

2023

OSCE

Financial Report and Financial Statements
and the Report of the External Auditor

osce

Organization for Security and
Co-operation in Europe

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Letter of Transmittal to the Chairperson of
the Permanent Council to the OSCE from
the Secretary General

Letter of Transmittal to the Chairperson
of the Permanent Council of the OSCE
from the Secretary General



Organization for Security and Co-operation in Europe
The Secretariat

1 July 2024

Madam Chairperson,

Pursuant to Financial Regulation 7.04, I have the honour to submit the Financial Report and Financial Statements of the Organization for Security and Co-operation in Europe for the year ended 31 December 2023 and the Report of the External Auditor thereon for your consideration and approval.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'H. Schmid', is written over a faint, illegible watermark.

Helga Maria Schmid
Secretary General

Letter of Transmittal to the First President
of the Court of Auditors from the
Secretary General



Organization for Security and Co-operation in Europe
The Secretariat

29 March 2024

Madame,

Pursuant to Financial Regulation 7.04, I have the honour to submit the draft Financial Statements of the Organization for Security and Co-operation in Europe for the year ended 31 December 2023.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'H. Schmid', written in a cursive style.

Helga Maria Schmid
Secretary General

President
Ms Margit Kraker
Austrian Court of Auditor

Financial Report of the Secretary General

Financial Report of the Secretary General for the year ended 31 December 2023

INTRODUCTION

1. The Secretary General of the Organization for Security and Co-operation in Europe hereby submits the Financial Report, the Financial Statements, and the Report of the External Auditor, with their opinion, for the year ended 31 December 2023, in accordance with Financial Regulation 7.04.
2. The Financial Statements are prepared on an accrual basis in accordance with International Public Sector Accounting Standards (IPSAS) and the OSCE's Financial Regulations.
3. The OSCE is a forum for political dialogue on a wide range of security issues and a platform for joint action to improve the lives of individuals and communities. Through its comprehensive approach to security that encompasses the politico-military, economic and environmental, and human dimensions and its inclusive membership, the OSCE helps bridge differences and to build trust between States by co-operating on conflict prevention, crisis management and post-conflict rehabilitation. With 57 participating States in North America, Europe, and Asia, the OSCE is the world's largest regional security organization. The OSCE is a regional organization in the sense of Chapter VIII of the United Nations Charter and is an observer in the United Nations General Assembly.
4. This report focuses on the financial position and performance of the OSCE, its expenditure against all provisional expenditure authorizations issued in 2023, in line with FR 3.04 and relevant PC decisions, including the Financial Regulations.
5. An organisational chart of OSCE Structures and Institutions as at 31 December 2023 is included as Annex 1 to the Financial Report.

SUMMARY OF THE YEAR 2023

6. The most significant factor influencing the financial performance of the OSCE during the year 2023 was the lack of consensus to agree the 2023 Unified Budget, which adversely affected both programmatic activity and the efficiency of resource utilisation. In consequence of this, Financial Regulation 3.04 was applied throughout 2023 and an allotment of 25% of the 2021 budget was made to cover the first three months of the year, followed by monthly allotments for the remainder of the year and an additional expenditure authorization approved by Permanent Council Decision 1462 dated 28 September 2023 (PC.DEC/1462). Since the Permanent Council also had not approved the 2022 Unified Budget, the budgetary allotments were made on the basis of the last approved budget, that for 2021. In an environment of high inflation, this *de facto* Zero Nominal Growth budget proved to be inadequate to meet the needs of the Organization and the Secretary General established an extra-budgetary Repository Programme (RP) "Core Support Mechanism" to accept contributions from participating States to cover the Unified Budget underfunding of essential non-staff core support costs across different OSCE executive structures. The RP was funded on a voluntary basis by a number of participating States which released their shares of the 2021 cash surplus and returned payments for the closure phase of the Special Monitoring Mission to Ukraine, and additional contributions.

7. There were two other significant events affecting the financial environment of the Organization. The first of these was the delayed appointment of the Chair for 2024, which had the consequent effect of leaving the Advisory Committee on Management and Finance (ACMF) without a chairperson from the beginning of October. Secondly, the Permanent Council could not find consensus on the appointment of an external auditor until 7 September 2023, impacting the handover from the previous auditor as well as the onboarding process. The willingness of the Republic of Austria to provide external audit at very short notice is greatly appreciated.
8. The 2022 comparative figures have been restated in the 2023 Financial Statements due to a change in accounting policy for the revised provisional billing for the Special Monitoring Mission to Ukraine closure period. This restatement is a technical accounting requirement of IPSAS, a result of which is a decrease in 2022 revenue of EUR 22.8 million, reducing the 2022 consolidated surplus from EUR 27.9 million to EUR 5.1 million, and the 2022 net assets from EUR 73.4 million to EUR 50.6 million. It is important to note that this restatement has no impact on the financial position of the OSCE as of 31 December 2023.
9. The consolidated surplus increased by 3.7 million Euros, from 5.1 million Euros (restated) in 2022 to 8.8 million Euros in 2023. International Organisations are expected to be broadly in balance over time and fluctuations in operating surplus and deficit caused by timing differences between revenue and expenditure recognition are entirely normal. The increase in 2023 is caused principally by the higher interest rates on bank holdings and investments made during the year, and the revenue recognised for the closed Mission, the Project Co-ordinator in Ukraine, against which there was no budgetary allotment. The overall financial position remains sound, with significant liquid assets in the form of cash and short-term investments.

FINANCIAL STATEMENTS TREND ANALYSIS

10. Direct comparison of financial information between years is difficult due to the impacts of Covid-19 and the closure of the missions described above, and the drivers of the differences are not always clear. For this reason, variances between years should be treated with caution. Key financial information is presented in the table below and analysed beneath, which spans the period from 2019, the last complete year before Covid.

STATEMENT OF FINANCIAL POSITION EUR'000	2019	2020	2021	2022 (restated)	2023
Cash, bank and investments	109,065	134,744	133,347	159,910	173,945
Contributions receivable	16,897	18,861	29,129	26,765	18,713
Other current assets	11,946	11,167	12,708	11,983	12,295
CURRENT ASSETS	137,908	164,772	175,183	198,658	204,953
Non-current assets	15,974	17,823	20,110	13,783	11,660
TOTAL ASSETS	153,882	182,594	195,293	212,441	216,613
CURRENT LIABILITIES	112,545	130,007	141,825	158,063	153,371
NON-CURRENT LIABILITIES	6,458	3,434	3,544	3,737	3,513
TOTAL LIABILITIES	119,003	133,441	145,369	161,800	156,883
TOTAL NET ASSETS	34,879	49,154	49,924	50,641	59,730

STATEMENT OF FINANCIAL PERFORMANCE EUR'000	2019	2020	2021	2022 (restated)	2023
Assessed Contributions	213,201	227,218	229,570	183,862	138,204
Extra-budgetary contributions	43,344	30,512	34,899	41,340	47,888
Contributions in kind	81,685	72,042	75,491	43,081	30,089
Other revenue	10,845	5,734	3,276	3,661	7,470
TOTAL REVENUE	349,075	335,506	343,236	271,944	223,651
Staff costs	220,409	214,820	217,674	163,604	128,235
Consultancy and sub-contracting	34,851	31,196	35,235	25,458	25,092
Travel	24,722	7,988	11,794	17,654	14,629
Services and office costs	41,538	32,130	38,238	34,543	34,192
Other expenses	34,552	32,020	29,601	28,302	11,306
TOTAL EXPENSES	356,072	318,153	332,542	269,561	213,453
Gains/(Losses)	(390)	(1,875)	1,310	2,748	(1,350)
SURPLUS/(DEFICIT) FOR THE YEAR	(7,387)	15,478	12,003	5,131	8,848

Assets

11. The cash position of the Organization remains sound, with current assets at 1.34 times the current liabilities and total assets at 1.38 times total liabilities. The quick ratio, which is the generally accepted measure of liquidity, and which should ideally stand at above 1, is 1.29 (investments are included in the calculation because none exceeded six months as at 31 December 2023). All three ratios show a positive position, with assets exceeding liabilities. The tables below illustrate these ratios over the course of the past five years, demonstrating that the Organization maintains good liquidity. The gradual increase in all three ratios over this period demonstrates that the organization has maintained a healthy financial position, a result of the sound management action taken notwithstanding the zero nominal growth budgets in 2020 and 2021 and the lack of an approved budget in both 2022 and 2023.

Current Assets to current liabilities (EUR'000)	2019	2020	2021	2022 (restated)	2023
Current assets	137,908	164,772	175,183	198,658	204,953
Current liabilities	112,545	130,007	141,825	158,063	153,371
Ratio	1.23	1.27	1.24	1.26	1.34

Total Assets to total liabilities (EUR'000)	2019	2020	2021	2022 (restated)	2023
Total assets	153,882	182,594	195,294	212,441	216,613
Total liabilities	116,225	133,441	145,369	161,800	156,883
Ratio	1.32	1.37	1.34	1.31	1.38

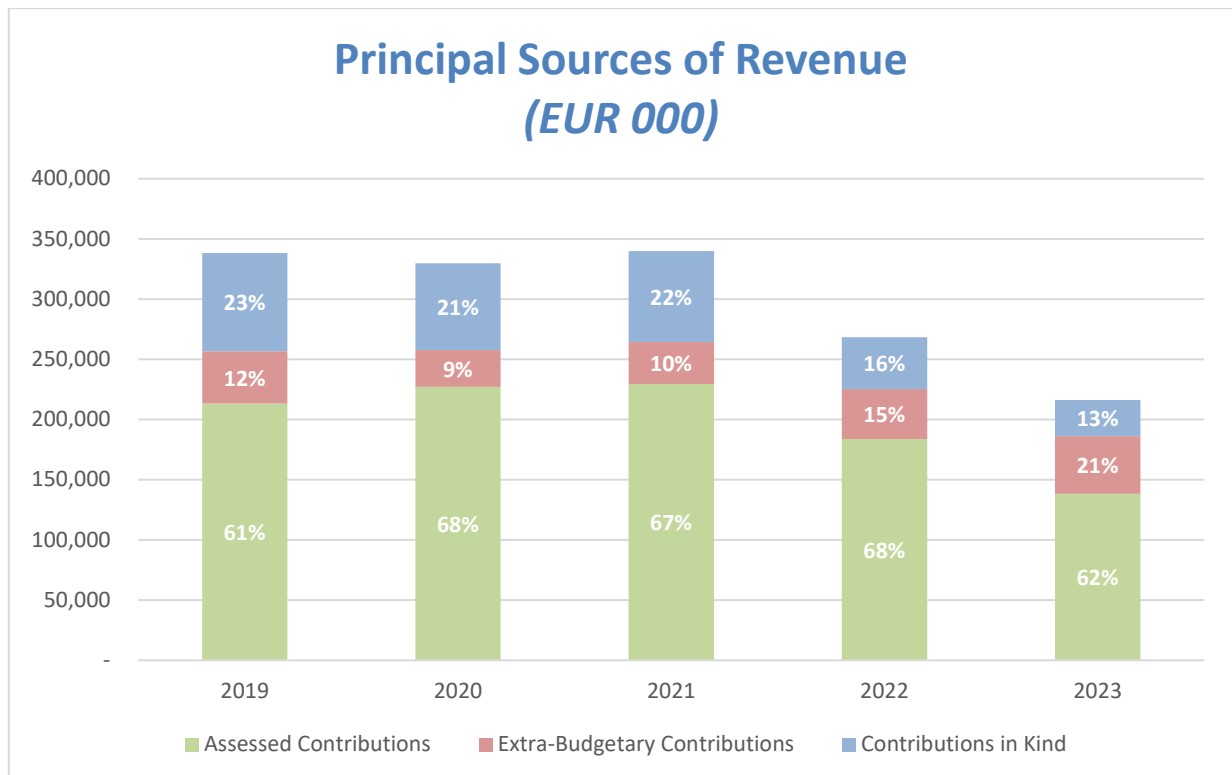
Quick Ratio (EUR'000)	2019	2020	2021	2022 (restated)	2023
Liquid assets	129,839	157,150	166,921	191,400	197,639
Current liabilities	112,545	130,007	141,825	158,063	153,371
Ratio	1.15	1.21	1.18	1.21	1.29

Liabilities

12. Non-current liabilities, which are relatively low at the OSCE compared to many International Organisations, are made up of liabilities for employee benefits that are expected to fall due after more than one year, specifically for the expected cost of repatriation. The principal reason they are low is that the OSCE does not offer After Service Health Insurance (ASHI), which is a significant liability for many International Organisations.
13. The principal movement in current liabilities relates to funds held for third parties, partly in funds held for payment of seconded personal on behalf of the seconding nations. Another significant element relates to SMM, where surplus amounts from the bills issued to finance closure activities are also recognised as funds held for third parties. Extra-budgetary contributions, both in revenue deferred because it has not yet met the criteria for recognition, and in provisions for the return of unused pledges, total EUR 109.5 million, although the movements in these two elements between 2022 and 2023 largely cancel each other. COVID-19 had an impact in reducing programmatic activity during 2020 and 2021 with the result that pledges remained unused at their expiry and were awaiting return to donors at the end of the year.

Revenue

14. Overall, total revenue of the OSCE decreased to EUR 223.7 million (EUR 271.9 million in 2022, restated), mainly due to decreases in revenue recognised in respect of SMM, where reductions have been recorded in assessed contributions (EUR 45.7 million), voluntary contributions (EUR 5.1 million) and contributions in kind (EUR 12.0 million) for the closed Mission. Revenue from Assessed Contributions for the Secretariat, Institutions and Field Offices remained stable at EUR 138.2 million in all five years¹, due to Zero Nominal Growth budgets in 2020 and 2021 and the fact that Financial Regulation 3.04 had the same practical effect in 2022 and 2023.

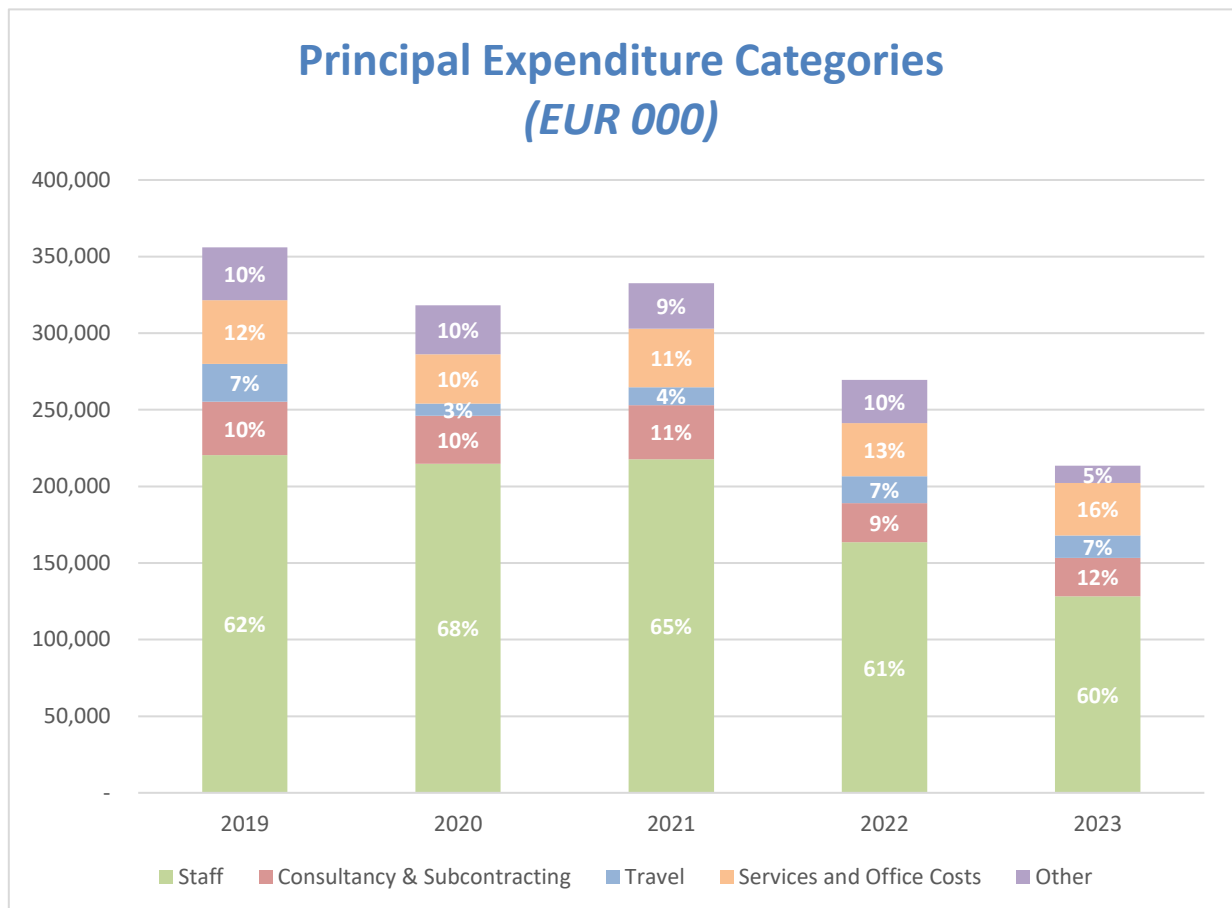


*This table excludes the category other revenue from the principal sources of revenue

¹ The total approved UB for 2019 was EUR 139.0 million, of which EUR 138.2 was financed from Assessed Contributions and the remainder was made up of supplemental budgets funded from cash surpluses. In 2022 and 2023, the Permanent Council also increased the sum of provisional expenditure authorizations to finance unfunded requirements.

Expenses

15. The closure of SMM and PCUK largely explains the reduction in total expense of 36% between 2021 and 2023. Staff costs remain the biggest category of OSCE expense and inflation-driven pay increases promulgated by the International Civil Service Commission (ICSC) have driven cost growth in each year. Staff seconded by participating States remained an important resource, and these contributions had a total estimated value to the OSCE of EUR 24.4 million in 2023, significantly less than in the years up to 2021, again largely due to the closure of SMM. The reduction between 2019 and 2020 was caused by a refinement in the method of estimating the value of secondees, which had the effect of reducing reported costs.
16. While total staff costs remain broadly constant except for the effects of mission closures and the inflation mentioned above, travel costs tend to reflect levels of programmatic activity. The sharp decrease in 2020 and the upward trajectory thereafter until 2023 are mostly due to the effects of the COVID-19 pandemic and recovery from it to pre-pandemic levels of activity, although total costs are significantly lower due to the amount of operational travel undertaken by SMM.



Surplus/Deficit

17. Since International Organizations are not generally operated to make profits, there is an expectation that surpluses and deficits will broadly balance over time as they are driven by timing differences between the recognition of revenue and the expenditure of funds. Consequently, fluctuations are not unusual and do not necessarily present any cause for concern. Due in large part to the reduction in expenditure caused by the COVID-19 pandemic, the years 2020 and 2021 show relatively large operating surpluses in the Unified Budget, in particular 2020 when the pandemic first struck and programmatic activity and expenditure reduced. Special Purpose Funds (SPF) were dominated by SMM, which accounts for the majority (EUR 2.9 million) of the 2022 SPF deficit of EUR 3.7 million, though the impact of SMM on the

2023 SPF deficit fell significantly (to EUR 179 thousand). ExB projects show a series of surpluses and deficits, in line with the expectation that revenue and expenditure will balance over time.

EUR'000	2019	2020	2021	2022 (restated)	2023
Unified Budget	758	10,112	3,117	5,336	8,692
Special Purpose Funds	(6,436)	5,836	8,319	(3,702)	(897)
Extra-budgetary funds	(1,709)	(470)	567	3,497	1,053
Total Surplus/(Deficit) for the period	(7,387)	15,478	12,003	5,131	8,848

18. The cash surplus/deficit differs from operating surplus/deficit shown above for three reasons:

- (i) It relates only to those Executive Structures that make up the Unified Budget;
- (ii) The budget and IPSAS definitions of both revenue and expenditure differ and adjustments are necessary to reconcile the two; and
- (iii) An adjustment is made for net Assessed Contributions received by adding the amount outstanding as at 1 January and deducting the amount as at 31 December of the year in question.

19. The cash surplus for 2023 shows a substantial increase compared to 2022, a trend mirrored by the EUR 8.8 million overall operating surplus, which is EUR 3.7 million higher than in 2022. The greater part of the cash surplus comes from the closure of SMM (EUR 20.7 million), with the 2023 Unified Budget cash surplus for 2023 totalling EUR 3.7 million. The position in the Unified Budget Funds is considerably tauter, with a reduction in the budgetary surplus of EUR 1.9 million against an increase in the operating surplus of EUR 3.4 million. The principal cause of this reduction is an increase in the level of unpaid contributions, offset by revenue from PCUk that was neither allotted nor consumed. As a proportion of the total Assessed Contributions, it is low, reflecting the tautness of the budgets under which the OSCE operates.

EUR'000	2019	2020	2021	2022 (restated)	2023
Budget Surplus/(Deficit) for the period	758	10,112	3,117	3,931	2,028
IPSAS adjustments	1,626	(7,506)	(540)	427	2,971
Project Co-ordinator in Ukraine unallotted provision	-	-	-	-	3,619
Net Assessed Contributions received	394	1,434	1,250	(4,338)	(4,893)
Cash surplus²	2,778	4,040	3,827	19	3,725
Final Unified Budget/Provisional Expenditure Authorizations	139,017	138,204	138,204	139,117	134,586
Cash Surplus percentage of UB	2.0%	2.9%	2.8%	0.0%	2.8%

² The cash surplus relates purely to those Executive Structures that form the Unified Budget. The cash surplus recorded in the 2022 Financial Statements includes an additional amount of EUR 198 thousand relating to the Border Observer Mission, which was closed in October 2021.

SEGMENTAL BREAKDOWN

20. The OSCE had three principal revenue streams during 2023: Assessed Contributions (AC) for the Secretariat, Institutions and Field Missions; projects financed through Extra-Budgetary (ExB) contributions accepted under the terms of Article IX of the Financial Regulations; and other Special Purpose (SP) and ExB Funds to meet various objectives established by the Permanent Council. The following table shows the principal elements of the financial statements pertinent to each part of the OSCE's budgetary structure.

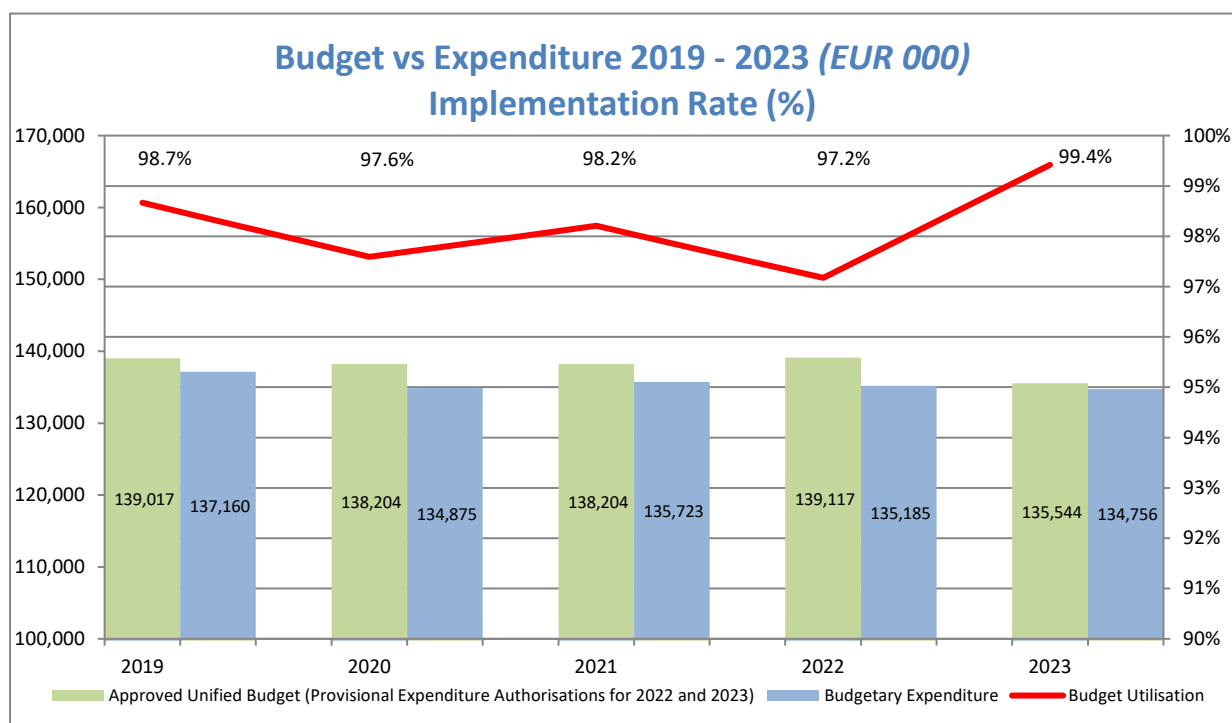
STATEMENT OF FINANCIAL POSITION EUR'000	UB	SP	ExB	Total
Current Assets	61,762	23,880	119,311	204,953
Non-current Assets	8,111	626	2,924	11,660
TOTAL ASSETS	69,873	24,506	122,234	216,613
Current Liabilities	38,589	303	114,478	153,371
Non-current Liabilities	3,481	-	32	3,513
TOTAL LIABILITIES	42,070	303	114,510	156,883
TOTAL NET ASSETS	27,802	24,203	7,724	59,730
STATEMENT OF FINANCIAL PERFORMANCE EUR'000	UB	SP	ExB	Total
Revenue	174,248	562	48,840	223,651
Expenses	165,253	1,454	46,746	213,453
Foreign Exchange Gains/(Losses)	(304)	(5)	(1,041)	(1,350)
SURPLUS/(DEFECIT) FOR THE YEAR	8,692	(897)	1,053	8,848

2023 PROVISIONAL RESOURCE UTILISATION

21. Expenditure for 2023 is presented on a modified cash basis, which records expenses when they are incurred or binding commitments made, whereas expenses in the Statement of Financial Performance are recognised as goods or services are delivered in accordance with the accruals basis of IPSAS. The Statement of Comparison of Budget and Actual Amounts (Statement V) compares amounts on the budgetary basis and Note 9 provides detailed reconciliations between the two. In addition, the two accounting frameworks use different systems of cost classification to reflect the differing needs of the users. The following section of the report considers the budgetary performance on the budgetary basis, as distinct from the IPSAS basis discussed in the foregoing sections.
22. The Permanent Council could not find consensus on the Unified Budget Proposals tabled by the Chair and consequently there is no approved budget for 2023. Financial Regulation 3.04 provides that, in these circumstances, the Secretary General and Heads of Institution are authorized to incur obligations and make payments until 31 March of the current financial year up to the level of 25 per cent of the previous Budget, and thereafter, on a monthly basis up to 1/12th of the previous Budget until the new Budget is adopted. Since no new Budget was approved during the year, the Organization operated under Provisional Expenditure Authorizations throughout 2023 at the level of the approved 2021 Unified Budget (EUR 138 million, PC.DEC/1413 dated 18 August 2021), until PC.DEC/1462 dated 28 September 2023 approved an Additional Provisional Expenditure Authorization of EUR 958 thousand, funded from the 2021 cash surplus.
23. The 2023 RUR represents an assessment of the extent to which the resources available in 2023 under the total provisional expenditure authorization have been used to report on progress towards outcomes. Furthermore, this report provides information on financial utilization, comparing actual expenditure to available resources as at the end of 2023, as well as the post table occupancy rate. The financial utilization rates throughout the RUR are calculated by reference to the original provisional expenditure

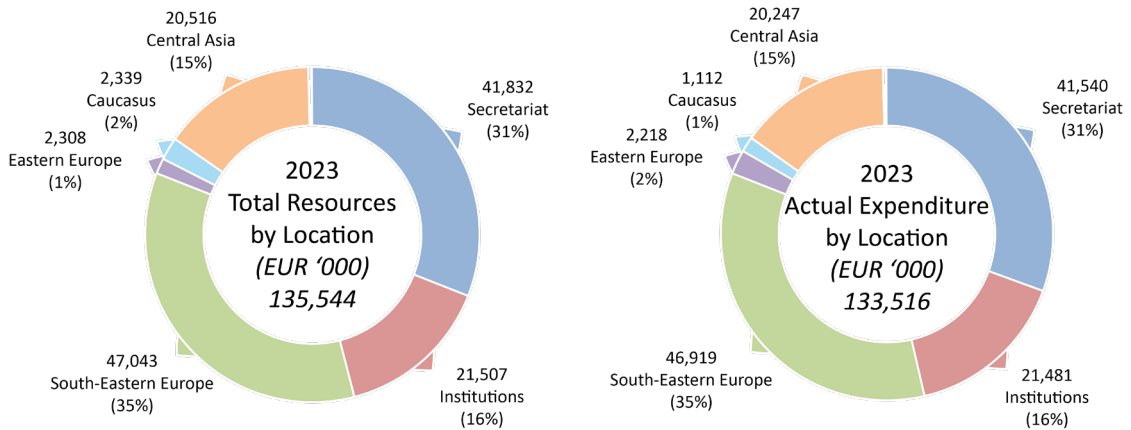
authorization made available at the level of 2021 UB, in line with Financial Regulation 3.04. Detailed information by executive structure, main programme and programme is provided below.

24. Due to the lack of an approved budget for 2023, the Organization was operating under the provisional expenditure authorization in accordance with Financial Regulation 3.04 for the entire year. The provisional expenditure authorization made available in line with Financial Regulation 3.04 amounted to EUR 134.6 million (at the level of the 2021 approved UB as per PC.DEC/1413 dated 18 August 2021, excluding the closed structures). In order for the Organization to meet its 2023 financial obligations concerning the conference and language services, in September 2023, the Permanent Council approved the additional provisional expenditure authorization in the amount of EUR 958 thousand (PC.DEC/1462 dated 28 September 2023), funded from the available cash surplus.
25. The absence of a consensus among participating States regarding the approval of the 2022 and 2023 UBs significantly hampered the OSCE's ability to commit resources in a planned manner, posed serious challenges to the Organization's ability to fund mandated activities and meet its contractual obligations and staff salaries, led to a real loss of purchasing power given the unprecedented level of inflation across whole OSCE area, and prevented the Organization from achieving planned cost efficiencies. The lack of budget approval continues to damage the reputation of the OSCE, renders the Organization less reliable in terms of delivery of the programmatic activities, and makes it a less attractive contracting partner, thus leading to a loss of credibility, trust and legitimacy.
26. In the last 5 years, the average UB utilization remained at the level of 98%. However, in most executive structures, the implementation rate is closer to 100% and starting with 2023 it exceeded 100% necessitating alternative means of funding (RP 'Core Support Mechanism'). The achieved utilization rate is a reflection of the increased efforts by Programmes to sustain, constrain and adapt their operations to the monthly provisional allotments despite the lack of an approved budget and respond to the dire financial situation by reducing and reprioritizing their activities.

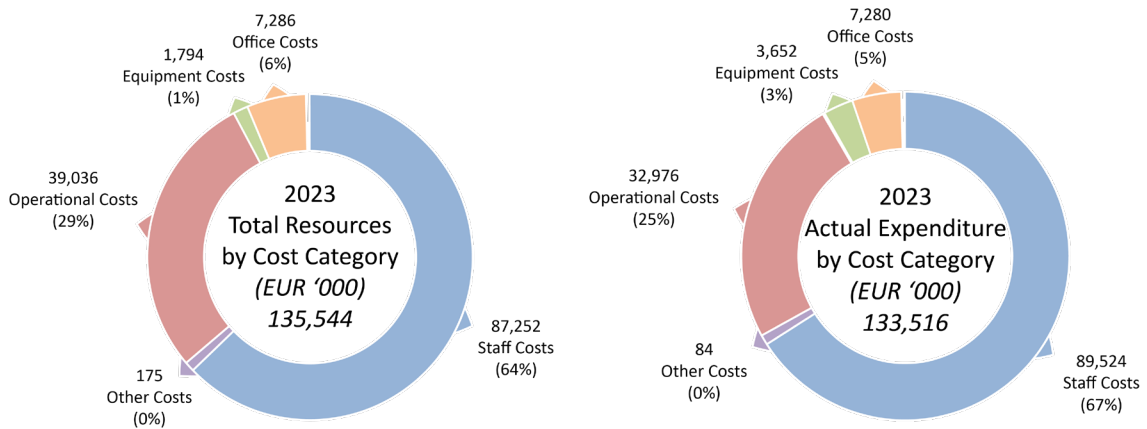


**2023 budgetary expenditure includes EUR 1,240 thousand from the Repository Programme "Core Support Mechanism"*

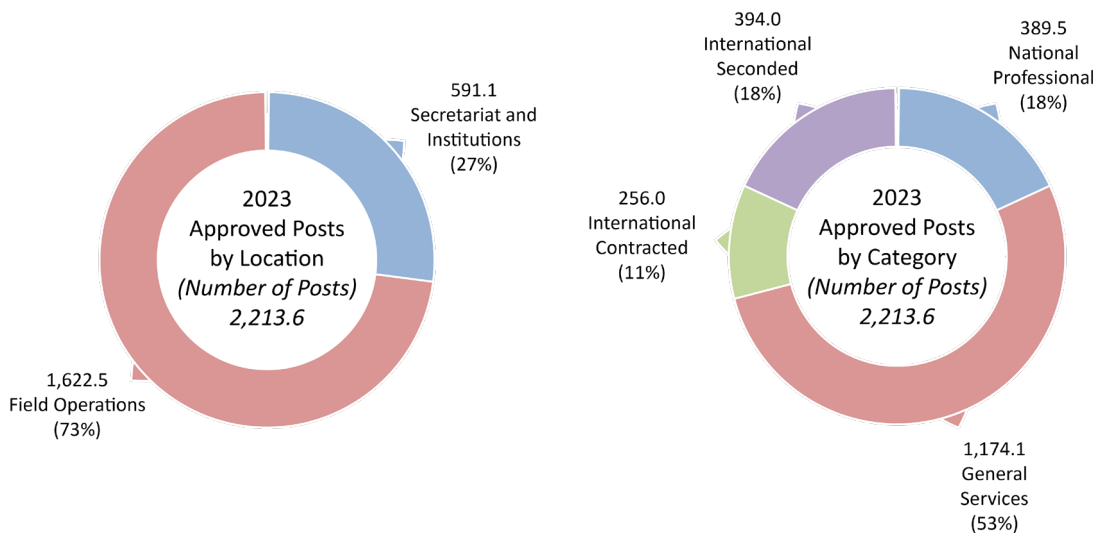
27. The 2023 total provisional expenditure authorization comprises EUR 63.3 million (47%) for the Secretariat and institutions and EUR 72.2 million (53%) for the field operations. The geographical distribution of resources made available under the total provisional expenditure authorization and the 2023 actual expenditure is shown below.



28. The distribution of the resources by main cost category, shown below, indicates that Staff Costs represent the largest category with 64% of the 2023 total provisional expenditure authorization, followed by the Operational Costs, the second largest, with 29%. The actual expenditure in 2023 by main cost category reflects a proportion of 67% for Staff Costs and 33% for Non-Staff costs as shown in the chart below.



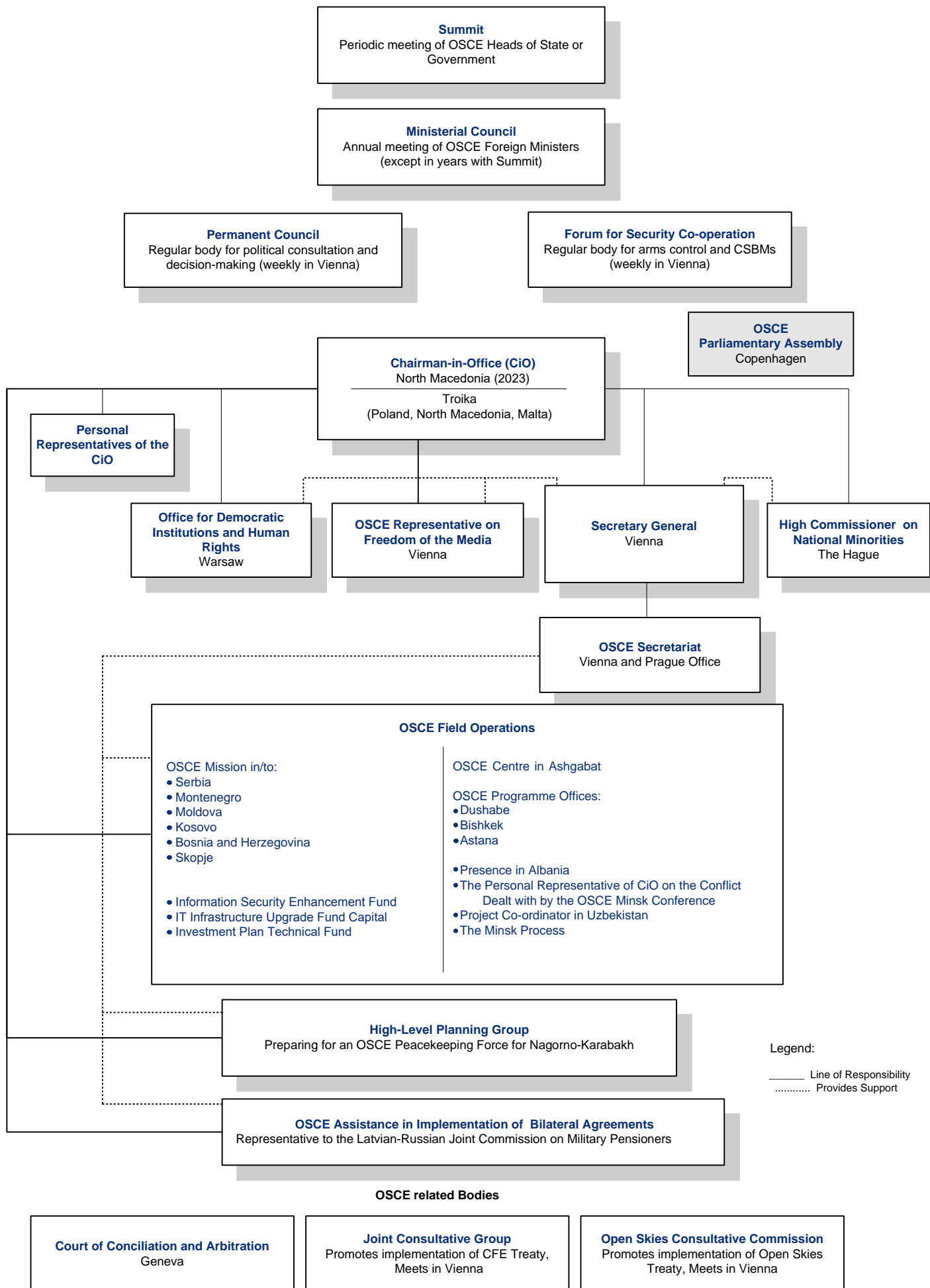
29. Due to the lack of an approved budget for 2022 and 2023, the 2021 post table remained binding in 2023. The distribution of the approved posts in the chart below shows that 73% of all posts are located in field operations and the remaining 27% are in the Secretariat and institutions. From a staff category point of view, the post table shows the following breakdown: General Services – 53%, National Professional – 18%, International Seconded – 18% and International Contracted – 11%.



30. While staff costs continue to represent the largest share of total expenditures, the lack of updated and approved Post Table to meet the Organization's critical needs hampers its ability to deliver its mandate. Due to the lack of an approved 2022 and 2023 UB, the Organization's human resources, which remained tied to the 2021 UB approved post table, were stretched to the limit. Lack of a UB approval in the past two years meant that none of the proposed post table changes could be implemented. Taking into account the vacancy rate per staff category, secondments – while being the most cost-effective category of staffing – continue to be the most challenging to fill, resulting either in the inability to carry out planned activities or the requirement to hire more expensive temporary staff.
31. During 2023, the OSCE advertised 181 international positions (68 contracted and 113 seconded), attracting 9,177 applications (7,350 for contracted roles and 1,827 for seconded positions). Of all applicants, 44% were long-listed for contracted international roles, surpassing our target of 35%.
32. The OSCE continues to rely heavily on the secondment system for a significant proportion of its post table (18% in 2023 or 61% of all international posts), and therefore the continuity of programmatic activities depends on the participating States' sustained support and commitment to actively second qualified personnel. In 2023, the quality of applications for seconded positions generally did not meet expectations, with only 67% being long-listed per vacancy, falling short of the 75% target. This led to the extension and re-advertisement of 80% of seconded roles, significantly above the 15% target. On a brighter note, the recruitment process was more efficient, with the average time to hire in 2023 being 116 days.

OSCE Structures and Institutions

As at 31 December 2023



**Statement of Responsibilities of the
Secretary General and Conformity of the
Financial Statements**

Statement of the Responsibilities of the Secretary General and Conformity of the Financial Statements with the Financial Regulations of the OSCE and with International Public Sector Accounting Standards

RESPONSIBILITIES OF THE SECRETARY GENERAL

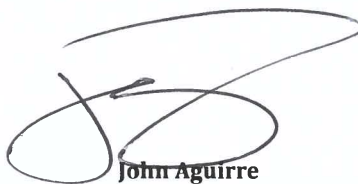
1. The Secretary General, assisted by the heads of mission and heads of institution, is required by Financial Regulation 7.01 to maintain such accounting records for all Funds operated by the OSCE as are necessary according to International Public Sector Accounting Standards, and to prepare annual financial statements.
2. Financial Regulation 7.02 requires that the financial statements shall contain: a statement of financial position; a statement of financial performance; a cash flow statement; a statement of changes in net assets; a statement of comparison of budget and actuals; accompanied by segment reporting by Fund and such other information as may be requested by the Permanent Council or deemed necessary or useful by the Secretary General.
3. The Secretary General is further required to establish and issue Financial and Administrative Instructions, in consultation with the heads of institution where required, to provide for the appropriate implementation of the Financial Regulations as approved by the Permanent Council, including effective financial administration and the exercise of economy. Mechanisms for internal oversight and financial control are required to support the Secretary General's management of the Organization's resources. The Secretary General and the heads of institution, to the extent that their institutions are concerned, are responsible and accountable for the proper application of the Financial Regulations.

STATEMENT OF CONFORMITY


4. We hereby confirm that the financial statements and supporting notes were properly prepared in accordance with the Financial Regulations and applicable International Public Sector Accounting Standards.



