



PC.DEL/1047/16  
7 July 2016

ENGLISH only

**EUROPEAN UNION**

**OSCE Permanent Council No 1107  
Vienna, 7 July 2016**

---

**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. Kay Scheller, President of the Federal Court of Auditors of Germany, and Mr. Hayk Karamyan, 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 weaknesses or errors considered material to the accuracy, completeness or validity of the financial statements were found in the audit. We note that you placed an unqualified audit opinion on the financial statement.

We welcome your finding that the OSCE's overall cash situation is satisfactory, however, we note with concern the arrears of assessed contributions of EUR 8,777,000 in 2015.

We note that in the two field operations visited by the external auditor assessment revealed no material misstatements.

We appreciate Auditor's evaluation that previously issued recommendations for improved procedures or more comprehensive disclosures were taken up by the Secretariat.

We appreciate that the financial statements provided by the Secretariat fulfil the structural requirements of International Public Sector Accounting Standards (IPSAS). Their adoption 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 2015 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 note the mentioned "on time" approval of the 2016 Unified Budget, and we stress the need to continue in this "good practice", since we committed to ensure and successfully achieve the Organization's objectives. We also agree with the Audit Committee that an extended budget cycle would allow for more predictability and effective planning.

We appreciate the Committee's recommendation related to adopting a systematic and analytical approach in extra-budgetary resource mobilization as a shared responsibility between all institutions, offices and missions.

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.

We note the decision not to implement recommendations related to closer cooperation between the SMM and the PCU. We would appreciate further consideration and discussion on this issue.

We would like to thank once again the outgoing Auditors of the Federal Court of Auditors of Germany for their valuable work. We also warmly welcome the new Spanish Auditors from the Court of Auditors of Spain, and wish them success in fulfilling their mandate.

The Candidate Countries the FORMER YUGOSLAV REPUBLIC OF MACEDONIA\*, MONTENEGRO\*, SERBIA\* and ALBANIA\*, the Country of the Stabilisation and Association Process and Potential Candidate BOSNIA and HERZEGOVINA, and the EFTA countries ICELAND and NORWAY, members of the European Economic Area, as well as UKRAINE, the REPUBLIC OF MOLDOVA, GEORGIA, ANDORRA and SAN MARINO align themselves with this statement.

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