



United States Mission to the OSCE

Responses to the Report of the External Auditor on the Financial Report and Statement for 2013 and to the Report of the OSCE Audit Committee, July 2013 – June 2014

As prepared for delivery by Ambassador Daniel B. Baer
to the Permanent Council, Vienna
July 3, 2014

The United States would like to thank the External Auditor and his staff for their comprehensive audit of the OSCE Financial Report and Statements for 2013, and also thank the OSCE Audit Committee for the presentation of its ninth Annual Report.

On the presentation of the External Auditor report, we welcome Mr. Horst Erb to the Permanent Council, and we thank the Federal Court of Auditors of Germany in its role as External Auditor starting in May 2013.

We are pleased that the External Auditor, after thorough review and analysis of the OSCE accounting systems and procedures issued an unqualified opinion of the financial statements for the period ended December 31, 2013. External audits are an important component of ensuring financial and management integrity, and they contribute to the overall effectiveness and efficiency of the OSCE.

We welcome the OSCE's adoption of the International Public Sector Accounting Standards, aligning this organization's accounting practices with internationally recognized standards and best practices for international organizations. We also support the External Auditor's recommendation to bring the OSCE information technology security framework in line with the ISO 27001 standard.

We are pleased that eight of the eleven recommendations from the 2012 Financial Statements have been implemented. We look forward to the remaining three being resolved in due course. We also encourage the OSCE to address all the recommendations that have been made in External Auditor's reports.

Mr. Erb, the United States appreciates the work that you and the Federal Courts of Auditors of Germany have done for the OSCE in your capacity of External Auditor.

On the OSCE Audit Committee Report, we welcome Mr. William Petersen to the Permanent Council, and we thank the OSCE Audit Committee for the presentation of its ninth annual audit report covering the period July 2013 to June 2014. We firmly believe that the work of the Audit Committee is essential to ensuring the effective and efficient operations of the OSCE.

We are pleased that the Audit Committee has taken note of progress made during this period to improve the management of the OSCE, including but not limited to efforts to reinforce ethical awareness, improve recruitment procedures, and finalize the implementation of the International Public Sector Accounting Standards. These are all important steps towards strengthening staff recruitment, retention, morale, and the functioning of the OSCE.

We support the Audit Committee's recommendations to identify a suitable solution to improve and streamline the budget cycle. We agree that it is worth considering moving to a multi-year budget cycle to enable a longer-term strategic perspective on program and resource planning priorities. We also support the Audit Committee's continued efforts toward an organization-wide risk management policy, including the development of a security management framework. That said, we urge that steps be taken on the basis of broad consultations with program managers and participating States.

We remain concerned about the open recommendation from 2011 to approve and implement an updated regulatory framework on OSCE Financial Regulations. We are disappointed that we have not found consensus on this important task. We hope additional efforts will result in a breakthrough to bring the Organization's regulations into conformity with current practices.

The United States wishes to thank the Audit Committee for their time and service to the OSCE. Your reports remind us that we have responsibilities as participating States to remain vigilant and accountable, and often your recommendations have led to actions that have improved the operations of the OSCE.

Thank you, Mr. Chairman