Helga Maria Schmid
Secretary General



John Aguirre
Acting Director of Management
and Finance



James Oxley
Chief of Accounts
and Treasury Unit

30 June 2024

|

AUDITED FINANCIAL STATEMENTS

Secretary General
Organization for Security and Co-operation in Europe
Ms Dr Helga Maria Schmid
Wallnerstraße 6
1010 Vienna

Dr. Margit Kraker
Präsidentin des Rechnungshofes

Vienna, 30 June 2024
2024-0.471.576

**Submission of the Audit Opinion and Audit Report by the
External Auditor on the Financial Statements 2023 of the OSCE**

Dear Secretary General,

In September 2023, the Organization for Security and Co-operation in Europe (OSCE) appointed the Austrian Court of Audit (ACA) as External Auditor for the Financial Statements 2023.

The ACA was informed of this appointment by letter dated 22 September 2023.

Pursuant to Article VIII of OSCE's Financial Regulations, the ACA hereby submits its Audit Opinion and its Audit Report on the Financial Statements 2023 of the OSCE.

The ACA would like to express its appreciation for the cooperation and assistance provided by the management and the staff of the OSCE. The ACA values their support during the External Audit.

Yours sincerely,



Dr Margit Kraker

Dr. Margit Kraker
Präsidentin des Rechnungshofes

To Ms Dr Helga Maria Schmid
Secretary General
Organization for Security and Co-operation in Europe

Vienna, 30 June 2024

2024-0.471.576

AUDIT OPINION

Opinion

We have audited the Financial Statements of the Organization for Security and Co-operation in Europe (OSCE) for the 12 months period ended 31 December 2023. These Financial Statements 2023 comprise the Statement of Financial Position as at 31 December 2023, the Statement of Financial Performance, the Statement of Changes in Net Assets, the Cash Flow Statement and the Statement of Comparison of Budget and Actual Amounts the year then ended, and Notes to the Financial Statements, including a summary of significant accounting policies.

In our opinion, the accompanying Financial Statements 2023 present fairly, in all material respects the Financial Position of the OSCE as at 31 December 2023 and of its Financial Performance and its Cash Flows for the year then ended in accordance with the International Public Sector Accounting Standards (IPSAS).

Basis for Opinion

We conducted our audit in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements' section of our report. We are independent from the OSCE in accordance with the ethical requirements that are relevant to our audit of OSCE's Financial Statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and those charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the Financial Statements in accordance with the IPSAS and according to the Regulation 7.01 of OSCE's Financial Regulations as well as for such internal control as Management determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing OSCE's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the OSCE or to cease operations, or has no realistic alternative but to do so.

Those charged with Governance are responsible for overseeing OSCE's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our Audit Opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.



Dr Margit Kraker

President of the Austrian Court of Audit

Financial Statements

I. Statement of Financial Position

Total OSCE

As at 31 December 2023

EUR '000		TOTAL OSCE	
	Note	2023	2022 (Restated)
ASSETS			
Current Assets			
Cash and Cash Equivalents	3.1	112,818	48,313
Investments	3.2	61,127	111,597
Contributions Receivable	3.3	18,713	26,765
Accounts Receivable	3.4	4,980	4,725
Prepayments	3.5	6,526	6,954
Inventory	3.6	792	291
Other Current Assets	3.7	(4)	12
		204,953	198,658
Non-Current Assets			
Property, Plant and Equipment	3.8	7,915	9,764
Intangible Assets	3.9	3,725	3,999
Other Non-Current Assets	3.7	20	20
		11,660	13,783
Total Assets		216,613	212,441
LIABILITIES			
Current Liabilities			
Accounts Payable	4.1	3,505	3,290
Accruals	4.2	7,903	7,180
Deferred Revenue	4.3	5,764	5,607
Conditional ExB Contributions	4.4	102,639	91,721
Funds Held for Third Parties	4.5	17,657	19,026
Employee Benefits Current	4.6	8,387	7,558
Cash Surplus Current	4.7	0	3,827
Provisions	4.8	6,897	17,250
Other Current Liabilities	4.9	618	2,605
		153,371	158,063
Non-Current Liabilities			
Employee Benefits Non-Current	4.6	3,513	3,737
Other Non-Current Liabilities	4.9	0	0
		3,513	3,737
Total Liabilities		156,883	161,800
Net Assets		59,730	50,641
NET ASSETS/EQUITY			
Cash Surplus	5.1	24,613	218
Cash Surplus Withheld	5.2	15	27
Revolving Fund	5.3	2,710	2,710
Contingency Fund	5.3	2,180	2,180
Other Reserves	5.4	(2,844)	(3,098)
Accumulated Surplus/(Deficit)	5.5	33,056	48,604
Total Net Assets/Equity		59,730	50,641

(Signed)

Helga Maria Schmid
Secretary General
30 June 2024

(Signed)

James Oxley
Chief of Accounts and Treasury

(Signed)

John Aguirre
Acting Director Management and Finance

II. Statement of Financial Performance

Total OSCE

For the Year Ended 31 December 2023

EUR '000		TOTAL OSCE	
	Note	2023	2022
REVENUE			<i>(Restated)</i>
Assessed Contributions	6.1	138,204	183,862
Extra-Budgetary Contributions	6.2	47,888	41,340
Finance Revenue	6.3	3,630	578
Contributions In-Kind	6.4	30,089	43,081
Revenue from Exchange Transactions	6.5	1,178	334
Other Revenue	6.6	2,662	2,747
Total Revenue		223,651	271,944
EXPENSES			
Staff Costs	7.1	128,235	163,604
Consultancy and Subcontracting	7.2	25,092	25,458
Travel Expenses	7.3	14,629	17,654
Services and Office Costs	7.4	34,192	34,543
Consumables and Supplies	7.5	3,204	6,104
Depreciation and Amortisation	7.6	3,297	9,238
Equipment Expenses	7.7	3,701	7,793
Other Operating Expenses	7.8	1,104	5,166
Total Expenses		213,453	269,561
Foreign Exchange Gains/(Losses)	8	(1,350)	2,748
Surplus/(Deficit) for the Period	9.1	8,848	5,131

(Signed)

Helga Maria Schmid
Secretary General
30 June 2024

(Signed)

James Oxley
Chief of Accounts and Treasury

(Signed)

John Aguirre
Acting Director Management and Finance

III. Statement of Changes in Net Assets

Total OSCE

For the Year Ended 31 December 2023

EUR '000	Note	Cash Surplus	Cash Surplus Withheld	Revolving Fund	Contingency Fund	Other Reserves	Accumulated Surplus/(Deficit)	Total Net Assets
Balance as at 31 December 2022		218	27	2,710	2,180	(3,098)	48,604	50,641
Changes in Net Assets for 2023								
Increase/(Decrease) in Cash Surplus Withheld	5.2		(12)					(12)
Allocation of Current Year Cash Surplus	4.7							0
Actuarial Gains/(Losses)	4.6					253		253
Surplus/(Deficit) for the Period	5.1, 9.1	24,395					(15,547)	8,848
Balance as at 31 December 2023		24,613	15	2,710	2,180	(2,844)	33,056	59,730

(Signed)

Helga Maria Schmid
Secretary General
30 June 2024

(Signed)

James Oxley
Chief of Accounts and Treasury

(Signed)

John Aguirre
Acting Director Management and Finance

IV. Cash Flow Statement

Total OSCE

For the Year Ended 31 December 2023

EUR '000		TOTAL OSCE	
	Note	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			<i>(Restated)</i>
Surplus/(Deficit) for the Period	9.1	8,848	5,131
Non-Cash Movements			
Deduction of Unrealized Foreign Exchange Gains/Losses on Cash and Cash Equivalents	8	982	(2,332)
Deduction of Depreciation, Amortisation and Impairments	7.6, 3.10	3,297	9,238
Deduction of Loss on Disposal of PP&E	6.5	238	265
Deduction of Non-Cash Changes in Net Assets	5.4	253	(573)
(Increase) / Decrease in Contributions Receivable	3.3	8,052	2,364
(Increase) / Decrease in Accounts Receivable	3.4	(255)	(280)
(Increase) / Decrease in Prepayments	3.5	428	(311)
(Increase) / Decrease in Inventory	3.6	(501)	1,318
(Increase) / Decrease in Other Current/Non-Current Assets	3.7	16	(2)
Increase / (Decrease) in Accounts Payable	4.1	215	1,272
Increase / (Decrease) in Accruals	4.2	723	(4,130)
Increase / (Decrease) in Deferred Revenue	4.3	157	(3,524)
Increase / (Decrease) in Conditional ExB Contributions	4.4	10,918	(2,273)
Increase / (Decrease) in Funds Held for Third Parties	4.5	(1,369)	13,656
Increase / (Decrease) in Employee Benefits	4.6	605	(291)
Increase / (Decrease) in Cash Surplus Payable	4.7	(3,827)	(213)
Increase / (Decrease) in Provisions	4.8	(10,353)	10,161
Increase / (Decrease) in Other Liabilities	4.9	(1,986)	1,773
Net Cash Flows from Operating Activities		16,441	31,248
CASH FLOWS FROM INVESTING ACTIVITIES			
(Purchase) / Sale of Investments	3.2	50,469	(82,787)
(Addition) / Disposal of PP&E and Intangibles	3.8, 3.9	(1,412)	(3,176)
Net Cash Flows from Investing Activities		49,058	(85,963)
CASH FLOWS FROM FINANCING ACTIVITIES			
Credits for Cash Surplus Withheld	5.2	(12)	(14)
Allocation of Cash Surplus	4.7	0	(3,827)
Transfer between Funds		-	-
Net Cash Flows from Financing Activities		(12)	(3,841)
Net Increase/(Decrease) in Cash and Cash Equivalents	3.1	65,487	(58,557)
Cash and Cash Equivalents at Beginning of Period	3.1	48,313	104,537
Foreign Exchange Gains/(Losses) on Cash and Cash Equivalents	8	(982)	2,332
Cash and Cash Equivalents at End of Period		112,818	48,313

(Signed)

Helga Maria Schmid
Secretary General
30 June 2024

(Signed)

James Oxley
Chief of Accounts and Treasury

(Signed)

John Aguirre
Acting Director Management and Finance

V. Statement of Comparison of Budget and Actual Amounts

Secretariat, Institutions and Field Operations

For the Year Ended 31 December 2023

EUR '000	Note	2023 Provisional Expenditure Authorization (FR 3.04) ¹	Additional Provisional Expenditure Authorization (PC.DEC/1462) ²	Total Provisional Expenditure Authorizations ³	Actuals ⁴	Variance	Repository Programme Expenditure ⁵	Total	Variance Under/(Over) Total Authorizations
The Secretariat		40,874	958	41,832	41,540	292	562	42,102	(270)
Office for Democratic Institutions and Human Rights		16,394	0	16,394	16,374	20	0	16,374	20
High Commissioner on National Minorities		3,504	0	3,504	3,504	0	188	3,692	(188)
Representative on Freedom of the Media		1,609	0	1,609	1,603	6	0	1,603	6
Total Secretariat and Institutions		62,381	958	63,339	63,021	318	750	63,771	(432)
South-Eastern Europe		47,043	-	47,043	46,919	124	300	47,218	(176)
Eastern Europe		2,308	-	2,308	2,218	91	0	2,218	91
Caucasus		2,339	-	2,339	1,112	1,226	0	1,112	1,226
Central Asia		20,516	-	20,516	20,247	269	191	20,438	78
Total Field Operations		72,205	-	72,205	70,495	1,710	491	70,986	1,219
Total	9.2	134,586	958	135,544	133,516	2,028	1,240	134,756	787

Reconciliation to Cash Surplus

Revenue credits ⁶	(759)
Non-budget revenue ⁷	3,730
Project Co-ordinator in Ukraine unallotted provision	3,619
Budgetary excess of revenue over expenditure	8,618
<i>Add:</i> Assessed Contributions receivable as at 1 January 2023	7,722
<i>Less:</i> Assessed Contributions receivable as at 31 December 2023 ⁸	12,615
Cash Surplus for the year 2023	3,725
5.1, 9.1	

1 - No Unified Budget for 2023 was approved by the Permanent Council and allotments were made under Financial Regulation 3.04 up to the level of the last approved budget (2021 Unified Budget).

2 - An Additional Provisional Expenditure Authorization for the Conference and Language Services Programme for 2023 was approved by the Permanent Council under PC.DEC/1462 dated 28 September 2023.

3 - The Total Provisional Expenditure Authorization represents the level of 2021 Unified Budget complemented by PC.DEC/1462.

4 - The budget basis and the accounting basis differ. Actuals are reported on this statement on a budget basis. Refer to Note 9 for more information on the difference in bases.

5 - Revenue credits represent additional revenue items which are recorded as credits to expenditure to finance purchase of replacement assets.

6 - Revenue credits represent additional revenue items which are recorded as credits to expenditure to finance purchase of replacement assets.

7 - Non-budget revenue represents amounts received over and above the Assessed Contributions, principally interest received from banks.

8 - Contributions were assessed in accordance with Financial Regulation 4.04 and a second bill was issued to fund the allotments made under Financial Regulation 3.04.

A full breakdown by Fund, Main Programme and Programme can be found in the Resource Utilization Report at Annex 2 to these Financial Statements.

(Signed)

Helga Maria Schmid
Secretary General
30 June 2024

(Signed)

James Oxley
Chief of Accounts and Treasury

(Signed)

John Aguirre
Acting Director Management and Finance

Notes to the Financial Statements

Notes to the Financial Statements

NOTE 1: REPORTING STRUCTURE

- 1.1 – Reporting Entity
- 1.2 – Fund Accounting and Segment Reporting

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

- 2.1 – Basis of Presentation
- 2.2 – Prior Year Restatements and Changes in Estimates and Presentation
- 2.3 – Financial Instruments
- 2.4 – Uncollected Assessed Contributions
- 2.5 – Inventories
- 2.6 – Property, Plant and Equipment
- 2.7 – Intangible Assets
- 2.8 – Impairment of Assets
- 2.9 – Operating Leases
- 2.10 – Accruals
- 2.11 – Employee Benefits
- 2.12 – Cash Surplus or Deficit
- 2.13 – Deferred Revenue
- 2.14 – Provisions
- 2.15 – Contingent Liabilities and Contingent Assets
- 2.16 – Revenue from Non-Exchange Transactions
- 2.17 – Contributions In-Kind
- 2.18 – Revenue from Exchange Transactions
- 2.19 – Indirect Common Costs
- 2.20 – Expenses
- 2.21 – Critical Accounting Estimates and Judgments

NOTE 3: ASSETS

- 3.1 – Cash and Cash Equivalents
- 3.2 – Investments
- 3.3 – Contributions Receivable
- 3.4 – Accounts Receivable
- 3.5 – Prepayments and Services Receivable
- 3.6 – Inventory
- 3.7 – Other Current and Non-Current Assets
- 3.8 – Property, Plant and Equipment
- 3.9 – Intangible Assets
- 3.10 – Impairment of Assets

NOTE 4: LIABILITIES

- 4.1 – Accounts Payable
- 4.2 – Accruals

- 4.3 – Deferred Revenue
- 4.4 – Conditional Extra-Budgetary Contributions
- 4.5 – Funds Held for Third Parties
- 4.6 – Employee Benefits
- 4.7 – Cash Surplus Current
- 4.8 – Provisions
- 4.9 – Other Current and Non-Current Liabilities

NOTE 5: RESERVES

- 5.1 – Cash Surplus
- 5.2 – Cash Surplus Withheld
- 5.3 – Revolving and Contingency Funds
- 5.4 – Other Reserves
- 5.5 – Accumulated Surplus/(Deficit)

NOTE 6: REVENUE

- 6.1 – Assessed Contributions
- 6.2 – Extra-Budgetary Contributions
- 6.3 – Finance Revenue
- 6.4 – Contributions In-Kind
- 6.5 – Revenue from Exchange Transactions
- 6.6 – Other Revenue

NOTE 7: EXPENSES

- 7.1 – Staff Costs
- 7.2 – Consultancy and Subcontracting
- 7.3 – Travel Expenses
- 7.4 – Services and Office Costs
- 7.5 – Consumables and Supplies
- 7.6 – Depreciation and Amortization
- 7.7 – Equipment Expense
- 7.8 – Other Operating Expenses

NOTE 8: FOREIGN EXCHANGE GAINS/(LOSSES)

NOTE 9: RECONCILIATIONS OF BUDGETS TO FINANCIAL STATEMENTS

- 9.1 – Reconciliation of Surplus/ (Deficit) for the Period
- 9.2 – Reconciliation of Actual Amounts on a Comparable Basis and Cash Flow Statement

NOTE 10: OTHER DISCLOSURES

- 10.1 – Financial Risk Management
- 10.2 – Contingent Assets and Contingent Liabilities
- 10.3 – Leases and Contractual Obligations
- 10.4 – Related Party Disclosures
- 10.5 – Events After the Reporting Date

Notes to the Financial Statements

NOTE 1: REPORTING STRUCTURE

1.1 – Reporting Entity

The OSCE traces its origins to the early 1970s, to the Helsinki Final Act (1975) and the creation of the Conference on Security and Co-operation in Europe (CSCE). In 1994, the CSCE, having evolved well beyond its initial role, was renamed the Organization for Security and Co-operation in Europe. Now with 57 participating States in Europe, North America and Asia, the OSCE is the world's largest regional security organization, working to ensure peace and stability for more than a billion people. The OSCE is a regional organization in the sense of Chapter VIII of the United Nations Charter and is an observer in the United Nations General Assembly.

The OSCE operates in three dimensions:

Politico-military dimension – includes mechanisms for conflict prevention and resolution, and military confidence-building measures.

Economic and environmental dimension – activities aimed at counteracting threats and challenges to security and stability caused by economic and environmental factors.

Human dimension – set of norms and activities related to human rights and the rule of law.

With its Secretariat, specialized Institutions, expert units and network of Field Operations, the OSCE addresses a range of issues that have an impact on common security, including arms control, terrorism, good governance, energy security, human trafficking, democratization, media freedom and minority rights.

OSCE's Secretariat is based in Vienna. Most of the OSCE's activities are implemented in South-Eastern Europe, Eastern Europe, the South Caucasus and Central Asia. Field Operations play a major role in this regard, they are established at the invitation of the respective host countries, and their mandates are agreed by consensus by the participating States. Additional activities, funded from extra-budgetary contributions, are undertaken in accordance with Article IX of the Financial Regulations to supplement the Unified Budget and other programmes.

1.2 – Fund Accounting and Segment Reporting

The basic financial governing document of OSCE is the Financial Regulations approved by the Permanent Council on 27 June 1996 (DOC.PC/1/96) and subsequently revised. The latest revision is PC.DEC/1419 dated 16 November 2021. In accordance with these Regulations, the OSCE operates a system of fund accounting and the audited Financial Statements present the consolidated financial results of Budgetary Funds, as well as Special Purpose Funds and Extra-Budgetary Funds.

For purposes of the presentation of the 2023 Unified Budget Proposal, Funds were grouped under Secretariat and Institutions; and Field Operations, with the latter, in turn, being grouped into Regions. This hierarchical presentation is also followed in the segmental reports annexed to the 2023 Financial Statements. The segmental information also includes an analysis of extra-budgetary expenses broken down by Executive Structure.

Full details of the Funds budgeted and segments reported in 2023 can be found in Annex 1 to these Statements.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

2.1 – Basis of Presentation

2.1.1 – Applicable Accounting Standards

These Financial Statements are prepared on an accrual basis, in accordance with the requirements of International Public Sector Accounting Standards (IPSAS) and the OSCE Financial Regulations, and using the historic cost convention. Where IPSAS is silent concerning any particular matter, the appropriate International Financial Reporting Standard (IFRS) or International Accounting Standard (IAS) is applied.

The Organization has adopted IPSAS 41 “Financial Instruments” with effect from 1 January 2023. This Standard replaces IPSAS 29 and establishes new requirements for classifying, recognizing, and measuring financial instruments.

2.1.2 – Reporting Year

These Financial Statements cover the calendar year ended 31 December 2023. The reporting period coincides with the calendar year.

2.1.3 – Going Concern basis

The Financial Statements are prepared on the basis that the OSCE is a going concern.

2.1.4 – Currency

The Financial Statements are presented in Euro which is also the functional currency of the Organization. The figures are presented rounded to the nearest thousand Euros and to the nearest one-tenth of a percent, which may result in totals that differ slightly from the sum of their constituents.

Foreign currency transactions are translated into Euros based on the prevailing United Nations Operational Rates of Exchange (UNORE). The UNORE are normally set on the first day of each month, and revised mid-month with effect from the 15th of the month. Assets and liabilities are valued at the end of the reporting period using the UNORE prevailing on 31 December. Gains and losses arising from transactions and translation are recorded as currency exchange adjustments.

2.2 – Prior Year Restatements, Changes in Estimates and Presentation Differences

The 2022 Financial Statements represent the financial position of the Organization as at 31 December 2022, in accordance with the operational activities and all relevant management information available at the time. During October 2023, a second provisional bill was issued in relation to the SMM administrative closure period from 1 April 2022 onwards, to align the total billing with the proposed budgetary requirements. However, the decision to issue this revised provisional first bill in October 2023 represents a change in accounting policy, the 2022 comparative figures have therefore been restated accordingly. The effects of which are disclosed below.

2.2.1 – Restatement - Revenue

Revenue from Assessed Contributions for SMM was recorded in the 2022 Financial Statements at EUR 68.5 million, this comprised of the provisional second bill for the Extension of the Mandate of the Special Monitoring Mission to Ukraine from 1st April 2021 until 31st March 2022 in the amount of EUR 22.8 million, as per PC.DEC/1401, and the provisional first bill from 1 April 2022 onwards for EUR 45.7 million. As the revised provisional first bill from 1 April 2022 onwards reduced the assessment to EUR 22.8 million, the 2022 comparative figure for assessed contributions revenue has been restated at EUR 45.7 million in Statement II, with the effects also disclosed in Note 6.1.

The allowance for doubtful debt reported in 2022, in line with IPSAS 29, included the outstanding arrears for assessed contribution arising from the provisional first bill from 1 April 2022 onwards. The 2022 comparative figures for other revenue under Statement II and Note 6.6 have been restated to reflect the decrease in the allowance for doubtful debt resulting from the reduction in outstanding arrears.

2.2.2 – Restatement – Assessed Contributions Receivable

Assessed contributions receivable reported in the 2022 Financial Statements included all unpaid amounts arising from the provisional first bill from 1 April 2022 onwards. The 2022 comparative figures in Statement I and Note 3.3 have been restated to reflect the reduction of EUR 10.5 million in open receivables as a result of the revised provisional first bill from 1 April 2022 onwards, and the decrease in the allowance for doubtful debt, an overall decrease in Contributions Receivable of EUR 10.4 million.

2.2.3 – Restatement – Funds Held for Third Parties

The 2022 comparative figures for funds held for third parties have been restated in Statement I and Note 4.5, to include the cash received from participating States for SMM assessed contribution in excess of the revised provisional first bill from 1 April 2022 onwards.

2.2.4 – Reconciliations

The effects of these restatements on the Total Net Assets/Equity for 2022 in Statement I and the Surplus for the year 2022 in Statement II are tabulated below.

Statement I Statement of Financial Position	Note	Amount in 2022 Financial Statements	Amount of Restatement	Restated Amount in 2023 Financial Statements
EUR '000				
Contributions Receivable	2.2.2	37,205	(10,440)	26,765
Current Assets		209,097	(10,440)	198,658
Total Assets		222,880	(10,440)	212,441
Funds Held for Third Parties	2.2.3	6,666	12,359	19,026
Current Liabilities		145,704	12,359	158,063
Total Liabilities		149,441	12,359	161,800
Net Assets		73,440	(22,799)	50,641
Accumulated Surplus/(Deficit)		71,403	(22,799)	48,604
Total Net Assets/Equity		73,440	(22,799)	50,641

Statement II Statement of Financial Performance	Note	Amount in 2022 Financial Statements	Amount of Restatement	Restated Amount in 2023 Financial Statements
EUR '000				
Assessed Contributions	2.2.1	206,691	(22,829)	183,862
Other Revenue	2.2.1	2,718	30	2,747
Total Revenue		294,743	(22,799)	271,944
Surplus/(Deficit) for the Period		27,930	(22,799)	5,131

2.3 – Financial Instruments

Financial instruments consist of cash, bank accounts, short-term deposits, contributions and other accounts receivable and accounts payable. Financial instruments maturing within one year of the reporting date are classified as current. Financial instruments with a maturity date of more than one year after the reporting date are classified as non-current assets. The OSCE does not engage in transactions involving hedging or derivative financial instruments.

Financial instruments are recognized when OSCE becomes a party to the contractual provisions of the instrument until such time as the rights to receive cash flows from those assets have expired or have been transferred and the Organization has transferred substantially all the risks and rewards of ownership.

Financial instruments are initially recognized at fair value, normally being the transaction price. The subsequent measurement depends on their classification. The OSCE classifies its financial instruments at amortized cost based on the Organizations management model and the contractual cash flow characteristics of the financial instruments. The OSCE assesses impairment of its financial assets on a forward-looking expected credit loss basis.

Impact of the adoption of IPSAS 41

Classification and measurement principles for financial assets

The new IPSAS introduces a principles-based approach to the classification of financial assets and requires the use of two criteria: the entity's model for managing its financial assets and the contractual cash-flow characteristics of those assets. Depending on these criteria, financial assets are classified in the following categories: 'financial assets at amortized cost' (AC), 'financial assets at fair value through net assets/equity' (FVNA), or 'financial assets at fair value through surplus or deficit'.

Impairment model

Whereas the previous impairment model was based on incurred losses, IPSAS 41 has introduced a forward-looking impairment model based on expected credit losses (ECL) over the lifetime of the financial assets (the simplified approach). The ECL is the present value of the difference between the contractual cash flows and the cash flows that the OSCE expects to receive and takes into account possible default events and the evolution of the credit quality of the financial assets. The new impairment model applies to all financial assets measured at AC or at FVNA.

With the adoption of IPSAS 41, the measurement category of each group of financial instruments was reviewed. The table below identifies the measurement category for each group of financial instruments under IPSAS 29 and IPSAS 41. As can be seen from the table, there was no change in the application of the classification requirements between the two standards as the recognition of the financial assets and financial liabilities remain at amortized cost.

FINANCIAL ASSETS					
Asset Category	Financial Asset	Classification IPSAS 29	Classification IPSAS 41		
			Management Model Test	SPPI Test*	Classification Category
Cash & Cash Equivalents	Cash in bank and on hand – convertible & non-convertible	Loans & Receivables (at amortized cost)	Hold to collect cash flows	N/A	Amortized cost

	Term Deposits & Others (< 90 days)	Loans & Receivables (at amortized cost)		Passed	Amortized cost
Investments	Term Deposits (90 days or more)	Loans & Receivables (at amortized cost)	Hold to collect cash flows	Passed	Amortized cost
	Certificate of Deposit	Loans & Receivables (at amortized cost)			Amortized cost
Receivables	Assessed Contributions	Loans & Receivables (at amortized cost)	Hold to collect cash flows	Passed	Amortized cost
	Voluntary Contributions				Amortized cost
	Other Receivables				Amortized cost
Derivatives (Not applicable for OSCE)	Forward contracts/ Foreign currency options	Held for trading	Held for trading	N/A	Fair Value Through Surplus and Deficit

**The "SPPI test" takes the contractual terms of a financial asset and considers whether the cash flows give rise to payments on specified dates that are solely payments of principal and interest (SPPI) on the principal amount outstanding.*

FINANCIAL LIABILITIES		
Category of Financial Liabilities	Classification IPSAS 29	Classification IPSAS 41
Accounts payable and accrued liabilities	Amortized cost	Amortized cost
Contributions received in advance	N/A	N/A
Funds held on behalf of third parties	Amortized cost	Amortized cost
Derivative liabilities (Not applicable for OSCE)	Fair value through surplus and deficit	Fair Value Through Surplus and Deficit
All financial liabilities other than those at fair value through surplus or deficit	Amortized cost	Amortized cost
Other liabilities	In accordance with the relevant accounting standard.	In accordance with the relevant accounting standard.

Further, as a result of the IPSAS 41 requirement to estimate expected credit losses of financial assets, an analysis was performed to identify if there were any changes in the carrying value of these financial assets as at 1 January 2023, the date of initial application of IPSAS 41. The analysis identified no change in the carrying value as at 1 January 2023 other than the carrying value of assessed

contributions receivable. The carrying value and valuation allowance under IPSAS 41 and IPSAS 29 was as follows:

Carrying value as at 1 January 2023 (EUR '000)		
Financial instruments	Under IPSAS 29 (Restated)	Under IPSAS 41 (Restated)
Assessed Contribution Receivables	9,295	9,922

Valuation allowance as at 1 January 2023 (EUR '000)		
Financial instruments	Under IPSAS 29 (Restated)	Under IPSAS 41 (Restated)
Assessed Contribution Receivables	2,724	2,097

The change in carrying value of assessed contributions receivable of EUR 627 thousand was recorded as a decrease in the allowance for doubtful debts, charged in 2023 as the amount was deemed to be immaterial for restatement as a change in accounting principle.

2.4 - Uncollected Assessed Contributions

The forward-looking impairment model, introduced following the adoption of IPSAS 41, incorporates reasonable and supportable information that is available without undue cost or effort at the reporting date. The asset's carrying amount is reduced by the amount of the impairment lifetime loss which is recognised in the Statement of Financial Performance. If, in a subsequent period, the amount of the impairment loss decreases, the previously recognised impairment loss is reversed through the Statement of Financial Performance.

This allowance does not relieve the participating States in arrears from their obligations to the OSCE.

2.5 - Inventories

Inventories consist of two classes:

- Consumables and supplies held for use by the Organization to support the delivery of its programmatic objectives and
- Inventories held for distribution to beneficiaries at no or nominal charge.

Consumables and supplies are expensed upon purchase. Where a material stock is purchased and is in store at year end for future consumption, it is stated at the lower of cost or net realisable value, subject to capitalization thresholds of EUR 150 per item and EUR 50 thousand per class and location. Cost is determined using a weighted average cost formula. Net realisable value is the estimated selling price, less any costs of disposal.

Inventories held for distribution to beneficiaries at no or nominal charge are stated at the lower of either cost or current replacement cost, subject to a capitalization threshold of EUR 150 per item. These items are uniquely identifiable and cost is therefore determined using the specific identification method. Current replacement cost is that which the OSCE would incur to acquire the asset as at the reporting date.

Write downs from cost to current replacement cost or net realizable value are recognized in the Statement of Financial Performance as incurred.

2.6 - Property, Plant and Equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and any recognized impairment losses. The threshold for capitalization of property, plant and equipment is EUR 1 thousand. Subsequent costs that are included in an asset's carrying amount include freight and installation. Repairs and maintenance costs are charged to the Statement of Financial Performance during the period in which they are incurred. Gains and losses on disposal are determined by comparing the proceeds with the carrying amount of the asset, and are included in the Statement of Financial Performance. Depreciation is charged using the straight-line method and the residual values are estimated at zero.

The estimated useful lives for the different property, plant and equipment classes are shown in the following table. For leasehold improvements, the shorter of the useful life or the lease agreement applies.

Asset Class	Useful Life (Years)
ICT Equipment	3 to 10
Vehicles, including Unmanned Aerial Vehicles	5 to 12
Household and Office Equipment	3 to 10
Security and Safety Equipment	3 to 25
Other Equipment	3 to 10
Leasehold Improvements	7 to 35

2.6.1 – Leasehold Improvements

Leasehold improvements refer to improvements made by the OSCE to the buildings occupied by the Secretariat and Institutions. Leasehold improvements in all other Executive Structures are expensed immediately due to the short term nature of their mandates. These improvements revert to the lessor at the expiration of the lease or right to use agreement and include building adjustments, fixtures, technical, communication and security infrastructure. The threshold for capitalization of leasehold improvements is established at EUR 50 thousand.

2.6.2 – Buildings

Buildings are not capitalized as assets because, although the OSCE has been given the right to use them, there is no full transfer of the risks and rewards incidental to ownership. The buildings affected by this decision are those used by the Secretariat and Institutions in the following locations:

- The Secretariat, Wallnerstrasse 6-6a and part of Wallnerstrasse 8, 1010 Vienna, Austria;
- The Secretariat (Documentation Centre in Prague), Náměstí Borisa Němcova, 160 00 Prague 6, Czechia;
- Office for Democratic Institutions and Human Rights, Ul. Miodowa 10, 00-251 Warsaw, Poland; and
- High Commissioner on National Minorities, Prinsessegracht 22, 2514 AP The Hague, The Netherlands.

2.7 - Intangible Assets

Intangible assets consist of software and are stated at cost less accumulated amortization and any recognized impairment losses.

Intangible assets are amortized using the straight line method over their estimated useful life; residual values are estimated at zero. The OSCE has identified two main reporting classes of intangible assets: software licenses externally acquired and internally-developed software. The capitalisation thresholds and useful lives for the different asset classes are tabulated below.

Self-constructed intangible assets, including those under development, are recorded at cost, including any directly attributable costs of preparing the asset for its intended use. These include salaries and employee benefits, as well as external consultancy costs. Amortization starts once the completed assets are available for use.

Software maintenance and service costs are charged to the Statement of Financial Performance during the period in which they are incurred.

Asset Class	Capitalisation Threshold (EUR '000)	Useful Life (Years)
Externally Purchased Software	1	5
Internally-Developed Software	50	7
Internally-Developed Software Under Development	50	7

2.8 - Impairment of Assets

The OSCE performed a review of its assets in conjunction with revenue earned to identify whether it owned any cash-generating assets. Cash-generating assets are assets held with the primary objective of generating a commercial return. In 2023 there were no intangible assets or items of property, plant and equipment which met this definition, therefore all assets were classified as non-cash-generating and *IPSAS 21 - Impairment of Non-Cash-Generating Assets* was applied to the reporting of impairments.

Intangible assets and items of property, plant and equipment are reviewed annually for impairment to determine if the carrying amount is still considered to be recoverable. Situations that could lead to impairment include major damage or obsolescence. Impairment losses are recognized in the Statement of Financial Performance for the amount by which the asset's carrying amount exceeds its recoverable service amount, and are reported together as amortization and depreciation.

2.9 - Operating Leases

Leases where the OSCE does not retain a significant portion of the risks and rewards inherent in ownership are classified as operating leases. As explained in Note 2.6.2, buildings occupied by the Secretariat and Institutions are not capitalised. Buildings occupied by other Missions are regarded as operating leases due to the short terms of their mandates. Rent under operating leases, both cash payments and contributions in-kind, is charged to the Statement of Financial Performance as incurred.

2.10 - Accruals

Accruals include liabilities for goods and services delivered during the year, but for which invoices were not received at the year-end.

Unliquidated obligations (ULOs) represent obligations for goods ordered but not yet delivered to the Organization at the year-end. ULOs are recognized for budgetary purposes, but do not satisfy the delivery principle under IPSAS and are therefore not included in these financial statements, except for the actuals in Statement V - Statement of Comparison of Budget and Actual Amounts.

2.11 - Employee Benefits

Employee benefits entitlements are set out in the OSCE Staff Regulations and Staff Rules approved by the Permanent Council.

2.11.1 - Employee Benefits Current

Current employee benefits are expected to be settled within 12 months of the reporting date and include pay and allowances, assignment grants, education grants, annual leave, home leave and rest and recuperation for employees in certain Field Operations. The amounts related to these liabilities are calculated by OSCE and determined by an independent actuary using the methodology and assumptions as described in Note 4.6 – Employee Benefits, based on personnel data and past experience, and are as follows:

- Annual leave – in accordance with OSCE’s Staff Rules, OSCE officials may carry forward up to thirty days of unused leave from one leave year to the next. The leave year runs from 1 January to 31 December of each year. As part of the recovery from the COVID-19 situation, a deferral of the carryover cut off date was approved, with the effect that the entire leave balance as at 31 December 2022 was carried forward, with the proviso that the excess over thirty days must be used during January 2023. As at 31 December 2023, the liability reverted to the normal thirty days. In addition, a fixed-term staff or mission member may be granted advance annual leave up to a maximum of fifteen days. Annual leave is considered as a current benefit and hence is not subject to actuarial valuation. The liability for annual leave is calculated by multiplying the net number of unused leave days as of 31 December 2023 up to a maximum of thirty days by the basis of the monthly net salary, including post adjustment if applicable, and employer’s provident fund contributions.
- Home leave and rest and recuperation leave – Heads of Mission and other fixed-term international Mission Members, both contracted and seconded, are entitled to home leave once every twelve months. In addition, for those staff serving in duty stations designated as hazardous or hardship, there is an additional entitlement to rest and recuperation leave once every twelve months. For international fixed-term contracted Staff Members, the entitlement for home leave is once every two years. The OSCE also covers the travel expenses of spouse and dependent children who reside at the duty station with the Staff Member. The liabilities for home leave and rest and recuperation are calculated by using estimates of travel expenses based on historical average costs.

The effect of discounting on these liabilities is deemed to be immaterial and these liabilities were classified as current.

The duty stations that qualified for rest and recuperation at 31 December 2023 were as follows:

- Programme Office in Nur-Sultan/Astana;
- Centre in Ashgabat;
- Programme Office in Bishkek;
- Project Co-ordinator in Uzbekistan;
- Programme Office in Dushanbe;
- Personal Representative of the Chairperson-in-Office (PRCiO) on the Conflict Dealt with by the Minsk Conference (in certain locations only).

2.11.2 - Employee Benefits Non-Current

Non-current employee benefits are disclosed in accordance with IPSAS 39. They relate to post-employment benefits, including repatriation benefits such as:

- Repatriation Grant – OSCE makes a grant towards the costs of repatriation for international fixed term contracted staff members and their eligible dependents, upon separation from service. This

entitlement is subject to minimum qualifying periods ranging from one to five years depending on grade and date of entry into service. The amount of the grant is calculated on the basis of the staff member's last salary, excluding post adjustment, and the staff member's completed years and months of qualifying service.

- Repatriation Travel – upon separation, the OSCE covers the travel expenses for fixed-term contracted OSCE officials, seconded officials and international short-term contracted staff. The spouse and dependent children of international fixed-term contracted staff members are also entitled to repatriation travel.
- Removal of Household Effects – upon separation, international contracted staff members appointed for a period of one year or more are entitled to the payment of the removal of household effects. The costs to be reimbursed shall be the actual expenses incurred.

The present value of non-current employee benefits liabilities is determined by discounting the estimated cash outflows using interest rates of high-quality corporate bonds with a duration that approximates the maturity terms of the related liabilities. Although some benefits classed as non-current will fall due for payment within twelve months, the amount is not considered material and is not separately recognised under current liabilities.

2.12 - Cash Surplus or Deficit

The calculation and treatment of the cash surplus is laid down in Financial Regulation 7.07, which is reproduced in the next three sub-paragraphs.

(a) At the end of each financial year the cash surplus or deficit for the Funds financed through assessed contributions shall be determined by calculating the excess of revenue received over the expenditure, or the excess of the expenditure over revenue received, as the case may be.

(b) Unless otherwise determined by the Permanent Council, the cash surplus of all Funds financed through assessed contributions shall be credited against contributions of the participating States during the year following the one in which the financial statements were accepted by the Permanent Council. The crediting shall be done in accordance with the scale of distribution for the year to which the surplus relates. The allocation to a participating State of its share of the cash surplus shall be deferred in cases where that State is in arrears for the year to which the surplus relates and until such time as these arrears have been paid in full.

(c) In the event of a cash deficit the Secretary General shall bring the matter to the attention of the Permanent Council and make proposals for appropriate action by the Council.

Cash surplus is not calculated for Extra-Budgetary Funds. Unspent amounts are refunded upon request of donors after expiration of the pledges.

Cash surpluses for Special Purpose Funds are calculated in accordance with the Permanent Council Decisions that established each of the Funds.

Cash surpluses are regarded as a part of Equity until the conditions in sub-paragraph (b) above are met, at which point they are transferred to liabilities and are recognised as current liabilities at the end of the year in which the statements are accepted.

2.13 - Deferred Revenue

Unified Budget deferred revenue consists mainly of assessed contributions received in advance and credits to participating States to be deducted from future assessments.

Extra-budgetary contributions are either used as agreed in the project related to the pledge, or are returned or redeployed at the direction of the donor. Such pledges are therefore considered to be conditional and are initially recognised as deferred revenue until such time as the condition is met and project expenditure incurred.

2.14 - Provisions

Provisions are recognized in circumstances when the OSCE has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. The amount of the provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

2.15 - Contingent Liabilities and Contingent Assets

Contingent liabilities are disclosed when there are possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the OSCE. Contingent assets are disclosed when there are probable assets that arise from past events and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the OSCE.

2.16 - Revenue from Non-Exchange Transactions

Revenue from assessed contributions and revenue from extra-budgetary contributions are recognized as non-exchange transactions in accordance with IPSAS 23.

Revenue from assessed contributions from participating States is recorded on an accrual basis, independent from when the cash is received. It reflects the Unified Budget proposed for the year, including any revisions, and adjusted for any shortfall between the Budget and the approved Scales of Contribution; together with any Special Purpose Funds that are financed by assessed contributions, also including any applicable revisions.

Extra-budgetary contributions are initially recognized in the Statement of Financial Position, as they are all considered to be conditional (see note 2.13), and are subsequently recognized as revenue in the Statement of Financial Performance when project expenditure occurs. Where the criteria for recognition as stipulated under a donor agreement are not fulfilled, the contributions are refundable to donors.

2.17 – Contributions In-Kind

Contributions in-kind in the form of goods (including inventory, property, plant and equipment and intangible assets) are measured at fair value and recorded as contributions in-kind in the Statement of Financial Performance.

Contributions in-kind of services comprise seconded staff occupying posts approved by the Permanent Council or agreed as part of an extra-budgetary project, certain ancillary services related to premises provided free of rent (security, maintenance, utilities etc.) and other services. Although recognition is not required by IPSAS 23, these classes of services in-kind are measured at fair value and recorded as contributions in-kind in the Statement of Financial Performance. The estimated value of seconded personnel is based on a calculation of the additional cost of employing international contracted staff and mission members in their place, and is not intended to reflect the actual costs to the States seconding them.

2.18 - Revenue from Exchange Transactions

Revenue from exchange transactions refers mainly to the occasional sales of assets. Revenue is measured at the fair value of the consideration received or receivable and is recognized as goods and services are delivered.

