

Finnish Presidency of the Council of the European Union

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EU Statement on the Audit Committee

The EU warmly welcomes the Audit Committee and its Chair Ms. Carman Lapointe-Young.

We have read with great interest the first annual report of the Audit Committee to the Permanent Council covering activities from October 2005 to September 2006.

We would like to thank the Audit Committee for its comprehensive report. It shows that the committee has embarked upon its work actively and in a commendable manner. We appreciate the effective work of the committee orienting itself with the structure, governance and operating environment of the OSCE.

We thank the committee for its observations and advice. We fully share the emphasis placed on quickly adopting Financial Regulations that provide a clear, up-to-date, and transparent basis for holding staff financially accountable. In this respect we welcome the progress made this year in reviewing the **Financial Regulations**, including the PC decision on the establishment of a Common Regulatory Management System. However, we believe that an agreement on amended Financial Regulations can no longer be postponed. This issue should be brought to a conclusion. We call upon all delegations to agree as soon as possible to a solution on this important issue.

We also note the advice of the committee on internal controls, financial reporting, external audit and internal audit. We will pay attention to all these items in our deliberations on further enhancing the functioning of the structures of the organization.

In conclusion, we note that the aim of establishing of the committee was to strengthen internal and external control mechanisms and to enhance the OSCE appraisal on mechanisms. To us the report and the work of the committee so far proves that it is useful and gives added value to the other control mechanisms in place.

The Acceding Countries Bulgaria and Romania, the Candidate Countries Turkey, Croatia ¹ and the former Yugoslav Republic of Macedonia, the Countries of the Stabilisation and Association Process and potential candidates Albania, Bosnia and Herzegovina, Montenegro, and Serbia, EFTA countries Iceland and Norway, members of the European Economic Area, as well as Ukraine and the Republic of Moldova align themselves with this statement.

¹ Croatia and the Former Yugoslav Republic of Macedonia continue to be part of the Stabilisation and Association Process