.3   In 2016, the OIO continued to face critical staffing resource constraints, as the Internal Auditor left in July 2016. The new Internal Auditor joined the OIO in March 2017. The reason for the gap in the filling of this vacancy was that the initial candidate chosen to fill the position declined at a very late stage in the process. During this period, the Internal Audit Assistant performed the duties related to internal auditing, in addition to her regular duties. The Confidentiality Auditor position, which became vacant in July 2015, was also filled in February 2016.

3.4   Although the Office tried to recruit an external consultant for a short-term engagement to meet the shortage of staff, the position could not be filled.

3.5   During the reporting period, staff resources were not sufficient to provide adequate support to the audit professionals, considering the workload of the OIO. In addition, there were no suitable staff with information technology (IT) audit skills to support the Confidentiality Auditor, and it was difficult to find staff with the required skills. One support staff was temporarily assigned to the OIO for four months.

Training

3.6   Staff members of the OIO continued their professional development in 2016 to fulfil the requirements of the International Professional Practices Framework.

3.7   In collaboration with the Human Resources Branch, the OIO organised a Quality Management System (QMS) training course with an external instructor for 17 staff members of the Technical Secretariat (hereinafter "the Secretariat"). The course, which took place in September 2016, focused on the basic understanding of the International Organization for Standardization/International Electrotechnical

Commission (ISO/IEC) standard 17043:2010, as well as on the requirements of ISO 9001:2008 and ISO/IEC 17025:2005. Part 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.

3.8 The OIO invited the Chartered Institute of Internal Auditors to give an advanced information systems auditing course from 24 to 25 February 2016 at the OPCW Headquarters. The Director of the OIO, the Confidentiality Auditor, and the Internal Audit Assistant attended the training course, which covered technical aspects of cybercrime as well as intrusion prevention and detection. The course also focused on related internal control strategies like systems hardening. An overview of risks in networked systems was also included. The course brought a heightened awareness of the various tools and techniques that have been found to be effective in auditing technical areas.

3.9 The Confidentiality Auditor attended an external training course on audit and security of networks, operating systems, and databases, which was delivered by the MIS Training Institute in London from 8 to 11 November 2016. Through practical and interactive sessions, the course focused on emerging risks and applicable controls, while exploring technical areas. Accordingly, it provided more insight into practical ways of auditing networks, operating systems, and databases, as well as security risks and controls.

3.10 The Internal Audit Assistant attended an auditing projects, project management, and project risk training course from 7 to 8 April 2016 in London. The training, organised by the Chartered Institute of Internal Auditors, presented a thought-provoking introduction to the subject of projects and project risks, using as a backdrop a complex case study constructed from real-world projects. It aligned closely with the PRINCE2 project management framework. The course covered how an auditor plans for project and programme audits using realistic engagement strategies and executing project audits at the beginning, middle, and end stages of projects and programmes. The training would enhance the capacity of the OIO to audit projects in the future.

3.11 The Internal Audit Assistant also attended an in-house training course on Risk Management from 7 to 9 December 2016. The training, given by the Risicomanagement Academie, covered the theory and concepts of risk management, including, inter alia, the identification, assessment, and subsequent management of risks from an enterprise-risk-management perspective and taking into account the principles of results-based management (RBM) and best risk management practices in comparable and other relevant organisations. An interactive session on risks in the OPCW context, aimed at connecting theory to practice, helped to enhance the implementation of risk management practices in the OPCW.

3.12 The Senior Secretary of the OIO attended the PRINCE2 foundation course on 20 October 2016 and the practitioner course on 8 December 2016. The courses provide a method for managing projects within a clearly defined framework, and describe procedures on how to coordinate people and activities in a project, how to design and supervise a project, and what to do if a project has to be adjusted if it does

not develop as planned. According to the method, each process is specified with its key inputs and outputs and specific goals and activities to be carried out, which provides an automatic control of any deviations from the plan.

4.   EVALUATION OF OFFICE OF INTERNAL OVERSIGHT PERFORMANCE

4.1   The OIO was subject to an evaluation of its performance by the IIA, the External Auditor, and the Dutch Accreditation Council (RvA). The two 2016 sessions of the Advisory Body on Administrative and Financial Matters (ABAF) and the OIO facilitation meeting also provided States Parties with an opportunity to evaluate and comment on the performance of the OIO.

External quality assessment by the Institute of Internal Auditors

4.2   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. Such reviews are performed in accordance with Standard 1312 of the International Standards for the Professional Practice of Internal Auditing issued by the IIA. In accordance with this standard, "[e]xternal assessments must be conducted at least once every five years by a qualified, independent reviewer or review team from outside the organization". 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.

4.3   The OIO is pleased to report that the internal audit activity of the OPCW was assessed by the IIA to "generally conform" with the aforementioned standards and to be in compliance with the IIA Code of Ethics. This is the highest rating offered by the IIA and means that "the relevant structures, policies and procedures of the activity, as well as the processes by which they are applied, comply with the requirements of the individual Standard or element of the Code of Ethics in all material respects."

External Auditor's recommendations

4.4   The OIO continued to coordinate its internal audit work with and make its results available to the External Auditor. Furthermore, the annual planning process included consultation with the External Auditor.

4.5   Three recommendations from the External Auditor's Report for 2014 (Annex 2 to EC-80/DG.1 C-20/DG.4, dated 13 July 2015) continued to be addressed in 2016:

(a)   The first recommendation was that the OIO Charter should be approved by the Conference. The OIO has now drafted a new charter and further consultations will take place in due course to request approval by the Conference.

(b)   The second recommendation referred to the need to establish an audit committee. This would strengthen OIO independence, as the audit committee would take on the responsibilities that are currently performed by the ABAF. The Management continues to consider the matter.

(c)   The third recommendation related to the need to clarify the OIO's different roles in oversight and quality system management. With regard to the certification activities conducted by the OIO auditors, the Director of the OIO, together with the Head of the OPCW Laboratory and the Director of the Verification Division, have agreed on the need to update the relevant procedures and to clarify the segregation of tasks between oversight and management.