2.19 – Indirect Common Costs

Indirect Common Costs are levied on Extra-budgetary projects and some third-party payments and are intended to defray costs incurred for provision of administrative support that cannot be easily attributed to specific projects. As revenue is recognised, it is transferred to a separate extra-budgetary accounting fund for subsequent allotment and use.

2.20 - Expenses

Expenses are accounted for on an accrual basis and are recognized when the goods or services are delivered to the OSCE.

2.21 - Critical Accounting Estimates and Judgments

The preparation of the Financial Statements involves the use of accounting estimates and professional judgment; therefore there is a risk that actual amounts could differ from the related estimates. The areas where those are more significant in the preparation of OSCE's Financial Statements include *inter alia*: useful lives of tangible and intangible assets, provisions, accruals, deferred revenue, contingent assets and liabilities and employee benefits.

NOTE 3: ASSETS

3.1 – Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, cash at bank, and short-term deposits with initial maturity of 3 months or less.

OSCE operates a pooling system for banking purposes and most cash is held in Secretariat bank accounts. Consequently, some Funds, particularly Extra-Budgetary and Special Purpose Funds, hold comparatively little or no cash as it is transferred from the Secretariat accounts to local accounts as required, under internal financial regulatory arrangements. The inter-fund balances shown in Annex 1 complete the picture of each Fund's net asset position.

In accordance with Financial Regulation 5.02, funds not needed for immediate requirements are pooled in bank accounts administered by the Secretariat and invested in the form of money market deposits. Those deposits with an initial maturity of 3 months or less were classified as cash equivalents.

Cash, cash equivalents and investments are adjusted at each reporting date to reflect lifetime expected credit losses calculated using weighted long-term average default rates per the financial rating of the banking institutions in which they are held.

EUR '000	As at 31 December 2023				As at
	Secretariat, Institutions, Field Offices and Cash Pools	Special Purpose Funds	Extra- Budgetary Funds	Total	31 December 2022 Total
Cash	231	-	-	231	184
Bank	87,193	-	5,394	92,587	48,129
Short-term Deposits	-	-	20,000	20,000	-
Total	87,424	-	25,394	112,818	48,313

3.2 – Investments

Investments consist of money-market deposits with initial maturity over 3 months. At the end of the reporting period, investments (including Revolving and Contingency Funds) amounted to EUR 61,127 thousand (EUR 111,597 thousand in 2022), made up entirely of deposits held in relation to Extra-Budgetary Funds.

3.3 – Contributions Receivable

Contributions receivable include assessments billed to participating States and extra-budgetary contributions billed to donors that have not yet been received by OSCE. See also note 6.1 on changes to the billing of the Special Monitoring Mission to Ukraine which has led to a reduction in the amounts receivable.

EUR '000	2023	2022 (Restated)
Secretariat, Institutions and Field Offices Assessed Contributions Receivable	12,615	7,722
Special Monitoring Mission to Ukraine Assessed Contributions Receivable	1,675	4,297
Extra-budgetary Contributions Receivable	6,003	17,470
Total Contributions Receivable	20,292	29,489
Allowance for Doubtful Debts	(1,579)	(2,724)
Total Net Contributions Receivable	18,713	26,765

The 2022 comparative amounts for the Special Monitoring Mission to Ukraine assessed contributions receivable and the allowance for doubtful debts have been restated, as described in Note 2.2. The amount reported in the 2022 Financial Statements for SMM assessed contributions receivable was EUR 14,753 thousand, with total contributions receivable of EUR 39,945 thousand. The amount recorded for the allowance for doubtful debts in 2022 was EUR 2,740 thousand, resulting in total net contributions receivable of EUR 37,205 thousand.

The forward-looking impairment model, introduced following the adoption of IPSAS 41, incorporates reasonable and supportable information that is available without undue cost or effort at the reporting date. The asset's carrying amount is reduced by the amount of the impairment lifetime loss which is recognised in the Statement of Financial Performance. If, in a subsequent period, the amount of the impairment loss decreases, the previously recognised impairment loss is reversed through the Statement of Financial Performance.

3.3.1 - Unified Budget Assessed Contributions Receivable

A schedule of outstanding Assessed Contributions Receivable by participating State is shown below:

EUR '000	Outstanding for 2021 and Prior Years	2022	2023	Outstanding Balance as at 31 December 2023
Participating State				
Albania	-	-	44	44
Azerbaijan	-	-	44	44
France	-	-	867	867
Kyrgyzstan	714	46	46	806
Russian Federation	-	5,285	5,569	10,854
Total	714	5,331	6,570	12,615

An allowance for doubtful debts of EUR 1,176 thousand has been created to leave a net carrying balance of EUR 11,439 thousand.

3.3.2 - Special Purpose Funds Assessed Contributions Receivable

Assessed Contributions Receivable for Special Purpose Funds related to the bills issued for the financing of the Special Monitoring Mission to Ukraine are tabulated below. The open contributions receivable for the financial year 2022 take into account the revised provisional bill for the Special Monitoring Mission to Ukraine (SMM) from 1 April 2022 onwards:

EUR '000	Outstanding for 2021 and Prior Years	2022	2023	Outstanding Balance as at 31 December 2023
Participating State				
Azerbaijan	-	5	-	5
Belarus	-	9	-	9
Hungary	-	87	-	87
Kyrgyzstan	2	9	-	11
Russian Federation	-	1,141	-	1,141
Serbia	-	5	-	5
Tajikistan	12	9	-	21
Turkmenistan	102	9	-	111
Uzbekistan	262	22	-	285
Total	378	1,297	-	1,675

An allowance for doubtful debts of EUR 403 thousand has been created to leave a net carrying balance of EUR 1,272 thousand.

3.3.3 – Extra-budgetary Contributions Receivable

Extra-budgetary contributions receivable relates to the agreements and pledge acceptances with donors which are due for payment. The breakdown by Extra-budgetary Funds is as follows:

EUR' 000	2023	2022
Fund to Support OSCE Action for Peace, Democracy and Stability in Bosnia and Herzegovina	108	1,061
Fund for Activities Relating to Economic and Environmental Aspects of Security	432	338
Fund for Activities Related to Special Monitoring Mission to Ukraine	10	10
Other PC Established Funds – Partnership Fund	120	119
Other Activities and Special Projects	5,333	15,943
Total	6,003	17,470

The aging of the extra-budgetary accounts receivable is as follows:

EUR' 000	Outstanding Balance	Less than one year	1 – 3 years	3 – 4 years	More than 4 years
Fund to Support OSCE Action for Peace, Democracy and Stability in Bosnia and Herzegovina	108	21	87	-	-
Fund for Activities Relating to Economic and Environmental Aspects of Security	432	392	40	-	-
Fund for Activities Related to Special Monitoring Mission to Ukraine	10	-	-	10	-
Other PC Established Funds - Partnership Fund	120	1	-	-	119
Other Activities and Special Projects	5,333	2,422	2,571	75	265
Total	6,003	2,836	2,698	85	384

3.4 – Accounts Receivable

Accounts receivable are carried at the original invoice amount, less an allowance for estimated doubtful debts based on a review of all outstanding amounts at the year-end. Accounts receivable consist mainly of recoverable Value Added Tax and other receivables.

The receivable from customers includes EUR 1,336 thousand (EUR 2,029 thousand in 2022) for the excess of premiums paid to the insurance company Cigna over settlements made, which will be used in the future to defray cost increases or provide additional services.

The 2022 comparative amounts for tax receivable from governments and other receivables have been restated to correctly record all open tax receivables under the appropriate expenditure type. The amount reported in the 2022 Financial Statements for tax receivable from governments was EUR 1,074 thousand, with other receivables of EUR 1,320 thousand. Total accounts receivable remains unchanged.

EUR '000	2023	2022 (Restated)
Tax Receivable from Governments	2,684	2,260
Receivable from Customers	1,884	2,504
Other Receivables	76	135
Accrued Interest Receivable	960	430
Allowance for Doubtful Debts	(624)	(604)
Total	4,980	4,725

3.5 – Prepayments and Services Receivable

Prepayments do not meet the definition of financial instruments as defined by *IPSAS 28 – Financial Instruments: Presentation* because they are intended to be settled through delivery of goods or services, rather than cash. Furthermore, prepayments are considered non-monetary items as defined by *IPSAS 4 - The Effects of Changes in Foreign Exchange Rates*, and therefore are translated at the transaction exchange rate.

EUR '000	2023	2022
Prepayments to and services receivable from Suppliers	4,372	4,712
Prepayments to and services receivables from Implementing Partners	1,350	1,434
Prepayments to Staff	768	792
Other Prepayments	36	16
Total	6,526	6,954

3.6 – Inventory

Inventory recognized in the Statement of Financial Position consists of project assets held for distribution to beneficiaries. The total amount of inventories recognized as an expense during 2023 was EUR 2,115 thousand (EUR 4,766 thousand in 2022).

EUR '000	2023	2022
Project assets held for distribution to beneficiaries	792	291
Total	792	291

3.7 – Other Current and Non-Current Assets

Other current and non-current assets include payroll prepayments, deposits for rent recoverable after the termination of the leases and insurance premium receivable.

EUR '000	2023	2022
Current Payroll Prepayments	(4)	12
Total Other Current Assets	(4)	12
Long Term Deposit for Rent	20	20
Total Other Non-Current Assets	20	20
Total	16	32

3.8 – Property, Plant and Equipment

Property, Plant and Equipment is initially recognized at cost and subsequently depreciated using the straight line method over the assets' useful life to an assumed residual value of zero.

2023

EUR'000	ICT Equipment	Vehicles	Household and Office Equipment	Security and Safety Equipment	Leasehold Improvements	Other Equipment	Total Property, Plant and Equipment
<i>Cost as at 1 January 2023</i>	9,313	33,380	4,478	1,560	4,381	426	53,538
Additions	426	1,615	172	331	0	8	2,552
Disposals	(1,366)	(10,157)	(233)	(175)	0	(38)	(11,968)
<i>Cost as at 31 December 2023</i>	8,374	24,839	4,417	1,716	4,381	396	44,122
<i>Accumulated Depreciation and Impairment Losses as at 1 January 2023</i>	7,313	27,636	4,007	1,282	3,174	362	43,775
Depreciation	1,007	1,129	174	161	81	12	2,564
Impairments	0	38	0	0	0	0	38
Disposals	(1,291)	(8,581)	(182)	(112)	0	(5)	(10,170)
<i>Accumulated Depreciation and Impairment Losses as at 31 December 2023</i>	7,030	20,222	3,999	1,331	3,255	370	36,206
Net Carrying Amount as at 31 December 2023	1,344	4,617	418	385	1,126	26	7,915

2022

EUR'000	ICT Equipment	Vehicles	Household and Office Equipment	Security and Safety Equipment	Leasehold Improvements	Other Equipment	Total Property, Plant and Equipment
<i>Cost as at 1 January 2022</i>	11,658	49,557	6,125	3,579	4,381	504	75,804
Additions	969	1,688	179	184	0	60	3,080
Disposals	(3,314)	(17,865)	(1,826)	(2,203)	0	(138)	(25,345)
<i>Cost as at 31 December 2022</i>	9,313	33,380	4,478	1,560	4,381	426	53,538
<i>Accumulated Depreciation as at 1 January 2022</i>	8,902	39,436	5,192	2,884	2,994	431	59,838
Depreciation	1,155	1,333	250	146	180	20	3,084
Impairments	161	4,522	307	442	0	13	5,445
Disposals	(2,904)	(17,654)	(1,742)	(2,190)	0	(102)	(24,592)
<i>Accumulated Depreciation and Impairment Losses as at 31 December 2022</i>	7,313	27,636	4,007	1,282	3,174	362	43,775
Net Carrying Amount as at 31 December 2022	2,000	5,744	471	278	1,207	64	9,764

The Property, Plant and Equipment total cost as at 31 December 2023 of EUR 44,122 thousand includes fully depreciated assets still in use to the amount of EUR 27,582 thousand (EUR 33,082 thousand in 2022).

3.9 – Intangible Assets

Internally developed software and intangible assets under development consist of software licenses and costs incurred to make the software operational. These costs include salaries and professional fees.

2023

EUR'000	Software Licenses Purchased	Internally Developed Software	Intangible Assets under Development	Total Intangible Assets
<i>Cost as at 1 January 2023</i>	2,102	6,894	944	9,940
Additions	76	0	357	433
Disposals	(321)	0	0	(321)
Assets under Construction Capitalized	0	0	0	0
Cost as at 31 December 2023	1,857	6,894	1,301	10,053
<i>Accumulated Amortization as at 1 January 2023</i>	1,458	4,483	0	5,941
Amortization	210	485	0	695
Impairments	0	0	0	0
Disposals	(308)	0	0	(308)
<i>Accumulated Amortization and Impairment Losses as at 31 December 2023</i>	1,360	4,968	0	6,328
Net Carrying Amount as at 31 December 2023	497	1,927	1,301	3,725

2022

EUR'000	Software Licenses Purchased	Internally Developed Software	Intangible Assets under Development	Total Intangible Assets
<i>Cost as at 1 January 2022</i>	2,215	5,802	1,530	9,546
Additions	79	0	507	585
Disposals	(191)	0	0	(191)
Assets under Construction Capitalized	0	1,093	(1,093)	0
Cost as at 31 December 2022	2,102	6,894	944	9,940
<i>Accumulated Amortization as at 1 January 2022</i>	1,387	4,034	0	5,421
Amortization	222	448	0	670
Impairments	40	0	0	40
Disposals	(190)	0	0	(190)
<i>Accumulated Amortization and Impairment Losses as at 31 December 2022</i>	1,458	4,483	0	5,941
Net Carrying Amount as at 31 December 2022	644	2,412	944	3,999

3.10 - Impairment of Assets

Impairment losses of EUR 38 thousand were recorded in 2023 (EUR 5,484 thousand in 2022), in relation to the disposal of vehicles of the former missions in Ukraine. There were no reversals of impairment recorded during the year.

NOTE 4: LIABILITIES

4.1 – Accounts Payable

Accounts Payable consisted mainly of invoiced amounts due to suppliers and payments due to OSCE staff.

EUR '000	2023	2022
Payables to Suppliers	2,478	1,606
Payables to Implementing Partners	4	65
Amounts Owed to Staff	1,023	1,619
Total	3,505	3,290

4.2 – Accruals

Accruals include liabilities for goods and services delivered during the year, but for which invoices were not received at the year-end.

EUR '000	2023	2022
Accruals	7,903	7,180
Total	7,903	7,180

Payroll-related accruals are reported as part of Employee Benefits Current in note 4.6.

4.3 – Deferred Revenue

The Permanent Council approved deferral of the use by the Office for Democratic Institutions and Human Rights of EUR 849 thousand (PC.DEC/1288) which was originally approved through a supplementary budget in 2016 (PC.DEC/1177) and carried forward to 2017 (PC.DEC/1240). This amount is deferred until the time the observations of local elections are carried out in certain areas of Donetsk and Luhansk.

The Special Funds deferred revenue consists of cash received in respect of the sale of assets that had not yet been transferred to the purchaser.

Total deferred revenue is summarized by source of funds in the table below:

EUR '000	2023	2022
Advance Assessed Contributions payments by participating States	4,915	3,676
Deferred funds per PC.DEC/1288	849	849
Total Unified Budget Deferred Revenue	5,764	4,525
Cash received for asset sales	-	1,082
Total Special Purpose Funds Deferred Revenue	-	1,082
Total Deferred Revenue	5,764	5,607

4.4 – Conditional Extra-Budgetary Contributions

In line with the requirements of IPSAS 23 - *Revenue from Non-Exchange Transactions*, extra-budgetary contributions subject to conditions are classified as deferred revenue. As the conditions are satisfied, the carrying amount of the liability is reduced and an amount of revenue equal to that reduction is recognized.

The amount recognized as a liability is the best estimate of the amount that would be required to settle the obligation as at the reporting date. As the conditions on extra-budgetary contributions are satisfied through performance as set within projects, the carrying amount of the liability is reduced and an amount of revenue is recognized equal to the amount expensed in the period for the activities specified in the extra-budgetary projects.

EUR '000	2023	2022
Extra-Budgetary Contributions Subject to Conditions	101,240	89,282
Extra-Budgetary Contributions Advances	1,399	2,439
Total Extra-Budgetary Contributions	102,639	91,721

4.5 – Funds Held for Third Parties

Funds held for Third Parties are mainly funds received from participating States for payment on their behalf of salaries to personnel seconded to the OSCE at no cost to the Organization, and overpayments for the Special Monitoring Mission to Ukraine resulting from the adjustment described in note 6.1 where the participating State concerned had not notified its intended disposition of the funds. In 2023 there were five participating States on whose behalf the salary is paid by OSCE. The services of these personnel are donated by participating States. The personnel concerned are paid by the OSCE on behalf of the States concerned from the third-party funds held in its accounts for this purpose. Depending on the timing differences between receipt of funds from the participating States concerned and disbursements to individuals, large sums may be held for salary payments at the end of the reporting period.

EUR '000	2023	2022 (Restated)
Seconded personnel salary funds	9,509	5,836
Special Monitoring Mission to Ukraine overpayments	7,441	12,360
Other third party funds	707	830
Total Funds Held for Third Parties	17,657	19,026

The 2022 comparative amounts have been restated to include the overpayments of EUR 12,360 thousand toward the Special Monitoring Mission to Ukraine assessed contributions, as described in Note 2.2. The total funds held for third parties reported in the 2022 Financial Statements was EUR 6,666 thousand.

4.6 – Employee Benefits

Actuarial assumptions are required to be disclosed in the Financial Statements in accordance with *IPSAS 39 – Employee Benefits*. The following key assumptions and methods have been used by the actuary to determine the value of non-current employee benefits in order to estimate the liability.

Discount rate of 3.14% (3.23% in 2022) derived in reference to market yields of high quality corporate bonds - iBoxx Euro Corporate AA Euro bonds, with a duration of 1.72 years, which approximates the maturity terms of the related liabilities;

Present value of future benefits based on salary projections;

Average increases in salary of 4.9% in 2024 (3.6% projected in 2022), followed by 2.5 per year thereafter;

No increase in shipment;

Increase in travel costs of 2.5% in 2024, 2.1% in 2025 and 2026 and 0% thereafter (5.5%, 2.5% and 0% projected in 2022); and

Estimated years of service based on OSCE's historical averages.

The actuarial valuation of the defined benefits obligation is determined by discounting the probable future payment required to settle the obligation resulting from employee service rendered in the current and prior periods.

Actuarial gains or losses arise when the actuarial assessment differs from the long term expectation on the obligations: they result from experience adjustments (differences between the previous actuarial assumptions and what has actually occurred) and the effects of change in actuarial assumptions. Actuarial gains or losses for non-current benefit obligations are recognized directly in Equity/Net Assets. Current service cost is the increase in the present value of the defined obligation resulting from employee service in the current period.

The service cost is recognized in the Statement of Financial Performance.

The following table provides more details regarding how the different types of benefits have changed in 2023:

EUR'000	Defined Benefit Obligation as at 1 January 2023	Current Service Cost	Interest Cost	Actual Payments	Actuarial (Gains)/ Losses	Defined Benefit Obligation as at 31 December 2023
Home leave and rest and recuperation	228	278	-	(281)	-	225
Annual leave	6,654	274	-	(316)	-	6,612
Total annual leave, home leave and rest and recuperation	6,882	552	-	(597)	-	6,837
Repatriation grant	2,584	554	76	(513)	(261)	2,440
Repatriation shipment	907	218	27	(330)	41	863
Repatriation travel	246	56	7	(66)	(33)	210
Total repatriation benefits	3,737	828	110	(909)	(253)	3,513
Total	10,619	1,380	110	(1,506)	(253)	10,350

Liabilities for current employee benefits also include payroll-related accruals in the amount of EUR 1,550 thousand (EUR 676 thousand in 2022), for total current employees liabilities of EUR 8,387 thousand (EUR 7,558 thousand in 2022).

The repatriation benefits estimates in the table are based on the actuarial assumptions set out above. If these assumptions were to change, the effects on the defined benefit obligation would be as tabulated below.

Discount Rate	Effect 2023	Effect 2022
Effect on Defined Benefit Obligation in % of +0.1%	-0.17%	-0.15%
Effect on Defined Benefit Obligation in % of -0.1%	+0.18%	+0.15%
Future salary increase		
Effect on Defined Benefit Obligation in % of +1%	+1.69%	+1.42%
Effect on Defined Benefit Obligation in % of -1%	-1.66%	-1.40%

The post-employment repatriation benefits are entirely unfunded and the liabilities will be met from budget allotments for the years in which they fall due, or from extra-budgetary revenue, as appropriate. The expected servicing cost of repatriation liabilities, net of payments, in 2024 amount to minus EUR 492 thousand, due to the increased number of staff reaching the end of their contracts during the year (expected servicing cost for 2023 of minus EUR 1,056 thousand reported in 2022).

4.6.1 - Provident Fund

The Provident Fund is a defined contribution plan. The employer contributions of 15% of staff salaries are fixed and are recognized as payroll expense. Employees contribute 7.5% of their salary and may make additional voluntary contributions of up to 15%. The assets are held by Utmost Worldwide in the beneficial ownership of the employee. The Secretary General's responsibility is to establish arrangements to provide a Provident Fund facility to employees and to monitor these arrangements. The balance of funds held for the benefit of OSCE Staff by the Provident Fund as at 31 December 2023 was EUR 123,678 thousand (EUR 121,181 thousand in 2022).

The Provident Fund is administered by Utmost Worldwide Limited in accordance with the contract. The OSCE obtains the Financial Statements of Utmost Worldwide Limited on an annual basis. The latest available Financial Statements were in respect of the year ended 31 December 2023 and were audited by PricewaterhouseCoopers CI LLP, Chartered Accountants, who gave an unmodified opinion on the Financial Statements.

The Provident Fund summary statement for the year ending 31 December 2023 is shown in the Appendix.

4.7 – Current Cash Surplus

Unless otherwise determined by the Permanent Council, the cash surplus is credited against assessed contributions of the participating States in the year following the year in which the financial statements are accepted by the Permanent Council. The Permanent Council accepted the Financial Statements for 2021 on 28 July 2022 (PC.DEC/1442) and the cash surplus of EUR 3,827 thousand became payable by the end of 2023. The Permanent Council decided on 8 December 2022 to apply EUR 958 thousand to finance additional expenditures by the Conference and Language Services Programme of the Secretariat (PC.DEC/1462), and the balance of EUR 2,869 thousand was returned to participating States. Certain States agreed to the allocation of their shares of the cash surplus to the Repository Programme 'Core Support Mechanism' to make good budgetary shortfalls arising from the lack of an approved Unified Budget for 2023 as described in note 6.2.

The Permanent Council has not to date accepted the Financial Statements for 2022 and the cash surpluses of EUR 218 thousand (EUR 19 thousand from Assessed Contributions and a further EUR 198 thousand arising from the Special Purpose Fund for the Observer Mission to Two Russian Checkpoints on the Russian-Ukrainian Border) are therefore not yet payable and remain in reserves (see note 5.1).

EUR '000	Secretariat & Institutions	Field Operations	Total
2021 Cash Surplus as at 1 January 2023	2,001	1,826	3,827
PC.DEC/1462 – Additional Provisional Expenditure Authorization for the Conference and Language Services Programme for 2023	(958)	-	(958)
Credit of residual 2021 Cash Surplus to participating States	(1,043)	(1,826)	(2,869)
Total Current Cash Surplus as at 31 December 2023	-	-	-

4.8 – Provisions

The provision for unearned revenue of extra-budgetary pledges currently expiring on or before 31 December 2023 amounts to EUR 6,897 thousand (EUR 17,250 thousand in 2022). This represents funds pledged for extra-budgetary projects prior to 31 December 2023 where the pledge is now time-expired and the Organization awaits instructions from the donor on whether to extend the pledge validity for a further period of time or to return or re-purpose the unspent amounts.

4.9 – Other Current and Non-Current Liabilities

Other current liabilities consist primarily of pending refunds of Provident Fund reimbursements to staff and refunds of office rent received in advance from Governments.

EUR '000	2023	2022
Governments Advance Refunds	393	833
Other Current Liabilities	225	1,771
Total Other Current Liabilities	618	2,605
Non-Current Liabilities	-	-
Total Other Non-Current Liabilities	-	-
Total	618	2,605

NOTE 5: RESERVES

5.1 - Cash Surplus

The cash surplus for 2023 is not due for settlement until the year following acceptance of these Financial Statements, and it is therefore classified as Equity until the date of that acceptance. The Secretariat, Institutions and Field Offices total cash surplus for 2023 is calculated as shown in Statement V and reconciled to the IPSAS Surplus/(Deficit) in Note 9.1. In addition, the final closure of all transactions related to the former Border Observer Mission resulted in a cash surplus in 2022. Since the Permanent Council has not to date accepted the Financial Statements for 2022, the cash surpluses are not yet payable and remain in reserves.

An interim cash surplus for the Special Monitoring Mission to Ukraine is calculated from the sum of all revenues and expenses during all mandates from 2014 to 31 March 2022 and the closure period to 31 October 2022, as at 31 December 2023. Further transactions are expected during 2024 and a further cash surplus/deficit position will be calculated when all known transactions have been completed.

In addition two Special Purpose Funds established by the Permanent Council for specific purposes are now closed and the remaining funds are added to the total cash surpluses for the years indicated:

- The OSCE Information Security Enhancement Fund established by PC.DEC/1247 dated 6 April 2017.
- The Technical Fund for the Purpose of Financing Agreed Capital Requirements established by PC.DEC/1422 dated 25 November 2021 (the amount is under EUR 1,000 and hence is not visible in the table below).

EUR '000	2023	2022
Secretariat, Institutions and Field Offices	19	19
Border Observer Mission	198	198
Total Cash Surpluses for 2022	218	218
Cash Surplus for 2023	3,725	-
Special Monitoring Mission to Ukraine cash surpluses as at 31 December 2023	20,669	-
Closure of the Information Security Enhancement Fund	1	-
Closure of the Fund for the Purpose of Financing Agreed Capital Requirements	-	-
Total Cash Surpluses for 2023	24,395	218
Total Cash Surpluses as at 31 December 2023	24,613	218

5.2 - Cash Surplus Withheld

The cash surplus for those participating States that have not settled their assessed contributions in full is withheld by the OSCE until the outstanding payments are received.

Cash surplus withheld does not meet the definition of a liability and is therefore included in the reserves. The table below is a summary of the cash surplus withheld by participating State and by year. There were no cash surplus distributions related to the fiscal years 2014 through 2017 and cash surpluses for 2022 and 2023 are not yet due for distribution, and therefore none are retained for those years. The longest outstanding cash surplus withheld is from the fiscal year 2006.

In 2023 Kyrgyzstan paid EUR 88 thousand against the outstanding receivables, releasing EUR 4 thousand in Cash Surplus withheld. Uzbekistan cleared all of its outstanding liabilities for assessed contributions during 2023, releasing EUR 8 thousand in Cash Surplus withheld.

EUR '000	2019 and Prior Years	2020	2021	Total
Kyrgyzstan	13	1	1	15
Total Cash Surplus Withheld	13	1	1	15

5.3 – Revolving and Contingency Funds

The Revolving Fund, in the amount of EUR 2,710 thousand, was established by the Permanent Council (PC.DEC/133 dated 27 June 1996) to meet the short-term cash requirements of duly authorized OSCE activities that could result from the period between the billing and payment of assessed contributions.

The Contingency Fund, in the amount of EUR 2,180 thousand, was established by the Permanent Council (PC.DEC/182 dated 17 July 1997) to allow OSCE to act immediately after the adoption of a Permanent Council decision on a new activity and to cover the corresponding financial requirements prior to the approval of the relevant supplementary budget.

5.4 – Other Reserves

Other Reserves consists of actuarial gains and losses related to employee benefits of EUR 2,844 thousand in 2023 (EUR 3,098 thousand in 2022).

5.5 – Accumulated Surplus/(Deficit)

The decrease in the Accumulated Surplus/Deficit during 2023 to EUR 33,056 thousand (EUR 71,403 thousand in 2022) as shown in Statement III includes the Cash Surplus for 2023 in the amount of EUR 24,395 thousand (see Note 5.1 – Cash Surplus), the surplus for the period in the amount of EUR 8,848 thousand (see Note 9.1 – Reconciliation of Surplus/(Deficit) for the Period) and a reduction in the Special Monitoring Mission closure bill of EUR 22,815 thousand.

NOTE 6: REVENUE

6.1 – Assessed Contributions

Accrued revenue from provisional assessed contributions amounted to EUR 138,204 thousand (EUR 183,862 thousand in 2022). Participating States could not reach consensus on the Unified Budget for 2023 and provisional assessments in the sum of EUR 138,204 thousand (also EUR 138,204 thousand in 2022) were made in pursuance of Financial Regulation 4.04 and to fund obligations incurred and payments made under Financial Regulation 3.04. The billing for SMM in 2022 was adjusted during the course of 2023, reducing the assessment to participating States by EUR 22,815 thousand.

EUR '000	2023	2022 (Restated)
Provisional assessments for the 2023 Unified Budget	138,204	138,204
Total Unified Budget Revenue from Assessed Contributions	138,204	138,204
PC.DEC/1401 – Extension of the mandate of the OSCE Special Monitoring Mission to Ukraine – Second Bill	-	22,829
Adjusted provisional assessment for the closure of the OSCE Special Monitoring Mission to Ukraine – 1 April to 31 October 2022	-	22,829
Total Special Purpose Funds Revenue from Assessed Contributions	-	45,658
Total Revenue from Assessed Contributions	138,204	183,862

The 2022 comparative amount for the Special Monitoring Mission to Ukraine revenue has been restated, as described in Note 2.2. On 17 October 2023, a revised assessment in the amount of EUR 22,829 thousand was made to align the provisional billing to the total provisional budget for the administrative closure, noting that residual transactions continued throughout 2023 and into 2024 and the final outturn amount is not yet certain. Consequently, all excess payments made prior to the issuance of the revised bills were credited back to participating States in 2023 and were either refunded or treated as described in notes 4.5 and 6.2, as directed by the State concerned.

Revenue of EUR 45,658 thousand was reported in the 2022 Financial Statements in relation to the total assessed contributions for the closure of the Special Monitoring Mission to Ukraine, billed on 5 April 2022, based on the *mutatis mutandis* application of Financial Regulation 4.04. Total Special Purpose Funds revenue was reported as EUR 68,487 thousand in 2022, with total revenue from assessed contributions of EUR 206,691 thousand.

6.2 – Extra-Budgetary Contributions

Revenue from extra-budgetary contributions includes revenue received in 2023, as well as revenue from conditional agreements previously recorded as deferred revenue, for which conditions were satisfied in 2023. Revenue from extra-budgetary contributions of EUR 50,626 in 2023 includes an amount of EUR 1,240 thousand, from a total of EUR 4,144 thousand pledged, in respect of the Repository Programme (RP) “Core Support Mechanism”. The RP was established to accept contributions from participating States to cover the underfunding of core costs across all executive structures to bridge the gap between the UB funding level and the expected actual requirements. Unspent amounts are carried forward into 2024. The RP had three sources of revenue:

- A number of participating States that had already paid more than their revised SMM closure bill as described in note 6.1 above agreed to transfer all or some of the amounts credited to them;
- Certain participating States agreed to the use of all or some of their share of the 2021 cash surplus for this purpose; and
- Additional voluntary contributions made by participating States.

A breakdown of expenditure on the RP can be found in Schedule J of Annex 1 to these financial statements.

EUR '000	2023	2022
Revenue from Extra-Budgetary Contributions	50,626	53,195
Revenue from Conditional Agreements Recognized/(Deferred) during the period	(3,656)	(12,350)
Reallocation of Project Funds	918	495
Total	47,888	41,340

The reallocation of project funds resulted in a net inflow of EUR 918 thousand (EUR 495 thousand in 2022) from Third Party Funds to Extra-Budgetary Funds.

6.3 – Finance Revenue

Finance revenue includes interest from bank balances and short-term cash deposits.

EUR '000	2023	2022
Interest received from banks	3,100	157
Accrual adjustments	530	421
Total	3,630	578

6.4 – Contributions In-Kind

Revenue from contributions in-kind consists of contributions in-kind from seconded staff, ancillary services and donated goods as shown in the table below:

EUR '000	2023	2022
Seconded Staff	24,352	37,018
Ancillary Services	855	803
Goods In-Kind	4,882	5,261
Total Contributions In-Kind	30,089	43,081

The total value of contributions in-kind of the services of seconded personnel is recorded as Contributions In-Kind in the Statement of Financial Performance. The estimated value of seconded personnel is based on a calculation of what it would cost to employ international contracted staff and mission members in their place, and does not reflect the actual costs to the participating States seconding them. Due to the closure of SMM, there are no personnel seconded to Special Purposes Funds in 2023.

EUR '000	2023	2022
Special Purpose Funds Seconded Personnel	-	12,021
Other Funds Seconded Staff, including extra-budgetary projects	24,352	24,997
Total Contributions In-Kind of Seconded Staff Services	24,352	37,018

In addition, certain ancillary services, such as security, maintenance and utilities, were provided in respect of premises provided free of charge.

EUR '000	2023	2022
Ancillary Services	855	803
Total Contributions In-Kind of Ancillary Services	855	803

Contributions in-kind in the form of goods (including supplies, inventory, property, plant and equipment and intangible assets) are measured at fair value and recorded as Contributions In-Kind in the Statement of Financial Performance. The total fair value of goods in-kind received consists of the following items:

EUR '000	2023	2022
<i>Donated Property, Plant and Equipment and Intangible Assets</i>	-	-
Premises	4,876	5,253
Equipment	6	7
<i>Premises and Equipment provided rent-free</i>	<i>4,882</i>	<i>5,261</i>
Total Revenue from Goods In-Kind	4,882	5,261

6.5 – Revenue from Exchange Transactions

Revenue from Exchange Transactions refers to gains and losses related to the sale of assets and minor equipment.

6.6 – Other Revenue

Revenue Reallocated from Internal Sources in 2023 represents funds reallocated from Cash Surplus to finance the Additional Provisional Expenditure Authorization for the Conference and Language Services Programme for 2023 approved by the Permanent Council under PC.DEC/1462 dated 28 September 2023.

Indirect Common Costs (ICC) revenue of EUR 57 thousand (EUR 60 thousand in 2022) derived from charges for the processing on behalf of participating States of salaries for personnel seconded by them to OSCE. The remaining EUR 3,132 thousand (EUR 2,042 thousand in 2022) of ICC revenue recognised in segment report H.2 represents charges levied on extra-budgetary projects as described in Note 2.19 and is recorded as Extra-Budgetary Revenue.

Other revenue includes, inter alia, revenue from certain shared conference services, insurance claims and discounts taken.

EUR '000	2023	2022 (Restated)
Revenue Reallocated from Internal Sources	958	913
Indirect Common Costs Revenue	57	60
Other Revenue	1,647	1,774
Total	2,662	2,747

The 2022 comparative amount for other revenue has been restated as a consequence of the change in allowance for doubtful debts for the Special Monitoring Mission to Ukraine, as described in Note 2.2. Other revenue was reported at EUR 1,745 thousand in the 2022 Financial Statements, with total other revenue reported as EUR 2,718 thousand.

NOTE 7: EXPENSES

7.1 – Staff Costs

Salaries include amounts paid to international and local contracted staff, local professional staff, and temporary assistance.

The board and lodging allowance (BLA) consists of a daily allowance payable by the OSCE which is intended to partially cover the living costs incurred by international mission members. BLA is paid to international contracted and seconded staff. The BLA rates are established for each Mission in December each year and remain valid for the following year.

Other staff costs include hazard pay, personal income tax, medical services, overtime, vacancy advertisement costs and ex gratia payments to staff and mission members.

Insurance refers to health, life and accident insurance.

Other employee benefits include education grant, child and spouse allowance, appointment travel, assignment grant, rental subsidy, training, interns compensation and service cost for employee benefits (see Note 2.11 - Employee Benefits).

EUR '000	2023	2022
Salaries	73,143	77,108
BLA for international seconded staff	9,382	26,112
BLA for international contracted staff	1,441	3,098
Provident fund	9,804	9,681
Other staff costs	1,123	3,802
Insurance	3,239	581
Other employee benefits	5,751	6,205
In-kind seconded staff costs	24,352	37,017
Total	128,235	163,604

The in-kind seconded staff costs recognize the value to the Organisation of staff seconded free of charge by participating States. The estimated value is based on a calculation of what it would cost to employ international contracted staff and mission members in their place, and does not reflect the actual costs to the participating States seconding them.

The significant reduction between 2022 and 2023 is due to the closure of the missions in Ukraine.

7.1.1 - Ex Gratia Payments

Ex gratia payments are made in extraordinary situations when the OSCE has a moral obligation or it is in the overall interest of the Organization to do so. Disclosure of ex gratia payments is required by Financial Regulation 6.05. During 2023 ex gratia payments to staff and mission members totalling EUR 3 thousand were made (EUR 1,218 thousand in 2022). Details of other ex gratia payments may be found in note 7.8.1. The list of Executive Structures concerned is as follows:

EUR '000	2023	2022
Secretariat	3	-
Office for Democratic Institutions and Human Rights	-	58
High Commissioner on National Minorities	-	12
Project Co-ordinator in Ukraine	-	222
Special Monitoring Mission to Ukraine	-	926
Total	3	1,218

7.2 – Consultancy and Subcontracting

Other contractual services include, inter alia, subcontracting services related to the implementation of projects. Paramedical services were provided during 2022 to the Special Monitoring Mission to Ukraine and in 2023 to certain extra-budgetary projects.

EUR '000	2023	2022
Special Services Agreements	14,523	14,378
Implementing Partner costs	6,403	5,090
Paramedical services	133	1,797
Other contractual services	4,033	4,193
Total	25,092	25,458

7.3 – Travel Expenses

Travel expenses include travel ticket costs, daily subsistence allowance, local transportation, terminal allowances and other travel costs. Travel of non-OSCE officials includes the same types of cost and is related mainly to their attendance at conferences and seminars and recruitment of new staff.

EUR '000	2023	2022
Travel of non-OSCE officials	8,378	7,252
Duty travel for OSCE officials	5,996	10,034
Travel for training of OSCE officials	255	368
Total	14,629	17,654

7.4 – Services and Office Costs

Communication services include, among others, internet access fees, rental of communication equipment and leased lines. IT services refer to software maintenance and support fees, as well as rental and installation of IT equipment.

EUR '000	2023	2022
Rental and maintenance of buildings	15,257	15,315
Conferences, seminars, workshops	7,792	6,007
IT services	5,507	5,867
Communication services	1,143	1,630
Interpreters, translators and typing services	1,829	1,991
Bank charges	495	1,038
Printing and copying services	419	370
Vehicles maintenance costs	267	537
Freight and transportation	266	412
Insurance other than staff	361	574
Ancillary services in-kind	856	803
Total	34,192	34,544

Incurred costs of EUR 117 thousand (EUR 234 thousand in 2022) of services and office costs relates to agreements with third parties which are fully reimbursable.

7.5 – Consumables and Supplies

Consumables and supplies include items that are either used or consumed in rendering services, such as office supplies, ICT supplies and spare parts. Other supplies include mainly safety and security supplies and stationery.

EUR '000	2023	2022
Fuel and lubricants	424	624
Other supplies	1,547	2,391
Communication and IT supplies	453	1,151
Publications, newspapers and printed materials	227	301
Spare parts	107	139
Building/Household Supplies	446	339
Inventory Consumption	-	1,159
Total	3,204	6,104

7.6 – Depreciation, Amortization and Impairments

Amortization charges are applied to intangible assets capitalized on the OSCE Statement of Financial Position. Depreciation relates to tangible property, plant and equipment.

EUR '000	2023	2022
Amortization	695	670
Depreciation	2,564	3,084
Impairments	38	5,484
Total	3,297	9,238

Impairments reported relate to the disposal of assets of the former missions in Ukraine.

7.7 – Equipment Expense

Equipment expenses include costs related to the acquisition of equipment which would otherwise meet the definition of Property, Plant and Equipment but are below the capitalization threshold of EUR 1 thousand, both those purchased by OSCE and those donated to the Organization. Also included is the estimated value of equipment loaned by donors on cost-free rentals. Inventory donated to third parties includes all items donated and is not subject to the capitalisation threshold.

EUR '000	2023	2022
Equipment Purchased	1,579	3,020
Inventory Donated to Third Parties	2,116	4,766
Equipment Received In-kind	6	7
Total Equipment Expenses	3,701	7,793

7.8 – Other Operating Expenses

Unmanned aerial vehicles were operated exclusively in Ukraine and the contract was terminated during the year 2022.

The decrease in other operating costs is due to compensation payments for the loss of personal property in 2022.

EUR '000	2023	2022
Unmanned Aerial Vehicle Services	-	1,238
Other Operating Costs	522	3,380
Representation Costs	344	384
Project Costs	231	164
Change in Allowance for Doubtful Debts	7	-
Total	1,104	5,166

7.8.1 - Ex Gratia Payments

Ex gratia payments are made in extraordinary situations when the OSCE has a moral obligation or it is in the overall interest of the Organization to do so. Disclosure of ex gratia payments is required by Financial Regulation 6.05. During 2023 ex gratia payments other than to staff and mission members totalling EUR 11 thousand were approved by the Secretary General (EUR 11 thousand in 2022). Details of ex gratia payments to staff and mission members may be found in note 7.1.1. The list of Executive Structures concerned is as follows:

EUR '000	2023	2022
Mission to Bosnia and Herzegovina	1	-
Mission to Moldova	3	-
Personal Representative of the CiO on the Conflict Dealt with by the Minsk Conference	5	-
Special Monitoring Mission to Ukraine	2	3
Secretariat – Panel of Adjudicators	-	6
Programme Office in Dushanbe	-	2
Total	11	11

7.8.2 – Cash and Other Losses and Write-Offs

The Joint Consultative Group (JCG) on the Conventional Forces in Europe Treaty has been underpaying by 9% its invoiced contributions to the costs of the Hofburg. OSCE continues to press its claim for these funds without success to date. Consequently, a bad debt allowance has been created with a corresponding write-down in 2023 of EUR 20 thousand (EUR 34 thousand in 2022). This allowance does not represent an abandonment of the claim or release the JCG from its obligation to pay under the terms of its Financial Agreement with the OSCE.

NOTE 8: FOREIGN EXCHANGE GAINS/(LOSSES)

Gains and losses made on transactions in currencies other than the Euro consist of amounts realized when the payable balance is settled and those not yet realized because the payable remains open. The latter may change with future exchange rate movements until the moment that they are realized.

