
Chairmanship: Poland**1384th PLENARY MEETING OF THE COUNCIL**

1. Date: Thursday, 28 July 2022 (in the Neuer Saal and via video teleconference)

Opened: 10 a.m.
Suspended: 1 p.m.
Resumed: 3 p.m.
Closed: 5 p.m.

2. Chairperson: Ambassador A. Hałaciński
Ambassador M. Czapliński

Chairperson, Russian Federation (PC.DEL/1130/22 OSCE+)

3. Subjects discussed – Statements – Decisions/documents adopted:

Agenda item 1: THE RUSSIAN FEDERATION'S ONGOING AGGRESSION AGAINST UKRAINE

Chairperson, Ukraine (PC.DEL/1161/22), United States of America (PC.DEL/1129/22), Czech Republic-European Union (with the candidate countries Albania, Moldova, Montenegro, North Macedonia and Ukraine; the potential candidate country Georgia; the European Free Trade Association countries Iceland, Liechtenstein and Norway, members of the European Economic Area, as well as Andorra, Monaco and San Marino, in alignment) (PC.DEL/1156/22), Türkiye (PC.DEL/1147/22 OSCE+), Canada (PC.DEL/1142/22/Corr.1), Switzerland (PC.DEL/1160/22 OSCE+), United Kingdom, Norway (PC.DEL/1133/22), Iceland (PC.DEL/1136/22 OSCE+), Liechtenstein (PC.DEL/1131/22 OSCE+), Georgia (PC.DEL/1155/22 OSCE+)

Agenda item 2: FINANCIAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 AND THE REPORT OF THE EXTERNAL AUDITOR

Discussion under agenda item 3

Agenda item 3: ANNUAL REPORT OF THE AUDIT COMMITTEE

Chairperson, OSCE External Auditor, Chairperson of the Audit Committee, United States of America (PC.DEL/1134/22) (PC.DEL/1135/22), Czech Republic-European Union (with the candidate countries Albania, Moldova, Montenegro, North Macedonia, Serbia, Türkiye and Ukraine; the potential candidate countries Bosnia and Herzegovina and Georgia; the European Free Trade Association country Liechtenstein, member of the European Economic Area, as well as Andorra and San Marino, in alignment), Russian Federation (PC.DEL/1145/22 OSCE+) (PC.DEL/1139/22), Türkiye (PC.DEL/1149/22 OSCE+), United Kingdom, Armenia (PC.DEL/1151/22 OSCE+), Azerbaijan (PC.DEL/1163/22 OSCE+), Czech Republic-European Union

Agenda item 4: DECISION ON THE FINANCIAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 AND THE REPORT OF THE EXTERNAL AUDITOR

Chairperson

Decision: The Permanent Council adopted Decision No. 1442 (PC.DEC/1442) on the Financial Report and Financial Statements for the year ended 31 December 2021 and the Report of the External Auditor, the text of which is appended to this journal.

Agenda item 5: DECISION ON THE TERMS OF REFERENCE OF THE OSCE AUDIT COMMITTEE

Chairperson

Decision: The Permanent Council adopted Decision No. 1443 (PC.DEC/1443) on the Terms of Reference of the OSCE Audit Committee, the text of which is appended to this journal.

Agenda item 6: REVIEW OF CURRENT ISSUES

- (a) *Ongoing crimes by Ukraine against the civilian population with the support of a Western alliance of OSCE participating States:* Russian Federation (PC.DEL/1144/22)
- (b) *World Day against Trafficking in Persons observed on 30 July:* Czech Republic-European Union (with the candidate countries Albania, Moldova, Montenegro, North Macedonia and Ukraine; the potential candidate country Georgia; as well as Andorra, Monaco and San Marino, in alignment) (PC.DEL/1157/22), United States of America (PC.DEL/1137/22), Switzerland (also on behalf of Albania, Canada, Georgia, Iceland, Liechtenstein, Moldova, Montenegro, North Macedonia, Norway, Ukraine and the United Kingdom) (PC.DEL/1141/22), Russian Federation (PC.DEL/1140/22), Armenia

(PC.DEL/1152/22), Türkiye (PC.DEL/1148/22 OSCE+), Azerbaijan (PC.DEL/1162/22 OSCE+), Albania

- (c) *Forced landing of Ryanair flight FR4978 in Minsk on 23 May 2021: Czech Republic-European Union (with the candidate countries Albania, Moldova, Montenegro, North Macedonia and Ukraine; and the European Free Trade Association countries Iceland, Liechtenstein and Norway, members of the European Economic Area, in alignment) (PC.DEL/1158/22), United States of America (also on behalf of Canada and the United Kingdom) (PC.DEL/1138/22), Switzerland (PC.DEL/1159/22 OSCE+), Russian Federation (PC.DEL/1143/22), Belarus (PC.DEL/1165/22 OSCE+), Czech Republic-European Union, Canada*

