

295th Plenary Meeting

PC Journal No. 295, Agenda item 5

**DECISION No. 365
THE AUDITED FINANCIAL STATEMENTS FOR 1999**

The Permanent Council,

In accordance with the provisions of Financial Regulations 7.05 and 8.06(e) and on the basis of the report of the External Auditors,

- Expresses its gratitude for the work of the Auditors from the Swedish National Audit Office and accepts the audited Financial Statements for 1999;
- Notes with concern weaknesses in financial and material asset management, highlighted by the External Auditors, as well as their observations and comments regarding the treatment of unliquidated obligations;
- Recognizes the External Auditors' recommendation that, while the Secretary General has overall fiscal and material management authority for the Organization in accordance with existing Regulations, his capability to exercise that authority should be enhanced;
- Reminds the Heads of Missions and Field Operations and the Heads of Institutions of their responsibility to manage financial and material assets in accordance with OSCE Financial Regulations and pertinent Secretariat instructions;
- Requests the Secretary General to provide a comprehensive report on the discrepancy in material assets - including those of Kosovo Verification Mission (KVM) - noted by the Auditors and propose new financial instructions on unliquidated obligations by 10 September 2000; with reference to the KVM, the report will supplement information already provided in PC.IFC/22/99 of 20 May 1999;
- Further requests the Secretary General to draw up an action plan referring to the recommendations of the External Auditors for consideration of the informal Financial Committee, and report on steps already taken to remedy the weaknesses noted by the Auditors, by 10 September 2000;
- Tasks the Secretariat with continuing close co-operation with the External Auditors and - given the importance of the External Auditors' opinion - with ensuring that all pertinent information material is made available to them in a timely manner;

- Requests the External Auditors to review all additional details on material assets and the financial instructions on unliquidated obligations to be provided by the Secretariat, before the Permanent Council receives the External Auditors' final opinion on these issues; the informal Financial Committee is called upon to continue its deliberations on the Auditors' opinion;
- Tasks the informal Financial Committee with reviewing the new information and continuing deliberations on the further strengthening of the OSCE's internal audit capacity with a view to making recommendations to the Permanent Council by 30 September 2000.

The Permanent Council seeks an early adoption of new Financial Regulations to enhance the financial policies and practices of the OSCE. To this end, the Permanent Council, acknowledging the preparatory work already undertaken, instructs the Secretariat to submit its recommendations before the end of 2000.