4.6   Four recommendations regarding the operations of the OIO were made in the External Auditor's Report for 2015 (Annex 3 to EC-83/DG.1 C-21/DG.5, dated 8 August 2016):

(a)   The first recommendation was that the Organisation take steps to develop its risk management processes. The External Auditor would expect the OIO to play a greater role in providing the Management with assurance over its significant risks within its annual programme. The OIO takes note of this recommendation and will continue to provide assurance to the Management over the significant risks in accordance with its annual work plan, keeping in view its staff and budget resources.

(b)   The second recommendation related to the need for greater focus on succession planning and to ensuring that the skills and resources of the OIO are sufficient to deliver effective assurance across key risks to a professional standard. The Director of the OIO should make a clear statement each year on the sufficiency of the assurance coverage and resourcing in his annual report. The OIO takes note of this recommendation and will address this in its annual report each year.

(c)   The third recommendation states that the OIO should have a direct reporting line to an audit committee that has full view of the planned range and scope of activities and can ensure these are sufficient to enable the assurances contained in the Statement on Internal Control (SIC). As noted above, the Secretariat is currently exploring the options available for introducing an audit committee function. This recommendation will be considered in this process, and implementation will take place once an audit committee is established.

(d)   The fourth recommendation mentions that the governance arrangements overseeing the production of the SIC issued by the Management should be strengthened. Senior management needs to be more involved in challenging the SIC to ensure that the statements made are supported by assurance work and to highlight areas where control improvements are planned. Furthermore, the SIC should be subject to review by the Director of the OIO, and should provide some summary which captures the outcomes from their work and their overall conclusion in respect of internal controls. In order to implement this recommendation, the OIO provided the Management with advice on the process for preparing the SIC, including the development of the existing internal control framework. The OIO will review the governance process for the production of the SIC once this system is put in place by the Management. The OIO continues to provide assurance on the internal controls in the Organisation, which are audited in accordance with its risk-based work

programme for the year. Based on inputs provided by the OIO, the SIC now provides a summary that captures the outcomes of OIO work. The OIO will also provide an overall conclusion in respect of internal controls in the audits it conducts.

Surveys

4.7   As part of the requirements to maintain the Secretariat's ISO accreditation, which is delivered by the RvA, the OIO conducted an annual survey to assess the level of satisfaction with its performance. Several amendments to enhance the survey were introduced in 2016. More than half of the responses received rated the OIO performance as positive (either excellent or good), and 2% rated it as unsatisfactory. The survey will be further refined in 2017.

4.8   The information technology/information systems audit course 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 praised the quality of the information provided. The OIO used the comments it received about the improvement of case studies and interaction with students to improve the advanced course on the same subject that was given in February 2016.

Key performance indicators

4.9   The OIO's key performance indicators (KPIs) for 2016 were in line with the results in previous years (see Appendix 4). The Office intends to review these KPIs in 2017 to make them more suitable for providing a better assessment of OIO performance.

Results-based management

4.10   The OIO continued to develop its own RBM system to enhance the achievement of its outputs, outcomes, and impacts in 2016.

4.11   In 2016, 63 main tasks were performed by the OIO through the completion of 212 different activities covering nine sections: audits, evaluations, and certifications; follow-up exercises; consulting services; OIO documentation; training; participation in international events; reporting to States Parties and other activities; budget, staff, and administration; and evaluation of performance. These tasks and activities generated 33 outputs which resulted in the achievement of 12 outcomes. These outcomes were intended to be consistent with two expected impacts: the continued trust and credibility of the OIO vis-à-vis States Parties by securing the highest standards of efficiency, competence, and integrity, and strengthened oversight practices to enable the OIO to achieve its mandate and goals with the necessary skilled staff and budgetary resources. The RBM tool will also be used to prepare a results-based budget for 2018.

Strengthening of the oversight function

4.12   In 2016, the OIO worked to prepare the relevant oversight texts, which include a compilation of all rules, regulations, and international standards and norms, as well as OIO annual reports. In 2017 these will be made available on the intranet to the Management and substantive branches that work closely with the OIO, to serve as an updated reference. The OIO also prepared a draft glossary of auditing terms.

4.13   In 2016, the OIO started to prepare a strategic document intended to delineate its prospective role in the future of the Organisation, including coping with new developments in auditing techniques, particularly in the context of emerging technologies and the establishment of a new enterprise resource planning (ERP) system, which will be finalised in 2017.

5.   OFFICE OF INTERNAL OVERSIGHT WORK PLAN FOR 2016

Key tasks of the work plan for 2016

5.1   The OIO carried out various tasks in the course of 2016. Besides the conduct of internal audits, confidentiality audits, evaluations, and QMS audits, the OIO devoted its time and budget resources to: following up on the action taken by the Management to implement the audit recommendations; providing various advisory services to strengthen management processes; participating in several management meetings in an advisory capacity; providing certification of inspection equipment; participating in meetings of the Representatives of Internal Audit Services of the United Nations Organizations (UN-RIAS), the United Nations Evaluation Group (UNEG), and other organisations; training; updating of internal policies and procedures; budget management; staffing and recruitment against vacant positions; and preparing various reports and presentations to governing bodies.

