

Special Representative

To:

PA President

and

PA Secretary General

PC Brief Week 5, 2013

This week, there were meetings of the Permanent Council (PC), the Forum for Security Cooperation (FSC) and the Human Dimension Committee. Again, the ACMF did not meet. Despite worries expressed by the Secretariat, there does not seem to be a vigorous activity aimed at getting the budget approved. There are, however, indications that Russia might be ready to accept the budget proposal as it currently stands if other steps are taken to "re-balance the dimensions", i.e. if Russian requests for projects in the Human Dimension that are in Russia's interest are accepted. Since these negotiations – if there are any – take place between individual delegations and behind closed doors, it is difficult to get reliable information. Noteworthy is that the ODIHR has created an extra-budgetary project at the request of the Chairmanship entitled "Review of Electoral Legislation and Practice of OSCE participating States", a long-standing request by Russia. The 100 000 Euro project, the outcome of which is meant to be publicly available, still lacks funding.

The Chairmanship has also asked for participating States to present candidates for External Auditor. For the past years, the Accounting Chamber of Ukraine had been the "external" auditor. In this context, it should be pointed out that the PA has consistently called for independent professional outside auditing. In 2005, the UK National Audit Office, at the end of its term as OSCE Auditors, recommended that the OSCE review its arrangements for engaging external audit services in line with best practice principles advocated by the International Organization of Supreme Audit Institutions (INTOSAI). Specific recommendations included introducing open and competitive tendering based on assessment against "objective and competitively assessed criteria such as technical quality, experience and price", extending the period of appointment and "secur[ing] a demonstrably objective and independent audit process", overseen by an independent Audit Committee.

On-site auditing in OSCE Institutions and missions rarely happens (the ODIHR received the external auditors in Warsaw once in the past four years, and although apparently very critical, the report about the visit was not made available to participating States that requested it). Auditing is mainly focusing on the comparison of bills and financial statements. There is no performance-related auditing. The Audit Committee, which is mandated to check the effectiveness of the OSCE's auditing system, criticized, in its last report, the absence of a consolidated financial regulation covering all financial aspects. One of the main problems for the auditors is that for more than ten years the OSCE has failed to revise and modernize its financial guidelines, despite annual appeals by the auditors. Many feel that the absence of agreed and transparent guidelines for the involvement of external consultants creates a potential for misuse of public funds. The report also calls – inter alia – for further improvements in the recording of exceptions from existing rules, criticizing "that 41 exception requests related to financial and material matters were approved by the Director of the ODIHR in 2011; ... of those 41 approved exception reports, 23 are not included in the exception report summary and 21 of them have been recorded in the central information system some five months after 2011 ended."



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