EUR '000	2023	2022
Unrealized Gains/(Losses) – cash and cash equivalents	(982)	2,332
Unrealized Gains/(Losses) – other	9	(27)
<i>Subtotal Unrealized Gains/(Losses)</i>	<i>(973)</i>	<i>2,305</i>
Realized Gains/(Losses)	(377)	443
Total	(1,350)	2,748

NOTE 9: RECONCILIATIONS OF BUDGETS TO FINANCIAL STATEMENTS

Statement V (comparison of budget and actual amounts) is provided in accordance with the principles of IPSAS 24, which requires “a comparison of budget amounts and the actual amounts arising from execution of the budget to be included in the financial statements of entities that are required to, or elect to, make publicly available their approved budget(s), and for which they are, therefore, held publicly accountable”. Since only the Unified Budget is publicly available, Statement V does not consider the Special Purpose or extra-budgetary Funds and other projects.

The Permanent Council could not find consensus on the Unified Budget Proposals tabled by the Chairperson and therefore there was no approved budget for 2023. Financial Regulation 3.04 provides that, in these circumstances, the Secretary General and Heads of Institution are authorized to incur obligations and make payments until 31 March of the current financial year up to the level of 25 per cent of the previous Unified Budget, and thereafter, on a monthly basis up to 1/12th of the previous approved Budget until the Unified Budget is adopted. Since no Budget was approved during the year, the Organization operated under Provisional Expenditure Authorizations throughout 2023 at the level of the last approved Unified Budget, that for 2021 (EUR 138,204 thousand, PC.DEC/1413 dated 18 August 2021), and PC.DEC/1462 dated 28 September 2023 approved an “Additional Provisional Expenditure Authorization for the Conference And Language Services Programme for 2023” of EUR 958 thousand, funded from the 2021 cash surplus. Statement V is therefore presented on the basis of the final Provisional Expenditure Authorization approved under PC.DEC/1462. The difference of EUR 2,028 thousand between the the actual amounts and the 2021 Unified Budget total (EUR 2,481 thousand in 2022), excluding the Project Co-ordinator in Ukraine, plus the Total Provisional Expenditure Authorization are tabulated by Secretariat and Institution and by region and

reconciled to the cash surplus in Statement V and are further broken down by Main Programme and Programme in the Resource Utilization Report at Annex 2 to these Statements.

Reporting on the Performance against the Provisional Expenditure Authorization is in summary in the Financial Report that accompanies these Statements, and elaborated in more detail in the Resource Utilization Report (RUR) available to participating States.

9.1 - Reconciliation of Surplus/ (Deficit) for the Period

The Financial Statements are prepared on an accrual basis, while the budget is prepared on a modified cash basis. The following table shows a reconciliation of the Cash Surplus in the Statement of Comparison of Budget and Actual Amounts (Statement V), and the Surplus/(Deficit) for the Period as reported in the Statement of Financial Performance (Statement II). The differences are due to IPSAS adjustments affecting revenue and expenses.

The 2022 comparative amount has been restated as a consequence of the Special Monitoring Mission to Ukraine billing adjustment, issued 17 October 2023, as described in Note 2.2. The Special Purpose Funds surplus/(deficit) for the period was reported in the 2022 Financial Statements as a surplus of EUR 19,097 thousand, with a total OSCE Surplus of EUR 27,930 thousand.

EUR '000	2023	2022 (Restated)
Cash Surplus for the year	3,725	19
Assessed Contributions receivable as at 1 January	(7,722)	(3,384)
Assessed Contributions receivable as at 31 December	12,615	7,722
Budgetary Excess of Income over Expenditure	8,618	4,358
IPSAS Adjustments:		
Revenue		
Accrued Interest	530	666
Contributions In-Kind	29,171	30,716
Revenue from Exchange Transactions	(29)	(95)
Other Revenue	219	2,155
Revenue from Change in Allowance for Doubtful Debts	1,152	(48)
Subtotal Revenue	31,037	33,395
Expense		
Expense from Change in Allowances for Doubtful Debts	-	-
Negative Bank Interest	-	(245)
Unliquidated Obligations	457	(2,463)
Accruals Adjustments	(61)	535
Budget Deferrals	42	(212)
Prepayments Adjustments	(459)	233
Employee Benefits	517	(168)
Contributions In-Kind Expense	(29,171)	(30,716)
Insurance Adjustments	(698)	2,041
Inventory Adjustments	(377)	(1,137)
Property, plant and equipment Adjustments	(682)	170
Intangibles Adjustments	(531)	(456)
Subtotal Expense	(30,963)	(32,416)
Gains/(Losses)	-	-
Total IPSAS Adjustments	74	978
IPSAS Budget Surplus/(Deficit) for the Period	8,692	5,336
Special Purpose Funds Surplus/(Deficit) for the Period	(897)	(3,702)
Extra-Budgetary Surplus/(Deficit) for the Period	1,053	3,497
IPSAS Total OSCE Surplus/(Deficit) for the Period	8,848	5,131

9.2 – Reconciliation of Actual Amounts on a Comparable Basis and Cash Flow Statement

The expenditure authorizations are calculated on a modified cash basis (actual expenditure plus contractual and other obligations), whereas the Financial Statements are prepared on an accrual basis, which therefore differs from the budget basis. For the purpose of preparing the comparison of budget and actuals in the Statement of Comparison of Budget and Actual Amounts, actuals are calculated on a modified cash basis comparable with the expenditure authorizations.

Since the Financial Statements and budgetary accounting are prepared on different bases, the actual amounts presented on a comparable basis to the budget in Statement V - Statement of Comparison of Budget and Actual Amounts need to be reconciled to the net cash flow from operating, investing and financing activities as required under *IPSAS 24 – Presentation of Budget Information in Financial Statements*.

The reconciliation requires that any differences be separately identified:

- *Basis differences* - in order to reconcile the budgetary results to the Cash Flow Statement, differences between the budgetary framework and IPSAS such as unliquidated obligations, prepayments and depreciation need to be considered as basis differences;
- *Presentation differences* - differences in the content and classification used in the Statement of Cash Flow versus the Statement of Comparison of Budget and Actual Amounts; for example, the budgetary framework makes no distinction between operating, investing and financing activities;
- *Timing differences* - occur in such cases when the budget cycle differs from the financial reporting cycle. There are no timing differences, since both cycles coincide.
- *Entity differences* - the Statement of Comparison of Budget and Actual Amounts refers to the Secretariat, Institutions and Field Missions only whereas the Cash Flow Statement includes also Special Purpose Funds and Extra-Budgetary funds. The latter two are excluded from Statement V because annual budgets are not publicly available.

EUR'000	Operating Activities	Investing Activities	Financing Activities	Total
Actual Amount on Comparable Basis	2,028	-	-	2,028
Basis Differences	45,062	-	-	45,062
Presentation Differences	(35,241)	38,998	188	3,944
Timing Differences	-	-	-	-
Entity Differences	4,593	10,060	(200)	14,453
Actual Amount in the Cash Flow Statement	16,441	49,058	(12)	65,487

NOTE 10: OTHER DISCLOSURES

10.1 - Financial Risk Management

Financial risk management is carried out by the Treasury Unit in the Secretariat under policies approved by the Investment Committee and by applying the guidelines included in OSCE's Financial/Administrative Instruction Five - Income and Cash Management. *IPSAS 30 - Financial Instruments: Disclosures* states the types of risks that the Organization should disclose:

- (a) *Liquidity risk* – is the risk that an entity will encounter difficulty in receiving funds to meet its financial commitments. The OSCE invests funds not required for immediate operational purposes in short-term deposits up to a maximum of nine months. Maturities are scheduled on the basis of operational requirements as identified by the Treasury Unit and OSCE Executive Structures' cash flow forecasts.

Liquidity is monitored through cash flow forecast reports for a period of 12 months into the future. The timing of payment of assessed contributions by participating States has an impact on the liquidity of the Organization. Delays in payment by large contributors can affect normal operations, although the comfortable Cash position is available to meet short-term cash requirements.

- (b) Currency risk - is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The OSCE has a policy of not using derivative financial instruments to hedge against currency risk. Risk is mitigated by limiting the amount of cash held in currencies other than euro; by concluding most of the OSCE contracts in euro; and by not converting one currency to another to avoid realization of gains and losses. In 2023, the majority of net expenditures were transacted in euro or currencies pegged to the euro.

Transactions in foreign currencies are recorded in euro at the UN Operational Rates of Exchange in effect on the date of the transactions. At the end of the reporting period assets and liabilities are valued at the rates applicable as at 31 December 2023. Gains and losses arising from transactions and translation are recorded as currency exchange adjustments. In compliance with Financial Administrative Instruction Five (FAI 5) on Income and Cash Management, large exchange rate gains or losses incurred under Extra-Budgetary Funds have been credited or charged to the respective Fund.

- (c) Interest rate risk – is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The OSCE did not enter into any transactions involving variable interest rates in 2023 and only made short-term deposits for fixed durations and fixed interest rates. Fluctuations in interest rates only affect the interest revenue from short-term deposits to be concluded in the future; however, the OSCE is not dependent on interest revenue for the continuation of its activities.
- (d) Market risk – is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices. None of the OSCE's financial instruments in 2023 were affected by changes in market prices.
- (e) Credit risk – is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The largest exposures to such risk for the OSCE are Assessed Contributions Receivable and bank risk. The Treasury Unit monitors the creditworthiness of its banks on a regular basis and has strict guidelines to limit the amount deposited with each approved bank. The table below shows the amounts deposited with banks according to their credit rating. At the end of the reporting period, 99.43% of the total (99.39% in 2022) was held in bank accounts carrying an investment grade (BBB- and above). The table reflects the fact that due to the financial crisis most bank ratings have been revised downwards in recent years. The remaining balances are held in non-investment grade or unrated banks to support OSCE local operational needs.

At the end of the reporting period, 98.37% of the total cash (97,84% in 2022) was held in bank accounts administered by the Treasury Unit. The remaining 1.63% was held in bank accounts throughout OSCE locations for daily operational purposes (2.16% in 2022).

EUR '000	Rating	Total as at 31 December 2023	%	Total as at 31 December 2022
High Grade	AA- to AA+	32,764	18.8%	74
Upper Medium Grade	A- to A+	110,548	63.6%	124,585
Lower Medium Grade	BBB- to BBB+	29,401	16.9%	34,086
Non-Investment Grade	BB- to BB+	296	0.2%	173
Highly Speculative	B- to B+	-	0.0%	-
Unrated	N/A	703	0.4%	807
Total Bank Balances		173,712	99.9%	159,725
Cash	N/A	233	0.1%	184
Total Cash and Bank Balances		173,945	100%	159,910

- (f) Cash flow risk – is the risk that future cash flows associated with a monetary financial instrument will fluctuate in amount. For the OSCE such fluctuations relate to future money-market deposits in the event of changes in interest rates. As mentioned in (b) above, the OSCE is not dependent on the cash flows resulting from money-market deposits for the continuation of its activities.
- (g) There were no significant changes in the OSCE's exposure to risk or to its risk management policies during the reporting period.

10.2 – Contingent Assets and Contingent Liabilities

The OSCE has no contingent assets.

Two contingent liabilities exist in respect of the closure of the Special Monitoring Mission to Ukraine. Outstanding authorised travel for which no expenses claims have been submitted; and the Organization has not yet received some other outstanding claims from suppliers and Mission Members. It is not possible to estimate the amount of either liability with certainty, as both depend on submissions by former Mission Members and it is not known if they will materialise.

10.3 – Leases and Contractual Obligations

Lease agreements in the Secretariat, Institutions and Field Offices refer to leases of premises and office equipment. These agreements are classified as operating leases and the related payments are charged as an expense over the period of the lease. The total lease expense for the year 2023 amounted to EUR 5,837 thousand (EUR 7,268 thousand in 2022).

Future minimum lease payments include payments for such rented premises that would be required until the earliest possible termination date under the respective agreements. The minimum lease payments also include Host Country reimbursements in the amount of EUR 1,947 thousand expected to be received (EUR 2,946 thousand in 2022). There are no agreements that contain purchase options.

The total amount of future minimum lease payments under non-cancellable operating leases is as follows:

EUR '000	Less than 1 Year	1 to 5 Years	More than 5 Years	Total
Minimum Lease Payments	2,051	611	-	2,662

In the majority of cases operating lease arrangements for field office premises can be cancelled by providing notice up to 90 days. Also the majority of the operating lease agreements contain renewal clauses which enable the Organization to extend the terms of the leases at the end of the original lease terms.

10.4 – Related Party Disclosures

10.4.1 - Governing Bodies

Based in Vienna, the Permanent Council is the body for regular political consultation and decision-making on all issues pertinent to the OSCE and is responsible for the day-to-day business of the Organization.

The OSCE Permanent Council is formed by the delegates of the 57 participating States. Representatives of the OSCE Parliamentary Assembly and of executive structures may attend meetings of the decision-making bodies as observers. The OSCE's 11 Partners for Co-operation may be invited to attend as observers. A delegation to the Permanent Council consists of a team of diplomats of the participating State headed by an ambassador. Members of the delegations are appointed separately by the Governments of each participating State and are not considered key management personnel as defined by IPSAS. They do not receive remuneration from the Organization.

OSCE decisions have to be taken by consensus and the Chairman seeks approval from all delegations. In the case of one or more delegations opposing a decision, the issue is renegotiated. If all delegates agree, the decision becomes politically binding for all participating States.

During periods between Summits, decision-making and governing power lies with the Ministerial Council, whose members are the Foreign Ministers of the OSCE participating States. The Ministerial Council meets once a year to consider issues relevant to the OSCE and make appropriate decisions.

At OSCE Summits, the Heads of State or Government of the OSCE participating States set the Organization's priorities and provide orientation for several years. There are no general rules determining how often Summits take place. Any participating State can propose a Summit. The decision has then to be taken by consensus. The last OSCE summit took place in 2010 in Astana (Kazakhstan).

10.4.2 - Key Management Personnel

The Secretary General, Heads of Institutions and Heads of Missions, including Personal Representatives who are Fund Managers, as well as the Secretariat's Main Programme Managers at the Director level represent the key management personnel as they have authority for planning, directing and controlling the activities of OSCE.

The aggregate remuneration paid to key management personnel includes: net salaries, post adjustment, entitlements such as allowances, grants and subsidies, and employer contributions to the provident fund and health insurance. As defined in the Staff Regulations and Rules, Heads of Mission and Personal Representatives who are Fund Managers are seconded by or through a participating State and therefore do not receive a salary remuneration from OSCE, but are entitled to a board and lodging allowance.

Advances are those made against entitlements in accordance with Staff Regulations and Rules and are available to all OSCE staff. The table below details the number of key management personnel positions and the number of key management staff who held these positions over the course of the year.

EUR'000	Number of Individuals	Number of Posts	Remuneration and Post Adjustment	Entitlements	Provident Fund and Health Plan	Total Remuneration 2023	Outstanding Advances Against Entitlements
SG and Heads of Institutions	4	4	879	38	145	1,063	-
Secretariat's Directors	11	7	1,139	176	172	1,487	-
Heads of Mission and Personal Representatives	17	13	49	1,231	2	1,282	-
Key Management Personnel	32	24	2,067	1,446	318	3,832	-

10.5 – Events After the Reporting Date

The Financial Statements were submitted to the External Auditors on and were authorized for issuance by the Secretary General on 30 June 2024.

In pursuance of the requirements set out in *IPSAS 14 - Events After the Reporting Date*, significant events which occurred between the reporting date and the date of issuance are set out below.

10.5.1 - Adjusting Events

There are no adjusting events.

10.5.2 - Non-Adjusting Events

There are no non-adjusting events.

II

ANNEXES TO THE
FINANCIAL STATEMENTS

ANNEX 1
SEGMENTAL REPORTING BY FUND

Fund Accounting and Segment Reporting

For purposes of the presentation of the 2023 expenses, Funds were grouped as presented and approved in the 2021 Unified Budget: under Secretariat and Institutions; and Field Operations, with the latter, in turn, being grouped into Regions. This presentation is also followed in the segmental reports. In addition, the segmental information is presented based on the main sources of financing of the Organization (Assessed Contributions other than for the OSCE Special Monitoring Mission to Ukraine (SMM), Special Purpose Funds, Extra-Budgetary Funds and other Extra-Budgetary projects undertaken in accordance with Article IX of the Financial Regulations and not specifically approved by the Permanent Council). The segmental information also includes an analysis of extra-budgetary expenses broken down by Executive Structure.

The Funds listed below were operational in 2023. The letters indicated in brackets correspond to the Reporting Segment in this Annex. Segments A to F reflect the structure of the approved 2021 Unified Budget while G and H report Special Purpose and extra-budgetary Funds and projects respectively, and J presents the consolidated reports for the Special Monitoring Mission to Ukraine. These annexes are not separately audited and do not fall within the scope of the audit opinion.

Secretariat and Institutions (A)

These Funds are financed through the Standard Scale of Contributions for 2019 (PC.DEC/1325) on a provisional basis, pending agreement of Scales for 2023:

The Secretariat
Office for Democratic Institutions and Human Rights
High Commissioner on National Minorities
Representative on Freedom of the Media

Field Operations (B)

Segment B presents the Missions funded through the Unified Budget, aggregated into the geographical Regions in the approved 2021 budget.

These Funds are financed through the Field Operations Scale of Contributions for 2019 (PC.DEC/1325) on a provisional basis, pending agreement of Scales for 2023:

South-Eastern Europe (C)	Eastern Europe (D)
Augmentations ¹ Mission in Kosovo Mission to Bosnia and Herzegovina Mission to Serbia Presence in Albania Mission to Skopje Mission to Montenegro	Mission to Moldova Project Co-ordinator in Ukraine (closed in 2022) Representative to the Latvian-Russian Joint Commission on Military Pensioners
Caucasus (E)	Central Asia (F)
High Level Planning Group The Minsk Process Personal Representative of the CiO on the Conflict Dealt with by the Minsk Conference	Programme Office in Astana Centre in Ashgabat Programme Office in Bishkek Project Co-ordinator in Uzbekistan Programme Office in Dushanbe

¹ The Augmentations Fund, including posts based in the Secretariat and in the Office for Democratic Institutions and Human Rights, was established on a provisional basis under PC.DEC/827 dated 21 December 2007 and is financed on the basis of the Field Operations Scale of Contributions.

Closed Funds (B)

Missions and Field Operations funded by the Unified Budget and whose mandate has expired are grouped under Closed Funds and included in Field Operations:

Action Against Terrorism Assistance Group to Chechnya Mission to Croatia Office in Zagreb Mission to Estonia Representative to the Estonian Commission on Military Pensioners Mission to Georgia End of Mandate Procedure Mission to Georgia Project Co-ordinator in Baku	Mission to Latvia Representative to the Joint Committee on the Skrunda Radar Station Missions of Long Duration to Kosovo, Sandjak and Vojvodina Sanctions Assistance Missions Office in Minsk Expert Mission to Ukraine Office in Yerevan
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Special Purpose Funds (G)

The Information Security Enhancement Fund was established by PC.DEC/1247 dated 6 April 2017 to finance the strengthening of OSCE information security and was allocated total funding of EUR 800 thousand. The Fund initially covered an implementation period extending to 24 months, with the balance carried forward from one year to the next, and was extended until 6 October 2020 by PC.DEC/1324 dated 4 April 2019. The validity of the Fund was further extended until 6 July 2021 by PC.DEC/1374 dated 30 July 2020, at which point it was closed.

The IT Infrastructure Upgrade Fund was established by PC.DEC/1322 dated 28 March 2019 for the financing of the upgrade to the latest version of the ICT core platform technologies and the re-architecture and deployment of a secure OSCE IT infrastructure and was allocated EUR 3,560 thousand. This amount was supplemented by PC.DEC/1345 to finance necessary 2019 measures aimed at mitigating the risk of vendor support expiration for the ICT Core Platform Infrastructure in the amount of EUR 630 thousand, and further supplemented by PC.DEC/1422 dated 25 November 2021 in the sum of EUR 482 thousand taking the total to EUR 4,672 thousand. The Fund covers the implementation period, with the balance carried forward from one year to the next. Following completion of all mandated activity, the Fund was closed in 2023.

The CIP Technical Fund was established by PC.DEC/1422 dated 25 November 2021 for the purpose of financing agreed capital requirements under the Capital Investment Programme (CIP) and was allocated an amount of EUR 960 thousand taken from identified 2021 underspending. Unless otherwise decided by the Permanent Council, the Fund will be closed upon completion of the agreed capital investment projects.

The Special Monitoring Mission to Ukraine, originally established pursuant to PC.DEC/1117 dated 21 March 2014, was financed through provisional assessed contributions on the basis of the Field Operations Scale of Contributions set out in PC.DEC/1325 dated 11 April 2019, and through voluntary contributions, the latter reported as part of segment H. The Permanent Council was unable to find consensus on an extension of its mission beyond 31 March 2022 and it was administratively closed on 31 October of that year.

The Observer Mission to Two Russian Checkpoints on the Russian-Ukrainian Border, established by PC.DEC/1130 dated 24 July 2014, deployed observers to the two Russian checkpoints of Donetsk and Gukovo until the expiry of the mandate on 30 September 2021 and subsequent winding down operation approved by PC.DEC/1415 dated 23 September 2021.

Extra-Budgetary Funds (H)

The following Extra-Budgetary Funds were established by Permanent Council decisions and are shown individually in the segment reports:

The Fund to support OSCE Action for Peace, Democracy and Stability in Bosnia and Herzegovina (PC.DEC/101 dated 11 January 1996);

The Voluntary Fund for Activities Related to Economic Aspects of Security (PC.DEC/150 dated 19 December 1996);

The following Extra-Budgetary Funds, established by Permanent Council decisions are grouped together and shown as Other PC Established Funds in the segment reports:

The Fund to foster the integration of recently admitted participating States (PC.DEC/23 dated 2 March 1995);

The Fund related to the Stability Pact for South Eastern Europe (PC.DEC/306 dated 1 July 1999);

The Fund for Activities Related to the Removal and Destruction of Russian Ammunition and Armaments from Moldova (PC.DEC/329 dated 9 December 1999);

The Fund for Activities related to the reduction of Military Forces and equipment from Georgia (293rd Reinforced Meeting of the Permanent Council on Georgia dated 17 July 2000);

The Bishkek International Conference on Enhancing Security and Stability in Central Asia: Strengthening Comprehensive Efforts to Counter Terrorism (PC.DEC/440 dated 11 October 2001);

The Partnership Fund (PC.DEC/812 dated 30 November 2007).

That element of the Special Monitoring Mission to Ukraine financed through voluntary contributions in accordance with PC.DEC/1401 dated 31 March 2021.

Extra-budgetary contributions accepted under Article IX of the Financial Regulations are not individually approved by the Permanent Council and are shown under a separate Extra-Budgetary grouping of projects called Other Activities and Special Projects. This also includes the Repository Programme "Core Support Mechanism" described in note 6.2 of the financial statements. Indirect Common Costs levied on these projects and certain third-party payments as described in note 2.19 are also disclosed separately. Expenses of other activities and special projects are shown inclusive of Indirect Common Costs, and an eliminations column eliminates these internal revenues and expenses to reconcile to the totals in the statement of financial performance.

Extra-Budgetary Expenditure by Executive Structure (J)

Extra-budgetary expenditure shown in Segment report H.2 is summarised by Executive Structure in Schedule J, with the Core Support Mechanism disclosed separately.

1. Segment Reporting
Schedule of Financial Position
Summary by Source of Funds

As at 31 December 2023

EUR '000		Total Secretariat and Institutions		Total Field Operations		Total Unified Budget		Total Special Purpose Funds		Total Extra-Budgetary Funds		TOTAL OSCE	
	Note	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
ASSETS		<i>(Restated)</i>				<i>(Restated)</i>		<i>(Restated)</i>				<i>(Restated)</i>	
Current Assets													
Cash and Cash Equivalents	3.1	85,138	34,685	2,287	1,893	87,424	36,578	0	0	25,394	11,735	112,818	48,313
Investments	3.2	0	40,000	0	0	0	40,000	0	0	61,127	71,597	61,127	111,597
Contributions Receivable	3.3	7,217	3,510	4,222	1,884	11,439	5,394	1,272	3,901	6,003	17,470	18,713	26,765
Accounts Receivable	3.4	3,531	3,084	1,482	1,607	5,013	4,691	(33)	34	0	0	4,980	4,725
Prepayments	3.5	4,437	4,233	1,956	2,586	6,393	6,819	23	54	110	80	6,526	6,954
Inventory	3.6	0	0	304	141	304	141	0	0	488	151	792	291
Inter-Fund Balances		(55,802)	(42,180)	6,995	5,442	(48,807)	(36,737)	22,618	20,841	26,189	15,896	0	0
Other Current Assets	3.7	(4)	12	0	0	(4)	12	0	0	0	0	(4)	12
		44,516	43,345	17,246	13,553	61,762	56,897	23,880	24,831	119,311	116,929	204,953	198,658
Non-Current Assets													
Property, Plant and Equipment	3.8	1,993	2,723	3,674	3,938	5,666	6,661	595	2,284	1,655	819	7,915	9,764
Intangible Assets	3.9	2,356	2,858	68	52	2,424	2,909	31	42	1,269	1,048	3,725	3,999
Other Non-Current Assets	3.7	20	20	0	0	20	20	0	0	0	0	20	20
		4,369	5,600	3,742	3,990	8,111	9,590	626	2,327	2,924	1,866	11,660	13,783
Total Assets		48,885	48,945	20,988	17,543	69,873	66,487	24,506	27,158	122,234	118,796	216,613	212,441
LIABILITIES													
Current Liabilities													
Accounts Payable	4.1	2,616	2,213	527	760	3,143	2,974	149	292	213	24	3,505	3,290
Accruals	4.2	1,046	1,301	2,787	2,972	3,833	4,272	132	113	3,939	2,795	7,903	7,180
Deferred Revenue	4.3	5,764	4,525	0	0	5,764	4,525	0	1,082	0	0	5,764	5,607
Conditional ExB Contributions	4.4	0	0	0	0	0	0	0	0	102,639	91,721	102,639	91,721
Funds Held for Third Parties	4.5	17,629	18,998	28	28	17,657	19,026	0	0	0	0	17,657	19,026
Employee Benefits Current	4.6	3,404	3,364	4,187	3,940	7,591	7,304	5	27	791	227	8,387	7,558
Cash Surplus Current	4.7	0	2,001	0	1,826	0	3,827	0	0	0	0	0	3,827
Provisions	4.8	0	0	0	0	0	0	0	0	6,897	17,250	6,897	17,250
Other Current Liabilities	4.9	419	2,069	182	193	601	2,262	18	343	0	(0)	618	2,605
		30,879	34,470	7,710	9,719	38,589	44,190	303	1,857	114,478	112,017	153,371	158,063
Non-Current Liabilities													
Employee Benefits Non-Current	4.6	3,413	3,470	68	77	3,481	3,547	0	2	32	188	3,513	3,737
Other Non-Current Liabilities	4.9	0	0	0	0	0	0	0	0	0	0	0	0
		3,413	3,470	68	77	3,481	3,547	0	2	32	188	3,513	3,737
Total Liabilities		34,292	37,940	7,778	9,797	42,070	47,737	303	1,859	114,510	112,205	156,883	161,800
Net Assets		14,593	11,005	13,210	7,746	27,802	18,751	24,203	25,299	7,724	6,591	59,730	50,641
NET ASSETS													
Cash Surplus	5.1	(730)	(1,119)	4,674	1,138	3,944	19	20,669	198	0	0	24,613	218
Cash Surplus Withheld	5.2	11	20	4	6	15	27	0	0	0	0	15	27
Revolving Fund	5.3	2,710	2,710	0	0	2,710	2,710	0	0	0	0	2,710	2,710
Contingency Fund	5.3	2,180	2,180	0	0	2,180	2,180	0	0	0	0	2,180	2,180
Other Reserves	5.4	(3,524)	(3,704)	565	573	(2,959)	(3,131)	427	426	(312)	(393)	(2,844)	(3,098)
Accumulated Surplus/(Deficit)	5.5	13,945	10,917	7,967	6,029	21,913	16,946	3,108	24,674	8,036	6,984	33,056	48,604
Total Net Assets		14,593	11,005	13,210	7,746	27,802	18,751	24,203	25,299	7,724	6,591	59,730	50,641

2. Segment Reporting
Schedule of Financial Performance
Summary by Source of Funds

For the Year Ended 31 December 2023

EUR '000	Note	Total Secretariat and Institutions		Total Field Operations		Total Unified Budget		Total Special Purpose Funds		Total Extra-Budgetary Funds		Total OSCE	
		2023	2022	2023	2022	2023	2022	2023	2022 (Restated)	2023	2022	2023	2022 (Restated)
REVENUE													
Assessed Contributions	6.1	60,392	60,392	77,812	77,812	138,204	138,204	0	45,658	0	0	138,204	183,862
Extra-Budgetary Contributions	6.2	9	(9)	0	0	9	(9)	0	0	47,879	41,349	47,888	41,340
Finance Revenue	6.3	3,630	578	0	0	3,630	578	0	0	0	0	3,630	578
Contributions In-Kind	6.4	12,469	14,018	16,702	16,698	29,171	30,716	0	12,021	918	344	30,089	43,081
Revenue from Exchange Transactions	6.5	15	9	397	257	412	266	784	130	(18)	(62)	1,178	334
Other Revenue	6.6	2,062	3,786	761	(76)	2,823	3,709	(222)	(1,022)	61	60	2,662	2,747
Total Revenue		78,577	78,774	95,672	94,691	174,248	173,465	562	56,788	48,840	41,691	223,651	271,944
EXPENSES													
Staff Costs	7.1	50,909	49,333	62,083	61,646	112,992	110,979	566	41,464	14,676	11,161	128,235	163,604
Consultancy and Subcontracting	7.2	5,579	5,714	6,156	6,849	11,735	12,562	369	2,043	12,988	10,853	25,092	25,458
Travel Expenses	7.3	2,272	2,929	5,166	5,199	7,438	8,129	12	4,240	7,180	5,285	14,629	17,654
Services and Office Costs	7.4	13,891	14,461	11,429	11,877	25,320	26,338	236	4,132	8,635	4,074	34,192	34,543
Consumables and Supplies	7.5	365	514	1,890	2,401	2,255	2,915	29	1,826	920	1,363	3,204	6,104
Depreciation and Amortisation	7.6	1,432	1,455	1,305	1,230	2,738	2,686	213	5,227	346	1,325	3,297	9,238
Equipment Expenses	7.7	95	398	1,855	3,723	1,950	4,121	26	192	1,725	3,480	3,701	7,793
Other Operating Expenses	7.8	435	312	389	427	824	739	4	1,310	276	3,117	1,104	5,166
Total Expenses		74,979	75,117	90,274	93,352	165,253	168,470	1,454	60,434	46,746	40,658	213,453	269,561
Foreign Exchange Gains/(Losses)	8	(231)	468	(73)	(127)	(304)	341	(5)	(56)	(1,041)	2,464	(1,350)	2,748
Surplus/(Deficit) for the Period	9.1	3,366	4,124	5,326	1,212	8,692	5,336	(897)	(3,702)	1,053	3,497	8,848	5,131

3. Segment Reporting
Cash Flow Schedule
Summary by Source of Funds
For the Year Ended 31 December 2023

EUR '000	Note	Total Secretariat and Institutions		Total Field Operations		Total Unified Budget		Total Special Purpose Funds		Total Extra-Budgetary Funds		Total OSCE	
		2023	2022 (Restated)	2023	2022	2023	2022 (Restated)	2023	2022 (Restated)	2023	2022	2023	2022 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES													
Surplus/(Deficit) for the Period	9.1	3,366	4,124	5,326	1,212	8,692	5,336	(897)	(3,702)	1,053	3,497	8,848	5,131
Non-Cash Movements													
Deduction of Unrealized Foreign Exchange Gains/Losses on Cash and Cash Equivalents	8	164	(425)	22	26	187	(399)	0	(10)	795	(1,923)	982	(2,332)
Deduction of Depreciation, Amortisation and Impairments	7.6, 3.10	1,432	1,455	1,305	1,230	2,738	2,686	213	5,227	346	1,325	3,297	9,238
Deduction of Loss on Disposal of PP&E	6.5	25	(535)	(280)	(447)	(256)	(982)	327	1,092	167	155	238	265
Deduction of Non-Cash Changes in Net Assets	5.4	180	(843)	(9)	28	172	(816)	1	301	81	(59)	253	(573)
(Increase) / Decrease in Contributions Receivable	3.3	(3,707)	(3,488)	(2,338)	(1,875)	(6,045)	(5,362)	2,629	7,464	11,468	262	8,052	2,364
(Increase) / Decrease in Accounts Receivable	3.4	(447)	(190)	125	(531)	(322)	(721)	67	442	0	0	(255)	(280)
(Increase) / Decrease in Prepayments	3.5	(204)	(550)	630	(586)	426	(1,136)	31	871	(30)	(46)	428	(311)
(Increase) / Decrease in Inventory	3.6	0	0	(164)	(50)	(164)	(50)	0	1,136	(337)	232	(501)	1,318
(Increase) / Decrease in Other Current/Non-Current Assets	3.7	16	(2)	0	0	16	(2)	0	0	0	0	16	(2)
Increase / (Decrease) in Accounts Payable	4.1	403	1,274	(234)	166	169	1,440	(143)	(191)	189	24	215	1,272
Increase / (Decrease) in Accruals	4.2	(255)	(424)	(185)	(883)	(440)	(1,306)	19	(2,632)	1,144	(192)	723	(4,130)
Increase / (Decrease) in Deferred Revenue	4.3	1,239	(256)	0	0	1,239	(256)	(1,082)	(3,268)	0	0	157	(3,524)
Increase / (Decrease) in Conditional ExB Contributions	4.4	0	0	0	0	0	0	0	0	10,918	(2,273)	10,918	(2,273)
Increase / (Decrease) in Funds Held for Third Parties	4.5	(1,368)	1,293	(0)	4	(1,369)	13,656	0	0	0	0	(1,369)	13,656
Increase / (Decrease) in Employee Benefits	4.6	(17)	1,070	238	129	222	1,198	(24)	(1,266)	408	(223)	605	(291)
Increase / (Decrease) in Cash Surplus Payable	4.7	(2,001)	(314)	(1,826)	101	(3,827)	(213)	0	0	0	0	(3,827)	(213)
Increase / (Decrease) in Provisions	4.8	0	0	0	0	0	0	0	0	(10,353)	10,161	(10,353)	10,161
Increase / (Decrease) in Other Liabilities	1.9	(1,650)	1,335	(12)	115	(1,661)	1,451	(325)	322	0	(0)	(1,986)	1,773
Increase / (Decrease) in Inter-Fund Balances		13,622	(20,099)	(1,553)	5,125	12,070	(14,973)	(1,776)	(19,636)	(10,293)	34,610	0	0
Net Cash Flows from Operating Activities		10,801	(16,575)	1,047	3,765	11,848	(451)	(961)	(13,851)	5,554	45,549	16,441	31,248
CASH FLOWS FROM INVESTING ACTIVITIES													
(Purchase) / Sale of Investments	3.2	40,000	(30,000)	0	0	40,000	(30,000)	0	0	10,469	(52,787)	50,469	(82,787)
(Addition) / Disposal of PP&E and Intangibles	3.8, 3.9	(225)	(245)	(777)	(969)	(1,002)	(1,215)	1,161	(1,038)	(1,570)	(924)	(1,412)	(3,176)
Net Cash Flows from Investing Activities		39,775	(30,245)	(777)	(969)	38,998	(31,215)	1,161	(1,038)	8,899	(53,711)	49,058	(85,963)
CASH FLOWS FROM FINANCING ACTIVITIES													
Credits for Cash Surplus Withheld	5.2	(9)	(7)	(3)	(7)	(12)	(14)	0	0	0	0	(12)	(14)
Allocation of Cash Surplus	4.7	0	(2,001)	0	(1,826)	0	(3,827)	0	0	0	0	0	(3,827)
Transfer between Funds		51	(815)	149	(710)	200	(1,525)	(200)	1,525	0	0	0	0
Net Cash Flows from Financing Activities		42	(2,823)	146	(2,543)	188	(5,366)	(200)	1,525	(0)	0	(12)	(3,841)
Net Increase/(Decrease) in Cash and Cash Equivalents	3.1	50,617	(49,644)	416	253	51,034	(49,391)	(0)	(1,004)	14,453	(8,162)	65,487	(58,557)
Cash and Cash Equivalents at Beginning of Period	3.1	34,685	83,903	1,893	1,666	36,578	85,570	0	994	11,735	17,974	48,313	104,537
Foreign Exchange Gains/(Losses) on Cash and Cash Equivalents	8	(164)	425	(22)	(26)	(187)	399	0	10	(795)	1,923	(982)	2,332
Cash and Cash Equivalents at End of Period		85,138	34,685	2,287	1,893	87,424	36,578	(0)	(0)	25,394	11,735	112,818	48,313

A.1. Segment Reporting
Schedule of Financial Position
Secretariat and Institutions

As at 31 December 2023

EUR '000		The Secretariat		Office for Democratic Institutions and Human Rights		High Commissioner on National Minorities		Representative on Freedom of the Media		Total Institutions	
	Note	2023	2022 (Restated)	2023	2022	2023	2022	2023	2022	2023	2022 (Restated)
ASSETS											
Current Assets											
Cash and Cash Equivalents	3.1	84,584	33,506	434	1,000	120	179	0	0	85,138	34,685
Investments	3.2	0	40,000	0	0	0	0	0	0	0	40,000
Contributions Receivable	3.3	4,667	2,273	1,938	939	419	204	192	93	7,217	3,510
Accounts Receivable	3.4	2,840	2,272	532	611	132	156	27	46	3,531	3,084
Prepayments	3.5	3,423	2,938	946	1,112	52	167	17	16	4,437	4,233
Inventory	3.6	0	0	0	0	0	0	0	0	0	0
Inter-Fund Balances		(55,119)	(42,504)	(380)	308	(264)	(71)	(39)	86	(55,802)	(42,180)
Other Current Assets	3.7	0	0	(4)	12	0	0	0	0	(4)	12
		40,395	38,486	3,466	3,982	459	635	197	242	44,516	43,345
Non-Current Assets											
Property, Plant and Equipment	3.8	1,707	2,335	271	357	11	25	3	6	1,993	2,723
Intangible Assets	3.9	2,354	2,855	0	0	2	3	0	0	2,356	2,858
Other Non-Current Assets	3.7	20	20	0	0	0	0	0	0	20	20
		4,081	5,210	271	357	13	28	3	6	4,369	5,600
Total Assets		44,476	43,695	3,737	4,339	472	662	200	248	48,885	48,945
LIABILITIES											
Current Liabilities											
Accounts Payable	4.1	2,371	1,853	243	357	3	2	(0)	1	2,616	2,213
Accruals	4.2	648	823	354	375	35	96	9	6	1,046	1,301
Deferred Revenue	4.3	4,915	3,676	849	849	0	0	0	0	5,764	4,525
Conditional ExB Contributions	4.4	0	0	0	0	0	0	0	0	0	0
Funds Held for Third Parties	4.5	17,191	18,654	438	343	0	0	0	0	17,629	18,998
Employee Benefits Current	4.6	2,210	2,310	812	711	234	206	148	136	3,404	3,364
Cash Surplus Current	4.7	0	1,131	0	552	0	192	0	125	0	2,001
Provisions	4.8	0	0	0	0	0	0	0	0	0	0
Other Current Liabilities	4.9	346	1,992	(0)	(0)	73	77	0	0	419	2,069
		27,681	30,439	2,696	3,188	345	574	157	269	30,879	34,470
Non-Current Liabilities											
Employee Benefits Non-Current	4.6	1,816	1,859	1,183	1,206	335	302	79	102	3,413	3,470
Other Non-Current Liabilities	4.9	0	0	0	0	0	0	0	0	0	0
		1,816	1,859	1,183	1,206	335	302	79	102	3,413	3,470
Total Liabilities		29,497	32,299	3,879	4,394	680	876	236	371	34,292	37,940
Net Assets		14,979	11,397	(143)	(55)	(208)	(214)	(36)	(124)	14,593	11,005
NET ASSETS											
Cash Surplus	5.1	783	(643)	(1,084)	(284)	(297)	(128)	(132)	(64)	(730)	(1,119)
Cash Surplus Withheld	5.2	10	15	1	3	0	1	0	1	11	20
Revolving Fund	5.3	2,710	2,710	0	0	0	0	0	0	2,710	2,710
Contingency Fund	5.3	2,180	2,180	0	0	0	0	0	0	2,180	2,180
Other Reserves	5.4	(1,714)	(1,943)	(1,459)	(1,444)	(260)	(215)	(90)	(102)	(3,524)	(3,704)
Accumulated Surplus/(Deficit)	5.5	11,011	9,077	2,400	1,670	349	128	186	42	13,945	10,917
Total Net Assets		14,979	11,397	(143)	(55)	(208)	(214)	(36)	(124)	14,593	11,005

A.2. Segment Reporting
Schedule of Financial Performance
Secretariat and Institutions

For the Year Ended 31 December 2023

EUR '000		The Secretariat		Office for Democratic Institutions and Human Rights		High Commissioner on National Minorities		Representative on Freedom of the Media		Total Institutions	
	Note	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
REVENUE											
Assessed Contributions	6.1	39,120	39,120	16,160	16,160	3,504	3,504	1,609	1,609	60,392	60,392
Extra-Budgetary Contributions	6.2	9	(9)	0	0	0	0	0	0	9	(9)
Finance Revenue	6.3	3,628	577	1	1	0	0	0	0	3,630	578
Contributions In-Kind	6.4	9,000	10,401	2,352	2,504	607	588	510	524	12,469	14,018
Revenue from Exchange Transactions	6.5	1	6	14	0	0	3	0	0	15	9
Other Revenue	6.6	1,789	4,031	206	(116)	46	(89)	20	(40)	2,062	3,786
Total Revenue		53,547	54,126	18,733	18,548	4,158	4,007	2,139	2,093	78,577	78,774
EXPENSES											
Staff Costs	7.1	34,795	34,967	10,557	9,257	3,682	3,289	1,875	1,820	50,909	49,333
Consultancy and Subcontracting	7.2	1,120	1,436	4,412	4,096	33	143	14	38	5,579	5,714
Travel Expenses	7.3	1,173	1,364	831	1,174	168	267	99	125	2,272	2,929
Services and Office Costs	7.4	11,123	11,077	2,533	3,087	176	230	60	67	13,891	14,461
Consumables and Supplies	7.5	152	248	195	231	9	25	9	10	365	514
Depreciation and Amortisation	7.6	1,327	1,369	89	70	14	14	3	4	1,432	1,455
Equipment Expenses	7.7	(11)	222	98	144	7	19	1	13	95	398
Other Operating Expenses	7.8	371	280	41	16	17	11	5	4	435	312
Total Expenses		50,050	50,962	18,755	18,076	4,106	3,998	2,067	2,081	74,979	75,117
Foreign Exchange Gains/(Losses)	8	(186)	502	(45)	(34)	(0)	(0)	0	0	(231)	468
Surplus/(Deficit) for the Period	9.1	3,310	3,665	(67)	438	52	8	72	12	3,366	4,124