5.2   The percentage of time resources devoted to various activities in 2016 is illustrated in the chart below.
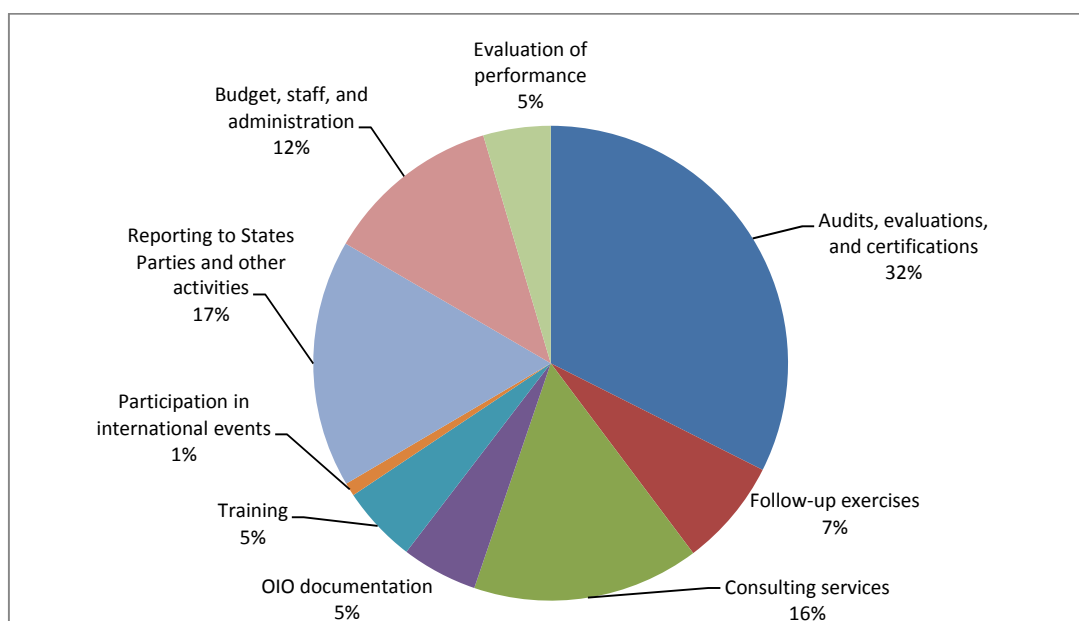
Status of audit/evaluation reports

5.3 The subjects of audits and evaluations for 2016 were identified using the OIO Risk Assessment Framework, applying the methodology of the Committee of Sponsoring Organizations of the Treadway Commission (COSO). 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 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.

5.4 Table 1 below shows the assignments that were carried out by the Internal Auditor, the Confidentiality Auditor, and the Senior Evaluator and Quality Assurance Officer during the year, in accordance with the 2016 Annual Programme of Work of the OIO.

TABLE 1:   AUDITS/EVALUATIONS CARRIED OUT IN ACCORDANCE WITH THE 2016 WORK PROGRAMME

Functional Area	Name of assignment	Status
Internal Audit	Audit of Evaluation of Governance in the Technical Secretariat	Ongoing. Draft report issued and management comments expected. The final report is likely to be issued by the end of April 2017.
	Payroll Audit	In the context of implementation of the new ERP system as from 2018, this activity will be considered in the risk assessment for the Annual Programme of Work for 2018.
	Asset Management	Transferred to the 2017 work programme
Confidentiality Audit	Audit of IT Infrastructure in the OPCW Laboratory	Completed
	Audit of Manpower Planning in the Inspectorate	Completed
	Audit of the IT Change Management Process	Transferred to the 2017 work programme
	Audit of the Implementation of the Secure Information Exchange (SIX) System for the Electronic Transmission of Declarations	Transferred to the 2017 work programme

Evaluations	Evaluation of the Quality Management System in the Technical Secretariat	Completed
	Evaluation of the OPCW Document and Record Management System related to QDOCs	Transferred to the 2017 work programme
QMS audits	Organisation of the OPCW Central Analytical Database and On-Site Databases and Preparation and Testing of Gas Chromatography-Mass Spectrometry Inspection Equipment	Completed
	Organisation of OPCW Proficiency Tests	Completed
	Management of the Quality Management System Document Central Registry and Control of Quality Management System Documents	Completed
	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	Completed
	Management Requirements: Handling of Complaints, Control of Non-Conformities and Related Corrective Actions and Management Review Process	Completed
	Organisation of OPCW Biomedical Proficiency Tests	Completed

5.5   Table 2 below shows the audits/evaluations from the 2015 Annual Programme of Work that were carried out in 2016.

TABLE 2:   AUDITS/EVALUATIONS   FROM   THE   2015   WORK PROGRAMME THAT WERE CARRIED OUT IN 2016

Functional Area	Name of assignment	Status
Confidentiality Audit	Audit of the Developed Selection Methods for Schedule 3 Plant Sites	Ongoing. Draft report issued and management comments expected. The final report is likely to be issued by the end April 2017.
Evaluations	Evaluation of the Programmes and Activities of the Health and Safety Branch	Completed

5.6   In the four final reports of audits and evaluations issued in 2016, a total of 27 recommendations were made.

Management acceptance of Office of Internal Oversight recommendations

5.7   The Director-General approved all of the OIO recommendations issued during the reporting period and instructed the concerned programme managers to take appropriate action, in accordance with Financial Rule 12.3.04.

Quality Management System

5.8   The OIO reviews the quality assurance policy and strategy in order to maintain a comprehensive programme aimed at meeting the requirements of the following international standards, which are subject to the assessment of the RvA:

•   ISO/IEC 17025:2005 (General requirements for the competence of testing and calibration laboratories); and

•   ISO/IEC 17043:2010 (Conformity assessment—General requirements for proficiency testing).

5.9   In order to maintain both certificates, 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.

5.10   The RvA conducted a two-day assessment visit in October 2016 to evaluate the efficiency and effectiveness of the Secretariat's QMS and its capacity to perform the accredited activities. The RvA team concluded that the OPCW staff were competent and that the management system was well documented and effective. Three small non-conformities were identified. All corrective actions had been taken, of which the results were positively approved by the RvA.

5.11   In December 2016, the OIO organised a meeting of the QMS Technical Committee (QMSTC). Topics that were discussed included management review of ISO accredited activities, adoption of the new quality policy statement, and the terms of reference of the QMSTC. The QMSTC agreed that the OPCW should not pursue ISO 9001 accreditation for the whole Organisation. The new quality policy statement was approved by the Director-General on 20 January 2017.

5.12   Implementing the mandate given to it 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.

5.13   In order to maintain the Secretariat's QMS, the OIO needs to organise six internal audits covering the activities that are subject to accreditation in the OPCW Laboratory, the OIO, and the DRA.

6.   SUMMARY OF INTERNAL AUDIT REPORTS AND KEY RECOMMENDATIONS

Audits and evaluations

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

6.1   The Audit of Manpower Planning in the Inspectorate (INS) was part of the 2015 Annual Work Programme. The OIO conducted the audit from November to December 2015 and from June to July 2016. The audit covered both 2014 and 2015 and was conducted in conformity with the International Standards for the Professional Practice of Internal Auditing.

