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## **STATEMENT BY THE EUROPEAN UNION AT THE 745th MEETING OF THE OSCE PERMANENT COUNCIL**

18 December 2008

### **In response to the report of the Audit Committee**

The European Union welcomes the members of the Audit Committee and its chairman Mr. Frederick Gazzoli to this meeting of the Permanent Council.

We thank the Committee for its detailed report. We are pleased to note that the work carried out by the Chairman-in-Office, the members of the Advisory Committee on Management and Finance, the Secretary General, the staff and Organization control bodies have enabled the Committee to study in detail the implementation of the Organization's internal and external procedures and controls. We do not doubt that its recommendations will make it possible to carry out the necessary corrective actions and improvements.

At the same time, we are obliged once again to note the lack of significant progress in updating the financial regulations in spite of recent efforts by the Ukrainian chairmanship of the ad hoc working group. We urge all participating States to reach agreement on the required practical changes to the financial regulations, without which our Organization runs the risk of being exposed to mismanagement.

Similarly, in spite of the good marks given by the Committee to the progress achieved in the budgetary and planning procedures, the Advisory Committee on Management and Finance has not yet been in a position to present the recommendations requested by the Permanent Council to act in this regard. We hope that rapid progress will be made in the direction suggested by the Chairman-in-Office.

We naturally encourage the relevant departments in the Secretariat to follow the Committee's recommendations, particularly regarding the continued efforts towards the implementation of a general risk management policy. We would like to see discussion continue on the conditions for conversion to International Public Sector Accounting Standards.

We are pleased to note the good working relations of the Committee with the External Auditor and the Office of Internal Oversight and urge it to continue them in a spirit of co-operation and complementarity.

In conclusion, we should like to pay tribute to work of the Committee and its contribution to strengthening the Organization's control mechanisms.

The candidate countries Turkey, Croatia and the former Yugoslav Republic of Macedonia\*, the countries of the Stabilisation and Association Process and potential candidate countries Albania, Bosnia and Herzegovina, Montenegro and Serbia, the European Free Trade Association countries and members of the European Economic Area Iceland and Norway, as well as the Republic of Moldova and Georgia, align themselves with this statement.

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\* Croatia and the former Yugoslav Republic of Macedonia continue to be part of the Stabilisation and Association Process.