B.1. Segment Reporting
Schedule of Financial Position
Field Operations by Region

As at 31 December 2023

EUR '000		Augmentations		South-Eastern Europe		Eastern Europe		Caucasus		Central Asia		Total Regions		Closed Funds		Total Field Operations	
	Note	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
ASSETS																	
Current Assets																	
Cash and Cash Equivalents	3.1	0	0	1,083	852	62	60	51	30	1,090	951	2,287	1,893	0	0	2,287	1,893
Investments	3.2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Contributions Receivable	3.3	113	48	2,552	1,139	316	144	125	57	1,096	497	4,202	1,884	20	0	4,222	1,884
Accounts Receivable	3.4	0	0	949	915	27	50	6	11	501	631	1,482	1,607	0	0	1,482	1,607
Prepayments	3.5	29	24	768	1,105	70	115	4	10	1,084	1,332	1,956	2,586	0	0	1,956	2,586
Inventory	3.6	0	0	172	90	0	0	0	0	132	50	304	141	0	0	304	141
Inter-Fund Balances		(153)	(24)	113	2,097	4,755	1,268	2,226	1,872	1	159	6,943	5,373	52	70	6,995	5,442
Other Current Assets	3.7	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		(11)	48	5,637	6,198	5,231	1,637	2,412	1,980	3,904	3,620	17,173	13,483	73	70	17,246	13,553
Non-Current Assets																	
Property, Plant and Equipment	3.8	0	0	2,321	2,384	295	374	125	169	933	1,012	3,674	3,938	0	0	3,674	3,938
Intangible Assets	3.9	0	0	40	35	1	2	0	0	27	14	68	52	0	0	68	52
Other Non-Current Assets	3.7	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		0	0	2,361	2,419	297	376	125	169	960	1,027	3,742	3,990	0	0	3,742	3,990
Total Assets		(11)	48	7,997	8,617	5,527	2,012	2,537	2,148	4,864	4,647	20,915	17,473	73	70	20,988	17,543
LIABILITIES																	
Current Liabilities																	
Accounts Payable	4.1	0	0	284	312	47	237	0	4	196	208	527	760	(0)	(0)	527	760
Accruals	4.2	33	37	1,335	1,474	85	84	8	22	1,326	1,355	2,787	2,972	0	0	2,787	2,972
Deferred Revenue	4.3	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Conditional ExB Contributions	4.4	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Funds Held for Third Parties	4.5	0	0	27	28	0	0	0	0	0	0	28	28	0	0	28	28
Employee Benefits Current	4.6	144	106	3,177	2,956	108	41	42	41	715	796	4,187	3,940	0	0	4,187	3,940
Cash Surplus Current	4.7	0	75	0	613	0	58	0	834	0	201	0	1,782	0	44	0	1,826
Provisions	4.8	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Current Liabilities	4.9	0	0	173	183	1	1	(0)	(0)	8	10	182	193	0	0	182	193
		177	218	4,996	5,564	242	422	50	901	2,245	2,571	7,710	9,675	0	44	7,710	9,719
Non-Current Liabilities																	
Employee Benefits Non-Current	4.6	(0)	0	43	53	1	3	1	2	23	20	68	77	0	0	68	77
Other Non-Current Liabilities	4.9	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		(0)	0	43	53	1	3	1	2	23	20	68	77	0	0	68	77
Total Liabilities		177	218	5,039	5,617	243	425	51	903	2,268	2,590	7,778	9,752	0	44	7,778	9,797
Net Assets		(187)	(169)	2,958	3,000	5,285	1,588	2,486	1,246	2,596	2,057	13,137	7,720	73	26	13,210	7,746
NET ASSETS																	
Cash Surplus	5.1	(79)	(29)	(1,639)	(678)	4,639	1,040	2,240	1,022	(549)	(251)	4,613	1,104	61	34	4,674	1,138
Cash Surplus Withheld	5.2	0	0	2	3	0	0	0	1	1	1	3	5	1	1	4	6
Revolving Fund	5.3	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Contingency Fund	5.3	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Reserves	5.4	350	350	372	361	3	2	(8)	(5)	(146)	(126)	572	581	(8)	(8)	565	573
Accumulated Surplus/(Deficit)	5.5	(459)	(490)	4,223	3,314	643	546	253	228	3,290	2,433	7,949	6,031	18	(2)	7,967	6,029
Total Net Assets		(187)	(169)	2,958	3,000	5,285	1,588	2,486	1,246	2,596	2,057	13,137	7,720	73	26	13,210	7,746

B.2. Segment Reporting
Schedule of Financial Performance
Field Operations by Region

For the Year Ended 31 December 2023

EUR '000		Augmentations		South-Eastern Europe		Eastern Europe		Caucasus		Central Asia		Total Regions		Closed Funds		Total Field Operations	
	Note	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
REVENUE																	
Assessed Contributions	6.1	1,988	1,988	47,043	47,043	5,927	5,927	2,339	2,339	20,516	20,516	77,812	77,812	0	0	77,812	77,812
Extra-Budgetary Contributions	6.2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Finance Revenue	6.3	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Contributions In-Kind	6.4	0	0	12,339	11,866	897	1,055	691	815	2,776	2,962	16,702	16,698	0	0	16,702	16,698
Revenue from Exchange Transactions	6.5	0	0	355	331	22	1	0	0	20	(75)	397	257	0	0	397	257
Other Revenue	6.6	15	(26)	412	(230)	39	181	10	(19)	256	49	731	(44)	30	(32)	761	(76)
Total Revenue		2,003	1,962	60,148	59,011	6,884	7,164	3,039	3,134	23,568	23,452	95,642	94,723	30	(32)	95,672	94,691
EXPENSES																	
Staff Costs	7.1	1,932	1,679	46,391	44,273	2,053	3,577	1,413	1,567	10,295	10,549	62,083	61,646	0	(0)	62,083	61,646
Consultancy and Subcontracting	7.2	45	167	2,410	2,619	151	372	6	2	3,544	3,689	6,156	6,849	0	0	6,156	6,849
Travel Expenses	7.3	31	5	1,863	1,793	129	465	55	167	3,088	2,769	5,166	5,199	0	0	5,166	5,199
Services and Office Costs	7.4	15	4	6,790	6,669	564	907	281	281	3,779	4,015	11,429	11,877	0	0	11,429	11,877
Consumables and Supplies	7.5	4	0	1,013	1,205	123	252	21	31	729	913	1,890	2,401	0	0	1,890	2,401
Depreciation and Amortisation	7.6	0	0	846	788	94	99	44	46	321	298	1,305	1,230	0	0	1,305	1,230
Equipment Expenses	7.7	0	0	836	1,696	22	138	15	16	981	1,873	1,855	3,723	0	0	1,855	3,723
Other Operating Expenses	7.8	0	0	120	157	56	88	11	7	202	176	389	427	0	0	389	427
Total Expenses		2,026	1,855	60,269	59,200	3,193	5,898	1,847	2,117	22,940	24,283	90,274	93,352	0	(0)	90,274	93,352
Foreign Exchange Gains/(Losses)	8	0	0	(4)	(4)	1	(30)	(1)	0	(70)	(94)	(73)	(127)	0	0	(73)	(127)
Surplus/(Deficit) for the Period	9.1	(23)	107	(125)	(193)	3,693	1,236	1,192	1,018	558	(925)	5,296	1,243	30	(32)	5,326	1,212

C.1 Segment Reporting
Schedule of Financial Position
South-Eastern Europe

As at 31 December 2023

EUR '000		Mission in Kosovo		Mission to Bosnia and Herzegovina		Mission to Serbia		Presence in Albania		Mission to Skopje		Mission to Montenegro		Total South-Eastern Europe	
	Note	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
ASSETS															
Current Assets															
Cash and Cash Equivalents	3.1	258	77	277	229	322	68	128	114	41	360	57	4	1,083	852
Investments	3.2	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Contributions Receivable	3.3	952	423	633	283	339	152	161	72	352	158	116	52	2,552	1,139
Accounts Receivable	3.4	164	261	226	307	41	74	62	61	443	190	14	22	949	915
Prepayments	3.5	236	404	133	187	232	283	41	53	96	136	31	42	768	1,105
Inventory	3.6	13	14	94	21	0	0	0	0	2	55	63	0	172	90
Inter-Fund Balances		111	541	(132)	646	(384)	86	2	170	107	(46)	409	700	113	2,097
Other Current Assets	3.7	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		1,733	1,719	1,231	1,673	549	662	394	470	1,040	853	690	820	5,637	6,198
Non-Current Assets															
Property, Plant and Equipment	3.8	994	1,036	625	561	175	218	117	116	391	425	19	27	2,321	2,384
Intangible Assets	3.9	36	20	2	4	0	0	1	1	1	2	0	8	40	35
Other Non-Current Assets	3.7	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		1,029	1,056	627	565	175	218	118	117	392	427	19	35	2,361	2,419
Total Assets		2,762	2,775	1,858	2,239	724	880	512	588	1,432	1,280	709	855	7,997	8,617
LIABILITIES															
Current Liabilities															
Accounts Payable	4.1	21	162	29	36	36	11	88	82	99	6	10	15	284	312
Accruals	4.2	283	313	412	265	260	352	74	75	133	211	173	258	1,335	1,474
Deferred Revenue	4.3	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Conditional ExB Contributions	4.4	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Funds Held for Third Parties	4.5	0	0	7	7	2	2	0	0	18	19	0	0	27	28
Employee Benefits Current	4.6	1,317	1,192	725	802	322	371	133	148	640	377	40	64	3,177	2,956
Cash Surplus Current	4.7	0	75	0	159	0	15	0	65	0	132	0	167	0	613
Provisions	4.8	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Current Liabilities	4.9	131	54	17	12	20	(1)	(0)	(0)	4	3	2	114	173	183
		1,752	1,796	1,190	1,281	640	749	296	370	893	749	224	619	4,996	5,564
Non-Current Liabilities															
Employee Benefits Non-Current	4.6	17	20	11	10	4	5	2	3	7	11	2	3	43	53
Other Non-Current Liabilities	4.9	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		17	20	11	10	4	5	2	3	7	11	2	3	43	53
Total Liabilities		1,769	1,816	1,201	1,291	644	754	298	373	900	760	226	622	5,039	5,617
Net Assets		993	959	657	947	80	126	214	214	532	519	483	234	2,958	3,000
NET ASSETS															
Cash Surplus	5.1	(749)	(338)	(427)	(151)	(298)	(131)	(33)	2	(184)	(94)	53	33	(1,639)	(678)
Cash Surplus Withheld	5.2	1	1	0	0	0	0	0	0	0	1	0	0	2	3
Revolving Fund	5.3	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Contingency Fund	5.3	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Reserves	5.4	273	266	34	34	30	30	17	17	17	13	1	1	372	361
Accumulated Surplus/(Deficit)	5.5	1,467	1,030	1,050	1,064	348	226	230	195	700	600	428	200	4,223	3,314
Total Net Assets		993	959	657	947	80	126	214	214	532	519	483	234	2,958	3,000

C.2. Segment Reporting
Schedule of Financial Performance
South-Eastern Europe

For the Year Ended 31 December 2023

EUR '000		Mission in Kosovo		Mission to Bosnia and Herzegovina		Mission to Serbia		Presence in Albania		Mission to Skopje		Mission to Montenegro		Total South-Eastern Europe	
	Note	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
REVENUE															
Assessed Contributions	6.1	17,463	17,463	11,682	11,682	6,259	6,259	2,981	2,981	6,506	6,506	2,152	2,152	47,043	47,043
Extra-Budgetary Contributions	6.2	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Finance Revenue	6.3	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Contributions In-Kind	6.4	5,755	5,351	1,908	1,692	1,321	1,363	923	979	1,896	2,015	535	466	12,339	11,866
Revenue from Exchange Transactions	6.5	118	125	98	145	27	9	6	51	103	0	2	0	355	331
Other Revenue	6.6	119	(58)	180	(57)	32	(64)	32	36	40	(63)	9	(24)	412	(230)
Total Revenue		23,455	22,881	13,868	13,462	7,639	7,567	3,942	4,048	8,546	8,458	2,698	2,595	60,148	59,011
EXPENSES															
Staff Costs	7.1	19,187	18,117	10,926	10,098	5,573	5,476	2,917	2,992	6,294	6,222	1,493	1,369	46,391	44,273
Consultancy and Subcontracting	7.2	707	772	451	409	353	458	133	147	377	445	390	387	2,410	2,619
Travel Expenses	7.3	405	536	368	323	412	377	184	171	351	267	142	119	1,863	1,793
Services and Office Costs	7.4	2,083	2,195	1,550	1,471	1,108	1,090	542	471	1,176	1,076	332	367	6,790	6,669
Consumables and Supplies	7.5	451	563	319	259	68	64	45	58	113	220	17	41	1,013	1,205
Depreciation and Amortisation	7.6	352	364	240	189	71	68	51	35	125	121	8	10	846	788
Equipment Expenses	7.7	240	542	282	237	76	112	77	82	92	434	68	290	836	1,696
Other Operating Expenses	7.8	23	25	30	28	13	11	6	9	24	57	23	27	120	157
Total Expenses		23,448	23,114	14,167	13,013	7,674	7,655	3,955	3,965	8,551	8,842	2,473	2,611	60,269	59,200
Foreign Exchange Gains/(Losses)	8	(0)	0	(0)	0	(17)	(15)	6	6	8	5	0	0	(4)	(4)
Surplus/(Deficit) for the Period	9.1	7	(233)	(299)	450	(53)	(104)	(7)	89	2	(379)	225	(16)	(125)	(193)

D.1. Segment Reporting
Schedule of Financial Position
Eastern Europe

As at 31 December 2023

EUR '000		Mission to Moldova		Project Co-ordinator in Ukraine		Representative on the Latvian-Russian Joint Commission on Military Pensioners		Total Eastern Europe	
	Note	2023	2022	2023	2022	2023	2022	2023	2022
ASSETS									
Current Assets									
Cash and Cash Equivalents	3.1	62	60	0	0	0	0	62	60
Investments	3.2	0	0	0	0	0	0	0	0
Contributions Receivable	3.3	123	56	193	88	0	0	316	144
Accounts Receivable	3.4	26	50	0	0	0	0	27	50
Prepayments	3.5	70	115	(0)	(0)	0	0	70	115
Inventory	3.6	0	0	0	0	0	0	0	0
Inter-Fund Balances		107	(78)	4,640	1,340	8	6	4,755	1,268
Other Current Assets	3.7	0	0	0	0	0	0	0	0
		390	202	4,833	1,428	8	6	5,231	1,637
Non-Current Assets									
Property, Plant and Equipment	3.8	295	373	0	1	0	0	295	374
Intangible Assets	3.9	1	2	0	0	0	0	1	2
Other Non-Current Assets	3.7	0	0	0	0	0	0	0	0
		297	375	0	1	0	0	297	376
Total Assets		686	577	4,833	1,429	8	6	5,527	2,012
LIABILITIES									
Current Liabilities									
Accounts Payable	4.1	(10)	(32)	57	269	0	0	47	237
Accruals	4.2	85	76	0	7	0	0	85	84
Deferred Revenue	4.3	0	0	0	0	0	0	0	0
Conditional ExB Contributions	4.4	0	0	0	0	0	0	0	0
Funds Held for Third Parties	4.5	0	0	0	0	0	0	0	0
Employee Benefits Current	4.6	108	41	0	0	0	0	108	41
Cash Surplus Current	4.7	0	39	0	16	0	3	0	58
Provisions	4.8	0	0	0	0	0	0	0	0
Other Current Liabilities	4.9	0	1	1	1	0	0	1	1
		184	125	58	293	0	4	242	422
Non-Current Liabilities									
Employee Benefits Non-Current	4.6	1	3	0	0	0	0	1	3
Other Non-Current Liabilities	4.9	0	0	0	0	0	0	0	0
		1	3	0	0	0	0	1	3
Total Liabilities		185	128	58	293	0	4	243	425
Net Assets		501	449	4,775	1,136	8	3	5,285	1,588
NET ASSETS									
Cash Surplus	5.1	14	(36)	4,617	1,073	8	3	4,639	1,040
Cash Surplus Withheld	5.2	0	0	0	0	0	0	0	0
Revolving Fund	5.3	0	0	0	0	0	0	0	0
Contingency Fund	5.3	0	0	0	0	0	0	0	0
Other Reserves	5.4	(6)	(7)	9	9	0	0	3	2
Accumulated Surplus/(Deficit)	5.5	493	492	150	54	0	0	643	546
Total Net Assets		501	449	4,775	1,136	8	3	5,285	1,588

D.2. Segment Reporting
Schedule of Financial Performance
Eastern Europe

For the Year Ended 31 December 2023

EUR '000		Mission to Moldova		Project Co-ordinator in Ukraine		Representative on the Latvian-Russian Joint Commission on Military Pensioners		Total Eastern Europe	
	Note	2023	2022	2023	2022	2023	2022	2023	2022
REVENUE									
Assessed Contributions	6.1	2,303	2,303	3,619	3,619	6	6	5,927	5,927
Extra-Budgetary Contributions	6.2	0	0	0	0	0	0	0	0
Finance Revenue	6.3	0	0	0	0	0	0	0	0
Contributions In-Kind	6.4	807	802	0	165	90	87	897	1,055
Revenue from Exchange Transactions	6.5	22	2	0	(1)	0	0	22	1
Other Revenue	6.6	13	254	26	(73)	0	(0)	39	181
Total Revenue		3,144	3,361	3,644	3,710	95	92	6,884	7,164
EXPENSES									
Staff Costs	7.1	1,963	1,961	0	1,529	90	87	2,053	3,577
Consultancy and Subcontracting	7.2	151	211	0	161	0	0	151	372
Travel Expenses	7.3	129	194	0	269	0	3	129	465
Services and Office Costs	7.4	557	499	7	408	0	0	564	907
Consumables and Supplies	7.5	122	178	1	74	0	0	123	252
Depreciation and Amortisation	7.6	94	77	0	22	0	0	94	99
Equipment Expenses	7.7	22	122	0	17	0	0	22	138
Other Operating Expenses	7.8	56	36	0	52	0	0	56	88
Total Expenses		3,094	3,278	8	2,531	90	90	3,193	5,898
Foreign Exchange Gains/(Losses)	8	1	(8)	(0)	(22)	0	0	1	(30)
Surplus/(Deficit) for the Period	9.1	51	75	3,636	1,158	5	3	3,693	1,236

E.1. Segment Reporting
Schedule of Financial Position
Caucasus

As at 31 December 2023

EUR '000		High-Level Planning Group		The Minsk Process		Personal Representative of the CiO on the Conflict Dealt with by the Minsk Conference		Total Caucasus	
	Note	2023	2022	2023	2022	2023	2022	2023	2022
ASSETS									
Current Assets									
Cash and Cash Equivalents	3.1	0	0	0	0	51	30	51	30
Investments	3.2	0	0	0	0	0	0	0	0
Contributions Receivable	3.3	13	6	49	22	63	29	125	57
Accounts Receivable	3.4	2	4	0	0	4	8	6	11
Prepayments	3.5	0	1	0	0	4	9	4	10
Inventory	3.6	0	0	0	0	0	0	0	0
Inter-Fund Balances		161	164	1,538	1,208	527	500	2,226	1,872
Other Current Assets	3.7	0	0	0	0	0	0	0	0
		176	174	1,587	1,230	649	575	2,412	1,980
Non-Current Assets									
Property, Plant and Equipment	3.8	1	1	0	0	124	168	125	169
Intangible Assets	3.9	0	0	0	0	0	0	0	0
Other Non-Current Assets	3.7	0	0	0	0	0	0	0	0
		1	1	0	0	124	168	125	169
Total Assets		177	175	1,587	1,230	773	743	2,537	2,148
LIABILITIES									
Current Liabilities									
Accounts Payable	4.1	0	0	0	0	0	4	0	4
Accruals	4.2	2	1	0	7	6	14	8	22
Deferred Revenue	4.3	0	0	0	0	0	0	0	0
Conditional ExB Contributions	4.4	0	0	0	0	0	0	0	0
Funds Held for Third Parties	4.5	0	0	0	0	0	0	0	0
Employee Benefits Current	4.6	12	16	0	0	30	25	42	41
Cash Surplus Current	4.7	0	63	0	586	0	186	0	834
Provisions	4.8	0	0	0	0	0	0	0	0
Other Current Liabilities	4.9	0	0	0	0	(0)	(0)	(0)	(0)
		14	80	0	593	36	229	50	901
Non-Current Liabilities									
Employee Benefits Non-Current	4.6	0	0	0	0	1	2	1	2
Other Non-Current Liabilities	4.9	0	0	0	0	0	0	0	0
		0	0	0	0	1	2	1	2
Total Liabilities		14	80	0	593	37	231	51	903
Net Assets		163	96	1,587	638	736	512	2,486	1,246
NET ASSETS									
Cash Surplus	5.1	122	62	1,704	782	413	179	2,240	1,022
Cash Surplus Withheld	5.2	0	0	0	0	0	0	0	1
Revolving Fund	5.3	0	0	0	0	0	0	0	0
Contingency Fund	5.3	0	0	0	0	0	0	0	0
Other Reserves	5.4	0	0	0	0	(8)	(5)	(8)	(5)
Accumulated Surplus/(Deficit)	5.5	41	33	(118)	(145)	330	339	253	228
Total Net Assets		163	96	1,587	638	736	512	2,486	1,246

E.2. Segment Reporting
Schedule of Financial Performance
Caucasus

For the Year Ended 31 December 2023

EUR '000		High-Level Planning Group		The Minsk Process		Personal Representative of the CiO on the Conflict Dealt with by the Minsk Conference		Total Caucasus	
	Note	2023	2022	2023	2022	2023	2022	2023	2022
REVENUE									
Assessed Contributions	6.1	248	248	911	911	1,180	1,180	2,339	2,339
Extra-Budgetary Contributions	6.2	0	0	0	0	0	0	0	0
Finance Revenue	6.3	0	0	0	0	0	0	0	0
Contributions In-Kind	6.4	450	489	0	0	241	326	691	815
Revenue from Exchange Transactions	6.5	0	0	0	0	0	0	0	0
Other Revenue	6.6	1	(2)	4	(6)	5	(11)	10	(19)
Total Revenue		698	734	916	905	1,426	1,495	3,039	3,134
EXPENSES									
Staff Costs	7.1	546	584	0	0	867	984	1,413	1,567
Consultancy and Subcontracting	7.2	0	0	0	0	6	2	6	2
Travel Expenses	7.3	5	10	0	110	50	47	55	167
Services and Office Costs	7.4	80	74	0	1	201	206	281	281
Consumables and Supplies	7.5	1	1	0	0	20	30	21	31
Depreciation and Amortisation	7.6	1	1	0	0	43	45	44	46
Equipment Expenses	7.7	1	0	0	0	14	16	15	16
Other Operating Expenses	7.8	0	0	0	0	11	6	11	7
Total Expenses		635	669	0	112	1,212	1,336	1,847	2,117
Foreign Exchange Gains/(Losses)	8	0	0	0	0	(1)	0	(1)	0
Surplus/(Deficit) for the Period	9.1	64	65	916	793	213	160	1,192	1,018

F.1. Segment Reporting
Schedule of Financial Position
Central Asia

As at 31 December 2023

EUR '000		Programme Office in Astana		Centre in Ashgabat		Programme Office in Bishkek		Project Co-ordinator in Uzbekistan		Programme Office in Dushanbe		Total Central Asia	
	Note	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
ASSETS													
Current Assets													
Cash and Cash Equivalents	3.1	65	133	101	130	196	56	277	97	452	535	1,090	951
Investments	3.2	0	0	0	0	0	0	0	0	0	0	0	0
Contributions Receivable	3.3	120	54	89	40	364	165	133	61	391	177	1,096	497
Accounts Receivable	3.4	7	12	8	13	90	153	34	66	363	387	501	631
Prepayments	3.5	50	93	24	47	650	801	62	48	298	343	1,084	1,332
Inventory	3.6	0	0	0	0	40	49	24	2	68	0	132	50
Inter-Fund Balances		122	82	18	(43)	(444)	(221)	65	316	240	25	1	159
Other Current Assets	3.7	0	0	0	0	0	0	0	0	0	0	0	0
		363	374	239	188	896	1,003	594	590	1,812	1,466	3,904	3,620
Non-Current Assets													
Property, Plant and Equipment	3.8	104	147	81	125	175	253	103	156	471	331	933	1,012
Intangible Assets	3.9	1	1	2	6	17	4	3	2	4	1	27	14
Other Non-Current Assets	3.7	0	0	0	0	0	0	0	0	0	0	0	0
		105	148	83	131	192	257	106	158	474	332	960	1,027
Total Assets		468	522	322	319	1,088	1,260	699	748	2,286	1,799	4,864	4,647
LIABILITIES													
Current Liabilities													
Accounts Payable	4.1	5	22	3	16	(95)	(22)	3	61	281	131	196	208
Accruals	4.2	143	79	62	39	488	501	136	160	497	577	1,326	1,355
Deferred Revenue	4.3	0	0	0	0	0	0	0	0	0	0	0	0
Conditional ExB Contributions	4.4	0	0	0	0	0	0	0	0	0	0	0	0
Funds Held for Third Parties	4.5	0	0	0	0	0	0	0	0	0	0	0	0
Employee Benefits Current	4.6	96	100	87	106	171	185	65	72	296	333	715	796
Cash Surplus Current	4.7	0	67	0	15	0	(9)	0	39	0	88	0	201
Provisions	4.8	0	0	0	0	0	0	0	0	0	0	0	0
Other Current Liabilities	4.9	1	0	3	1	(0)	2	2	1	2	6	8	10
		245	269	155	177	564	657	205	334	1,076	1,134	2,245	2,571
Non-Current Liabilities													
Employee Benefits Non-Current	4.6	3	2	3	3	5	5	1	2	11	9	23	20
Other Non-Current Liabilities	4.9	0	0	0	0	0	0	0	0	0	0	0	0
		3	2	3	3	5	5	1	2	11	9	23	20
Total Liabilities		248	271	158	180	569	662	206	335	1,087	1,143	2,268	2,590
Net Assets		220	251	164	139	518	598	494	413	1,200	656	2,596	2,057
NET ASSETS													
Cash Surplus	5.1	(71)	(38)	(65)	(28)	(313)	(149)	50	55	(150)	(91)	(549)	(251)
Cash Surplus Withheld	5.2	0	0	0	0	0	0	0	0	0	0	1	1
Revolving Fund	5.3	0	0	0	0	0	0	0	0	0	0	0	0
Contingency Fund	5.3	0	0	0	0	0	0	0	0	0	0	0	0
Other Reserves	5.4	(15)	(15)	(10)	(6)	(58)	(54)	(12)	(8)	(51)	(43)	(146)	(126)
Accumulated Surplus/(Deficit)	5.5	306	304	239	173	889	801	455	366	1,400	790	3,290	2,433
Total Net Assets		220	251	164	139	518	598	494	413	1,200	656	2,596	2,057

F.2. Segment Reporting
Schedule of Financial Performance
Central Asia

For the Year Ended 31 December 2023

EUR '000		Programme Office in Astana		Centre in Ashgabat		Programme Office in Bishkek		Project Co-ordinator in Uzbekistan		Programme Office in Dushanbe		Total Central Asia	
	Note	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
REVENUE													
Assessed Contributions	6.1	2,233	2,233	1,661	1,661	6,811	6,811	2,499	2,499	7,312	7,312	20,516	20,516
Extra-Budgetary Contributions	6.2	0	0	0	0	0	0	0	0	0	0	0	0
Finance Revenue	6.3	0	0	0	0	0	0	0	0	0	0	0	0
Contributions In-Kind	6.4	463	382	448	369	766	946	283	241	815	1,024	2,776	2,962
Revenue from Exchange Transactions	6.5	(5)	(12)	(3)	0	(19)	(7)	34	(53)	13	(3)	20	(75)
Other Revenue	6.6	23	(26)	9	(7)	28	172	9	(22)	186	(67)	256	49
Total Revenue		2,714	2,576	2,116	2,023	7,586	7,922	2,825	2,665	8,326	8,265	23,568	23,452
EXPENSES													
Staff Costs	7.1	1,188	1,105	1,188	1,257	3,215	3,239	1,105	1,069	3,599	3,880	10,295	10,549
Consultancy and Subcontracting	7.2	329	348	170	200	1,558	1,611	417	477	1,070	1,053	3,544	3,689
Travel Expenses	7.3	428	429	202	113	984	877	337	252	1,137	1,098	3,088	2,769
Services and Office Costs	7.4	480	456	389	315	1,159	1,420	578	541	1,173	1,284	3,779	4,015
Consumables and Supplies	7.5	53	100	47	52	216	220	65	63	349	478	729	913
Depreciation and Amortisation	7.6	48	49	29	25	69	56	45	59	130	108	321	298
Equipment Expenses	7.7	135	134	46	62	454	624	173	225	173	828	981	1,873
Other Operating Expenses	7.8	82	69	16	12	13	17	18	35	74	44	202	176
Total Expenses		2,742	2,690	2,086	2,036	7,669	8,063	2,737	2,721	7,705	8,773	22,940	24,283
Foreign Exchange Gains/(Losses)	8	(8)	(10)	(2)	3	2	(12)	7	23	(69)	(97)	(70)	(94)
Surplus/(Deficit) for the Period	9.1	(36)	(124)	28	(10)	(81)	(153)	96	(33)	552	(605)	558	(925)

G.1. Segment Reporting
Schedule of Financial Position
Special Purpose Funds

As at 31 December 2023

EUR '000		Information Security Enhancement		IT Infrastructure Upgrade Fund		CIP Technical Fund		Special Monitoring Mission to Ukraine		Observer Mission to Two Russian Checkpoints on the Russian-Ukrainian Border		Total Special Purpose Funds	
	Note	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
ASSETS													
Current Assets													
Cash and Cash Equivalents	3.1	0	0	0	0	0	0	0	0	0	0	0	0
Investments	3.2	0	0	0	0	0	0	0	0	0	0	0	0
Contributions Receivable	3.3	0	0	0	0	0	0	1,272	3,901	0	0	1,272	3,901
Accounts Receivable	3.4	0	0	7	2	0	0	(39)	33	0	0	(33)	34
Prepayments	3.5	5	25	8	1	8	13	2	15	0	0	23	54
Inventory	3.6	0	0	0	0	0	0	0	0	0	0	0	0
Inter-Fund Balances		0	1	456	871	862	1,083	21,305	18,692	(5)	194	22,618	20,841
Other Current Assets	3.7	0	0	0	0	0	0	0	0	0	0	0	0
		5	26	471	874	870	1,096	22,539	22,641	(5)	194	23,880	24,831
Non-Current Assets													
Property, Plant and Equipment	3.8	5	20	2	14	144	115	443	2,135	0	0	595	2,284
Intangible Assets	3.9	12	19	12	23	7	0	0	0	0	0	31	42
Other Non-Current Assets	3.7	0	0	0	0	0	0	0	0	0	0	0	0
		17	40	14	37	151	115	443	2,135	0	0	626	2,327
Total Assets		22	66	485	912	1,022	1,212	22,983	24,775	(5)	194	24,506	27,158
LIABILITIES													
Current Liabilities													
Accounts Payable	4.1	0	0	0	0	0	0	149	292	0	0	149	292
Accruals	4.2	0	0	56	17	36	7	40	89	0	0	132	113
Deferred Revenue	4.3	0	0	0	0	0	0	0	1,082	0	0	0	1,082
Conditional ExB Contributions	4.4	0	0	0	0	0	0	0	0	0	0	0	0
Funds Held for Third Parties	4.5	0	0	0	0	0	0	0	0	0	0	0	0
Employee Benefits Current	4.6	0	0	0	9	0	0	5	18	0	0	5	27
Cash Surplus Current	4.7	0	0	0	0	0	0	0	0	0	0	0	0
Provisions	4.8	0	0	0	0	0	0	0	0	0	0	0	0
Other Current Liabilities	4.9	0	0	0	0	0	0	18	343	0	0	18	343
		0	0	56	26	36	7	212	1,823	0	0	303	1,857
Non-Current Liabilities													
Employee Benefits Non-Current	4.6	0	0	0	0	0	0	0	2	0	0	0	2
Other Non-Current Liabilities	4.9	0	0	0	0	0	0	0	0	0	0	0	0
		0	0	0	0	0	0	0	2	0	0	0	2
Total Liabilities		0	0	56	26	36	7	212	1,826	0	0	303	1,859
Net Assets		22	66	429	885	986	1,205	22,771	22,950	(5)	194	24,203	25,299
NET ASSETS													
Cash Surplus	5.1	0	0	0	0	0	0	20,669	0	0	198	20,669	198
Cash Surplus Withheld	5.2	0	0	0	0	0	0	0	0	0	0	0	0
Revolving Fund	5.3	0	0	0	0	0	0	0	0	0	0	0	0
Contingency Fund	5.3	0	0	0	0	0	0	0	0	0	0	0	0
Other Reserves	5.4	0	0	0	0	0	0	428	427	(1)	(1)	427	426
Accumulated Surplus/(Deficit)	5.5	22	66	429	885	986	1,205	1,674	22,523	(4)	(4)	3,108	24,674
Total Net Assets		22	66	429	885	986	1,205	22,771	22,950	(5)	194	24,203	25,299

G.2. Segment Reporting
Schedule of Financial Performance
Special Purpose Funds

For the Year Ended 31 December 2023

EUR '000	Note	Information Security Enhancement		IT Infrastructure Upgrade Fund		CIP Technical Fund		Special Monitoring Mission to Ukraine		Observer Mission to Two Russian Checkpoints on the Russian-Ukrainian Border		Total Special Purpose Funds	
		2023	2022	2023	2022	2023	2022	2023	2022 (Restated)	2023	2022	2023	2022 (Restated)
REVENUE													
Assessed Contributions	6.1	0	0	0	0	0	0	0	45,658	0	0	0	45,658
Extra-Budgetary Contributions	6.2	0	0	0	0	0	0	0	0	0	0	0	0
Finance Revenue	6.3	0	0	0	0	0	0	0	0	0	0	0	0
Contributions In-Kind	6.4	0	0	0	0	0	0	0	12,021	0	0	0	12,021
Revenue from Exchange Transactions	6.5	0	0	(0)	0	0	0	784	130	0	0	784	130
Other Revenue	6.6	(2)	(0)	0	1	0	(3)	(220)	(971)	0	(49)	(222)	(1,022)
Total Revenue		(2)	(0)	(0)	1	0	(3)	564	56,839	0	(49)	562	56,788
EXPENSES													
Staff Costs	7.1	0	0	220	244	0	0	345	41,220	0	0	566	41,464
Consultancy and Subcontracting	7.2	0	0	172	59	51	104	146	1,880	0	0	369	2,043
Travel Expenses	7.3	0	0	36	14	1	0	(25)	4,226	0	0	12	4,240
Services and Office Costs	7.4	20	20	5	15	71	12	139	4,084	0	1	236	4,132
Consumables and Supplies	7.5	0	0	0	1	29	6	0	1,817	0	2	29	1,826
Depreciation and Amortisation	7.6	21	23	23	35	40	17	129	5,143	0	9	213	5,227
Equipment Expenses	7.7	0	0	0	0	26	180	0	12	0	0	26	192
Other Operating Expenses	7.8	0	0	0	0	0	0	4	1,310	0	0	4	1,310
Total Expenses		41	43	456	368	218	318	739	59,693	0	12	1,454	60,434
Foreign Exchange Gains/(Losses)	8	0	0	0	0	0	0	(5)	(56)	0	0	(5)	(56)
Surplus/(Deficit) for the Period	9.1	(43)	(44)	(456)	(367)	(218)	(321)	(179)	(2,910)	0	(61)	(897)	(3,702)

H.1. Segment Reporting
Schedule of Financial Position
Extra-Budgetary Funds

As at 31 December 2023

EUR '000		Fund to Support OSCE Action for Peace, Democracy and Stability in Bosnia and Herzegovina		Fund for Activities Related to Economic and Environmental Aspect of Security		Funds for Activities Related to Special Monitoring Mission to Ukraine		Other PC Established Funds		Other Activities and Special Projects		Indirect Common Costs Fund		Total Extra-Budgetary Funds	
	Note	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
ASSETS															
Current Assets															
Cash and Cash Equivalents	3.1	0	0	0	0	0	0	0	0	25,394	11,735	0	0	25,394	11,735
Investments	3.2	0	0	0	0	0	0	11,127	11,597	50,000	60,000	0	0	61,127	71,597
Contributions Receivable	3.3	108	1,061	432	338	10	10	120	119	5,333	15,943	0	0	6,003	17,470
Accounts Receivable	3.4	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Prepayments	3.5	0	0	1	0	0	0	0	0	97	80	12	0	110	80
Inventory	3.6	224	0	0	0	0	0	0	0	264	151	0	0	488	151
Inter-Fund Balances		2,888	3,460	6,775	4,894	441	195	(943)	(855)	11,167	4,147	5,861	4,055	26,189	15,896
Other Current Assets	3.7	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		3,220	4,521	7,207	5,231	451	205	10,304	10,860	92,255	92,057	5,873	4,055	119,311	116,929
Non-Current Assets															
Property, Plant and Equipment	3.8	0	1	0	0	196	435	0	0	1,454	383	4	0	1,655	819
Intangible Assets	3.9	0	0	0	0	0	0	0	0	1,269	1,048	0	0	1,269	1,048
Other Non-Current Assets	3.7	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		0	1	0	0	196	435	0	0	2,724	1,431	4	0	2,924	1,866
Total Assets		3,220	4,522	7,207	5,231	647	639	10,304	10,860	94,979	93,487	5,877	4,055	122,234	118,796
LIABILITIES															
Current Liabilities															
Accounts Payable	4.1	0	0	0	0	0	0	0	0	213	24	0	0	213	24
Accruals	4.2	223	11	856	951	0	0	0	1	2,847	1,827	13	5	3,939	2,795
Deferred Revenue	4.3	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Conditional ExB Contributions	4.4	3,249	4,876	6,315	4,492	(0)	(0)	7,573	304	85,501	82,049	0	0	102,639	91,721
Funds Held for Third Parties	4.5	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Employee Benefits Current	4.6	45	0	13	0	0	0	0	0	683	191	49	36	791	227
Cash Surplus Current	4.7	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Provisions	4.8	285	183	998	845	0	10	197	7,429	5,417	8,783	0	0	6,897	17,250
Other Current Liabilities	4.9	0	0	0	0	0	0	0	0	0	(0)	0	0	0	(0)
		3,801	5,070	8,183	6,288	0	10	7,771	7,733	94,661	92,874	63	41	114,478	112,017
Non-Current Liabilities															
Employee Benefits Non-Current	4.6	3	1	4	0	0	0	0	0	9	179	16	8	32	188
Other Non-Current Liabilities	4.9	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		3	1	4	0	0	0	0	0	9	179	16	8	32	188
Total Liabilities		3,804	5,071	8,187	6,288	0	10	7,771	7,733	94,670	93,053	78	49	114,510	112,205
Net Assets		(584)	(549)	(980)	(1,057)	647	629	2,533	3,128	309	434	5,799	4,006	7,724	6,591
NET ASSETS															
Cash Surplus	5.1	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cash Surplus Withheld	5.2	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Revolving Fund	5.3	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Contingency Fund	5.3	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Reserves	5.4	(1)	2	(7)	2	(5)	(5)	0	0	(276)	(387)	(24)	(5)	(312)	(393)
Accumulated Surplus/(Deficit)	5.5	(584)	(551)	(973)	(1,059)	652	634	2,533	3,128	585	821	5,823	4,011	8,036	6,984
Total Net Assets		(584)	(549)	(980)	(1,057)	647	629	2,533	3,128	309	434	5,799	4,006	7,724	6,591

H.2. Segment Reporting
Schedule of Financial Performance
Extra-Budgetary Funds

For the Year Ended 31 December 2023

EUR '000	Note	Fund to Support OSCE Action for Peace, Democracy and Stability in Bosnia and Herzegovina		Fund for Activities Related to Economic and Environmental Aspect of Security		Funds for Activities Related to Special Monitoring Mission to Ukraine		Other PC Established Funds		Other Activities and Special Projects		Indirect Common Costs Fund		Eliminations		Total Extra-Budgetary Funds	
		2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
REVENUE																	
Assessed Contributions	6.1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Extra-Budgetary Contributions	6.2	2,524	1,775	3,563	2,813	0	5,095	116	188	41,650	31,478	3,158	2,042	(3,132)	(2,042)	47,879	41,349
Finance Revenue	6.3	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Contributions In-Kind	6.4	0	0	0	0	0	0	0	0	918	344	0	0	0	0	918	344
Revenue from Exchange Transactions	6.5	(1)	0	0	0	65	0	0	0	(81)	(62)	0	0	0	0	(18)	(62)
Other Revenue	6.6	0	0	0	0	0	(0)	0	0	0	0	61	60	0	0	61	60
Total Revenue		2,523	1,775	3,563	2,813	65	5,095	116	188	42,487	31,760	3,219	2,102	(3,132)	(2,042)	48,840	41,691
EXPENSES																	
Staff Costs	7.1	827	657	291	188	0	1,003	39	11	12,475	8,822	1,045	479	0	0	14,676	11,161
Consultancy and Subcontracting	7.2	371	420	2,100	2,126	0	328	2	22	10,388	7,897	126	60	0	0	12,988	10,853
Travel Expenses	7.3	98	76	514	472	0	0	48	69	6,491	4,666	29	2	0	0	7,180	5,285
Services and Office Costs	7.4	610	88	273	220	0	76	18	26	7,556	3,619	178	45	0	0	8,635	4,074
Consumables and Supplies	7.5	103	38	89	5	0	4	0	0	715	1,316	13	0	0	0	920	1,363
Depreciation and Amortisation	7.6	0	0	0	9	47	1,223	0	0	299	93	0	0	0	0	346	1,325
Equipment Expenses	7.7	438	333	2	2	(54)	(54)	0	0	1,337	3,199	3	0	0	0	1,725	3,480
Other Operating Expenses	7.8	163	103	215	174	0	2,926	8	16	3,009	1,939	14	0	(3,133)	(2,042)	276	3,117
Total Expenses		2,610	1,715	3,484	3,196	(7)	5,506	116	144	42,269	31,552	1,408	587	(3,133)	(2,042)	46,746	40,658
Foreign Exchange Gains/(Losses)	8	(0)	(0)	8	5	0	0	(595)	2,040	(454)	418	0	0	0	0	(1,041)	2,464
Surplus/(Deficit) for the Period	9.1	(87)	60	86	(379)	72	(411)	(594)	2,085	(236)	627	1,811	1,515	1	(0)	1,053	3,497

J Segment Reporting

Extra-budgetary expenditure by Executive Structure

Extra-budgetary and Indirect Common Cost (ICC) sub-fund expenditure shown in Segment report H.2 is presented by Executive Structure in the table below. Various IPSAS adjustments are not attributed to individual Executive Structures and are summarized at the foot of the table to show the total spent on an IPSAS basis.