6.2   It was noted that the budgetary allocations to INS were EUR 25.7 million in 2015 and EUR 29.5 million in 2014, representing 37% and 40% of the total OPCW expenditure budget in the respective years. The budgetary allocations were correlated with the number of inspections in each Annual Inspection Plan (AIP).

6.3   In 2015, 143 full-time inspectors and 25 inspectors on special services agreement (SSA) contracts performed 356 inspections at 278 sites. In 2014, 141 full-time inspectors and 15 SSA inspectors performed 352 inspections at 279 sites. AIPs were executed promptly in both years and there was a continuation in the upward trend in the conduct of industry sequential inspections, with 59 such inspections in 2015.

6.4   However, the ruling policies and procedures on inspector deployment were not fully documented and required review. In October 1997, the Council approved a Working Schedule for Inspectors (WSI), which mainly proposed a maximum number of inspector days away from The Hague. The WSI was considered untenable by the INS and had not been complied with in practice. It had not yet been formally reviewed, and lessons learned since 1997 had not been used to inform updates. Wide variations in the use of inspectors across and within different Inspector Specialty Groups (ISGs) were observed. There was a lack of an aggregate metric for measuring and tracking the use of total inspector time spent on missions. Nevertheless, there was still scope for rebalancing the number of inspectors in different ISGs. In addition, several cases of non-compliant practices were noted with regard to the maximum inspector days per deployment, certification of replacement days, completion of mission checklists, and mandatory inspector training.

6.5   Based on the foregoing, the OIO made 13 recommendations (five classified as critical and nine classified as standard). Twelve were to be implemented by the INS and one by the Health and Safety Branch (HSB).

6.6   A formal review of the WSI was recommended. In the absence of other authoritative guidance, inspector deployment practices should be aligned with the WSI, and all mission planning checklists completed in full. A metric should be devised to reflect the total time that inspectors spend on missions. Such a metric should be measured and monitored as a means of optimising the use of inspectors. Inspector headcounts should be more closely aligned with the requirements of each ISG to avoid imbalances. The INS should propose measures to minimise failures to deploy SSA inspectors who do not receive clearance from States Parties. The frequency of the

standard annual medical testing of inspectors should also be reconsidered, given the uniqueness of the purpose of these tests. Mandatory training for inspectors should be prioritised. While training costs are being rationalised, the impacts on the integrity and effectiveness of training programmes should be monitored. The administrative directive on mission working hours, inspector replacement days (IRDs), and overtime compensation must be reviewed and updated. Inspection team leaders should certify the work that has been done before it qualifies for IRDs, and the efficiency of extracting reports on IRDs should be enhanced.

Audit of IT Infrastructure in the OPCW Laboratory (OIO/16/01)

6.7   It was noted that the OPCW maintains the following accreditations from the ISO/IEC:

- ISO/IEC 17025:2005 (General requirements for the competence of testing and calibration laboratories); and

- ISO/IEC 17043:2010 (Conformity assessment—General requirements for proficiency testing).

6.8   Accordingly, the RvA undertakes annual inspections of the OPCW Laboratory (LAB) in Rijswijk.

6.9   The OIO conducted the Audit of IT Infrastructure in the OPCW Laboratory between 1 March and 25 April 2016, in advance of the RvA inspection in October 2016. The main areas of focus were: Information Security Policy (ISP); logical access controls; vulnerability assessments; data backups; the OCAD; physical security; and business continuity planning (BCP). The OIO proposed several recommendations to be implemented by the LAB, the Information Services Branch (ISB), and the Office of Confidentiality and Security (OCS).

6.10   The OCS had not reviewed the ISP (2007) according to its mandate. The ISP (2007), which was based on ISO/IEC 27002:2005 (Information Technology—Security Techniques—Code of Practice for Information Security Management), had been superseded by ISO/IEC 27002:2013. The OIO recommended that the OCS review and update the ISP.

6.11   The Rijswijk Laboratory Network is connected to the OPCW Headquarters network through a secure virtual private network managed by a vendor, KPN. The KPN contract included a confidentiality clause. Access to the Rijswijk Laboratory Network was controlled through user provisioning and deprovisioning, strong passwords, and lockout of computer screens after inactive periods. In addition, two wireless networks at the LAB, which were also isolated from the OPCW network, required a user to be authenticated. The OIO recommended that the OCS coordinate periodic vulnerability assessments in accordance with its mandate.

6.12   Annual validation of the Active Directory group membership in the Security Non-Critical Network (SNCN) had been implemented. An access assessment matrix had been circulated by the Head of the OCS to the heads of divisions and branches who, in turn, were required to validate it. The exercise was last completed in January 2015. The OIO recommended that the OCS should recirculate the SNCN access

matrix to all divisions, including the LAB, in 2016, and that this should continue periodically.

6.13   There was a lack of oversight concerning the responsibility for the transfer of backup tapes between Rijswijk and the Headquarters. The OIO recommended that the ISB improve oversight on this process, and formally document corresponding procedures. Nevertheless, assurance was obtained concerning tape backup restoration on the Rijswijk Laboratory Network, through two successful data restoration tests conducted on 17 March and 14 April 2016.

6.14   There was one designated OCAD administrator, with no alternate or technical support owing to legacy technology reasons. Accordingly, a database programmer was engaged to redesign the OCAD. Further, the OCAD administrator's event logs were not secured in a separate log server. The OIO recommended that the ISB liaise with the Head of the LAB to ensure the security of event logs in a newly designed OCAD. Nevertheless, updates to the OCAD and databases for use in on-site inspections were controlled effectively.

6.15   Physical access to the Rijswijk facility is controlled through zoning, electronic surveillance, and badging. However, vehicle control and mail screening procedures were not enforced. There were no perimeter defences and windows were not barricaded. The server room was shared, with the server rack remaining open on account of protruding components.

6.16   An IT data backup regime was enforced. However, arrangements had yet to be made for an alternate site at which the operations at the LAB and OPCW Equipment Store could continue in case of a disaster. The Head of the LAB considered possible contingency arrangements involving the storage of some equipment at an off-site location, as well as the use of alternate laboratories.

