



## United States Mission to the OSCE

### **Response to the Annual Report by the Audit Committee**

As delivered by Charge d'affaires, a. i., Carol Fuller  
to the Permanent Council, Vienna  
July 7, 2011

The United States would like to thank Chairperson Ms. Astrup and the members of the Audit Committee for their sixth Annual Report. The United States places importance on your work to ensure that the internal and external controls and audit functions of the OSCE are adequate and operating as intended.

We welcome the news that the Committee found a continuing focus on improved risk management and internal controls. It is also noteworthy that the Committee expressed satisfaction with the Organization's efforts to address audit recommendations. Nonetheless, every organization can do better, and the United States has taken note of the Committee's specific recommendations for improvements.

In particular, we support the need for revised financial regulations that would strengthen the internal controls of the OSCE. We hope these new regulations can be adopted this year. In addition, as recommended, we seek to establish these financial regulations as taking precedence on the matters they cover so as to minimize contradictions arising from previous PC decisions.

In the area of risk management, we support the recommendation to continue to improve efforts to identify and mitigate risks that could negatively affect or prevent success of OSCE projects.

We also support recommendations to consider ways to better document and control exceptions to rules and procedures. Exceptions to rules and procedures create vulnerabilities and reduce the effectiveness of internal controls. At a minimum, the Secretariat should be well informed of all exceptions. It may also be advisable for the Secretariat to have additional tools to control for exceptions. We are not opposed to further discussions in this area.

The United States welcomes the comments concerning the work of the Office of Internal Oversight (OIO) and takes note of recommendations to better define the types of evaluations to be done in the OSCE, establish an overview or timeline for evaluations, ensure the OIO is informed of all evaluations, including self-evaluations, and set up a system to define who is responsible to act on the recommendations of the evaluations and how. Separately, we welcome the news that the OIO is working to establish formal guidelines for internal OSCE investigations for both financial matters and human resources issues.

Finally, we note that the Audit Committee has mentioned the need for a formal decision on IPSAS (International Public Sector Accounting Standards) after full consideration of the costs and benefits of such an endeavor.

Again, thank you for your work and the comprehensive report.  
Thank you, Chair.