The Repository Programme "Core Support Mechanism" is described in Note 6.2 to the financial statements and is included in "Other Activities and Special Projects" in Schedules H.1 and H.2.

Project Costs include ICC charges, which are removed to reconcile to total Extra-budgetary expenses presented in Segment report H2.

EUR '000	Project Costs	ICC	Total
Secretariat	19,866	467	20,333
Office for Democratic Institutions and Human Rights	8,483	673	9,156
High Commissioner on National Minorities	643	-	643
Representative on Freedom of the Media	814	-	814
Total – Secretariat and Institutions	29,805	1,140	30,946
Mission in Kosovo	486	-	486
Mission to Bosnia and Herzegovina	2,273	94	2,367
Mission to Serbia	1,218	-	1,218
Presence in Albania	1,346	64	1,411
Mission to Skopje	2,750	59	2,808
Mission to Montenegro	425	-	425
Total – South-Eastern Europe	8,498	217	8,715
Mission to Moldova	807	-	807
Representative on the Latvian-Russian Joint Commission on Military Pensioners	-	-	-
Total – Eastern Europe	807	-	807
Office in Yerevan	-	-	-
Project Co-ordinator in Baku	-	-	-
High Level Planning Group	-	-	-
The Minsk Process	-	-	-
Personal Representative of the CiO on the Conflict Dealt with by the Minsk Conference	-	-	-
Total - Caucasus	-	-	-
Programme Office in Astana	232	-	232
Centre in Ashgabat	441	-	441
Programme Office in Bishkek	1,682	30	1,712
Project Co-ordinator in Uzbekistan	152	-	152
Programme Office in Dushanbe	2,858	13	2,871
Total – Central Asia	5,365	43	5,407
TOTAL - EXTRA-BUDGETARY PROJECTS	44,475	1,400	45,875
REPOSITORY PROGRAMME - CORE SUPPORT MECHANISM			
Secretariat	562		562
High Commissioner on National Minorities	188		188
Mission in Kosovo	250		250
Mission to Bosnia and Herzegovina	50		50
Centre in Ashgabat	17		17
Programme Office in Bishkek	174		174
TOTAL - REPOSITORY PROGRAMME - CORE SUPPORT MECHANISM	1,241	-	1,241
GRAND TOTAL	45,716	1,400	47,115
<i>IPSAS Adjustments:</i>			
Staff Costs	1,528	8	1,536
Depreciation and Amortisation	346	-	346
Other	882	-	882
Total – IPSAS Adjustments	2,756	8	2,764
GRAND TOTAL	48,472	1,408	49,879
Elimination of ICC charges			(3,133)
NET TOTAL - EXTRA-BUDGETARY EXPENSES			46,746

ANNEX 2

YEAR-END EXPENDITURE REPORT
AND STAFFING OVERVIEW

OSCE 2023 Year-end Expenditure Report

Fund Main Programme Programme	Provisional Expenditure Authorization Fin. Reg 3.04	Revised Provisional Expenditure Authorization ¹	Additional Provisional Expenditure Authorization PC.DEC/1462	Total Revised Provisional Expenditure Authorization	Expenditure	Implementation Rate ² %	Available Balance	Expenditure funded via Repository Programme	Total Expenditure	Final Implementation Rate ³ %
Figures in EUR	A	B	C	D=B+C	E	F=E/D	G=D-E	H	I=H+E	J=I/D
I. FUNDS RELATED TO SECRETARIAT AND INSTITUTIONS										
The Secretariat										
Secretary General and Central Services										
Executive Management	1,190,500	1,277,200	-	1,277,200	1,277,200	100	0	7,100	1,284,300	101
Security Management	636,500	699,550	-	699,550	699,517	100	33	19,087	718,605	103
External Co-operation	653,700	639,730	-	639,730	639,724	100	6	7,600	647,324	101
Office of Legal Affairs	786,800	813,380	-	813,380	813,330	100	50	15,980	829,310	102
Communication and Media Relations Section	1,664,000	1,615,305	-	1,615,305	1,615,303	100	2	53,751	1,669,053	103
Conference and Language Services	5,437,500	5,363,125	958,000	6,321,125	6,320,982	100	143	-	6,320,982	100
The OSCE Documentation Centre in Prague	640,100	606,310	-	606,310	606,218	100	92	36,589	642,807	106
Gender Issues	437,100	431,600	-	431,600	431,551	100	49	8,500	440,051	102
TOTAL	11,446,200	11,446,200	958,000	12,404,200	12,403,825	100	375	148,607	12,552,432	101
Chairperson-in-Office										
Short-Term Mission/Visits of CiO and PR of the CiO	500,000	500,000	-	500,000	347,405	69	152,595	-	347,405	69
Advisory Committee on Management and Finance (ACMF)	11,000	11,000	-	11,000	3,592	33	7,408	-	3,592	33
Panel of Adjudicators	32,800	32,800	-	32,800	10,801	33	21,999	-	10,801	33
Audit Committee	34,000	34,000	-	34,000	31,171	92	2,829	-	31,171	92
External Auditors	85,200	85,200	-	85,200	48,833	57	36,367	-	48,833	57
TOTAL	663,000	663,000	-	663,000	441,801	67	221,199	-	441,801	67
Internal Oversight										
Internal Oversight	1,828,900	1,828,900	-	1,828,900	1,822,872	100	6,028	-	1,822,872	100
TOTAL	1,828,900	1,828,900	-	1,828,900	1,822,872	100	6,028	-	1,822,872	100
Office of the Special Representative/Co-ordinator for Combating Trafficking in Human Beings										
Office of the Special Representative/Co-ordinator for Combating Trafficking in Human Beings	1,073,700	1,073,700	-	1,073,700	1,073,608	100	92	-	1,073,608	100
TOTAL	1,073,700	1,073,700	-	1,073,700	1,073,608	100	92	-	1,073,608	100
Addressing Transnational Threats										
Co-ordination of TNT Activities	547,300	554,700	-	554,700	554,652	100	48	-	554,652	100
Strategic Police Matters Unit	706,900	698,150	-	698,150	698,126	100	24	5,500	703,626	101
Action Against Terrorism	830,600	827,000	-	827,000	826,933	100	67	17,500	844,433	102
Borders Security and Management	684,800	689,750	-	689,750	689,713	100	37	9,400	699,113	101
TOTAL	2,769,600	2,769,600	-	2,769,600	2,769,424	100	176	32,400	2,801,824	101
Activities Related to the Economic and Environmental Aspects of Security										
Co-ordinator of OSCE Economic and Environmental Activiti	1,979,200	1,979,200	-	1,979,200	1,972,804	100	6,396	-	1,972,804	100
Economic and Environmental Forum	256,500	256,500	-	256,500	202,953	79	53,547	-	202,953	79
TOTAL	2,235,700	2,235,700	-	2,235,700	2,175,756	97	59,944	-	2,175,756	97

OSCE 2023 Year-end Expenditure Report (continued)

Fund Main Programme Programme	Provisional	Revised	Additional	Total	Expenditure	Implementation Rate ² %	Available Balance	Expenditure funded via Repository Programme	Final	
	Expenditure Authorization Fin. Reg 3.04	Provisional Expenditure Authorization ¹	Provisional Expenditure Authorization PC.DEC/1462	Revised Provisional Expenditure Authorization					Total Expenditure	Total Expenditure
Figures in EUR	A	B	C	D=B+C	E	F=E/D	G=D-E	H	I=H+E	J=I/D
Conflict Prevention										
CPC Direction and Management	460,400	444,550	-	444,550	444,537	100	13	5,000	449,537	101
Policy Support Service	1,474,000	1,381,550	-	1,381,550	1,381,425	100	125	-	1,381,425	100
Operations Service	1,184,700	1,246,200	-	1,246,200	1,246,193	100	7	14,650	1,260,843	101
Programming and Evaluation Support Unit	530,000	539,500	-	539,500	539,468	100	32	5,900	545,368	101
FSC Chairmanship	12,700	11,700	-	11,700	11,644	100	56	-	11,644	100
FSC Support	696,200	671,200	-	671,200	671,134	100	66	2,900	674,034	100
Communications and Technology Unit	633,900	697,200	-	697,200	697,184	100	16	2,400	699,584	100
TOTAL	4,991,900	4,991,900	-	4,991,900	4,991,584	100	316	30,850	5,022,434	101
Human Resources Management										
Department of Human Resources	4,171,600	4,171,600	-	4,171,600	4,171,054	100	546	190,700	4,361,754	105
TOTAL	4,171,600	4,171,600	-	4,171,600	4,171,054	100	546	190,700	4,361,754	105
Department of Management and Finance										
Management and Co-ordination	888,200	887,200	-	887,200	887,026	100	174	10,100	897,126	101
Budget and Finance Services	2,162,200	2,192,800	-	2,192,800	2,192,768	100	32	25,995	2,218,764	101
Information and Communication Technology Services	4,370,900	4,324,400	-	4,324,400	4,324,385	100	15	122,946	4,447,331	103
Mission Support Services	2,517,600	2,534,500	-	2,534,500	2,534,499	100	1	-	2,534,499	100
TOTAL	9,938,900	9,938,900	-	9,938,900	9,938,679	100	221	159,041	10,097,720	102
TOTAL FOR THE SECRETARIAT	39,119,500	39,119,500	958,000	40,077,500	39,788,603	99	288,897	561,598	40,350,201	101
Office for Democratic Institutions and Human Rights										
Direction and Policy	1,294,600	1,408,000	-	1,408,000	1,407,329	100	671	-	1,407,329	100
Fund Administration Unit	2,970,700	2,943,800	-	2,943,800	2,941,844	100	1,956	-	2,941,844	100
Human Dimension Meetings	603,000	193,050	-	193,050	188,674	98	4,376	-	188,674	98
Democratization	1,580,300	1,560,400	-	1,560,400	1,560,221	100	179	-	1,560,221	100
Human Rights	1,232,200	1,127,600	-	1,127,600	1,125,853	100	1,747	-	1,125,853	100
Elections	6,505,200	7,142,250	-	7,142,250	7,136,055	100	6,195	-	7,136,055	100
Tolerance and Non-Discrimination	1,418,200	1,279,100	-	1,279,100	1,278,479	100	621	-	1,278,479	100
Roma and Sinti Issues	555,700	505,700	-	505,700	505,282	100	418	-	505,282	100
TOTAL	16,159,900	16,159,900	-	16,159,900	16,143,736	100	16,164	-	16,143,736	100
High Commissioner on National Minorities										
Fund Administration Unit	544,700	501,700	-	501,700	501,613	100	87	79,610	581,222	116
Office of the High Commissioner	2,959,300	3,002,300	-	3,002,300	3,002,273	100	27	108,746	3,111,018	104
TOTAL	3,504,000	3,504,000	-	3,504,000	3,503,886	100	114	188,355	3,692,241	105
Representative on Freedom of the Media										
Freedom of the Media	1,608,800	1,608,800	-	1,608,800	1,603,089	100	5,711	-	1,603,089	100
TOTAL	1,608,800	1,608,800	-	1,608,800	1,603,089	100	5,711	-	1,603,089	100
TOTAL FOR FUNDS RELATED TO THE SECRETARIAT AND INSTITUTIONS	60,392,200	60,392,200	958,000	61,350,200	61,039,313	99	310,887	749,953	61,789,267	101

OSCE 2023 Year-end Expenditure Report (continued)

Fund Main Programme Programme	Provisional	Revised	Additional	Total	Expenditure	Implementation Rate ² %	Available Balance	Expenditure funded via Repository Programme	Final Implementation Rate ³ %	
	Expenditure Authorization Fin. Reg 3.04	Provisional Expenditure Authorization ¹	Provisional Expenditure Authorization PC.DEC/1462	Revised Provisional Expenditure Authorization						Total Expenditure
Figures in EUR	A	B	C	D=B+C	E	F=E/D	G=D-E	H	I=H+E	J=I/D
II. FUNDS RELATED TO OSCE FIELD OPERATIONS										
AUGMENTATIONS										
Secretariat Augmentations										
Policy Support Service	247,800	247,800	-	247,800	245,198	99	2,602	-	245,198	99
Information and Communication Technology Services	768,200	785,300	-	785,300	785,252	100	48	-	785,252	100
Mission Support Service	738,300	721,200	-	721,200	720,916	100	284	-	720,916	100
TOTAL	1,754,300	1,754,300	-	1,754,300	1,751,366	100	2,934	-	1,751,366	100
ODIHR Augmentations										
ODIHR Democratization	234,100	234,100	-	234,100	230,032	98	4,068	-	230,032	98
TOTAL	234,100	234,100	-	234,100	230,032	98	4,068	-	230,032	98
TOTAL FOR AUGMENTATIONS	1,988,400	1,988,400	-	1,988,400	1,981,398	100	7,002	-	1,981,398	100
SOUTH-EASTERN EUROPE										
Mission in Kosovo										
Office of Head of Mission	2,750,300	2,876,900	-	2,876,900	2,876,752	100	148	-	2,876,752	100
Fund Administration Unit	5,495,100	5,270,800	-	5,270,800	5,270,647	100	153	249,998	5,520,644	105
Security and Public Safety	1,582,700	1,584,300	-	1,584,300	1,584,270	100	30	-	1,584,270	100
Democratization	1,744,600	1,701,000	-	1,701,000	1,700,863	100	137	-	1,700,863	100
Human Rights and Communities	5,889,900	6,029,600	-	6,029,600	6,029,549	100	51	-	6,029,549	100
TOTAL	17,462,600	17,462,600	-	17,462,600	17,462,081	100	519	249,998	17,712,078	101
Mission to Bosnia and Herzegovina										
Office of Head of Mission	1,593,400	1,612,500	-	1,612,500	1,611,831	100	669	-	1,611,831	100
Fund Administration Unit	3,974,900	3,928,600	-	3,928,600	3,927,016	100	1,584	49,708	3,976,724	101
Shared Service Centre, ICT Help Desk	253,800	262,100	-	262,100	262,011	100	89	-	262,011	100
Security Co-operation	581,300	551,300	-	551,300	550,703	100	597	-	550,703	100
Human Dimension	5,278,600	5,327,500	-	5,327,500	5,326,967	100	533	-	5,326,967	100
TOTAL	11,682,000	11,682,000	-	11,682,000	11,678,526	100	3,474	49,708	11,728,235	100
Mission to Serbia										
Office of Head of Mission	995,400	973,100	-	973,100	973,082	100	18	-	973,082	100
Fund Administration Unit	1,700,600	1,674,150	-	1,674,150	1,674,139	100	11	-	1,674,139	100
Security Co-operation	950,800	978,800	-	978,800	978,752	100	48	-	978,752	100
Democratization	1,115,400	1,137,100	-	1,137,100	1,137,048	100	52	-	1,137,048	100
Media	443,200	462,600	-	462,600	462,548	100	52	-	462,548	100
Rule of Law and Human Rights	1,053,200	1,032,850	-	1,032,850	1,032,816	100	34	-	1,032,816	100
TOTAL	6,258,600	6,258,600	-	6,258,600	6,258,385	100	215	-	6,258,385	100

OSCE 2023 Year-end Expenditure Report (continued)

Fund Main Programme Programme	Provisional Expenditure Authorization Fin. Reg 3.04	Revised Provisional Expenditure Authorization ¹	Additional Provisional Expenditure Authorization PC.DEC/1462	Total Revised Provisional Expenditure Authorization	Expenditure E	Implementation Rate ² %	Available Balance G=D-E	Expenditure funded via Repository Programme H	Total Expenditure I=H+E	Final Implementation Rate ³ % J=I/D
	A	B	C	D=B+C						
Figures in EUR	A	B	C	D=B+C	E	F=E/D	G=D-E	H	I=H+E	J=I/D
Presence in Albania										
Office of Head of Mission	487,300	469,300	-	469,300	467,318	100	1,982	-	467,318	100
Fund Administration Unit	1,035,900	1,083,900	-	1,083,900	1,077,099	99	6,801	-	1,077,099	99
Security Co-operation	346,100	339,100	-	339,100	337,916	100	1,184	-	337,916	100
Governance in Economic and Environmental Issues	308,200	318,200	-	318,200	316,240	99	1,960	-	316,240	99
Democratization	432,100	389,100	-	389,100	384,692	99	4,408	-	384,692	99
Rule of Law and Human Rights	371,600	381,600	-	381,600	379,281	99	2,319	-	379,281	99
TOTAL	2,981,200	2,981,200	-	2,981,200	2,962,545	99	18,655	-	2,962,545	99
Mission to Skopje										
Office of Head of Mission	987,000	1,074,000	-	1,074,000	1,071,758	100	2,242	-	1,071,758	100
Fund Administration Unit	1,939,500	2,044,500	-	2,044,500	2,037,019	100	7,481	-	2,037,019	100
Public Safety and Community Outreach	1,778,700	1,626,700	-	1,626,700	1,600,393	98	26,307	-	1,600,393	98
Human Dimension	1,800,900	1,760,900	-	1,760,900	1,745,468	99	15,432	-	1,745,468	99
TOTAL	6,506,100	6,506,100	-	6,506,100	6,454,639	99	51,461	-	6,454,639	99
Mission to Montenegro										
Office of Head of Mission	316,100	320,100	-	320,100	319,476	100	624	-	319,476	100
Fund Administration Unit	603,800	601,300	-	601,300	597,274	99	4,026	-	597,274	99
Democratization	467,900	423,900	-	423,900	396,901	94	26,999	-	396,901	94
Media	361,700	368,200	-	368,200	365,195	99	3,005	-	365,195	99
Security Co-operation and Governance	402,600	438,600	-	438,600	423,664	97	14,936	-	423,664	97
TOTAL	2,152,100	2,152,100	-	2,152,100	2,102,509	98	49,591	-	2,102,509	98
TOTAL FOR SOUTH-EASTERN EUROPE	47,042,600	47,042,600	-	47,042,600	46,918,685	100	123,915	299,706	47,218,391	100
EASTERN EUROPE										
Mission to Moldova										
Office of Head of Mission	421,200	421,200	-	421,200	396,319	94	24,881	-	396,319	94
Fund Administration Unit	874,000	901,000	-	901,000	897,308	100	3,692	-	897,308	100
Conflict Prevention/Resolution	532,400	505,400	-	505,400	477,280	94	28,120	-	477,280	94
Human Rights	475,100	475,100	-	475,100	446,490	94	28,610	-	446,490	94
TOTAL	2,302,700	2,302,700	-	2,302,700	2,217,398	96	85,302	-	2,217,398	96
Representative to the Latvian-Russian Joint Commission on Military Pensioners										
Office of Head of Mission	5,500	5,500	-	5,500	111	2	5,389	-	111	2
TOTAL	5,500	5,500	-	5,500	111	2	5,389	-	111	2
TOTAL FOR EASTERN EUROPE	2,308,200	2,308,200	-	2,308,200	2,217,509	96	90,691	-	2,217,509	96

OSCE 2023 Year-end Expenditure Report (continued)

Fund Main Programme Programme	Provisional	Revised	Additional	Total	Expenditure	Implementation Rate ² %	Available Balance	Expenditure funded via Repository Programme	Final	
	Expenditure Authorization Fin. Reg 3.04	Provisional Expenditure Authorization ¹	Provisional Expenditure Authorization PC.DEC/1462	Revised Provisional Expenditure Authorization					Total Expenditure	Total Expenditure
Figures in EUR	A	B	C	D=B+C	E	F=E/D	G=D-E	H	I=H+E	J=I/D
CAUCASUS										
High-Level Planning Group										
Office of Head of Mission	247,600	247,600	-	247,600	184,883	75	62,717	-	184,883	75
TOTAL	247,600	247,600	-	247,600	184,883	75	62,717	-	184,883	75
The Minsk Process										
Office of Head of Mission	911,200	911,200	-	911,200	-	-	911,200	-	-	-
TOTAL	911,200	911,200	-	911,200	-	-	911,200	-	-	-
Personal Representative of the CiO on the Conflict Dealt with by the Minsk Conference										
Office of Head of Mission	467,300	467,300	-	467,300	296,482	63	170,818	-	296,482	63
Fund Administration Unit	712,400	712,400	-	712,400	630,814	89	81,586	-	630,814	89
TOTAL	1,179,700	1,179,700	-	1,179,700	927,296	79	252,404	-	927,296	79
TOTAL FOR CAUCASUS	2,338,500	2,338,500	-	2,338,500	1,112,179	48	1,226,321	-	1,112,179	48
CENTRAL ASIA										
Programme Office in Astana										
Office of Head of Mission	225,000	227,200	-	227,200	227,130	100	70	-	227,130	100
Fund Administration Unit	669,600	720,300	-	720,300	716,797	100	3,503	-	716,797	100
Politico-Military Activities	444,800	431,800	-	431,800	431,794	100	6	-	431,794	100
Economic and Environmental Activities	448,400	427,800	-	427,800	427,089	100	711	-	427,089	100
Human Dimension Activities	444,900	425,600	-	425,600	423,289	99	2,311	-	423,289	99
TOTAL	2,232,700	2,232,700	-	2,232,700	2,226,099	100	6,601	-	2,226,099	100
Centre in Ashgabat										
Office of Head of Mission	407,400	437,000	-	437,000	435,796	100	1,204	-	435,796	100
Fund Administration Unit	547,100	564,800	-	564,800	564,495	100	305	16,752	581,247	103
Conflict Prevention and Confidence and Security Building	233,100	218,000	-	218,000	217,898	100	102	-	217,898	100
Economic and Environmental Activities	249,100	239,300	-	239,300	239,169	100	131	-	239,169	100
Human Dimension Activities	224,500	202,100	-	202,100	199,058	98	3,042	-	199,058	98
TOTAL	1,661,200	1,661,200	-	1,661,200	1,656,417	100	4,783	16,752	1,673,169	101
Programme Office in Bishkek										
Office of Head of Mission	1,240,300	1,250,600	-	1,250,600	1,250,570	100	30	-	1,250,570	100
Fund Administration Unit	1,427,300	1,555,826	-	1,555,826	1,555,260	100	566	174,084	1,729,344	111
Politico-Military Activities	1,490,400	1,434,072	-	1,434,072	1,434,036	100	36	-	1,434,036	100
Economic and Environmental Activities	1,449,700	1,371,273	-	1,371,273	1,371,076	100	197	-	1,371,076	100
Human Dimension Activities	1,203,300	1,199,229	-	1,199,229	1,199,220	100	9	-	1,199,220	100
TOTAL	6,811,000	6,811,000	-	6,811,000	6,810,161	100	839	174,084	6,984,245	103

OSCE 2023 Year-end Expenditure Report (continued)

Fund Main Programme Programme	Provisional	Revised	Additional	Total	Expenditure	Implementation Rate ² %	Available Balance	Expenditure funded via Repository Programme	Final Implementation Rate ³ %	
	Expenditure Authorization Fin. Reg 3.04	Provisional Expenditure Authorization ¹	Provisional Expenditure Authorization PC.DEC/1462	Revised Provisional Expenditure Authorization						Total Expenditure
Figures in EUR	A	B	C	D=B+C	E	F=E/D	G=D-E	H	I=H+E	J=I/D
Project Co-ordinator in Uzbekistan										
Office of Head of Mission	261,300	287,300	-	287,300	279,361	97	7,939	-	279,361	97
Fund Administration Unit	529,600	582,100	-	582,100	582,009	100	91	-	582,009	100
Politico-Military Activities	532,200	479,700	-	479,700	445,604	93	34,096	-	445,604	93
Economic and Environmental Activities	639,700	639,700	-	639,700	626,445	98	13,255	-	626,445	98
Human Dimension Activities	536,400	510,400	-	510,400	503,687	99	6,713	-	503,687	99
TOTAL	2,499,200	2,499,200	-	2,499,200	2,437,106	98	62,094	-	2,437,106	98
Programme Office in Dushanbe										
Office of Head of Mission	1,169,300	1,053,300	-	1,053,300	940,732	89	112,568	-	940,732	89
Fund Administration Unit	2,035,500	2,185,500	-	2,185,500	2,180,360	100	5,140	-	2,180,360	100
Political and Military Aspects of Security	1,857,300	1,862,300	-	1,862,300	1,841,627	99	20,673	-	1,841,627	99
Economic and Environmental Activities	1,112,000	1,052,000	-	1,052,000	1,030,159	98	21,841	-	1,030,159	98
Human Dimension Activities	1,137,500	1,158,500	-	1,158,500	1,124,032	97	34,468	-	1,124,032	97
TOTAL	7,311,600	7,311,600	-	7,311,600	7,116,911	97	194,689	-	7,116,911	97
TOTAL FOR CENTRAL ASIA	20,515,700	20,515,700	-	20,515,700	20,246,694	99	269,006	190,836	20,437,530	100
TOTAL FOR FUNDS RELATED TO THE OSCE FIELD OPERATIONS	74,193,400	74,193,400	-	74,193,400	72,476,464	98	1,716,936	490,542	72,967,007	98
TOTAL OSCE	134,585,600	134,585,600	958,000	135,543,600	133,515,778	99	2,027,822	1,240,496	134,756,273	99

¹Includes all transfers processed to end of December 2023, including transfers in line with Financial Regulation 3.02(b) and Financial Regulation 3.02(a)(iv) as approved in PC.DEC/1461 and PC.DEC/1465 on Revised Provisional Expenditure Authorization for 2023.

²Implementation rate calculated against the provisional expenditure authorization for twelve months and the additional provisional expenditure authorization approved in PC.DEC/1462.

³Final Implementation rate is consisting of total UB expenditure and expenditure funded via Repository Programme "Core Support Mechanism" calculated against the total provisional expenditure authorization.

Staffing Overview - Budget and Actual Staff Positions
Post table
as at 31 December 2023

Fund number of positions	Contracted		International Staff Seconded		Sub-Total		Professional		Local Staff General Services		Sub-Total		Grand Total	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
The Secretariat	142.0	126.0	73.0	56.0	215.0	182.0	0.0	0.0	183.6	171.4	183.6	171.4	398.6	353.4
Office for Democratic Institutions and Human Rights	63.0	55.0	24.0	13.0	87.0	68.0	0.0	0.0	56.0	50.5	56.0	50.5	143.0	118.5
High Commissioner on National Minorities	16.0	16.0	5.0	4.0	21.0	20.0	0.0	0.0	11.5	11.5	11.5	11.5	32.5	31.5
Representative on Freedom of the Media	7.0	7.0	6.0	6.0	13.0	13.0	0.0	0.0	4.0	4.0	4.0	4.0	17.0	17.0
Total for the Secretariat and Institutions	228.0	204.0	108.0	79.0	336.0	283.0	0.0	0.0	255.1	237.4	255.1	237.4	591.1	520.4
Mission in Kosovo	7.0	7.0	108.0	89.0	115.0	96.0	102.0	99.0	273.5	263.5	375.5	362.5	490.5	458.5
Mission to Bosnia and Herzegovina	5.0	5.0	29.0	27.0	34.0	32.0	135.0	121.0	145.5	130.0	280.5	251.0	314.5	283.0
Mission to Serbia	1.0	1.0	20.0	16.0	21.0	17.0	35.5	32.0	62.0	56.5	97.5	88.5	118.5	105.5
Presence in Albania	1.0	1.0	18.0	12.0	19.0	13.0	19.0	17.0	45.5	39.5	64.5	56.5	83.5	69.5
Mission to Skopje	2.0	2.0	36.0	24.0	38.0	26.0	26.0	24.0	89.5	83.0	115.5	107.0	153.5	133.0
Mission to Montenegro	1.0	1.0	8.0	8.0	9.0	9.0	8.0	6.0	15.0	14.0	23.0	20.0	32.0	29.0
South-Eastern Europe	17.0	17.0	219.0	176.0	236.0	193.0	325.5	299.0	631.0	586.5	956.5	885.5	1,192.5	1,078.5
Mission to Moldova	1.0	1.0	12.0	9.0	13.0	10.0	9.0	9.0	30.0	24.0	39.0	33.0	52.0	43.0
Eastern Europe	1.0	1.0	12.0	9.0	13.0	10.0	9.0	9.0	30.0	24.0	39.0	33.0	52.0	43.0
High Level Planning Group	0.0	0.0	8.0	5.0	8.0	5.0	0.0	0.0	1.0	1.0	1.0	1.0	9.0	6.0
Personal Representative of the CiO on the Conflict Dealt with by the Minsk Conference	1.0	1.0	5.0	3.0	6.0	4.0	0.0	0.0	11.0	11.0	11.0	11.0	17.0	15.0
Caucasus	1.0	1.0	13.0	8.0	14.0	9.0	0.0	0.0	12.0	12.0	12.0	12.0	26.0	21.0
Programme Office in Astana	1.0	1.0	5.0	5.0	6.0	6.0	4.0	4.0	18.0	17.0	22.0	21.0	28.0	27.0
Centre in Ashgabat	1.0	1.0	5.0	3.0	6.0	4.0	2.0	2.0	21.0	19.0	23.0	21.0	29.0	25.0
Programme Office in Bishkek	3.0	3.0	10.0	9.0	13.0	12.0	23.0	23.0	87.0	74.0	110.0	97.0	123.0	109.0
Project Co-ordinator in Uzbekistan	0.0	0.0	4.0	3.0	4.0	3.0	6.0	6.0	30.0	29.0	36.0	35.0	40.0	38.0
Programme Office in Dushanbe	4.0	3.0	18.0	11.0	22.0	14.0	20.0	16.0	90.0	83.0	110.0	99.0	132.0	113.0
Central Asia	9.0	8.0	42.0	31.0	51.0	39.0	55.0	51.0	246.0	222.0	301.0	273.0	352.0	312.0
Total for Funds related to OSCE Field Operations	28.0	27.0	286.0	224.0	314.0	251.0	389.5	359.0	919.0	844.5	1,308.5	1,203.5	1,622.5	1,454.5
Total OSCE 2023 Post Table	256.0	231.0	394.0	303.0	650.0	534.0	389.5	359.0	1,174.1	1,081.9	1,563.6	1,440.9	2,213.6	1,974.9

ANNEX 3
STATEMENT ON INTERNAL CONTROL



Organization for Security and Co-operation in Europe

Statement on Internal Control 2023

29 March 2024

As Secretary General of the OSCE, I am responsible to the Permanent Council (PC) for overseeing the efficient use of the Organization's resources. This is in accordance with the responsibilities assigned to me, including under Ministerial Council (MC) Decision No. 15/04. To this end, and vested with the executive and administrative authority in my role as Chief Administrative Officer of the OSCE, I established mechanisms of internal oversight and financial control in accordance with "Financial Regulation 6.01: Principles".

In line with article 7.02 of the Financial Regulations, and as part of the exercise of my duties as Secretary General, I am accompanying the annual financial statements with this Statement of Internal Control.

The governance structure of the OSCE relies on a decentralized fund management architecture with dual reporting lines for the executive structures. Fund Managers report directly to the Chairperson-in-Office and participating States (pS) on policy and programmatic matters, and to me on administrative matters.

This architecture has the potential to result in challenges when exercising my role as Chief Administrative Officer. The Directors of the Department of Human Resources (DHR) and the Department of Management and Finance (DMF) support me in this role in their respective areas, including by maintaining close contact with Chiefs of Fund Administration (CFAs) in all executive structures, who currently do not directly report to me. Re-invigorating discussions on strengthening the administrative reporting lines of the CFAs would have a positive effect on internal controls and translate into a reinforcement of the Common Regulatory Management System. The upcoming revision of Staff Instruction 17 on Recruitment will seek to strengthen my role in the selection of CFAs in the field operations.

I am committed to continue to improve the effectiveness of our internal controls. To this end, I launched a Functional Review Process in 2021. This Secretariat-wide initiative covered the assessment of measures aimed at the improvement of processes, systems and functions. As a result of this review, the OSCE has already introduced organizational adjustments in key priority areas.

This Statement of Internal Control applies for the year ended 31 December 2023, and up to the issuance of the OSCE's financial statements.

Internal Control activities provide assurance on the efficient use of OSCE resources

The resources entrusted to the OSCE by participating States demand that it is accountable for those resources, that it has in place a robust system of internal controls, and that a sufficient level of assurance is derived from the application of these internal controls.

Taken together, internal controls form a set of systematic measures implemented by the Permanent Council, the Secretary General, the Fund Managers, senior management, and other OSCE officials, that is designed to provide *reasonable assurance* on the following objectives:

- the achievement of organizational program objectives and outcomes,
- the effectiveness and efficiency of operations,
- the safeguarding of assets,
- the reliability, accuracy and completeness of the recording of transactions and their related financial reporting process, and
- compliance with the OSCE's Common Regulatory Management System (CRMS).

The rest of the Statement of Internal Control is organized as follows:

First, it explains how these systematic measures are framed around a dual approach: the use of a Risk Management framework as a forward-looking management tool; and the use of an Internal Control Framework to articulate those internal controls used for the management of financial, human and material resources.

Second, it highlights issues faced during 2023 that hindered the effectiveness of internal controls.

Third, it summarises long-standing internal controls which are specific to key areas of OSCE activity and the principal actors involved, as they took place in 2023.

Fourth, it explains how external factors limit the effectiveness of internal controls.

Finally, it lists improvements in policies and procedures related to internal controls activities.

I. Risk Management activities and the Internal Control Framework

The OSCE has in place a risk management framework covering major risks affecting the Organization as a whole, as well as operational risks affecting individual Executive Structures and programmes.

The risk management framework allows for the identification, assessment and management of risks applicable to the appropriate Executive Structure. This includes periodic interactions with risk owners, setting up training sessions and reviewing the risk management framework.

To this end, the Department of Management and Finance reviewed the current risk management framework in accordance with the External Auditor and Audit Committee

recommendations. This resulted in the assessment of major risks at the Secretariat and the issuance of control measures. The framework stipulates an annual review of the major risks.

The Internal Control Framework ('the framework') includes Ministerial Council (MC) and Permanent Council (PC) decisions related to the management of OSCE's activities, the Code of Conduct, the Financial Regulations, Staff Regulations and Staff Rules, Staff Instructions, Financial/Administrative Instructions (FAI), security instructions and guidelines.

Taken as a whole, the framework provides mechanisms for managing financial, human and material resources at the OSCE in the form of internal controls.

The framework complements risk management activities in DMF, supports the Secretary General, heads of institutions and heads of missions for the proper application of the Common Regulatory Management System, and establishes automated and manual monitoring activities.

The framework provides additional tools for the efficient use of OSCE resources, helping ensure that the OSCE's objectives are achieved efficiently.

The framework also includes a coordinated review by the Secretariat of all Unified Budget (UB) documents, the application of the Performance Based Programme Budgeting (PBPB) methodology, and the undertaking of activities to ensure compliance with the Common Regulatory Management System.

II. Issues in 2023 hindering the effectiveness of internal controls

Most of the issues affecting the effectiveness of internal controls at the OSCE in 2022 continued to exist in 2023. The following is a summary of these issues and the progress made since last year, as well as indicates new issues which emerged during the reporting year.

Lack of approval of the budget

In recent years, adoption of the UB has come later and later in the year, or was not adopted at all. The 2020 budget was adopted in June, the 2021 budget in August, and the 2022 and 2023 budgets were not adopted.

Late or lack of adoption of the budget significantly impedes the implementation of programmatic activities, weakens the ability of the OSCE to operate in an effective and efficient manner, leads to additional costs and greater administrative burden, and risks damage to the reputation of the OSCE, which is perceived as less reliable in delivering programmatic activities and a less attractive business partner.

The lack of an approved budget undermines the OSCE's ability to commit resources and exercise sound financial management. In turn, this diminishes its capability to react to emerging issues and risks. Finally, the inescapable increase in costs, particularly as a result of unprecedented inflationary levels, against stagnant resources is not sustainable. This led to

several Executive Structures and Programmes at the Secretariat to forecasting a financial deficit in 2023.

In order to meet the anticipated financial requirements exceeding available resources of the Conference and Language Services programme in the Secretariat, in September 2023 the Permanent Council approved the additional provisional expenditure authorization funded on an exceptional basis from the 2021 cash surplus (PC.DEC/1462).

However, this PC Decision only partially addressed the gap between the available resources and the critical and contractually bound financial requirements that existed across the entire OSCE.

Therefore, an extrabudgetary Repository Programme “Core Support Mechanism” was established as an emergency and a temporary stop-gap measure, in light of the financial pressures stemming from the lack of approval of the 2023 UB, and previously the 2022 UB, forcing the OSCE to operate at the 2021 level of resources in 2023, a de facto Zero Nominal Growth budget.

The Repository Programme served as a framework for covering the underfunded and essential non-staff UB core support costs across all executive structures by means of voluntary ExB contributions from participating States.

While the Repository Programme addressed the UB shortfall in 2023, it does not represent a sustainable solution going forward and is not a replacement for a sufficiently resourced UB financed from the assessed contributions from all participating States.

Scales of Contribution

The participating States (pS) did not reach consensus on a systematic reform of scales of contribution, as presented by the Informal Working Group in October 2021, while an interim arrangement for 2019 expired on 31 December 2019. Since that time, pS have been assessed on a provisional basis. Some pS continue to find it difficult to pay their assessments based on expired scales, which results in increased financial risk to the Organization, including possible cash deficits due to late payment or under-payment of assessments. Overall, this situation is detrimental to the proper functioning of the Organization and is not sustainable and no solution by the pS is yet in sight.

Appointment of an External Auditor

The mandate of the French Court of Accounts (*Cour des comptes*) as the OSCE’s External Auditor expired on 30 April 2023. A new External Auditor, the Court of Audit of the Republic of Austria, was only appointed on 7 September 2023 through the PC Decision No. 1460 and I am grateful to participating States for reaching consensus on this important matter. However, the tenure of the Austrian Court of Audit is limited to one year rather than the usual three years prescribed in the Financial Regulations and expires on 15 September 2024. For adequate monitoring of the Organization’s financial stability, it is important to ensure a proper and longer-term External Audit function beyond 15 September 2024.

Challenges to Staff Recruitment and Retention

Internal controls rely primarily on availability, competence, capacity and continuity of staff. The OSCE continues to face challenges in attracting and retaining qualified candidates and staff, primarily due to the non-competitive nature of the compensation packages, particularly in field operations, and limited periods of service. The Organization has faced increasing challenges towards aligning all local Mission members' salaries to a level of at least 80% of that foreseen in the relevant UN salary scales. The lack of budget adoption in the last years has forced increases in unfilled vacancies for long periods, so as to generate savings to avoid budget deficits. Furthermore, the non-adoption of the budget negatively affects learning and developmental opportunities for staff. Addressing these issues remains a top priority, with ongoing efforts to introduce equitable compensation for local mission members, to reassess the methodology for determining the board and lodging allowance for seconded mission members, and to increase learning and development opportunities for staff.

Legal Framework of the OSCE

The lack of a uniform set of privileges and immunities across the Organization continues to pose legal, financial and compliance risks but also safety and security risks for the OSCE.

The Organization remains dependent on bilateral arrangements with, or the national legislation of pS to serve as legal basis for the capacity of field operations as well as the privileges and immunities of field operations and of the OSCE officials assigned to them. This fragmented structure results in a lack of uniformity and certainty regarding the existence, scope, and extent of such privileges and immunities and carries the additional risk that a pS may unilaterally cease to recognize a bilateral arrangement or terminate it. Similarly, in those pS where the OSCE carries out activities but does not have an established field presence, and where there is no bilateral arrangement or national legislation in place granting the OSCE appropriate status and protection, the Organization's ability to conduct basic operational functions can be impaired and the Organization may face financial risks.

I continued to make determined efforts in 2023 to engage with pS where OSCE activities take place and where the current bilateral legal arrangements are less than optimal. In this regard, progress was made in the negotiations of the OSCE's bilateral MoUs with specific pS.

The issue of local staff income tax continues to be of concern in certain pS where the OSCE has field presence. The Local Staff Income Tax Task Force in the Secretariat continues its efforts to find solutions, including through MoU negotiations. Successful negotiations resulted in the signing in 2023 of a Protocol amending the MoU with Serbia, providing a tax exemption for OSCE Mission to Serbia local mission members and Serbian nationals serving in other OSCE ESSs.

III. Long-standing internal controls in key areas of OSCE activities

Taking all the above into account, my review of the effectiveness of the system of internal controls is mainly informed by:

Accountability for performance and results falls, in the first instance, on Fund Managers from the field operations and Institutions, as well as Main Programme Managers at the Secretariat. This includes balancing the control of activities and the resources entrusted to the tasks.

Managing Programmes and Projects. The framework includes the management of UB programmes, as well as extra-budgetary (EXB) projects supporting UB programmes. CPC organized trainings on PBPB methodology to staff from the Executive Structures in 2023.

The Department of Human Resources' work on defining the HR-related part of CRMS aims at ensuring that it is strong, yet lean. Its enforcement of the CRMS and talent outreach procedures aim at ensuring the recruitment of qualified staff in the Secretariat, as well as international staff and mission members elsewhere within the Organization, where DHR leads or supports the process. Advisory support to field operations and institutions on human resource (HR) matters aims at reducing the risk of non-compliance.

