



EUROPEAN UNION

OSCE Permanent Council Nr 1061 Vienna, 2 July 2015

EU Statement in Response to the Report of the External Auditor and the Annual Report of the Audit Committee

The Member States of the EU welcome to the Permanent Council Mr. Christian Ahrendt, Vice President and Ms. Daniela Nick, Senior Audit Manager of the Federal Court of Auditors of Germany, and Mr. Giovanni Vultaggio, Chair of the Audit Committee. We thank them for their comprehensive reports.

We strongly support the work of the External Auditor and the Audit Committee which, together with the Office of the Internal Oversight, play a key role in promoting effective and efficient management at the OSCE.

With respect to the External Auditor's Report, we are pleased that no material weaknesses or errors pertaining to the accuracy, completeness or validity of the financial statements were found in the audit, nor are there other significant matters arising. The year 2014 has been challenging for the OSCE in response to the crisis in and around Ukraine and we appreciate the good statement of its financial performance despite major additional funding and budgetary commitments.

We note that in each of the six field operations visited by the external auditor, there were problems with cash management found. This suggests a trend across OSCE field operations that needs to be addressed.

We appreciate the Auditor's evaluation that previously issued recommendations have been smoothly implemented.

The adoption of International Public Sector Accounting Standards (IPSAS), which has been completed one year ahead of the deadline, is of great benefit for the Organisation's better financial information and for more efficient and effective use of resources.

We are ready to support the adoption of the draft Decision on the Financial Report and Financial Statements for the year ended 31 December 2014 and the Report of the External Auditor.

With respect to the Annual Report of the Audit Committee, We appreciate that the Committee`s previously issued recommendations were implemented or are in progress.

We are pleased with the good evaluation of the progress made towards finalizing the Enterprise Risk Management and take note that further efforts are recommended in regard to the assessment and mitigation of critical strategic and programme risks. We underline the importance of making progress in this area.

We agree with the Committee, that continued efforts are needed to implement shared services functionality in order to increase efficiency and to reduce costs. In that regard, we also support the recommendation of the Audit Committee for the Special Monitoring Mission and Project Coordinator in Ukraine to seek synergies and opportunities for cooperation in administration.

We agree with the Committee`s recommendation that there should be a process in place for acting on all issues identified by the External Auditor.

We note the Committee welcomed the “on time” approval of the 2015 Unified Budget, and we stress it should not be seen as exception, because we are committed to ensure and successfully achieve the Organization`s objectives. Therefore we also agree with the Audit Committee that an extended budget cycle would allow for more predictability and effective planning.

The Candidate Countries the FORMER YUGOSLAV REPUBLIC OF MACEDONIA, MONTENEGRO*, ICELAND+ and ALBANIA*, the Country of the Stabilisation and Association Process and Potential Candidate BOSNIA and HERZEGOVINA, and the EFTA country NORWAY, member of the European Economic Area, as well as UKRAINE and SAN MARINO align themselves with this statement.

* The former Yugoslav Republic of Macedonia, Montenegro and Albania continue to be part of the Stabilisation and Association Process.

+ Iceland continues to be a member of the EFTA and of the European Economic Area.