



United States Mission to the OSCE

Responses to the Financial Report and Financial Statements for 2019, the Report of the External Auditor, and the Annual Report of the Audit Committee

As delivered by Ambassador James S. Gilmore III
to the Permanent Council, Vienna
July 30, 2020

Thank you, Mr. Chairperson.

We now move from the issues of politics and policy of the OSCE onto the matters of the management and processes of our organization, which the United States considers to be very significant and important. We review each year the financial contributions we make to all organizations, including the OSCE. Our financial commitments to this organization are substantial, so naturally we are interested in these types of reports.

The United States expresses its gratitude to the Court of Audit of Spain for its service once again as External Auditor of the OSCE and for the work in preparing this report and financial statements for the year ending December 31, 2019. This effort is all the more impressive for having been undertaken under the exceptional circumstances created by the CoViD-19 pandemic.

We welcome the finding of the External Auditors that the Organization has made satisfactory progress in addressing standing recommendations and are pleased to hear the External Auditor is confident of the Organization's commitment in this regard. We hope the OSCE will expeditiously follow up on the recommendations in the report with particular attention to those measures needed to strengthen internal controls and accountability.

We also thank the Audit Committee for its report and join the Audit Committee in welcoming the progress made in strengthening internal controls and risk management, particularly in the Department of Management and Finance. This effort is critical to the health and reputation of the Organization.

In particular, we acknowledge the importance of quality operational capabilities and secure information technology systems. Our experience during the current pandemic testifies to the critical role of IT in facilitating our interactions virtually and in the so-called blended (in-person and virtually) format, that we use so much. The OSCE's IT teams at the Secretariat, Independent Institutions, and Field Missions deserve praise for ensuring we executed our mandate to uphold

the principles and commitments in the *Helsinki Final Act* and the entire *acquis* of the OSCE, despite a world-wide shut-down and quarantine.

Now, as we have studied this report carefully, the United States questions the Audit Committee's conclusion that the OSCE can only realize good governance or an effective ethical framework through an increase in overall funding for the Organization, an assertion also made in the Secretary General's Statement for Internal Control for 2019. In our view, this issue is one of management – not of money – and centers on appropriate allocation of human and financial resources. The OSCE should have transparent, accountable governance and ethical behavior regardless of the amount of contributions it receives. With respect to the Unified Budget, the United States was particularly interested this year in the process of the Unified Budget. We think we have learned a great deal from the experience. The priorities of the OSCE should be properly funded and we should look to the deployment of existing resources to ensure that those priorities can, in fact, be secured.

In this regard, we hope that all executive structures of the Organization, as they finalize their submissions for the 2021 Unified Budget proposal, will integrate appropriate measures for risk management, monitoring and evaluation, operational transparency, and managerial accountability into their planning for the coming year. The full acceptance of these principles, we believe, will contribute immensely toward our common goal of a swift and much earlier adoption of the next Unified Budget and strengthen the reputation and the efficacy of the entire OSCE.

Thank you, Mr. Chair.

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