Regular revision of staff development opportunities and working conditions, informed by a robust HR analytics team, and leading to corresponding adjustments, aims at reducing the risk of having a higher than the natural staff turnover, due to the staff tenure policy at the OSCE. Four-eye verification of HR and payroll data entry prior to approval ensures smooth and accurate payroll runs. Learning and development opportunities facilitated by DHR aim to ensure that staff and mission members have the skills and knowledge to effectively meet their performance objectives. Lastly, as part of the Functional Review I launched for the Secretariat, DHR revamped the onboarding process, with focus on automation of tasks and improvement of the employee experience in the process.

The Department of Management and Finance supports compliance with the CRMS through a multitude of actions, including checks on financial transactions, verification of initiatives intended to use OSCE resources, and the provision of advice and training on administrative matters. DMF also provides internal control activities in its role as a second line of defence for administrative processes such as the annual physical inventory of assets, the overseeing of monthly bank reconciliations, the approval of credit cards, the opening of bank accounts, and the month-end closure checklists. On the occasions where exceptions to the CRMS are requested, DMF ensures that these are kept to a minimum and are well-documented.

Following a recommendation from the External Auditors, OSCE, through DMF, implemented verifications of the effectiveness of internal controls for all ES, independently reviewed by

CFAs and DMF. The findings are formalized by the ES in the form of Letters of Attestation. These are cross-checked by the Office of Internal Oversight, and are submitted by every ES in support of the Financial Statements. CPC coordinates its own exercise around the subject of project management. Where improvements in project monitoring and project risk management practices are identified, these are addressed through trainings and instructions.

The third line of defence is entrusted to the **Office of Internal Oversight (OIO)** through its internal audits, evaluations, advisory services and investigations. Reports on the results of internal audit activities provide independent and objective information on the adequacy of the OSCE's governance, risk management, and internal control processes, and on the compliance with the CRMS. Independent evaluations provide evidence for the efficiency and effectiveness of programmes while investigations help ensure zero tolerance for fraud and other forms of misconduct. OIO recommendations contribute to enhancing performance, learning and the efficiency and effectiveness of operations.

The internal control of extra-budgetary project proposals is exercised across different parts of the OSCE, including the CPC, DMF and relevant technical points, in accordance with article 6.2 of FAI 04/2004 on Extra-budgetary Contributions. CPC in particular acts in three ways: first, it directly reviews extra-budgetary projects planned by the field operations, the Secretariat and RFOM, to ensure compliance with the CRMS and OSCE project management standards; second, it provides expertise and advice to ODIHR and HCNM as they carry out their own reviews; third, CPC also provides trainings and carries out regular reviews of project management practices, including any updates and alignment with donor requirements.

The OSCE's extra-budgetary project portfolio has been steadily increasing in terms of programme size and project budget, bringing with it adaptations to project management and technical infrastructure to maintain operational agility. Importantly, this increase in size and complexity has taken place on the back of a decade of zero nominal growth in OSCE budget.

The Audit Committee was established by the PC in December 2004 to strengthen internal and external control mechanisms, which are essential for ensuring the effective and efficient management of the OSCE. The Audit Committee strives to provide the participating States with independent assurance that the Organization's controls are in place and operating properly through, inter alia, the independent review of the OSCE internal controls, including the day-to-day administration and management of the Organization, and the work of the Office of Internal Oversight; In addition, the Audit Committee reviews the work by the External Auditor and provides advice to management and the participating States on issues within its mandate.

The External Auditor is appointed according to the Financial Regulations, DOC.PC/1/96, Rev PC.DEC/1419, Article VIII. Regulation 8.02 outlines the scope of the audit 'The External Auditor may make observations with respect to the efficiency of the financial procedures, the accounting system, the internal financial controls and, in general, the administration and management of the OSCE.'

IV. External factors limiting effectiveness of internal controls

The effectiveness of the OSCE's internal controls is subject to limitations imposed by insufficient resources, themselves informed in the lack of a 2023 UB budget; the impact of the evolving political environment on decision making; changes in mandates governing field operations, including the risk of closures and ongoing challenges to the integrity of OSCE's information security. These factors have been mitigated by the Organization, but only partially. The ability to continue to provide this mitigation is, to a large extent, subject to the OSCE being able to attract and retain sufficient financial and human resources. This report will explain each external factor in turn:

Insufficient resources

Continuous underfunding of the Organization and the lack of an approved budget in 2023, as in 2022, has resulted in the OSCE continuing to operate with inadequate resources. The lack of an approved UB for the past two years exacerbates the already dire situation, as the OSCE was forced to operate at the 2021 level of resources in 2023, a *de facto* Zero Nominal Growth budget allocated in a piece-meal fashion. Significant inflationary cost increases, both in staff and non-staff costs, were not followed by commensurate increases in funding. This had a detrimental impact on the financial stability of all ES, including some forecasting a year-end deficit in 2023.

As a result, the capacity of the Organization to provide appropriate levels of assurance across all ES has dangerously eroded. The Organization must have the necessary resources to fulfil its internal control duties, not least, in my efforts to strengthen governance at all levels, The internal justice system, which remains high on the agenda, and emphasizes the early resolution of disputes is also negatively affected by having insufficient resources. The Audit Committee itself has echoed the risks to the well-functioning of the Organization as a consequence of long-term underfunding.

Change of field operation mandates and risk of closure of field operations

The mandates of most OSCE field operations are subject to periodic renewal (annually or more frequently, depending on the mission) by the PC. It is therefore possible that a mandate is not renewed on time; is subject to substantive changes (including in relation to the mandate duration); is not extended; or, in the extreme case where consensus on extension cannot be reached, is forced to close as occurred in 2022.

This uncertainty imposes significant operational, administrative as well as resource burdens on the Organization, in addition to their regular tasks, which also creates legal uncertainty as to the status of the affected field operations and the OSCE staff assigned to them, reducing morale across the Organization, and leading to key staff seeking more secure employment elsewhere.

Information Security

The OSCE has experienced major information security incidents in the past, which impacted the confidentiality, integrity and availability of our systems and information. In response, DMF implemented a multi-year Information Security Plan (ISP) to strengthen the OSCE's information security. An Information Security Management System (ISMS) was introduced to bolster technical controls and enhance oversight. New tools and processes were established, including the creation of a Security Operations Centre, the introduction of tools for preventing and detecting cyber-security incidents, the inclusion of information security in internal control walkthroughs, improved security awareness training for staff, and the major Secure Microsoft Infrastructure (SMI) project to upgrade and secure the entire ICT architecture of the OSCE, completed in 2023. This system continues to be firmly in place.

In addition, in 2023, DMF continued to implement the OSCE-wide Information Security Management System, and coordinated Business Impact Assessments across the organization. The latter included conducting Business Continuity workshops at the Secretariat and coordinating Business Impact Assessments for executive structures. The aim is to establish the foundations of a Business Continuity Planning framework throughout the OSCE. To strengthen the Secretariat's role as the second line of defence in information security, DMF has undertaken a number of actions: it has met each executive structure and discussed bilateral information security risk assessments; it has issued regular publications and conducted webinars on information security related topics. It has also introduced process improvements for its Security Operation Centre, new security controls for mobile devices; and has initiated the essential "SMI 2.0" project to further secure and modernize the OSCE's ICT infrastructure.

These measures significantly improved the information security controls of the OSCE. Nevertheless, the OSCE continues to be targeted by sophisticated threat actors, and like all international organizations, it is exposed to the risk of cyber-attacks on our systems and data. The OSCE budget and human resources allocated for ICT and Information Security are well below averages of comparable organizations, impairing the level and scope of information security controls that the Organization is able to offer.

V. Improvements in Policies and Procedures

It has been my key objective from the beginning to create a safer, more inclusive, and transparent working environment at the OSCE, where respect and equality prevail, irrespective of an individual's background or personal characteristics, and achieving greater adaptability and efficiency in our operations.

In addition to previously revised Staff Instructions (SI) such as SI 21 on Professional Working Environment and SI 32 on Prevention of Sexual Exploitation and Abuse, a notable advancement in 2023 has been the introduction of Staff Instruction No. 33 on Whistleblowing and Protection against Retaliation. This new policy established a robust framework that encourages all OSCE officials and non-OSCE staff to report, in good faith, any suspected

misconduct or wrongdoing without fear of reprisal. It marks a significant step forward in fostering a culture, where speaking up is supported and encouraged in line with the best practices of international organizations. Our commitment to a harassment-free workplace remains unwavering through maintaining clear and consistent communication and application of a zero-tolerance policy for sexual or any other form of harassment. The OSCE continues to invest considerable effort into learning and awareness-raising initiatives in this area.

Further refining operational policies, a second revision to Staff Instruction No.26 on Short-term Appointments and Assignments (STA) was promulgated in 2023, making the management of STAs administratively leaner, while maintaining strong controls over the process.

Finally, the second revision to Staff Instruction No. 23 on Special Service Arrangements (SSA) was promulgated. This revision expands the capacity to engage consultants by introducing more flexible and comprehensive selection processes and the type of services which they may be hired to deliver extending the allowable duration of SSAs within a year, and emphasizing the principle of value for money in consultant selection. These changes enhance internal controls in the selection and management of consultants while allowing to respond effectively and efficiently to organizational needs and priorities.

In 2023, significant strides were made in leveraging HR analytics to enhance our organizational decision-making. Several new HR analytics tools and dashboards were introduced to improve the understanding and management of workforce dynamics.

In line with the OSCE strategic directions and operational requirements, security-related training and exercises continue. Security Management continues to organize and deliver security certification training for Security Officials to ensure standard and effective implementation of the 2020 Security Instructions and Guidelines across ES. CPC and Security Management also secured the continuation of Hostile Environment Awareness Training in cooperation with the Austrian Armed Forces International Centre. They also initiated a series of table-top crisis simulation exercises to stress-test crisis response procedures and capacities of all Field Operations. I endorsed this initiative as a recommendation to integrate operational and security lessons learned during the evacuation and relocation of SMM mission members.

In 2023, DMF revised Financial and Administrative Instructions (FAI), particularly FAI 1 on Delegation of Approval Authority and FAI 8 on Premises Management. The aim of these revisions was to add clarity on FAI provisions and in case of FAI 8, to align with best practices on the use of office space. Revision of other FAIs (FAI 6, FAI 7, FAI 9, FAI 13 and FAI 15) continue.

Records Management as an internal control enabler for the use of Information and Knowledge

Records management is a coherent set of activities that enables internal control by ensuring the availability of records, information and knowledge of the Organization's activities. It directly contributes to the attainment of a number of internal control objectives, e.g., by reducing the

risk of fraudulent activities, of data breaches, unauthorized access, alteration, loss, and/or misuse of personal, or private and proprietary information.

Records Management also enhances accountability by documenting actions taken, decisions made, and by whom. In addition, Records Management is an essential part of business continuity initiatives.

Given its importance, I established a Task Force to update the current Organization's Records Management framework, which dates from 2013. This implied a review of FAI 3 - Records Management, and its Implementation Policy.

This revision also brought to light some shortcomings in existing business processes. This formed part of an informed decision-making process, resulting in a proposal to set up Records Management as a separate unit reporting to the Director of OSG.

Conclusion

Effective internal controls, no matter how well designed, have inherent limitations – including the possibility of circumvention – and, therefore, can provide only *reasonable assurance*.

However, I am committed to continuously improve our internal controls, as well as overall accountability and oversight mechanisms. We will continue to work on initiatives to safeguard the OSCE's capacity to deliver on its mandate, exercise its duty of care, increase effectiveness and efficiency in the use of its resources. I reiterate that the decentralized nature of OSCE and the indirect reporting lines of Fund Managers and CFAs continue to be a risk to the effectiveness of these activities. More urgently, the lack of financial and human resources will sooner or later negatively affect our capacity to maintain the level of internal control I want to see moving forward.

Based on the above, I hereby conclude that, to the best of my knowledge and information, there are no material weaknesses which would prevent the External Auditor from providing an unmodified opinion on the OSCE's financial statements, nor are there other significant matters arising which would need to be raised in the present document for the year ended 31 December 2023.



Helga Maria Schmid
OSCE Secretary General

ANNEX 4
REPORT OF THE EXTERNAL AUDITOR



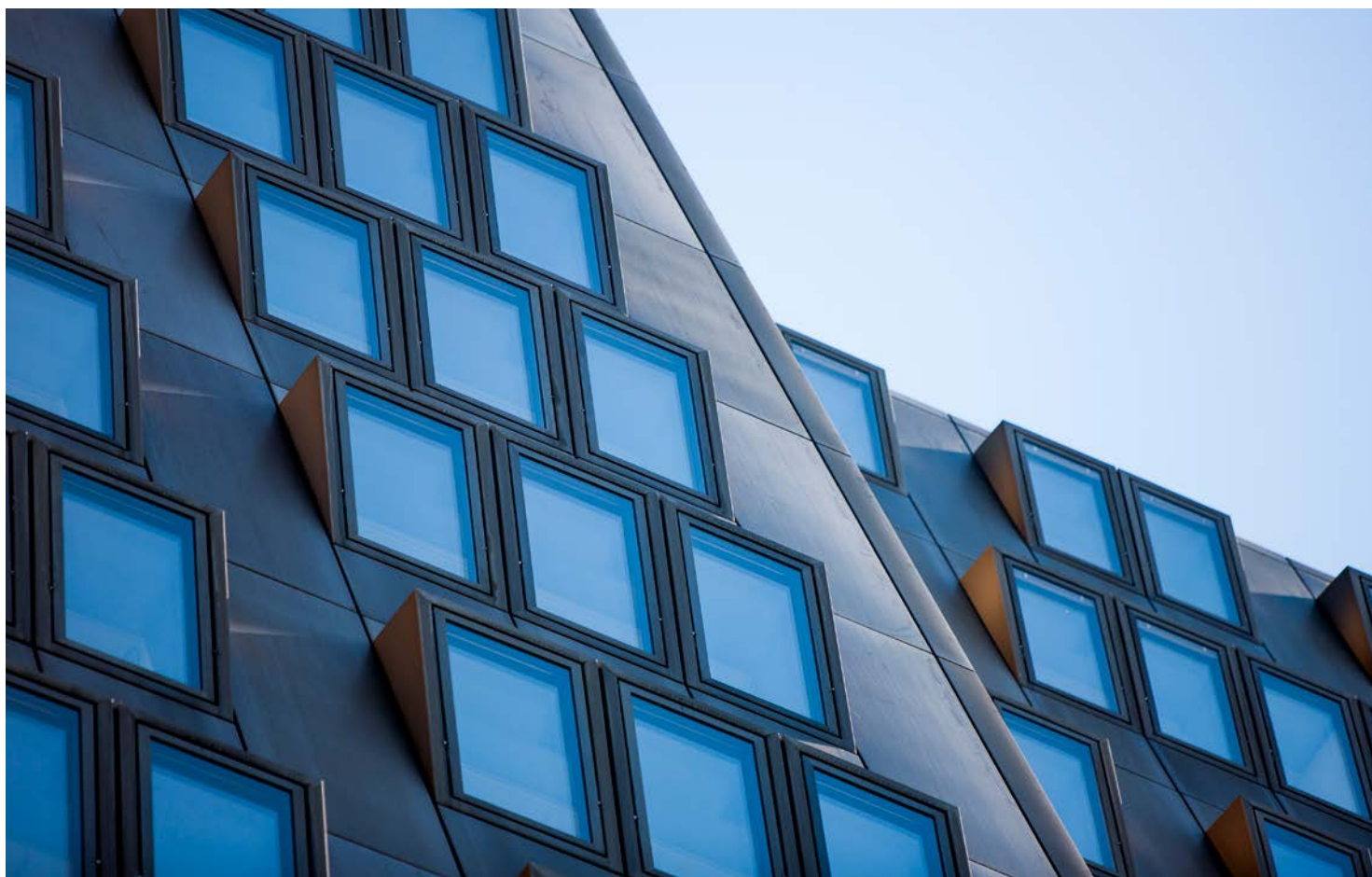
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External Audit on the Financial Statements 2023 of the Organization for Security and Co-operation in Europe (OSCE)

Audit Report of the Austrian Court of Audit



DISCLOSURE

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FOR FURTHER INFORMATION PLEASE CONTACT

Austrian Court of Audit

Phone (+43 1) 711 71 – 8946

Email info@rechnungshof.gv.at

[facebook/RechnungshofAT](https://www.facebook.com/RechnungshofAT)

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Introduction

In September 2023, the Organization for Security and Co-operation in Europe (**OSCE**) appointed the Austrian Court of Audit (**ACA**) as External Auditor for the Financial Statements 2023.

OSCE's Financial Regulations include the provisions of the appointment and tenure of office, the scope and the conduct of the External Audit as well as the Audit Report of the External Auditor.

The responsibility of the ACA as External Auditor was to express an Audit Opinion based on its audit.

On 30 June 2024, the ACA issued an unqualified opinion on OSCE's Financial Statements 2023.

In addition to this Audit Opinion, the following Audit Report provides an overview, a comprehensive analysis and audit observations leading to a number of audit findings and recommendations for improved procedures or more comprehensive disclosures, which were taken up by the Secretariat of the OSCE.

Finally, the Audit Report includes a follow-up of recommendations made by the previous External Auditor between 2020 and 2022.

The structure of this Audit Report is as follows:

- I. Extent and character of the audit
- II. Efficiency of the financial procedures, the accounting system and the internal control
- III. Key audit findings related to the Financial Statements 2023
- IV. Follow-up of the External Auditor's recommendations

The ACA would like to express its appreciation for the cooperation and assistance provided by the Secretary General, the management and the staff of the OSCE. The ACA values their support throughout the External Audit.

I. Extent and character of the audit

1. Appointment of the Austrian Court of Audit as External Auditor

(1) In July 2023, the OSCE contacted the ACA about taking over the mandate as new External Auditor of the OSCE. The mandate of the previous External Auditor (French Court of Accounts) had expired on 30 April 2023, whereupon in May 2023 the Secretary General of the OSCE informed the Audit Committee that the OSCE was operating without an External Auditor. The Audit Committee made this vacancy known to the Permanent Council and the Advisory Committee on Management and Finance (**ACMF**).

(2) On 7 September 2023, the Permanent Council appointed the ACA as new External Auditor of the OSCE (PC.DEC/1460). The Secretary General of the OSCE informed the President of the ACA, Dr Margit Kraker, of the appointment by letter dated 22 September 2023.

The tenure of office of the ACA as External Auditor will expire on 15 September 2024.

2. Scope and timing of the External Audit of the Financial Statements 2023

(1) Article VIII of OSCE's Financial Regulations includes the provisions of the appointment and tenure of office, the scope and the conduct of the External Audit as well as the Audit Report of the External Auditor.

(2) The appointment of the ACA on 7 September 2023 had an impact on the scope of the audit in comparison to previous external audits – conducted by the German Court of Audit (2013 – 2015), the Spanish Court of Audit (2016 – 2019) and the French Court of Accounts (2020 – 2022). In the first year of their respective mandate, the predecessors had been in charge since 1 May – resulting in a duration of 14 months to complete the audit against nine months for the ACA.

Pursuant to OSCE's Financial Regulation 8.01, the tenure of office shall normally be three years unless otherwise determined by the Permanent Council. In the current instance, the tenure of the ACA is limited to one year. Each of the three previous External Auditors was appointed for the regular three-year mandate. The Spanish mandate was finally extended for an additional year.

(3) Due to both aspects – the comparatively tighter schedule and the one-year mandate – the ACA considered its audit as a financial audit strictly focused on OSCE's Financial Statements 2023. Additional performance aspects like cross-cutting topics or missions to the Institutions or to the Field Operations of the OSCE could not be conducted under these exceptional circumstances.

(4) On 21 May 2024, the Permanent Representative of Malta and Chairperson of the Permanent Council, Ambassador Natasha Meli Daudey, requested that the ACA consider an agreement to a two-year extension of its mandate beyond 15 September 2024, pending formal approval of such extension by the Permanent Council. The Permanent Council has not yet taken a decision.

Audit finding No. 1: Pursuant to Financial Regulation 8.01, a fully qualified External Auditor who meets internationally accepted auditing standards shall be appointed by the Permanent Council upon nomination by participating States. Between 1 May 2023 and 6 September 2023 (see [paragraph 1](#)) no External Auditor was appointed at the OSCE.

Recommendation to the Permanent Council: Pursuant to Financial Regulation 8.01, the Permanent Council shall ensure that an External Auditor is appointed at all times.

3. Letter of engagement

The conditions for the audit of the Financial Statements 2023 were set out in a letter of engagement signed by the ACA on 25 October 2023 (President, Dr Margit Kraker) and the OSCE (Secretary General, Dr Helga Maria Schmid) on 1 November 2023.

The letter referred to the decision by the Permanent Council of the OSCE from 7 September 2023 (PC.DEC/1460). It stated that the audit would be conducted with the objective of expressing an opinion on the Financial Statements 2023 of the OSCE, which comprise the Statement of Financial Position as at 31 December 2023, the Statement of Financial Performance, the Statement of Changes in Net Assets/Equity, the Cash Flow Statement, the Statement of Comparison of Budget and Actual Amounts for the year then ended, and a summary of significant accounting policies and other explanatory information.

Moreover, the ACA communicated to the OSCE that it would not be possible to carry out performance aspects under the exceptional circumstances as described in [paragraph 2](#).

The letter of engagement also outlined the responsibilities of the OSCE's management during the audit by the ACA. Accordingly, the OSCE was in charge of:

(a) the preparation and fair presentation of the Financial Statements in line with the International Public Sector Accounting Standards (**IPSAS**);

(b) the implementation of internal controls as the OSCE's management determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error; and

(c) providing the External Auditor with:

- access to all information of which OSCE's management is aware that is relevant to the preparation of the Financial Statements such as records, documentation and other matters;
- additional information that the ACA may request from OSCE's management for the purpose of the audit; and
- unrestricted access to persons within the OSCE from whom the ACA determines it necessary to obtain audit evidence.

4. Preparation and submission of the Financial Statements 2023 by the Secretary General

(1) In accordance with Financial Regulation 7.01 and Financial/Administrative Instruction 11¹, the annual Financial Statements shall be prepared by the Secretary General. All Fund Managers are required to close the accounts of the annual Budget of their respective Funds by 31 December of each year. In doing so, the Secretary General, assisted by the Heads of Institution and the Heads of Mission, shall maintain such accounting records and procedures for all Funds operated by the OSCE as are necessary according to IPSAS, or any other standards as determined by the Permanent Council, and shall prepare annual Financial Statements.

(2) In accordance with Financial Regulation 7.04, the Secretary General shall submit the annual Financial Statements to the External Auditor no later than 31 March following the financial year to which they relate.

¹ The Accounts and Annual Financial Statements

(3) On 29 March 2024, the Secretary General formally submitted the Financial Statements 2023 as draft. As required by Financial Regulation 7.02, they contained:

- a Statement of Financial Position
- a Statement of Financial Performance
- a Statement of Changes in Net Assets
- a Cash Flow Statement
- a Statement of Comparison of Budget and Actual Amounts
- a Segment Reporting by Source of Funds operated by the OSCE and
- the Supporting Notes to the Financial Statements.

In addition, OSCE's Secretary General signed an annual letter of representation addressed to the Auditor General of the ACA, President Dr Margit Kraker (dated 30 June 2024).

The draft Financial Statements 2023 provided by the Secretary General fulfilled the structural requirements of IPSAS 1, Presentation of Financial Statements.

5. Audit approach

5.1 Audit team and timeline

The External Audit was carried out by the ACA at OSCE's headquarter in Vienna (OSCE Secretariat).

Overall, the audit team conducted its audit work from the end of September 2023 to June 2024.

From October 2023 to December 2023, the auditors interviewed various units of the OSCE, including the Office of the Secretary General, the Department of Management and Finance, the Office of Legal Affairs and the Department of Human Resources.

The purpose of these meetings was to obtain a sufficient understanding of the audited entity and the environment in which it operates. That covered OSCE's processes and systems, as well as the Common Regulatory Management System (**CRMS**) including as follows: Decisions of the Ministerial Council and the Permanent Council related to management of the OSCE's activities, the Rules of Procedure, the Financial Regulations, the Financial and Administrative Instructions, the Administrative Instructions, the Staff Regulations and Staff Rules, the Staff Instructions and Policy Guidance. In accordance with standard practice, the audit team issued a number of requests for information, documentation and explanations, in particular on the

OSCE's accounting system (Chart of Accounts, Posting rules, Accounting policies, Accounting records, Funds structure, preparation of Financial Statements etc.).

In January and February 2024, the audit mainly consisted of a review of the trial balance for the period of 1 January to 30 September 2023; as well as of a review of internal control in preparation for the detailed testing of the Financial Statements. Risk assessment procedures helped identify the nature and extent of the audit work.

From March 2024 to May 2024, the final audit of the Financial Statements 2023 took place – mainly on the spot in OSCE's headquarter in Vienna. In May and June 2024, the audit team formed its opinion and drafted its Audit Report on the Financial Statements 2023.

5.2 Audit standards

The ACA conducted its audit in accordance with the International Standards for Supreme Audit Institutions (**ISSAIs**) issued by the International Organization of Supreme Audit Institutions (**INTOSAI**). The ISSAIs 2200 – 2899 provide the Financial Auditing Standards applicable for audits of Financial Statements. ISSAI 2000 incorporates the International Standards on Auditing (**ISAs**) into the financial audit standards as stipulated by ISSAI 100 – Fundamental Principles of Public Sector Auditing.

Those standards require that the auditors

- comply with the organizational requirements of the ISSAI including ISSAI 130 – Code of Ethics and ISSAI 140 – Quality Control for SAIs and
- plan and perform the audit to obtain reasonable assurance about whether the Financial Statements or other forms of presentation of financial information are fairly and/or in all material respects presented in accordance with the applicable financial reporting and regulatory framework. Reasonable assurance is a high but not absolute level of assurance, which means it is not a guarantee that the audit detects all cases of material misstatement.

The ACA communicated its scope of the audit and approach to the Secretary General (see [paragraph 3](#)).

5.3 Audit principles and assessment

In carrying out the audit, the auditors maintained appropriate professional behavior by applying professional skepticism, professional judgement and due care throughout the audit. The auditors applied the concept of materiality, both in quantitative (by amount) and when relevant in qualitative (by nature) terms, when planning and performing the audit, evaluating the findings and reporting on the results. They also assessed the risks of material misstatement of the Financial Statements 2023, obtained an understanding of the internal control relevant to the audit, designed and performed audit procedures responsive to those risks, and obtained sufficient and appropriate evidence (in terms of quantity and quality) to provide a basis for their conclusions and opinion. The auditors established effective communication during the audit process.

5.4 Analytical procedures

As required in attestation engagements, the audit was carried out on a test basis, with substantive testing of transactions recorded in the Financial Statements' areas on a sample basis.

In order to achieve the audit objective, ACA's auditors examined the financial and accounting procedures applied by OSCE, assessed the internal control system, performed substantive testing of selected transactions, reconciled supporting documents with bank statements and analyzed such supporting evidence as was considered necessary in the circumstances.

The audit team also checked the correspondence of the Financial Statements with the underlying records from the Integrated Resource Management System (**Oracle**).

5.5 Further contacts

Office of Internal Oversight

During the audit, ACA's auditors met the Office of Internal Oversight (OIO) on several occasions. The OIO's 2023 and 2024 oversight plans and the implementation of the 2023 work plan were discussed. This exchange included the sharing of ideas and knowledge, audit reports and findings.

Audit Committee

The auditors of the ACA met the Audit Committee of the OSCE three times, in October 2023, in April 2024 and in June 2024. Following the established practice, the Audit Committee was informed about the External Auditor's working plan on the audit of the Financial Statements 2023.

6. Reporting

(1) The draft of the Audit Report was addressed to the Secretary General by the External Auditor (ACA) on 17 June 2024 for clearance; OSCE's comments and written answers were, where applicable, considered in the final Audit Report.

On 30 June 2024, the ACA, in its capacity as External Auditor, issued an unqualified opinion on the Financial Statements for the financial year ended 31 December 2023.

(2) The Secretary General shall submit the audited Financial Statements of the OSCE and the Audit Report of the ACA thereon to the Permanent Council for consideration and acceptance.

II. Efficiency of the financial procedures, the accounting system and the internal control

7. Special circumstances and issues in 2023

7.1 Financial Statements 2022

(1) Pursuant to Financial Regulation 7.04, the Secretary General submitted the Financial Report and the Financial Statements of the OSCE for the year ended 31 December 2022, as well as the Audit Report of the External Auditor, in which an unqualified opinion was issued, to the Chairperson of the Permanent Council on 14 July 2023.

(2) Financial Regulation 7.05 foresees the acceptance of the annual Financial Statements. The Permanent Council shall accept the annual Financial Statements or take such other action with regard to them as the Permanent Council may consider necessary.

In its 1436th Plenary Meeting on 27 July 2023, the Permanent Council discussed the Financial Report and the Financial Statements 2022, including the Audit Report of the External Auditor. The Permanent Council has not yet accepted the Financial Statements of the financial year 2022.

7.2 No approval of the Unified Budget 2023

The Unified Budget of the OSCE comprises the individual budgets of the Secretariat and Institutions of the OSCE, OSCE Missions and other OSCE activities approved by the Permanent Council as part of the Unified Budget.

Between 2017 and 2021, the participating States did not reach formal consensus on the Unified Budget before the end of the preceding year in accordance with the Financial Regulations. The Unified Budget for the financial year 2022 was not approved. The same occurred in 2023.

7.3 Closure Assessment of the Special Monitoring Mission to Ukraine

(1) The OSCE had following main sources of revenue:

- Assessed Contributions and Contributions in-kind (in the form of seconded staff and/or free use of premises) for the Secretariat, the Institutions and the Field Operations;
- Assessed and Voluntary Contributions to the Special Monitoring Mission to Ukraine (**SMM**) under Article IV of the Financial Regulations; and
- projects financed through Extra-Budgetary Contributions such as Voluntary Contributions in cash and/or in-kind accepted under Article IX of the Financial Regulations to finance projects.

(2) Until 31 March 2022, the Permanent Council approved the budget of the SMM to be funded by a combination of assessments on all participating States (approx. 84 %) and Voluntary Contributions (approx. 16 %). The proposed budget of the SMM for the period from 1 April 2022 to 31 March 2023 amounted to EUR 107.760 million.

(3) However, in the absence of an SMM budget for the period after 31 March 2022, on 5 April 2022 the Department of Management and Finance (**DMF**) issued provisional bills based on Financial Regulation 4.04, which authorizes billing up to 50 % of the previous budget as contained in PC.DEC/1401 and using the Field Operations Scales of Contributions for 2019 (PC.DEC/1325). For the period from 1 April 2021 to 31 March 2022 (= one year), the Assessed Contributions amounted to EUR 91.316 million. As a result, for the period 2022/2023 the 50 % amount billed on 5 April 2022 was EUR 45.658 million.

Following the 1371st Meeting of the Permanent Council on 28 April 2022 the Secretary General was instructed by the Chairmanship to take immediate steps to close the SMM. The Secretary General complied with this tasking. The Mission closed as planned on 31 October 2022.

7.4 Credit of overpaid SMM contributions

In March 2023, the Secretariat issued the Final Report on the closure of SMM (PC.ACMF/17/23) and the Chairperson of the ACMF submitted to the ACMF a proposed closure budget of the SMM (PC.ACMF/18/23) for the period 1 April to 31 December 2022 amounting to EUR 22.829 million.

In absence of an approved closure budget for SMM, on 17 October 2023, the DMF sent separate letters to each participating State. In doing so, it issued a revised provisional first bill for the SMM from 1 April 2022 onwards.

In the letter, the DMF stated that the provisional assessment may be subject to further adjustment, based upon approval of any relevant decisions on the SMM budget and also of the applicable scales of contributions for 2022.

Each participating State was encouraged to make this amount available to a Repository Programme "Core Support Mechanism", or to provide alternative instructions, via a return letter or a Note Verbale.

7.5 Repository Programme "Core Support Mechanism"

As of 31 March 2024, in total, 33 participating States provided financial contributions to the Repository Programme "Core Support Mechanism".

The Repository Programme "Core Support Mechanism" had three sources of revenue:

- a number of participating States that had already paid more than their revised provisional first bill for the SMM;
- certain participating States agreed to the use of all or some of their share of the 2021 Cash Surplus for this purpose; and
- additional voluntary contributions made by participating States.

The overall amount pledged by 31 March 2024 amounted to EUR 4.197 million – of which EUR 1.240 million were utilized to cover deficits under the 2023 Unified Budget provisional expenditure authorization (see [paragraph 8.2](#)).

7.6 Proposal of the Unified Budget 2024

In accordance with Financial Regulation 2.05, the Secretary General shall submit by 1 October to the Permanent Council proposals for the Unified Budget for the following year. The proposals shall be referred to the ACMF for discussion. The ACMF Chair may report to the Permanent Council on the progress of these discussions and may seek guidance from the Council in order to help the Committee to conclude its consideration of the Budget proposals. The recommendations of the ACMF on the Budget for the following year shall be submitted to the Permanent Council by 15 December and shall be approved by 20 December.

In 2023, as there was no Incoming Chair appointed until 1 December 2023, the Budget proposal for 2024 was prepared without the benefit of perception by the Incoming Chairmanship.

8. Resource utilization

8.1 General

Pursuant to a decision by the Permanent Council from 27 June 2003 (PC.DEC/553), the Secretary General shall provide the Permanent Council with a detailed annual report on Programme and Unified Budget performance in the course of the first quarter of the year following implementation. This report shall contain a detailed assessment of the extent to which the resources provided in the Unified Budget have been used to achieve the planned objectives and outputs by Fund, Main Programme and Programme.

As there was no Unified Budget approved for 2022 and 2023, the Secretary General issued a "Resource Utilization Report for 2023" providing accountability and transparency for 2023. It identified the resources used and the overall outcomes achieved in 2023.

8.2 Total provisional resource utilization

The OSCE's total resources consist of Unified Budget Assessed Contributions, Voluntary Contributions and Contributions in-kind. The Unified Budget is the main funding source of the Organization.

Provisional Unified Budget 2023

(1) As the Unified Budget 2023 was not approved (see [paragraph 7.2](#)), the OSCE operated in accordance with Financial Regulation 3.04 on provisional expenditure authorization throughout 2023 at the level of the last approved Unified Budget by the Permanent Council from 2021 with an amount of EUR 138.204 million (PC.DEC/1413).

In years without an approved Unified Budget, the Secretary General and Heads of Institution are authorized to incur obligations and make payments until 31 March of the current financial year up to the level of 25 % of the previous Unified Budget, and thereafter, on a monthly basis up to 1/12th of the previous approved Budget until the Unified Budget is adopted.

This means that the OSCE has neither changed the contributions of the participating States nor the planned expenditures since 2021. In the Audit Report 2022, the previous External Auditor raised the point of potential budget deficits in certain areas. Therefore, the External Auditor recommended an amendment of Financial Regulation 3.02 in order to authorize, to an extent and in a manner to be specified, provisional transfers between the Main Programmes and Programmes in excess of the current threshold of 10 %.

(2) In September 2023, the DMF presented to the ACMF the forecasted year-end funding situation and emphasized areas with an expected deficit by the end of 2023.

In order to meet its anticipated financial requirements, the OSCE took the following steps:

- Some of the year-end shortfalls faced in 2023 were addressed through reallocation of funds permitted under Financial Regulation 3.02(b) in the Secretariat, in the Office for Democratic Institutions and Human Rights as well as in the Presence in Albania, in the Missions to Bosnia and Herzegovina, Moldova, Montenegro, Kosovo, Serbia and Skopje, in the Programme Offices in Astana, in Bishkek and in Dushanbe, in the Centre in Ashgabat and with regard to the Project Co-ordinator in Uzbekistan.
- On 28 September 2023, the Permanent Council approved an additional provisional expenditure authorization in the amount of EUR 0.958 million for the Conference and Language Services Programme in the Secretariat (EUR 5.438 million provisionally authorized against EUR 6.355 million forecast). It was funded on an exceptional basis from the 2021 Cash Surplus (PC.DEC/1462).

- Moreover, the Repository Programme "Core Support Mechanism" (see [paragraph 7.5](#)) was established – a framework for accepting Extra-Budgetary Contributions to cover the Unified Budget underfunding of essential non-staff core support costs across all Executive Structures in the administrative area (common corporate costs, rent, consultancy, utilities, meeting costs, security management, communications and other operational and administrative requirements).

The overall amount pledged by 31 December 2023 amounted to EUR 4.144 million – of which EUR 1.240 million were utilized to cover deficits under the 2023 Unified Budget provisional expenditure authorization in six affected OSCE Executive Structures as follows:

Table 1: Repository Programme "Core Support Mechanism" – expenditure by Executive Structure in 2023

Executive Structure	Expenditure in EUR million
Secretariat	0.562
High Commissioner on National Minorities	0.188
Mission in Kosovo	0.250
Mission to Bosnia and Herzegovina	0.050
Centre in Ashgabat	0.017
Programme Office in Bishkek	0.174
Total	1.240

Differences due to rounding

In addition, in accordance with the Repository Programme "Core Support Mechanism", an amount of EUR 0.673 million was allocated to address two critical capital investment plan projects in January 2024.

(3) According to the DMF, the remaining balance of EUR 2.279 million of the Repository Programme "Core Support Mechanism" (out of EUR 4.197 million² pledged by 31 March 2024) has been reserved for utilization to cover expected deficits and critical requirements in 2024.

(4) In 2023, the financial utilization of the Secretariat of the OSCE as a whole amounted to 101.6 % against the 2021 approved Unified Budget. In the Main Programme Secretary General and Central Services the financial utilization reached 108.4 % (e.g. Executive Management 107.3 %, Security Management 109.9 %, Office of Legal Affairs 103.4 %). The Conference and Language Services closed the year with a utili-

² unpaid voluntary contribution of EUR 4,313 as of 31 March 2024

zation rate of 116.2 %. This required the said extra provisional expenditure authorization.³

(5) In September 2023, based on consultations with the Secretariat/DMF, the Chair tabled a draft Permanent Council decision on a revision of Financial Regulation 3.02, as well as on Financial Regulation 3.04. To date, no decision has been taken on the proposed revision by the participating States.

Audit finding No. 2: The ACA noted that the OSCE has regulations in its Financial Regulations on the status of an unapproved budget with regard to the short-term handling of the billing of contributions of the participating States and the quarterly or monthly limits on expenses.

In the last five years, the average Unified Budget utilization remained at the level of 98 %. However, in most Executive Structures, the implementation rate was closer to 100 %, and starting with 2023 it exceeded 100 % necessitating alternative means of funding. Due to the funding gap in the provisional Unified Budget 2023, the OSCE

- reprioritized and reallocated resources across Programmes and Executive Structures,
- established additional provisional expenditure authorization to be approved by participating States, like for the Conference and Language Services Programme, and
- established the Repository Programme "Core Support Mechanism" as an emergency measure.

Recommendation to the Permanent Council: The ACA reiterated the recommendation to modify Financial Regulation 3.02 to allow for greater flexibility in provisional transfers of funds between Main Programmes and Programmes in times when budget is not approved.

8.3 Post utilization – Human Resources

The resource utilization of Human Resources is reported against the latest approved Unified Budget in 2021. Overall, the average post utilization in 2023 was as follows:

- Secretariat and Institutions: 86.8 %
- Field operations: South-Eastern Europe: 90.3 %; Eastern Europe: 80.4 %; Caucasus: 81.8 %; Central Asia: 89.2 %.

³ excluding the expenditure for the Repository Programme "Core Support Mechanism"

Secretariat

The Secretariat post utilization was on average 85.8 %. It varied between 78.1 % (OIO) and 90.0 % (Conflict Prevention).

According to the Resource Utilization Report for 2023, limited funding led to delays in hiring, hindering the department's overall performance, whereas significant cutbacks in learning and development opportunities negatively affected professional growth of employees across the OSCE. This in particular hit the Department of Human Resources. The adherence to the 2021 post table and the 2021 level of available financial resources resulted in the OSCE applying various cost containment measures, including prolonged vacancy periods for positions as they became vacant.

Institutions

The Institutions achieved a post utilization to an extent as follows:

- Office for Democratic Institutions and Human Rights: 87.4 %
- High Commissioner on National Minorities: 92.1 %
- Representative on Freedom of the Media: 98.0 %

Field Operations

In South-Eastern Europe the overall post utilization was 90.3 %. The rate varied between 85.0 % (Presence in Albania) and 92.9 % (Mission to Montenegro).

In Eastern Europe, the utilization rate of human resources was 80.4 %. This value refers to the Mission to Moldova.

In the Caucasus, the overall post utilization rate stood at 81.8 %, yet it also experienced the lowest value of 66.7 % at the High-Level Planning Group.

In Central Asia, the overall post utilization rate was 89.2 %. The lowest value of 85.0 % was measured at the Project Co-ordinator in Uzbekistan.

Staff costs

The expenditure in 2023 by main cost category reflected a proportion of 67 % for staff costs (EUR 89.524 million)⁴ and 33 % for non-staff costs (EUR 43.992 million)⁵. Furthermore, the inflation-driven pay increases promulgated by the International Civil Service Commission (ICSC) had driven cost growth in each year.

Taking into account the vacancy rate per staff category, secondments – while being the most cost-effective category of staffing – continue to be the most challenging to fill, resulting either in the inability to carry out planned activities or the requirement to hire more expensive temporary staff.

Audit finding No. 3: Due to the lack of an approved Unified Budget for 2022 and 2023, the 2021 post table remained binding in 2023. This meant that none of the proposed post table changes in the Budget proposals could be implemented, which had a compromising impact on the operational efficiency.

Efficiency was also affected by the high proportion of staff costs in total costs. A zero-growth budget means less budget on non-staff costs supporting OSCE's operations. In longer phases of non-approved Unified Budgets, this has adverse effects on the implementation of the mandate.

Recommendation to the Permanent Council: The OSCE should consider in the case of non-approved Unified Budgets a mechanism for indexing the last approved Unified Budget according to the use of Financial Regulation 3.04 – by taking into account the effects of inflation or consumer price indexes.

9. Internal control

Against this backdrop (see [paragraph 8.2](#) and [paragraph 8.3](#)), the Audit Committee stated in its Annual Report (July 2022 – June 2023) that an increasing number of initiatives and projects designed to address internal control weaknesses and risk areas continued to fall behind in implementation due to insufficient resources, including risk assessment, the procurement manual, internal audits, and evaluations.