Agenda item 7: REPORT ON THE ACTIVITIES OF THE
CHAIRMAN-IN-OFFICE

- (a) *Attack by the Russian Federation on the port city of Odesa, Ukraine: Chairperson*
- (b) *Call for the immediate and unconditional release of national Mission members of the OSCE's Special Monitoring Mission to Ukraine (SMM) deprived of their liberty in non-government controlled areas of Donetsk and Luhansk: Chairperson*
- (c) *Lack of consensus on a decision to hold the 2022 Human Dimension Implementation Meeting and announcement of a Chairmanship event – Warsaw Human Dimension Conference, to be held in Warsaw from 26 September to 7 October 2022 (CIO.INF/57/22): Chairperson*
- (d) *Order of statements in the list of speakers at meetings of the Permanent Council in accordance with the OSCE Rules of Procedure: Chairperson*

Agenda item 8: REPORT OF THE SECRETARY GENERAL

- (a) *Announcement of the distribution of a written report of the Secretary General (SEC.GAL/97/22 OSCE+): Secretary General*
- (b) *Participation of the Secretary General in the closing event of “Debating Perspectives 20-30 Roadshow,” held in Andorra on 27 July 2022: Secretary General (SEC.GAL/97/22 OSCE+)*
- (c) *Update on the closure of the office of the OSCE Project Co-ordinator in Ukraine: Secretary General (SEC.GAL/97/22 OSCE+)*
- (d) *Ongoing detention of a number of national members of the OSCE Special Monitoring Mission to Ukraine in the temporarily occupied territories of Ukraine: Secretary General (SEC.GAL/97/22 OSCE+)*

Agenda item 9: ANY OTHER BUSINESS

- (a) *Invocation of the Moscow Mechanism on the threats to the fulfilment of the provisions of the human dimension posed by human rights violations and abuses in the Russian Federation:* Iceland (also on behalf of Albania, Andorra, Austria, Belgium, Bulgaria, Canada, Croatia, Cyprus, the Czech Republic, Denmark, Estonia, Finland, France, Greece, Ireland, Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Monaco, Montenegro, the Netherlands, North Macedonia, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, Switzerland, Ukraine, the United Kingdom and the United States of America) (PC.DEL/1150/22 OSCE+), Belarus (PC.DEL/1166/22 OSCE+), Germany (PC.DEL/1153/22), Russian Federation (PC.DEL/1146/22)
- (b) *Outcomes of the fourth Consultative Meeting of the Heads of States of Central Asia, held in Cholpon-Ata, Kyrgyzstan on 21 July 2022:* Kyrgyzstan, Turkmenistan, Tajikistan
- (c) *Possible meetings of the Permanent Council to be held during the 2022 summer recess:* Chairperson

4. Next meeting:

Thursday, 1 September 2022, at 10 a.m., in the Neuer Saal and via video teleconference

1384th Plenary Meeting
PC Journal No. 1384, Agenda item 4

DECISION No. 1442
FINANCIAL REPORT AND FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31 DECEMBER 2021 AND THE REPORT OF THE
EXTERNAL AUDITOR

The Permanent Council,

Acting in accordance with the relevant provisions of the Financial Regulations, particularly Regulations 7.05 and 8.06(e), as approved by the Permanent Council on 27 June 1996 (DOC.PC/1/96) and last revised on 18 November 2021 (PC.DEC/1419),

Reiterating the importance of full transparency and accountability in the functioning of the OSCE,

Taking note of the 2021 Financial Report and Financial Statements for the year ended 31 December 2021 and the Report of the External Auditor (PC.ACMF/52/22 of 18 July 2022),

Expressing its gratitude to the External Auditor, the *Cour des comptes* of France, for the work done,

Taking note of the Unqualified Audit Opinion on the Financial Statements for the year ended 31 December 2021,

1. Accepts the Financial Report and Financial Statements for the year ended 31 December 2021;
2. Requests the Secretary General to establish and submit to the Advisory Committee on Management and Finance not later than 31 October 2022 a work plan for follow-up to the recommendations of the External Auditor as reflected in his Report for 2021. Further requests the Secretary General to inform the Permanent Council through the Advisory Committee on Management and Finance about the implementation of this plan on a regular basis, taking into account guidance from the Advisory Committee on Management and Finance.



**Organization for Security and Co-operation in Europe
Permanent Council**

PC.DEC/1443
28 July 2022

Original: ENGLISH

1384th Plenary Meeting
PC Journal No. 1384, Agenda item 5

DECISION No. 1443
TERMS OF REFERENCE OF THE OSCE AUDIT COMMITTEE

The Permanent Council,

Determined to further strengthen internal and external control mechanisms which are essential for ensuring effective and efficient management of the OSCE,

Taking note of the recommendations of the OSCE Audit Committee and External Auditors regarding further improvement of management in the OSCE,

Recalling that the Terms of Reference of the OSCE Audit Committee, as established by Permanent Council Decision No. 1024 and amended by its Decision No. 1211, can be revised by the Permanent Council as necessary,

Decides to approve the amended Terms of Reference of the OSCE Audit Committee as contained in the annex.