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

6.17   The Evaluation of Programmes and Activities of the Health and Safety Branch was conducted as part of the OIO's 2015 Annual Work Programme and covered the activities for the calendar years 2013 to 2015. The main objectives of this report were to assess the HSB's compliance with the Chemical Weapons Convention and pertinent quality documents, to evaluate the effectiveness of the HSB's programmes and activities, and to review the efficiency of its operations.

6.18   HSB staff play an important function in the areas of health and safety administration, organisational health and well-being, chemical weapons safety, and industrial safety. Based on the results of this evaluation, many best practices implemented by the HSB to adapt to the changing environment and new organisational needs were identified. The HSB prioritises its programmes and activities according to level of risk to the Organisation. Other units have expressed satisfaction with the support provided by the HSB.

6.19   There was, however, insufficient evidence to demonstrate how strategic planning and reporting was organised. The whole planning process appeared to be arranged mainly

through the programme and budget process, leaving little opportunity to reflect strategic guidance. In accordance with the Health and Safety Manual, the Head of the Health and Safety Branch is required to ensure that annual work plans for the Branch and its staff are established in a way that is consistent with the mission and objectives of the Organisation.

6.20   Consequently, more attention should be placed on strengthening oversight of the Health and Safety Committee in order to better encompass matters related to the health and safety mandate. The reporting process to the Health and Safety Committee should be clarified in order to improve its guidance role.

6.21   As a result of this evaluation, six standard recommendations were issued. They relate to HSB objectives, the Health and Safety Committee, improvement of IT software, strengthening oversight over medical personnel, the need for a well-being strategy, and the full alignment of quality documentation with current practice.

Evaluation of the Quality Management System in the Technical Secretariat (OIO/16/5)

6.22   The Evaluation of the Quality Management System in the Technical Secretariat was conducted to provide background information for the strategic decisions of the QMSTC, giving historical information on the development of the system, as well as analysis of the current regulatory framework.

6.23   The current QMS framework at the OPCW is complex, as there are two QMS systems: a well-established and fully implemented QMS for accredited activities and another one for the rest of the Secretariat.

6.24   Though they are in different implementation stages, both systems make use of the same managerial arrangements and structure. Although the QMS for accredited activities is fully implemented and operational (being regularly scrutinised by the RvA, Senior Management, and the OIO), the QMS for the whole Secretariat has been implemented only in some parts, mainly in respect of provisions related to document control procedures.

6.25   At the same time, both systems use components of the same QMS structure, such as the QMSTC, mainly for the cross-organisational issues. This presents constant challenges to keeping two existing ISO accreditations (covering a small part of the Secretariat's activities) in terms of efficiency of the accredited system and the effectiveness of established controls to identify continual improvement.

6.26   At the most recent meeting of the QMSTC, a new revision of the Quality Policy Statement was approved, deleting the reference to ISO 9001:2008. This strategic decision allows for better protection of the two ISO accreditations. However, there remains an opportunity for the QMSTC to explore and identify existing needs in various parts of the Secretariat to pursue different, more specific ISO standards, such as in the areas of risk management, business continuity, or document control.

6.27   In the future, if it is decided to introduce other ISO standards, additional cross-organisational processes would have to be established. Thus, ancillary financial and human resources will need to be considered.

6.28   For existing accreditations, the Senior Management could consider strengthening the internal control system of the LAB. The current RvA accreditation to ISO 17043 gives the LAB the required authority to designate laboratories to assist in and manage the conduct of proficiency tests. The OPCW Laboratory works exclusively with designated laboratories that are fully accredited to ISO 17025:2005 (as a prerequisite). However, the OPCW Laboratory–as a whole–is not accredited to this ISO standard.

6.29   As a result, eight suggestions for improvement for the consideration of the QMSTC have been made with regard to the future development of the QMS in the OPCW. Seven of the eight suggestions could be considered as a road map towards the creation of a more efficient corporate QMS that is fit for purpose. In sum, these suggestions cover the need to identify possible requirements for ISO standards across the Secretariat, build new systems with strategic objectives, improve document management, and establish training programmes on quality-related issues.

Organisation of the OPCW Central Analytical Database and On-site Databases and Preparation and Testing of Gas Chromatography-Mass Spectrometry Inspection Equipment (QS/16/1)

6.30   The audit team found that the processes for the organisation of the OCAD and on-site databases and the preparation and testing of GC-MS inspection equipment are adequate and efficient. The audit team reviewed the applicable QMS procedures.

6.31   The documentation was found to be complete and in compliance with the requirements described in the relevant QMS documents and ISO/IEC 17025:2005. The audit team noted the commitment of the LAB to make continuous improvements.

6.32   The auditors have issued one new suggestion for improvement. In addition, the audit team has checked the actions taken by the LAB to address the audit findings from previous engagements. As a result, one suggestion for improvement has been closed while two observations have been kept open. Accordingly, both observations have been included in this report.

Organisation of OPCW Proficiency Tests (QS/16/2)

6.33   The audit team arrived at the conclusion that the process for the organisation of the OPCW proficiency tests is adequate and efficient. The maturity of the process, which has been run for many years, and the quality of the existing controls in place guarantee compliance with the requirements described in the relevant QMS documents and ISO/IEC 17043:2010.

6.34   The auditors also noted the continuous efforts by the LAB to improve the proficiency test process, taking into account feedback received from various customers, namely, the RvA, evaluating and participating laboratories, LAB staff members, and internal auditors.

6.35   As a result of the audit, no non-conformities have been identified. The two suggestions made refer mainly to possible further improvements, namely, developing and implementing an induction training plan and continuing to improve service to customers.

Management of the Quality Management System Document Central Registry and Control of Quality Management System Documents (QS/16/3)

6.36   The audit team arrived at the conclusion that the process for the management of the Quality Management System document (QDOC) central registry and the control of QDOCs is working properly. The auditors have not come across any serious non-compliance or other systematic error.

6.37   The auditors also noted the attempts of the DRA to improve the documents and records management system by regularly sending an update to all organisational units concerning the pending revision of QDOCs.

6.38   As a result of the audit, one observation and two suggestions for improvement have been made, and are aimed at strengthening the day-to-day cooperation between the DRA and document controllers, as well as at obtaining additional reassurance regarding the completeness of the list of QDOCs available on the Port@l (OPCW intranet).

