

**458th Plenary Meeting**

PC Journal No. 458, Agenda item 3(f)

**DECISION No. 554  
FURTHER PROGRESS IN THE MANAGEMENT  
OF THE ORGANIZATION**

The Permanent Council,

Taking note of the report of the Secretary General and commending him and his staff on the significant progress achieved in the areas of financial and management reform and in the further implementation of Decisions Nos. 486 of 28 June 2002 and 493 of 25 July 2002,

1. Requests the Secretary General to submit, at the earliest opportunity, a proposal for updated Financial Regulations and tasks the Advisory Committee on Management and Finance to review this proposal and to develop, as soon as possible, recommendations for their approval by the Permanent Council in the course of 2003;
2. Requests the Secretary General to further develop the proposals on the modalities for the use and management of the Organization's liquidity reserves, taking into full account the discussions among participating States on the "Discussion Paper on Managing Income and Expenditure" (PC.IFC/32/03 - to be revised), and to include therein recommendations for the future use, management and level of the existing Funds. In this respect, also requests the Secretary General to submit to the Permanent Council a timetable for the return of the 2002 cash surplus as identified in the audited Financial Statements for 2002, which takes into account the liquidity needs of the Organization and the proposals he is to make in this regard. Furthermore, requests the Secretary General to ensure, within the context of the provisions of Financial Regulation 7.07 (b), the prompt implementation of Decision No. 501 of 14 November 2002 on the audited Financial Statements for 2001. Tasks the Advisory Committee on Management and Finance to review aforesaid proposals, including a review of the above mentioned Discussion Paper on Managing Income and Expenditure (PC.IFC/32/03 - to be revised), and to prepare relevant recommendations for approval by the Permanent Council in time for their entry into force by 1 January 2004;
3. Tasks the Advisory Committee on Management and Finance to review recommendations on the establishment and modalities for the function of Chief of Fund Administration Units prepared by the Secretariat and to submit its recommendations to the Permanent Council for approval in time for inclusion in the 2004 Unified Budget;

4. Requests the Secretary General to present to participating States proposals for an OSCE policy on salary scales for local staff with a view to rationalizing this cost category, and tasks the Advisory Committee on Management and Finance to review these proposals and to submit recommendations to the Permanent Council for approval in time for inclusion in the 2004 Unified Budget proposal;

5. Requests the Secretary General to prepare a comprehensive report on the accomplishments in management reform, to be submitted to the Eleventh Meeting of the Ministerial Council in Maastricht on 1 and 2 December 2003.