



United States Mission to the OSCE

Responses to the Report of the External Auditor on the Financial Report and Statement for 2014 and to the Report of the OSCE Audit Committee, July 2014 – June 2015

As prepared for delivery by Ambassador Daniel B. Baer
to the Permanent Council, Vienna
July 2, 2015

The United States thanks the External Auditor and his staff for their comprehensive audit of the OSCE Financial Report and Statements for 2014, and we also thank the OSCE Audit Committee for the presentation of its tenth Annual Report.

On the presentation of the External Auditor report, we welcome Mr. Christian Ahrendt to the Permanent Council, and we thank the Federal Court of Auditors of Germany in its role as External Auditor over the past two years.

We are pleased that the External Auditor, after thorough review and analysis of the OSCE accounting systems and procedures, and consultations with the OSCE Secretariat and six field operations, issued an unqualified opinion of the financial statements for the period ending December 31, 2014, which revealed no material weaknesses or errors. The United States is a strong supporter of the OSCE and a major contributor, and we believe external audits are a necessary component of ensuring the financial and management integrity of the Organization.

We welcome the OSCE's implementation of the International Public Sector Accounting Standards, an important step toward moving the Organization to an internationally-recognized accounting framework, including the recent upgrade of the ORACLE Enterprise Resource Planning System, to provide participating States with improved financial information for more efficient management of the OSCE's resources and operations.

We commend the Secretariat for implementing all recommendations in the 2013 Financial Statements, and we encourage the OSCE to address the recommendations made in the 2014 External Auditor's Report.

Mr. Ahrendt, the United States appreciates the work you and the Federal Court of Auditors of Germany have done for the OSCE in your capacity as External Auditor. We look forward to continuing our working relationship with you through April 2016. We also thank Spain in advance for your readiness to take on the External Auditor's role starting May 1, 2016.

On the OSCE Audit Committee Report, we welcome Mr. Giovanni Vultaggio to the Permanent Council, and we thank the OSCE Audit Committee for the presentation of its tenth annual audit report covering the period from July 2014 to June 2015. We firmly believe the work of the Audit Committee, in cooperation with the External Auditors and the Office of Internal Oversight, is essential to improving the external and internal controls and operations of the OSCE.

We are pleased that the Audit Committee took note of the approval of the 2015 Unified Budget before the end of December 2014, which gave the OSCE the necessary resources to operate and carry out its mandate efficiently right from the start of the year. We commend the Serbian Chairmanship for its timely adoption of the budget, which should not be seen as an exception, but rather as a rule for good management practice. We welcome measures taken in 2014 to streamline the budget process and documents, and we support the Audit Committee's recommendations regarding continuation of the OSCE's efforts to reform the budget cycle in order to improve the ability of fund managers to plan and implement projects more effectively.

We note that the Audit Committee's assessment that both the Project Coordinator in Ukraine and the Special Monitoring Mission are meeting their goals and objectives, and that the internal control processes are operating satisfactorily. That said, we welcome the Audit Committee's recommendation to consider a coordinated strategy to improve the operational functioning of the two missions, and to review the policies for national staff salaries.

We welcome the progress made in the steps towards finalizing the Enterprise Risk Management framework. We support the Audit Committee's recommendation that the Secretariat work closely with program managers in its efforts toward an organization-wide risk management policy.

We welcome more consistent and timely information on results and findings of internal audits, investigations, and evaluations. As participating States, and stakeholders in this Organization, we should be informed of the administration, management, and financial challenges and successes of the Organization.

Finally, we remain concerned about the still open recommendation from 2011, and we urge participating States to find consensus on this important task to approve and implement an updated framework for the OSCE Financial Regulations.

The United States thanks the Audit Committee for their time and service to the OSCE.

Thank you, Mr. Chair.