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/16/4)

6.39   Overall, the audit team was convinced that the audited processes provided reasonable assurance of product quality. No non-conformities were found during the audit. The audit team made three suggestions for improvement.

6.40   Although QDOC/OIO/SOP/004 was reviewed and updated, progress is still ongoing with respect to the amendments to the QDOCs suggested by the previous year's audit team. The auditees informed the audit team that the amendments will be addressed during the review of the QDOCs.

Management Requirements: Handling of Complaints, Control of Non-Conformities and Related Corrective Actions and Management Review Process (QS/16/5)

6.41   Generally, the audit conclusions were positive. The audit team identified one observation and one suggestion for improvement.

6.42   Concerning the observations, namely the absence of a long-term plan and/or plans for how strategic issues are approached within the QMS, the auditors noted that while relevant items were tabled at the QMSTC meeting of 25 November 2015 as recommended, the process had not yet been completed and required further action on the part of the auditee and the senior management of the Organisation.

6.43   The second observation relates to the revision of the Secretariat Quality Manual. In light of the still ongoing process of updating the QMS, the Secretariat Quality Manual

had not yet been revised to reflect the decision on ISO 9001 or the structural changes in the Secretariat. The audit team suggested updating both the Quality Manual and the Policy Statement.

Organisation of OPCW Biomedical Proficiency Tests (QS/16/6)

6.44   The Secretariat successfully conducted the first Biomedical Proficiency Test (BioPT) and achieved its objective to create a network of designated laboratories for the analysis of biomedical samples for off-site analysis. In total, 26 laboratories (nominated by 22 Member States) participated in the test. Three laboratories performed the test on a trial basis.

6.45   The LAB organised the preparation of samples and the evaluation of results without other external providers, since no laboratories had yet been designated by the OPCW. For the next BioPT, sample preparation will be outsourced to designated laboratories. The auditors also assessed these activities against relevant clauses of standard ISO/IEC 17043:2010.

6.46   The audit team reviewed the applicable QMS procedures. The auditors arrived at the conclusion that the process for the organisation of the BioPT was adequate and efficient. The whole BioPT process was built based on over 15 years' experience in organising proficiency tests, which were accredited under ILAC G13 (of the International Laboratory Accreditation Cooperation) and subsequently ISO/IEC 17043:2010.

6.47   Despite having conducted the BioPT for the first time, the OPCW Laboratory has already shown a willingness to improve the process. Different meetings with other laboratories are scheduled regularly. All comments are discussed and taken into account when planning future improvements to the system.

6.48   As a result of the audit, no non-conformities have been identified. The two observations issued relate to the need to send to participating laboratories complete information regarding existing procedures on complaints and appeals and the OPCW confidentiality regime. The last observation relates to the need to make reference to the existing procedure on corrective actions.

6.49   The auditors also suggested that updates be made to existing procedures to communicate changes in programme design and operation, and that all records related to competencies of employees of the LAB be gathered in one place, so that they are easily accessible by the staff and the auditors.

Other assignments

6.50   In its report of June 2016, the ABAF recommended that the Secretariat formulate a paper to evaluate the option of enhancing the role of ABAF so that it would take on the responsibilities of an audit committee. Accordingly, the OIO prepared a briefing on the available options for the ABAF's consideration.

7. STATUS OF IMPLEMENTATION OF AUDIT RECOMMENDATIONS

7.1 The International Professional Practices Framework for internal auditing issued by the IIA (United States of America) requires "a follow-up process to monitor and ensure that management actions have been effectively implemented". The annual work plans of the OIO include provision for such follow-up.[2] The OIO has set up an Excel-based tool designed to enable managers to report action taken on the status of implementation of audit recommendations, and desk reviews are performed by the OIO in consultation with the Management on actions taken to address the audit recommendations.

7.2 In 2016, a total of 27 recommendations were issued as a result of audits and evaluations conducted throughout the year.[3] During the same period, 27 recommendations (including four critical) issued between 2010 and 2016 were implemented by the Secretariat. The cumulative rate of implementation of OIO recommendations between 2010 and 2016 stood at 84.2% as at 31 December 2016, compared to 85.6% as at 31 December 2015.

7.3 A total of 27 recommendations were also issued in 2015. The OIO reviewed the progress in respect of their implementation and noted that, based on management action taken, nine recommendations (33.3%) could be considered as implemented and closed as at 31 December 2016.

7.4 The total number of open recommendations for which implementation was pending as at 31 December 2016 was 46. A yearly breakdown is provided in Appendix 1. The OIO will continue to conduct timely assessments of the progress in respect of implementation of these recommendations.

7.5 The status of the recommendations issued and implemented from 2012 to 2016 is presented in Table 3 below.

TABLE 3: STATUS OF IMPLEMENATION OF OFFICE OF INTERNAL OVERSIGHT RECOMMENDATIONS FROM 2012 TO 2016

	OIO recommendations				
Year	Number pending from previous years (A)	Number issued additionally during the year (B)	Total number for implementation C = (A) + (B)	Number implemented during the year (closed) (D)	Number at year end E = C - D
2012	75	82	157	85	72
2013	72	44	116	58	58
2014	58	40	98	28	70
2015	70	27	97	51	46
2016	46	27	73	27	46

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[2]   IIA Performance Standard 2500 – Monitoring Progress.

[3]   Only recommendations contained in the final reports issued in 2016 are included in the statistics.

7.6   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.

7.7   Of the 27 recommendations closed in 2016, eight related to internal audit reports, 10 to confidentiality audit reports, and nine to evaluation reports.

7.8   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.

7.9   The implementation of the eight internal audit recommendations led to strengthened internal controls in management processes.

7.10   Regarding the 10 confidentiality audit recommendations (including three critical) that were closed by the OIO in 2016, value enhancements as a result of their implementation were as follows: reduction of risks associated with unauthorised access to the Security-Critical Network (SCN) through implementation of appropriate access controls and effective handling of access rights; effective implementation and monitoring of the confidentiality regime in the Declarations Branch; improvements in planning for enhancements in functionalities in the Electronic Declarations Tool for National Authorities; and improved compliance with the inspector planning process through the prioritisation of mandatory inspector training and certification of leave days.

