



United States Mission to the OSCE

Response to the Financial Report and Financial Statements for the Year Ended 31 December 2010 and the Report of the External Auditor, Mr. Nevidomiy

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

The United States welcomes Mr. Nevidomiy and his team from the Accounting Chamber of Ukraine to the Permanent Council. We would like to express appreciation for the External Auditor's comprehensive audit of the financial report and statements.

We are pleased to note that you found no material weaknesses or errors pertaining to the OSCE's Financial Statements as a whole.

The United States supports your recommendations concerning minimizing un-liquidated obligations, limiting ex-gratia payments in accordance with the standing financial regulations, and the need to work with host governments to reduce outstanding VAT and other receivables.

Additionally, the United States notes that the External Auditor's view that a number of outstanding audit recommendations from previous years should be addressed within the process of revising the OSCE's Financial Regulations. The United States supports the revision of the Financial Regulations to improve the internal controls within the OSCE and hopes this process can be concluded this year.

Finally, the United States takes note of the External Auditor's assessment of risks associated with its recommendation from 2005 that the OSCE consider transition to International Public Sector Accounting Standards (IPSAS). While the Secretariat has been engaged in minimizing the gaps between current accounting practices and IPSAS standards, we are cognizant that no PC decision has yet been made to direct a transition. We would appreciate further thoughts on the costs and benefits of moving to the IPSAS system for the OSCE in order to inform our consideration of the issue.

The United States would like to again thank the Accounting Chamber of Ukraine for its dedication and the thoroughness of this year's report.

Thank you, Chair.