OSCE AUDIT COMMITTEE TERMS OF REFERENCE

1. Guiding principle

An Audit Committee shall be established by the Permanent Council to exercise an independent appraisal function, providing the participating States with assurances that the Organization's controls are in place and operating properly. It shall perform this function through independent reviews of the work carried out by the OSCE's system of internal and external controls, including Internal Oversight, the External Auditors and the administration and management of the Organization. It shall also advise the Secretary General in his/her capacity as Chief Administrative Officer. The work of the Audit Committee shall be conducted in accordance with internationally accepted best practices and in compliance with OSCE policies, rules and regulations.

2. Role of the Committee

The Committee shall:

- (i) Review and monitor the adequacy, efficiency and effectiveness of the Organization's system of internal and external controls, including OSCE internal oversight functions, the external auditor functions and the implementation of audit recommendations;
- (ii) Have the opportunity to present its views to the participating States on the results of the External Auditor's audit of the Organization's financial statements;
- (iii) Have the opportunity to present its views to the Secretary General on the appointment or termination of the assignment of the Director of Internal Oversight within the scope of the OSCE Staff Regulations and Staff Rules and prior to appointment or termination action being taken. In this regard, the Secretary General shall consult the members of the Audit Committee on the short-listing of candidates for the Director, OIO position and may appoint Audit Committee members to the interview panel, in consultation with the Chairperson of the Committee. The Audit Committee may convene a special meeting for the purpose of advising the Secretary General on these matters;
- (iv) Advise the Secretary General as the Chief Administrative Officer on all policy issues related to the system of internal and external controls and its performance;
- (v) Report to the Permanent Council, through the Advisory Committee on Management and Finance, in particular on any matters of policy requiring corrective action and improvements in the area of controls, including appraisal, audit, investigation and risk management.

3. Membership of the Committee

The Committee shall be composed of three members who shall be senior audit professionals of high standing in the international audit community, fully independent of the OSCE, and with no affiliation with national governments of the OSCE participating States.

The Chairmanship-in-Office, in consultation with participating States, shall appoint the members of the Committee. Each member shall serve as Chairperson of the Committee for one year on a rotational basis.

4. Terms of appointment

The members shall serve for terms of three years, extendable for a further period of one year.

5. Rules and procedures

The Audit Committee shall meet for its regular sessions at least twice a year. A minimum of two members shall constitute the quorum. Additional meetings may also be scheduled on an ad hoc basis as necessary. The Chairperson of the Committee shall determine the timing of meetings and the need for any additional meetings in the course of the year. He/she shall also set the agenda of the meetings, taking into account relevant requests of the Permanent Council. The Audit Committee shall be able to call upon OSCE officials and request meetings with other parties as it deems necessary to obtain information relevant to its work. In particular, the Office of Internal Oversight and the External Auditors shall be readily available to respond to inquiries and make presentations to the Committee.

The Audit Committee shall adopt recommendations on a consensus basis. In case of dissent among Committee members, the conclusions of the Chairperson in charge of the meeting, together with the dissenting opinion, shall be presented in the subsequent Committee report.

6. Independence

In performing their functions, the members of the Committee shall neither seek nor receive instructions from any government authorities. They shall act fully independently from any individual OSCE bodies and structures, and shall be guided solely by their expertise and professional judgement, taking into account the collective decisions of the OSCE governing bodies.

For a candidate member to be considered “independent” for the purpose of this section, he/she must be independent in character and judgment. A candidate will not be considered as meeting the independence requirement if he/she has entered into any consulting, advisory or other compensatory contract with the Organization within the past 12 months, or has an immediate family member who is or has been a senior staff member (P5 or above) of OSCE within the last three years. Audit Committee members shall not be eligible for any form of employment with the OSCE for at least 12 months immediately following the last day of their tenure on the Committee.

7. Access to documents

The Audit Committee shall have access to all records and documents of the Organization, including audit reports, investigations, and work documents of the Office of Internal Oversight and the External Auditors. Committee members shall sign non-disclosure statements at the beginning of their tenure.

8. Reporting

- (i) The Audit Committee shall submit an annual report to the Permanent Council.
- (ii) The Audit Committee may also submit ad hoc reports to the Permanent Council as necessary.
- (iii) The Secretary General shall be given the opportunity to comment on all reports prior to their submission. Comments of the Secretary General, which he/she deems necessary, shall be incorporated in the relevant reports.

9. Resources

The Audit Committee shall be provided with such resources as necessary to undertake its duties. Funds shall be included annually in the Unified Budget proposal to provide exclusively for the travel and accommodation costs of the members of the Committee, in accordance with OSCE administrative rules and regulations. The members shall serve without remuneration from the OSCE. The Audit Committee shall also be provided with funds for temporary administrative and secretarial support.

10. Time limit

These Terms of Reference will be in effect for three years after approval by the Permanent Council, and will be revised thereafter as necessary.