7.11   Regarding the nine evaluation recommendations (including one critical) that were closed in 2016, 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 critical recommendation implemented in the ISB referred to the establishment of an overarching and clear long-term IT strategy. Most of the recommendations closed in 2016 focused on a more effective implementation of RBM in both the ISB and the Industry Verification Branch.

7.12   Appendix 2 provides information on the critical recommendations made in the OIO reports in 2016, while Appendix 3 provides information on the critical recommendations made from previous years for which corrective action is due to be completed by the Management.

8. ADVISORY SERVICES

8.1 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 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.

8.2 The OIO continued to receive requests for advice and comments in 2016 related, among other issues, to the revision of administrative directives, the improvement of internal controls, risk assessment, confidentiality policy, and IT governance.

8.3 The OIO staff members participated as advisers or observers in meetings of the Investment Committee, the Property Survey Board, the Committee on Contracts, the Information Services Steering Committee, the ERP Project Board, the ERP Working Group on Financial Rules and Regulations, and the Risk Management Working Group. The fact that the Management frequently consults the OIO for advice reflects the key role that the Office plays in the Secretariat.

8.4 The Confidentiality Auditor attended two meetings of the IT Strategy Advisory Committee (ITSAC) as an observer. This included the inaugural meeting held on 15 April 2016 to discuss the development of the IT strategy and its road map.

8.5 Following on from the establishment of the ITSAC, an inaugural IT Steering Committee (ITSC) meeting was held in December 2016. The OIO was represented at the meeting as an observer. A subsequent meeting was held in January 2017 to discuss the prioritisation of projects.

8.6 The Confidentiality Auditor participated in three meetings of the Risk Management Working Group, providing advisory services on risk management in general and on the maintenance of risk registers.

8.7 From July to December 2016, the Confidentiality Auditor attended six monthly Investment Committee meetings as an observer, providing relevant advice where applicable.

8.8 The Internal Auditor and Acting Internal Auditor attended, as observers, 18 meetings of the Committee on Contracts in 2016 to review the cases submitted to the Committee and provide advice to the Director-General on procurement issues.

8.9 Throughout the year, the OIO provided information, upon request, 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.

8.10   In 2016, the Secretariat organised three retreats for directors and branch heads. The OIO played an active role during all the meetings, sharing presentations on the subject of evaluation. For the September meeting, the OIO invited the UNEG Vice-Chair for Use of Evaluation, Mr Oscar Garcia, who shared his experience as Director of the Independent Office of Evaluation (IOE) at the International Fund for Agricultural Development (IFAD).

9.   CERTIFICATION OF INSPECTION EQUIPMENT

9.1   The OIO continued to provide assurance for the testing, preparing, and packing of inspection equipment for sampling missions in accordance with Council decision EC-62/DEC.3 (dated 6 October 2010).

9.2   At the request of the LAB, in 2016 the OIO issued 19 certificates for the OCAD and on-site analytical databases, and 11 certificates for the GC-MS inspection equipment.

10.   EXTERNAL RELATIONS

Representatives of Internal Audit Services of the United Nations Organizations

10.1   UN-RIAS is an affiliation of chief audit executives and provides a framework and a forum to promote the development and exchange of United Nations internal audit and oversight-related practices and experience. UN-RIAS is a part of RIAS—the Representatives of Internal Audit Services of United Nations Organizations and Multilateral Financial Institutions and other associated intergovernmental organisations. The mission of RIAS is "to strengthen internal auditing practices and professionalism by providing a forum for development of methodologies and their related innovation, promoting and supporting independence, collaboration and common positions of its members to add value to their organisations."

10.2   The OIO continued to participate in the meetings of UN-RIAS. The Director of the OIO attended the meeting of UN-RIAS held in New York in September 2016. Many subjects were discussed at the meeting, including financial audits, big data, and continuous auditing; micro- and macro-level audit opinions; monitoring implementation of recommendations; oversight costs; audit clauses for the European Union; risk management; performance auditing; and global trends in internal auditing.

United Nations Evaluation Group

10.3   UNEG is an interagency professional network that brings together the evaluation units of the United Nations system, including United Nations departments, specialised agencies, funds and programmes, and affiliated organisations. In 2016, the OIO re-established its membership with UNEG.

10.4   In April 2016, the Senior Evaluator and Quality Assurance Officer participated in the annual general meeting of UNEG (its decision-making body) in Geneva.

10.5   As stated above, for the September 2016 retreat of directors and branch heads the OIO invited the UNEG Vice-Chair for Use of Evaluation, Mr Oscar Garcia, who shared his experience as Director of the IOE at IFAD.

Alberto E. Dojas
Director, Office of Internal Oversight

Appendix 1

**STATISTICS OF OPEN AUDIT RECOMMENDATIONS BY YEAR
(AS AT 31 DECEMBER 2016)**

	2013 and prior	**2014**	**2015**	**2016**	**Total**
Internal Audit	0	0	3	0	3
Confidentiality Audit	2	1	11	18	32
Evaluation	1	1	4	5	11
Total	**3**	**2**	**18**	**23**	**46**

Appendix 2

**CRITICAL RECOMMENDATIONS MADE IN REPORTS
OF THE OFFICE OF INTERNAL OVERSIGHT IN 2016**

Responsible Unit	Audit Ref. Number	Audit Title	Recommendation
OCS	OIO/16/01	Audit of IT Infrastructure in the OPCW Laboratory	Recommendation 1: Updates to the Information Security Policy (ISP) (i) The OCS should plan to review and update the ISP (2007). (ii) The updated ISP should be aligned with the current standard ISO/IEC 27002:2013 "Information Technology – Security Techniques – Code of Practice for Information Security Management." (iii) The OCS should define and conduct subsequent reviews at regular intervals or when significant changes occur to ensure that each current version of the ISP continues to be suitable, adequate, and effective.
OCS	OIO/16/01	Audit of IT Infrastructure in the OPCW Laboratory	Recommendation 3: Vulnerability Assessments The OCS should consider coordinating periodic vulnerability assessments in the Secretariat in order to identify, prioritise, and remediate any existing technical vulnerabilities in the information systems. Vulnerability assessments would enable proactive assessment of risk exposures and remediation efforts in advance of any possible exploits by unauthorised individuals.
INS	OIO/15/07	Audit of Manpower Planning in the Inspectorate	Recommendation 2: Review of the Working Schedule for Inspectors The Director of the Inspectorate should consider proposing the update of the Working Schedule for Inspectors, to take into account lessons learned in inspector deployment practices since its release in October 1997.