⁴ Unified Budget expenditure

⁵ excluding the expenditure for the Repository Programme "Core Support Mechanism"

9.1 Office of Internal Oversight

(1) The Permanent Council established the OIO as an independent appraisal function within the Organization to examine and evaluate its activities. The OIO reports directly, and is responsible to the Secretary General who approves its annual work plan. The principles governing internal oversight are reflected in the Financial Regulations, the Internal Oversight Mandate, and the (updated) Evaluation Framework Administrative Instruction (the new OSCE Evaluation Policy).

(2) In 2023, the OIO faced a systemic risk driven by staff turn-over. Human resource shortages could only partly be remedied as three out of five vacancies were only filled by September 2023, thus leaving a capacity gap in all three sections throughout most of the year. Filling of seconded positions critical for workplan delivery remains a major challenge. The two seconded evaluation positions became vacant during the year and remained vacant for seven months and four months respectively. The issue was further exacerbated by continued inflationary pressures.

(3) The OIO conducts internal audits, independent evaluations, and investigations of the OSCE's operations, activities, outputs, and progress towards outcomes, including those of Field Operations and Institutions.

The aforementioned staff turn-over resulted in adjustments to OIO's working plan. Furthermore, the lack of an approved 2023 Unified Budget and the required quarterly and monthly provisional expenditure authorizations led to the delay of several Field visits for audits and evaluations and to a postponement of engagements with critical external experts.

Audit finding No. 4: The resources of the OIO were limited, which poses a risk for fulfilling the full mandate. The ACA noted that the reduction in operational resources of the OIO combined with vacant posts has a negative impact on OIO's timeline for reporting on and following up on missions. This needs to be addressed as the third line of defense is entrusted to the OIO through its internal audits, evaluations, advisory services and investigations.

Recommendation to the Permanent Council: The ACA recommended to provide the human and financial resources necessary for the OIO to properly fulfil its tasks as an independent appraisal function within the OSCE.

9.2 Fraud prevention and detection

Financial/Administrative Instruction 14 covers the OSCE fraud prevention and detection policy. The OIO is designated as the office within the OSCE to receive reports of inappropriate use of OSCE resources or of other types of fraud. The OIO is also responsible for examining and evaluating the adequacy and effectiveness of the OSCE's internal control environment including assessment in fraud risk. Financial/Administrative Instruction 10⁶ describes the procedures for reporting.

The OIO provided the following information on fraud prevention and detection from 2019 to 2023.

Table 2: Fraud prevention and detection from 2019 to 2023

	2019	2020	2021	2022	2023
Allegations of fraud reported (non-financial)	17	6	11	12	19
Allegations of financial fraud	3	4	7	8	8
Number of preliminary reviews conducted by OIO (all allegations including fraud)	49	45	32	58	42
Number of investigations carried out	3	7	17	5	7
Investigation reports issued (allegations substantiated)	3	4	11	3	3
Closure reports issued (allegations not substantiated or closed for other reasons)	0	3	6	2	4
New investigations opened	6	18	6	9	5
Total complaints received (including fraud)	55	66	59	61	64

The total number of investigation issues/complaints reported to the OIO rose slightly from 61 (2022) to 64 (2023), including misuse of OSCE resources, conflicts of interest, Code of Conduct violations, harassment, abuse of authority, misrepresentation, forgery, false certification.

The number of allegations of fraud increased from 12 (2022) to 19 (2023), eight of which were of financial fraud – like attempted procurement fraud by bidders using similar costs or unlawful payment scheme for contractors.

The OIO provided fraud awareness presentations to the Chiefs of Fund Administration (CFA) in both 2022 and 2023. Yet, more extensive training on fraud awareness could not be performed in 2022 or 2023 due to a lack of resources (see [paragraph 9.1](#)). For the same reason the planned updates of Financial/Administrative Instructions 10 and 14 were cancelled.

⁶ Internal Oversight Hotline

The OSCE is making ongoing revisions to its Ethics Function and Resolution Management. Work is proceeded on the Staff Instruction on Whistleblowing and Protection against Retaliation, which was delayed until early 2023. Agreement on the revisions was reached in the first quarter of 2023. On 3 October 2023, the Secretary General issued a revised Staff Instruction on Whistleblowing and Protection against Retaliation taking effect on 16 October 2023.

Audit finding No. 5: Allegations of financial fraud were brought to the attention of the OIO within the framework of the fraud prevention and detection policy set up by Financial/Administrative Instructions 10 and 14. The ACA took note of the preliminary reviews and investigations carried out by the OIO and did not find any fraud likely to have a significant impact on the Financial Statements 2023 as a whole. Extensive training on fraud awareness could not be performed in two consecutive years (2022, 2023) due to a lack of resources in the OIO. The planned updates of Financial / Administrative Instructions 10 and 14 were cancelled and therefore not yet completed.

The ACA reiterated its aforementioned recommendation to the Permanent Council to provide the human and financial resources necessary for the OIO to properly fulfil its tasks as an independent appraisal function within the OSCE.

9.3 Identification and monitoring of related parties

(1) Related parties recorded in the Financial Statements 2023 were the OSCE Summits, the Ministerial Council and the Permanent Council. Members of the delegations are appointed separately by the Governments of each participating State and are not considered Key Management Personnel as defined by IPSAS. They do not receive remuneration from the OSCE.

(2) Key Management Personnel were the Secretary General, Heads of Institutions and Heads of Missions, including Personal Representatives who are Fund Managers, as well as the Secretariat's Main Programme Managers at the Director level. The OSCE considers that these officials have authority for planning, directing and controlling the activities of OSCE and therefore significant impact on the Organization as a whole.

The aggregate remuneration paid to Key Management Personnel amounted to EUR 3.832 million in 2023. It included net salaries, post adjustments, entitlements such as allowances, grants and subsidies, and employer contributions to the provident fund and health insurance. Heads of Mission and Personal Representatives were entitled to a board and lodging allowance.

(3) The OSCE identified no transactions outside the regular course of activities with any related parties in the period to 31 December 2023.

All Key Management Personnel confirmed that there were no transactions involving them or close family members.

Audit finding No. 6: The ACA verified that a procedure is put in place to identify related party transactions. Each year, the OSCE also asks all Key Management Personnel to disclose any transactions between the OSCE and themselves or their close family members. No issue was found in this regard.

9.4 Letters of Attestation

The Head of Institution/Mission and Chief of Fund Administration of OSCE's Executive Structures (Secretariat and Institutions and Field Operations) are responsible for establishing and maintaining effective control over the use of resources and financial reporting. They have to acknowledge their responsibility for providing with all information necessary for the preparation of accurate Financial Statements for the OSCE and the associated Statement of Internal Control, and for satisfying the External Auditor.

As part of the preparation of the Financial Statements 2023 in early 2024, all Executive Structures (Secretariat and Institutions and Field Operations) submitted the required Letters of Attestation. Therein they confirmed the reality of controls carried out in a declarative manner. These letters were reviewed by both DMF and OIO and their conclusions were documented in an Interoffice Memorandum. The related Interoffice Memorandum for 2023 was provided to the ACA, and no significant issues were identified.

Besides, the ACA found that the attached Annexes to the Letters of Attestation contained further detail to support assertions made in this letter. Some Executive Structures informed on exceptional requests (staff recruitment, extension of contracts, payment of unused leave), details of impairments and loss of assets, and actions taken in response to recommendations of previous audits (Internal Audit, Audit Committee, External Audit). Overall, these assertions were not material.

Audit finding No. 7: No significant issues were identified in the Letters of Attestation provided by all Executive Structures for the preparation of the Financial Statements 2023.

In general, the ACA would like to note that it could not conduct any performance aspects in this regard due to the exceptional circumstances as described in paragraph 2.

III. Key audit findings related to the Financial Statements 2023

In its External Audit, the ACA generally followed the structure of the Statement of Financial Position and the Statement of Financial Performance. The ACA performed audit procedures in all material areas of the Financial Statements 2023. In this chapter only those areas are mentioned where key audit findings were identified and recommendations were presented.

10. Prior Year Restatements

As described in the Notes of the OSCE to the Financial Statements 2023 (Chapter 2.2) there was a restatement due to the change in accounting policy in line with IPSAS 3 – Accounting policies, Changes in Accounting Estimates and Errors.

In October 2023, the DMF decided to change the revenue recognition of the Assessed Contributions for SMM to align the total billing with the proposed budgetary requirements – EUR 22.829 million instead of EUR 45.658 million (see [paragraph 7.4](#)). This change in revenue recognition was applied retrospectively by adopting the comparative figures in the Financial Statements 2023 accordingly.

Table 3: Effects of the Restatement – Statement of Financial Position

Statement of Financial Position		Amount of restatement in EUR million
Contributions Receivable	Reduction of the Contributions Receivable to reflect the adjusted billing	(10.440)
Total Assets		(10.440)
Funds Held for Third Parties	Increase of the Liabilities to present the excess of the cash received	12.359
Total Liabilities		12.359
Accumulated Surplus/ (Deficit)		(22.799)
Total Net Assets/Equity		(22.799)

Table 4: Effects of the Restatement – Statement of Financial Performance

Statement of Financial Performance		Amount of Restatement in EUR million
Assessed Contributions	Reduction of the Assessed Contributions to reflect the adjusted billing	(22.829)
Other Revenue	Adaption of the allowance for doubtful debts due to the change of the Contributions Receivable	0.030
Total Revenue		(22.799)
Surplus/(Deficit) for the Period		(22.799)

The accounting treatment of the revised billing in October 2023 was reflected in the Financial Statements 2023 adequately.

The adjustments of the corresponding positions within the Financial Statements and Note disclosures in combination with the restatement were audited by the ACA.

11. Cash and Cash Equivalents

(1) While auditing Cash and Cash Equivalents amounting to EUR 112.818 million in 2023 (2022: EUR 48.313 million) the ACA requested confirmation letters from 30 banks, with which the OSCE had business relations. The ACA requested the balance at year-end, a list of authorized signatories, additional other liabilities, interest rates and any other existing finances.

The letters were sent directly from the ACA to the banks, with banks being instructed to respond directly by email. The ACA received 16 confirmation letters via post and 13 via email; one bank didn't return a confirmation letter (with balance amounting to approx. EUR 5,000). The ACA was also in contact with the OSCE on this query to ensure that any outstanding issues were resolved.

One bank (two checking accounts amounting to EUR 20.953 million, three investment accounts amounting to EUR 13.604 million) confirmed individual signing authority. Point 9.2 (Bank Signatory Panel) of Financial / Administration Instruction 5⁷ requires two signatories for all bank transactions. Furthermore, the ACA carried out audit procedures to check if bank transactions took place without two signatures at that bank. All transactions were signed by two employees with the corresponding internal rights to sign bank transactions.

⁷ Income and Cash Management (From Billing to Payment)

The OSCE could not provide any documentation whether single or double signatory rights were put in place at the opening of those bank accounts.

Audit finding No. 8: One bank confirmation was issued by one bank with single signatory rights.

(2) Development in 2024: After the detection of this finding by the ACA, the OSCE (DMF) instructed the bank to change all accounts to double signatory in March 2024.

Recommendation to the DMF: All bank transactions should require double signing authorities in accordance with point 9.2 of Financial / Administration Instruction 5. An internal control should be in place to ensure the fulfilment of this requirement in any case of creating a new account. Documentation should be retained in a manner that ensures the availability of all necessary documents even in the event of high turn-over.

12. Assessed Contributions Receivable

12.1 Timing and accounting treatment

(1) The Unified Budget 2023 proposal was not approved at year-end, and Assessed Contributions were issued through two provisional bills to the participating States on the basis of Financial Regulation 4.04.

The OSCE issued the first provisional bills for 2023 on 22 December 2022, which were equal to EUR 69.102 million. These amounted to 50 % of the Assessed Contributions using the amounts from the Unified Budget 2021. The second provisional bills for 2023 were issued on 28 February 2023, also amounting to EUR 69.102 million. In total, the invoiced Assessed Contributions for 2023 amounted to EUR 138.204 million. The amount was estimated on the basis of the latest approved Unified Budget 2021 (PC.DEC/1413) and the latest approved Scales of Contributions (PC.DEC/1325).

Audit finding No. 9: With a Unified Budget 2023 not having been approved as of 31 December 2023, the two Unified Budget 2023 provisional expenditure authorizations must be considered as definitive at that date (31 December 2023).

(2) The first provisional bills for the Assessed Contributions for 2023 were submitted by the OSCE to the participating States on 22 December 2022. According to Financial Regulation 4.05 the bills were due on 20 January 2023. The accounting within Oracle was done in January 2023. The second provisional bills for 2023 were issued

on 28 February 2023, booked within Oracle on 31 March 2023 and due by 1 April 2023.

Table 5: Billing and booking of Assessed Contributions for 2023

	billing date	due date	booking date
1 st bill 50 % of Assessed Contributions for 2023	22 December 2022	20 January 2023	20 January 2023
2 nd bill 50 % of Assessed Contributions for 2023	28 February 2023	1 April 2023	31 March 2023

Audit finding No. 10: With regard to the Assessed Contributions for 2023 the billing date and the booking date in the accounting system did not match. As the bills were prepared outside of the Oracle system, there was no technical link between the issuance and the accounting of the bills.

(3) **Development in 2024:** During the time of the audit the OSCE also recognized this discrepancy between the invoicing date and the recording date and modified the process for 2024. The billing of the first provisional bills for the financial year 2024 and the recording in Oracle took place in January 2024.

12.2 Contents of the bills

(1) The Budget shall be financed through Assessed Contributions by all participating States (Financial Regulation 4.01). For this purpose, the OSCE issued "letters" to all participating States. The OSCE addressed its letters for the collection of the Unified Budget (22 December 2022 and 28 February 2023) and the Assessed Contributions for SMM (5 April 2022 and 17 October 2023) to the Ambassadors of the participating States in the respective delegation to the OSCE in Vienna. The letters did not cover the following requirements: e.g. a bill title, a bill number, the addressee of the billing ("your Government").

Audit finding No. 11: With regard to the billing of Assessed Contributions (Unified Budget and SMM), the OSCE sent letters to the Ambassadors of the participating States. The format of the letters regarding the financial year 2023 did not meet the legal and commercial requirements of a bill.

Recommendation to the DMF: The bills for the Assessed Contributions sent to the participating States should meet the legal and commercial requirements of a bill.

(2) The letters (intended as "bills") to the participating States did not specifically address the amount of the contribution charged. They listed all outstanding Receivables against the State, netted by any Cash Surplus that could be charged against the outstanding Receivables. Due to this design, the "bills" rather serve as an overview of the total amount due to the OSCE than an invoice for a specific part of the contribution. With regard to the bills including different types of contributions, it was impossible to trace the amounts back to the specifically agreed contribution.

Audit finding No. 12: The letters ("bills") issued by the OSCE for the Assessed Contributions covered all outstanding obligations, not only the portion of the contribution to be charged. A reconciliation to the booking entries within Oracle was not possible for the total sum of the bill. This poses a risk of financial discrepancies, as it may lead to difficulties in tracking payments and obligations accurately.

Recommendation to the DMF: The bills issued by the OSCE for Assessed Contributions to the participating States should indicate the amount of the individual contribution. An overview of other outstanding amounts could be submitted in an appendix.

12.3 Actions in the Event of Arrears

Financial Regulation 4.09 on "Revenue" defines a procedure for actions in the event or arrears:

- (a) All participating States are required to pay their Assessed Contributions on time.
- (b) The Secretary General prepares a quarterly report listing all Assessed Contributions with outstanding and overdue Receivables, along with the due periods.
- (c) The Secretary General shall request the participating States to pay arrears within 60 days if a participating State has not paid all its Assessed Contributions and dues for special financing for the preceding financial year by 1 April of the current financial year.
- (d) The Secretary General shall request an explanation for non-payment from the participating States.
- (e) The Secretary General shall inform the ACMF and consult with the Chairmanship.
- (f) The Permanent Council shall take concrete measures to ensure payment.⁸

⁸ (g) The Permanent Council shall review the operation of this Regulation at annual intervals on the basis of reports from the ACMF.

The Director of DMF provided a quarterly report on the outstanding Unified Budget Assessed Contributions in accordance with Financial Regulation 4.07(a) to the Chair of the ACMF and its Members.

Audit finding No. 13: With regard to the payment of Assessed Contributions, quarterly reports were provided. However, no actions in the event of arrears as outlined in the clauses c) to f) of Financial Regulation 4.09 took place within the OSCE.

Recommendation to the DMF: With regard to the payment of Assessed Contributions, the OSCE should carry out its actions in the event of arrears according to the clauses c) to f) of Financial Regulation 4.09.

13. Investment Policy

In addition to Article V of the Financial Regulations (Custody and Investment of Funds), OSCE's Investment Policy defines investment guidelines and the roles and responsibilities of OSCE officials designated to execute the Investment Policy. OSCE's Investment Policy was approved by the Investment Committee Members on 24 April 2015.

The investment objectives, in order of priority, are as follows:

- Safety of the Principal
- Liquidity
- Yield
- Diversification

Criteria for selection of banks and for investment of short-time deposits were defined.

In 2023, the OSCE received interest of EUR 3.100 million from bank balances and short-term cash deposits due to the recent rise in interest rates. This amount contributed significantly to the OSCE Cash Surplus for 2023. In comparison, in the financial year 2022, the received interest amounted to EUR 0.157 million.

Audit finding No. 14: The ACA acknowledged the comprehensive Investment Policy put in place in 2015. Notwithstanding, the ACA considered a possible need for adjustments to bank selection (capital requirements) and maturities.

Recommendation to the DMF: The OSCE should carry out an evaluation of the Investment Policy to optimize and adapt it to the development of the banking landscape and operational framework of the OSCE. The extension of the banking frame-

work from Basel II to Basel III and the maximum term of investments of nine months were cited as examples for reconsideration.

14. Accounts Receivable – Staff costs

The OSCE pays monthly contributions (EUR 0.212 million per month) to an insurance company for employee health insurance. Based on the contractual arrangements the OSCE holds a stake in profit share payments, which is re-evaluated annually at year-end.

For the financial year 2023 the re-evaluation led to a decrease of the corresponding receivables and an increase of the corresponding expenses. Due to an accounting error this change was initially recorded incorrectly. At the ACA's request, the OSCE corrected the entry. This led to a material reduction in annual result amounting to EUR 1.387 million.

Audit finding No. 15: On the basis of the audit finding the year-end adjustment of the profit share payment was corrected by the OSCE in the Financial Statements 2023.

15. Accruals

Accruals must be recognized in the Financial Statements for goods and services received during the year but not yet invoiced by the end of the year. The total balance at 31 December 2023 amounted to EUR 7.903 million, of which EUR 7.832 million related to payables and approx. EUR 71,000 to staff-related expenses.

The OSCE used two different ledgers within the Oracle accounting system. All accounting transactions were recorded on a budget basis within the "OSCE-Ledger". Every journal entry to the "OSCE-Ledger" was automatically transferred to the "IPSAS-Ledger", whereupon additional booking entries were made using separate IPSAS accounts. The adjusted figures in the IPSAS-Ledger served as basis for the preparation and the audit of the Financial Statements.

There was a different accounting method between OSCE- and IPSAS-Ledger for services ordered by the Organization. While partially provided services were recorded at 100 % in the OSCE-Ledger in the year the order was placed, for IPSAS purposes only that portion of the service that had already been provided by the supplier until year-end should be recorded. Due to the technical setup within Oracle, all services were initially transferred at 100 % to the IPSAS-Ledger. Consequently,

manual adjustments were required for services that had not been fully provided by year-end. The ACA pointed out that the inherent risk of errors was higher for manual procedures; they should therefore be reduced to a minimum.

Audit finding No. 16: Additional manual adjustments are required to ensure the correct accounting in the Financial Statements due to the technical setup within Oracle.

Recommendation to the DMF: With regard to the large volume of purchases, a technical year-end accruals process within the Integrated Resource Management System (Oracle) should be adopted in order to minimize the need for manual adjustments.

16. Accounting of Extra-Budgetary projects

The contributions (pledges) of participating States or outside institutions, organizations and individuals for Extra-Budgetary projects represent a large part of OSCE's revenue alongside the contributions of participating States to the Unified Budget. They are recognized in accordance with IPSAS 23 – Revenue from Non-Exchange Transactions.

The ACA identified a systemic vulnerability with regard to the recognition of liabilities and accruals for these contributions and project expenses. OSCE's IPSAS accounting policy did not specifically include accrued expenses in the revenue recognition approach for Extra-Budgetary Contributions. In the light of the upcoming changes in the accounting policy due to the implementation of IPSAS 47 – Revenue⁹, the OSCE could revise the current approach in order to recognize also the revenue for accrued expenses.

Audit finding No. 17: The current accounting policy did not include the consideration of accrued expenses in the OSCE calculation model. Therefore, a part of the revenues will be recognized in the following accounting period and thus create a timing mismatch.

Recommendation to the DMF: In order to align the presentation of the revenues with the corresponding expenses occurred, the accounting policy should be adopted accordingly upon implementation of IPSAS 47.

The reporting tools currently available in Oracle did not provide the information necessary to match a purchase order to a specific pledge and project without manual intervention. A corresponding project and pledge was only mandatory for

⁹ Effective date of IPSAS 47 is 1 January 2026, with earlier application permitted.

Extra-Budgetary projects. There was no technical requirement for entry of these fields during creation of the purchase requisition and purchase order. The existing reports therefore made it challenging and time-consuming to identify which part of the accrued expenses related to the closed and ongoing Extra-Budgetary pledges.

Audit finding No. 18: The current Oracle reporting solution did not support the mapping of purchase orders to the corresponding projects and pledges.

Recommendation to the DMF/ICT: In order to support the calculation of the revenues on an accrued basis, the necessary reports should be created in Oracle. This will also help to prepare for the upcoming changes due to the new accounting standard IPSAS 47.

17. Payroll

17.1 Manual changes in accounting codes

Total staff costs amounted to EUR 128.235 million for the financial year 2023. A large part of the expenses came from payroll and the other part from other transactions, e.g. travel expenses.

Regarding payroll expenses, the data is generated in the Oracle HR module by creation of the payslips. In order to transfer the data via interface from the HR module to the accounting module in Oracle, the payroll costs must be mapped to the corresponding account number, on which the expenses are presented within the staff costs in the Financial Statements. Based on the mapping within the HR module the costs are transferred to the accounting module via interface.

The ACA audit identified a systemic setting in the Department of Human Resources (**DHR**), which enabled to manually overwrite the mapping of account numbers in the HR module. These changes did not require any approval. In the financial year 2023, several of these manual changes were made, resulting in expenses being allocated via the interface to an incorrect position in staff expenses via the interface (e.g., to insurance expenses instead of basic salary).

The DMF reconciled at the end of the year whether the data transferred to the accounting system via the interface matched the data from the HR module. However, for this reconciliation manually adjusted data were used instead of the basis data generated from the payslips.

The misstatements identified were not material.

Audit finding No. 19: No four-eye principle was implemented when changing accounting codes information in the interface between the Oracle HR module and the accounting module. Furthermore, the control in place done by the accounting team did not identify the wrongly mapped accounting codes due to design deficiency of the control.

Recommendation to the DHR payroll/ICT: The DHR payroll should develop, with the support of ICT, a system "validation" which technically prevents inaccurate entries.

Recommendation to the DMF: The year-end reconciliation shall refer back to the original basic data referring to the payslips in the HR module in order to be able to identify manual adjustments to the account numbers.

17.2 Retrospective change of salary scales for annual leave liability

Adjustments to salary scales occur periodically and are sometimes applied retrospectively. At the beginning of 2024, a retrospective change of the salary scales for general staff was agreed to be applied from November 2023 onwards. This agreement was made during the period in which the Financial Statements 2023 were prepared. Nevertheless, the calculations for annual leave liabilities for year-end 2023 were done with the salary scales before November 2023. The effect of the non-consideration of the retrospective adjustment of salary scales for the calculation of the annual leave liability was not material.

Audit finding No. 20: No retrospective application of the salary scale changes was made for general staff for the calculation of the annual leave liability. The effect on the Financial Statements 2023 was not material.

Recommendation to the DMF: Retrospective adjustments to salary scales that affect the calculation of year-end liabilities and provisions should be taken into account if they occur during the balance sheet preparation phase.

17.3 Reconciliation and completeness of employee lists

The OSCE classifies its employees in three main categories: fixed term, short term and daily staff. The Organization uses one employee list that contains just the fixed term staff, the other one includes all categories of staff. It was not possible to reconcile the number of employees from 2022 to 2023 for the total staff, taking into account those joining and leaving the OSCE in 2023. This reconciliation was only possible for the fixed term employee list.

Audit finding No. 21: Reconciliation procedures for the employee list containing all categories of staff were not possible without differences.

Recommendation to the DMF: The OSCE should be able to reconcile all types of employees on the list, not just one particular category of employee.

18. Completeness of accounting documentation

18.1 Data management within Oracle

The OSCE uses Oracle Enterprise Resource Planning (ERP) as a software to manage day-to-day business activities, such as accounting, procurement or project management. The ACA had been granted reading access to the accounting module in order to conduct the audit procedures and extract supporting documents directly from the system.

The ACA was informed that prior to the COVID-19 pandemic all documents related to accounting entries had been maintained in paper form in the Executive Structures. Due to the special circumstances during the COVID-19 pandemic, the offices started scanning and uploading documents to Oracle. However, this was not done for all transactions recorded in the accounting system. Especially delivery documents were not available in Oracle and had to be requested separately from OSCE's Missions. The OSCE was unable to present delivery documents for several audit samples; however, these were deemed important to verify that transactions had been recognized in the correct accounting period.

For an internationally operating Organization it is crucial to ensure the completeness of audit documentation in order to improve quality of the accounting process and support the audit procedures performed by internal and external auditors.

Audit finding No. 22: There was no organization-wide rule of procedure in place regarding the upload of accounting-relevant documents to Oracle, in order to ensure that full audit documentation is available in the accounting system.

Recommendation to the DMF: The OSCE should issue an organization-wide rule of procedure regarding standardized documentation requirements. In order to fulfil these requirements, the necessary technical and human resources should be provided to every Executive Structure.

18.2 General requirements for Invoices and Delivery documents

According to its audit procedures, the ACA obtained supplier invoices and delivery documents to verify expenses and liabilities in OSCE's Financial Statements. These documents were used to verify the correct amount of the postings on the one hand and the correct period allocation on the other. The audit identified a vulnerability due to missing information regarding the delivery or service period, the content or the signatures. This mainly concerned the areas of Special Service Agreements (expenses of EUR 14.523 million), Consumables and Supplies (total expenses of EUR 3.204 million) and additions to the fixed assets capitalized within the current financial year (total additions of EUR 2.552 million). This missing information gave rise to the risk of recognizing a transaction in the wrong accounting period.

Audit finding No. 23: Due to missing accounting-relevant information (e.g. content, dates, signatures) on the supplier invoices and delivery notes, a vulnerability on expenses in the Statement of Financial Performance was identified.

Recommendation to the DMF: The OSCE should encourage the suppliers and consultants to improve the quality of the invoices and delivery notes. In addition to the signature of the approver, the delivery period or date of receipt and approval should be stated on takeover protocols and other delivery documents. Invoices should be signed by the suppliers and contain information regarding the contents.

19. Recommendations – Prioritization

The recommendations have been ranked in order of priority:

- priority 1, a fundamental point, which requires immediate attention from Management. This point corresponds to the existence of a high level of risk to the objectives of the Organization;
- priority 2, control point of a less urgent nature, which must be handled by Management. This point corresponds to an intermediate level of risk;
- priority 3, point on which controls could be improved and to which the Management's attention is drawn. This point corresponds to a moderate level of risk.

The recommendations with priority 1 are intended to avoid reputational risks in the long term.

Table 6: Prioritization of recommendations

No.	Priority	to		Paragraph
Priority 1				
1	1	PC	Recommendation: Pursuant to Financial Regulation 8.01, the Permanent Council shall ensure that an External Auditor is appointed at all times.	<u>paragraph 2</u>
2	1	PC	Recommendation: The ACA reiterated the recommendation to modify Financial Regulation 3.02 to allow for greater flexibility in provisional transfers of funds between Main Programmes and Programmes in times when budget is not approved.	<u>paragraph 8.2</u>
3	1	PC	Recommendation: The OSCE should consider in the case of non-approved Unified Budgets a mechanism for indexing the last approved Unified Budget according to the use of Financial Regulation 3.04 – by taking into account the effects of inflation or consumer price indexes.	<u>paragraph 8.3</u>
4	1	PC	Recommendation: The ACA recommended to provide the human and financial resources necessary for the OIO to properly fulfil its tasks as an independent appraisal function within the OSCE.	<u>paragraph 9.1</u>
Priority 2				
5	2	DMF	Recommendation: All bank transactions should require double signing authorities in accordance with point 9.2 of Financial / Administration Instruction 5. An internal control should be in place to ensure the fulfilment of this requirement in any case of creating a new account. Documentation should be retained in a manner that ensures the availability of all necessary documents even in the event of high turn-over.	<u>paragraph 11</u>
6	2	DMF	Recommendation: The bills for the Assessed Contributions sent to the participating States should meet the legal and commercial requirements of a bill.	<u>paragraph 12.2</u>
7	2	DMF	Recommendation: The bills issued by the OSCE for the Assessed Contributions to the participating States should indicate the amount of the individual contribution. An overview of other outstanding amounts could be submitted in an appendix.	<u>paragraph 12.2</u>
8	2	DMF	Recommendation: With regard to the payment of Assessed Contributions, the OSCE should carry out its actions in the event of arrears according to the clauses c) to f) of Financial Regulation 4.09.	<u>paragraph 12.3</u>

No.	Priority	to		Paragraph
Priority 3				
9	3	DMF	Recommendation: The OSCE should carry out an evaluation of the Investment Policy to optimize and adapt it to the development of the banking landscape and operational framework of the OSCE. The extension of the banking framework from Basel II to Basel III and the maximum term of investments of nine months were cited as examples for reconsideration.	<u>paragraph 13</u>
10	3	DMF	Recommendation: With regard to the large volume of purchases, a technical year-end accruals process within the Integrated Resource Management System (Oracle) should be adopted in order to minimize the need for manual adjustments.	<u>paragraph 15</u>
11	3	DMF	Recommendation: In order to align the presentation of the revenues with the corresponding expenses occurred, the accounting policy should be adopted accordingly upon implementation of IPSAS 47.	<u>paragraph 16</u>
12	3	DMF/ ICT	Recommendation: In order to support the calculation of the revenues on an accrued basis, the necessary reports should be created in Oracle. This will also help to prepare for the upcoming changes due to the new accounting standard IPSAS 47.	<u>paragraph 16</u>
13	3	DHR pay- roll/ ICT	Recommendation: The DHR payroll should develop, with the support of ICT, a system "validation" which technically prevents inaccurate entries.	<u>paragraph 17.1</u>
14	3	DMF	Recommendation: The year-end reconciliation shall refer back to the original basic data referring to the payslips in the HR module in order to be able to identify manual adjustments to the account numbers.	<u>paragraph 17.1</u>
15	3	DMF	Recommendation: Retrospective adjustments to salary scales that affect the calculation of year-end liabilities and provisions should be taken into account if they occur during the balance sheet preparation phase.	<u>paragraph 17.2</u>
16	3	DMF	Recommendation: The OSCE should be able to reconcile all types of employees on the list, not just one particular category of employee.	<u>paragraph 17.3</u>
17	3	DMF	Recommendation: The OSCE should issue an organization-wide rule of procedure regarding standardized documentation requirements. In order to fulfil these requirements, the necessary technical and human resources should be provided to every Executive Structure.	<u>paragraph 18.1</u>
18	3	DMF	Recommendation: The OSCE should encourage the suppliers and consultants to improve the quality of the invoices and delivery notes. In addition to the signature of the approver, the delivery period or date of receipt and approval should be stated on takeover protocols and other delivery documents. Invoices should be signed by the suppliers and contain information regarding the contents.	<u>paragraph 18.2</u>

IV. Follow-up of the External Auditor's recommendations

The ACA reviewed the status of the recommendations issued for the previous financial years (2020 to 2022). The following table presents the status of recommendations based on the Plan for the Implementation of the Recommendations of the External Auditor's Reports (2020–2022) ref. PC.ACMF/62/23 (20 October 2023) and an update by April 2024:

Financial Statements

Table 7: Follow-up of the External Auditor's recommendations regarding "Financial Statements"

No.	Priority	Recommendation	Status
2020-FS/1	1	In the area of IT management, the External Auditor recommends to: <ul style="list-style-type: none"> – draw up a business continuity plan by the end of 2021, jointly with the operational divisions and the IT division. The business continuity plan will have to be subject to formalized tests; – restrict the number of accounts with rights considered incompatible in the separation of duties matrix. If, for reasons of operational continuity, some incompatible accesses must be maintained, semi-annual tests should be carried out on the compensatory checks carried out a posteriori on the actions made by the user accounts. 	Partly implemented; to be followed up Implemented
2020-FS/2	2	The External Auditor recommends updating FAI 4 by adding the IPSAS 23 recognition criteria for Extra-Budgetary Contributions.	Partly implemented; to be followed up
2021-FS/1	2	The External Auditor recommends formalizing an IT mapping showing the flows (manual or automated) between the systems for the financial application environment, and for the overall OSCE IT environment.	Partly implemented; to be followed up
2021-FS/5	3	To mitigate the operational risk in recording consumables, inventories and assets held for donation, the External Auditor recommends: <ul style="list-style-type: none"> – enhancing the inventory module in order to automate the financial accounting of the Organization's inventories; – recording the assets held for donation as inventories in the upgraded inventory module. 	Partly implemented; to be followed up
2022-FS/1	1	To mitigate the risk of some programmes being irreversibly jeopardised due to late (or absence of) approval of the Unified Budget, the External Auditor recommends the Secretary General to draft and submit to the Permanent Council an amendment of FinReg 3.02 in order, in similar circumstances as for FinReg 3.04 provisional expenditure authorizations, to authorize, to an extent and in a manner to be specified, provisional transfers between the Main Programmes and Programmes.	Partly implemented; to be followed up
2022-FS/2	2	The External Auditor recommends the Organization to close all inactive bank accounts that are no longer in use, and DMF to inform and continue to remind all Executive Structures of this requirement.	Implemented
2022-FS/3	1	To comply with FinReg 8.06, starting in 2023, all recommendations issued in External Auditor's management audit reports addressed to the ACMF/PC should be included in the ACMF/PC action plan for the Implementation of the External Auditor's recommendations.	Implemented

Procurement

Table 8: Follow-up of the External Auditor's recommendations regarding "Procurement"

No.	Priority	Recommendation	Status
2022-PROC/1	2	The External Auditor recommends prescribing mandatory, systematic and formal monitoring of the administrative, tax and social situation of suppliers as well as their past activity (references, exclusions) at the time of pre-awarding the contract. An amendment of FAI 6 to this effect should be circulated to the ACMF for comment/objection/adoption before Q4 2024.	Partly implemented; to be followed up
2022-PROC/2	3	The External Auditor recommends defining mandatory conditions relating to the number of suppliers invited, the deadlines for responding and the publication of calls for tenders, linked to each of the thresholds defined by the FAI 6. An amendment of FAI 6 to this effect should be circulated to the ACMF for comment/objection/adoption by Q4 2024.	Partly implemented; to be followed up
2022-PROC/3	3	The External Auditor recommends prescribing that any call for tender resulting, at the financial analysis stage, in only one bid being considered, must be declared unsuccessful for any purchase or contract exceeding the thresholds for medium value contracts and above. An amendment of FAI 6 to this effect should be circulated to the ACMF for comment/objection/adoption by Q4 2024.	Partly implemented; to be followed up
2022-PROC/4	1	To avoid unnecessary complexity, the External Auditor recommends to the Secretary General amending FAI 6 in order to be circulated to the ACMF for comment/objection/adoption before Q4 2024, with: <ul style="list-style-type: none"> – an alignment of the process for small and large Executive Structures – an alignment of the process for all contracts between EUR 50,000 and EUR 500,000 (i.e. the EUR 250,000 threshold no longer entails a specific MMC composition) – the online attendance of a PCU officer in each FMMC – a full competence of FMMC for level A and local Window Contracts under EUR 500,000 (instead of EUR 150,000). 	Partly implemented; to be followed up
2022-PROC/5	1	The External Auditor recommends carrying out a comparative cost and efficiency analysis of the use of an e-procurement platform compared to the current internalized system for processing markets and contracts. If outsourcing proves advantageous, an amendment of FAI 6 to this effect should be circulated to the ACMF for comment/objection/adoption by Q4 2024.	Partly implemented; to be followed up
2022-PROC/6	2	The External Auditor recommends preparing and amending FAI 6 as provided for in paragraphs 8 and 9 of FAI 6 and circulating it to the ACMF for comment/objection/adoption before Q4 2024, so as to submit sole-source medium value contracts to the approval of the Competent FMMC.	Partly implemented; to be followed up
2022-PROC/7	3	To DMF/PCU in connection with HR: the External Auditor recommends implementing, before Q4 2024, a permanent follow-up table on buyers' training, in order to organize training for buyers who do not have the appropriate level of certification, along Chartered Institute for Purchasing and Supply (CIPS) already adopted by most IOs and assess the necessary funding.	Partly implemented; to be followed up
2022-PROC/8	1	To restore a reliable audit track to identify categories of procurement transactions in IRMA, the External Auditor strongly recommends, as already proposed by PCU in 2020, replacing in the CRMS and Purchasing Module, before Q4 2024, the field "procurement procedure" by three new fields: "CRMS expenditure type", "sourcing procedure", and "contract type".	Partly implemented; to be followed up

Unified Budget Process

Table 9: Follow-up of the External Auditor's recommendations regarding "Unified Budget Process"

No.	Priority	Recommendation	Status
BP/1	2	For 2024 and the following years, the External Auditor recommends to the Secretariat General either to ask for a modification of Financial Regulation 2.06(b), or to comply with it by including in the Unified Budget Proposal financial forecasts for the two ensuing financial years.	To be followed up
BP/2	1	The External Auditor recommends to the Secretariat General, for the 2024 Unified Budget Proposal, to present to the Permanent Council an alternate option limiting the Staff Table to P5 grade and higher, and submitting budgetary envelopes for each Executive Structure for all the other staff.	To be followed up
BP/4	1	To provide a secure and consistent financial and legal solution to face a very late (or an absence of) budget approval, the External Auditor recommends the Secretary General to draft and submit to the Permanent Council an alignment of Financial Regulation 4.04 with Financial Regulation 3.04, or even better, a modification of Financial Regulation 2.05(d) in order to secure at least a Zero Nominal Growth provisional budget in the absence of an approved budget.	Partly implemented; to be followed up

Further recommendations

Table 10: Follow-up of the External Auditor's recommendations regarding "Further recommendations"

No.	Priority	Recommendation	Status
2020-HR/3	2	The External Auditor recommends to extend the pilot of direct applications to the seconded staff recruitment process for volunteer participating States, with implementation expected by 2023.	To be followed up
2020-HR/7	2	The External Auditor recommends the issuance of a yearly document describing the needs for learning and training at the field level.	Implemented
2020-POiD/2	1	The External Auditor reminds that any extension of ExB projects registered in Oracle before 28 May 2018, is considered as a new project, and as such, should in all cases have to contribute to the Indirect Common Costs (ICC), so that within a short period of time, the subsidizing of ExB by UB through unshared structure costs should end.	Partly implemented; to be followed up

Acronyms and abbreviations

ACA	Austrian Court of Audit
ACMF	Advisory Committee on Management and Finance
approx.	approximately
CIPS	Chartered Institute for Purchasing and Supply
CRMS	Common Regulatory Management System
DHR	Department of Human Resources
DMF	Department of Management and Finance
e.g.	exempli gratia
FAI	Financial / Administrative Instruction
FinReg	Financial Regulation
FMMC	Fund and Materials Management Committee
FS	Financial Statements
ICT	Information and Communication technology
INTOSAI	International Organization of Supreme Audit Institutions
IPSAS	International Public Sector Accounting Standards
ISAs	International Standards on Auditing
ISSAIs	International Standards for Supreme Audit Institutions
No.	number
OIO	Office of Internal Oversight
OSCE	Organization for Security and Co-operation in Europe
PC	Permanent Council
Q	quarter
SG	Secretary General
SMM	Special Monitoring Mission (to Ukraine)
UB	Unified Budget



Rechnungshof
Österreich

Vienna, in June 2024

The President:

Dr Margit Kraker

R I H



APPENDIX
OSCE PROVIDENT FUND STATEMENT

OSCE Provident Fund Summary Statement

Unaudited - For Information Purposes Only

For the Year Ended 31 December 2023

	Deposit Administration Funds				International Equity Funds				European Equity Fund		Total Funds
	Units '000	EUR '000	Units '000	USD '000	Units '000	EUR '000	Units '000	USD '000	Units '000	EUR '000	EUR '000
Opening Balance as at 1 January 2023	107,985	111,647	5,366	5,765	13	1,158	18	1,613	68	1,448	
Contributions/Premium Allocation	16,021	16,565	474	510	0	18	1	67	7	174	
Unit Adjustments	(21)	(22)	-	-	-	-	-	-	-	-	
Surrenders	(11,214)	(11,595)	(910)	(979)	-	-	(2)	(176)	(9)	(213)	
Withdrawals	(2,371)	(2,452)	(31)	(33)	(0)	(3)	(0)	(5)	(2)	(60)	
Switch Out	(155)	(160)	(8)	(9)	-	-	-	-	(4)	(88)	
Switch In	107	111	-	-	-	-	0	9	6	137	
Transfer Out	(248)	(256)	(247)	(266)	-	-	(0)	(49)	-	-	
Transfer In	-	-	-	-	-	-	-	-	-	-	
Fees (Administration Fee and Establishment Charge)	-	-	-	-	-	-	-	-	-	-	
Total movements during year	2,118	2,191	(723)	(777)	0	15	(2)	(154)	(2)	(49)	
Guaranteed Interest on Opening Balance	-	11	-	17	-	-	-	-	-	-	
Guaranteed Interest on units accumulated during year	-	(0)	-	(2)	-	-	-	-	-	-	
Deposit Administration Bonus Units (additional interest)	496	513	41	44	-	-	-	-	-	-	
Market Value Adjustment	-	-	-	-	-	247	-	399	-	276	
Closing Balance as at 31 December 2023	110,599	114,361	4,684	5,048	14	1,421	16	1,858	66	1,675	123,678