Responsible Unit	Audit Ref. Number	Audit Title	Recommendation
INS	OIO/15/07	Audit of Manpower Planning in the Inspectorate	**Recommendation 3: Reducing Imbalances and Optimising the Use of Inspectors** In updating the Working Schedule for Inspectors, the Head of the Operations and Planning Branch should endeavour to optimise the use of inspectors by smoothening, as much as possible, the uneven use of inspectors. This could be achieved by devising, measuring, and monitoring a metric that aggregates all elements of time spent on missions, in addition to inspector days. This would include time spent on planning and reporting on missions.
INS	OIO/15/07	Audit of Manpower Planning in the Inspectorate	**Recommendation 4: Realignment of the Number of Inspectors** The Head of the Operations and Planning Branch should liaise with the Head of Strategic Recruitment and Workforce Management to ensure that inspector headcounts in each specialty are gradually realigned in line with each Inspector Specialty Group's relative requirements.
INS	OIO/15/07	Audit of Manpower Planning in the Inspectorate	**Recommendation 5: Maximum Inspector Days Per Deployment** The Head of the Operations and Planning Branch, through Mission Planning Coordinators, should monitor compliance with the maximum number of days per deployment of 45 days specified in the Working Schedule for Inspectors. Should this limit be considered insufficient, a revised limit should be proposed, documented, and accordingly approved.
INS	OIO/15/07	Audit of Manpower Planning in the Inspectorate	**Recommendation 11: Prioritisation of Mandatory Training** The Head of the Capacity Building and Contingency Planning Cell should ensure that, going forward, mandatory training for inspectors is prioritised prior to their deployment.

Appendix 3

**CRITICAL RECOMMENDATIONS MADE IN PREVIOUS REPORTS
ON WHICH CORRECTIVE ACTION HAS NOT BEEN COMPLETED**

Responsible Unit	Audit Ref. Number	Audit Title	Recommendation
ICA	OIO/15/02	Evaluation of Outreach Activities Conducted in the International Cooperation and Assistance Division	Recommendation 1: High-level strategic document The OIO recommends the development of a high-level guidance document for the International Cooperation and Assistance Division (ICA), which clearly describes the ends (goals, objectives) and how they will be achieved by the means (resources) allocated to the ICA, as well as the evaluation and impact assessment mechanisms to be used, thereby backing up and underpinning its activities.
ICA	OIO/15/02	Evaluation of Outreach Activities Conducted in the International Cooperation and Assistance Division	Recommendation 4: Evaluation mechanism The OIO recommends the establishment of a suitable evaluation mechanism (applied to all outreach activities in the International Cooperation and Assistance Division) which would define, at a minimum: • Areas and activities to be evaluated • Type, purpose, and use of data to be collected • Frequency, form, and audience of reporting • Monitoring of implementation of recommendations (lessons learned) • Link of performance with costs • Deadlines and responsibilities for evaluation activities (including coordination of the process at divisional level)
OCS	OIO/15/03	Audit of IT Business Continuity	Recommendation 1: Business impact analysis In order to assess the criticality of the business processes, a mechanism for performing a business impact analysis should be established.

Responsible Unit	Audit Ref. Number	Audit Title	Recommendation
ISB	OIO/15/03	Audit of IT Business Continuity	Recommendation 10: The availability of the Security Critical Network backups 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 on 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).
ISB	OIO/15/03	Audit of IT Business Continuity	Recommendation 11: Protection of the confidentiality of the Security Critical Network data on the backup media through encryption 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.
ISB	OIO/15/03	Audit of IT Business Continuity	Recommendation 6: Establishing adequate and effective standard operating procedures for the disaster recovery location In the case of a major disruption or natural disaster, it is very unlikely that all 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 Disaster Recovery Plan for the Organisation 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.

Responsible Unit	Audit Ref. Number	Audit Title	Recommendation
ISB	OIO/15/03	Audit of IT Business Continuity	Recommendation 7: The role of the Information Services Steering Committee in the business continuity management process The process for business continuity management (BCM) should be established by using the 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.
OCS	OIO/15/03	Audit of IT Business Continuity	Recommendation 8: Physical security at the disaster recovery location in Rijswijk 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.
PSB	OIO/15/03	Audit of IT Business Continuity	Recommendation 9: Technical security at the disaster recovery location 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.

Responsible Unit	Audit Ref. Number	Audit Title	Recommendation
ADM	OIO/15/05	Audit of Risk Management	Recommendation 2: Information circular 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.

APPENDIX 4

KEY PERFORMANCE INDICATORS IN 2016

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[4]	71.4%	71.4%	The OIO formulated its annual programme of work through a risk assessment process. The audits/evaluations selected and performed covered the targeted risks.
	Rate of implementation of the total recommendations of the OIO	85%	84.2%	At the end of the year the OIO issued a final report on the Audit of Manpower Planning in the Inspectorate, which contained 13 recommendations. The programme managers were not yet afforded sufficient time to implement the recommendations.
	Rate of implementation of critical recommendations	85%	70.4%	Sixteen critical recommendations were pending at the end of 2016. Some of the critical recommendations take a longer period of time to be implemented.
	Absence of non-conformities with applicable ISO standards[5]	100%	100%	Due to late date of the RvA assessment, by the end of 2016 there were three non-conformities open. However, none were outstanding beyond the agreed deadline for implementation.
	Percentage of acceptance of OIO advice by the Management[6]	95%	100%	All recommendations were accepted by the Management.

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4 This percentage includes 100% of high risks.

5 All non-conformities will be resolved within the same year.

6 The OIO is not in a position to demand 100% acceptance and therefore targets 95%.