

301st Plenary Meeting

PC Journal No. 301, Agenda item 3

**DECISION No. 374
RECOMMENDATIONS TO STRENGTHEN THE MECHANISM FOR
INTERNAL OVERSIGHT**

The Permanent Council,

Recalling Decision No. 331 of 15 December 1999, paragraph II.3(a), in which it tasks the informal Financial Committee (IFC) with considering relevant proposals and making appropriate recommendations, in close co-operation with the Secretary General, to establish in the year 2000 significantly strengthened mechanisms for internal oversight to support the Secretary General in his management of the Organization's resources,

Taking note of the relevant discussions in the IFC and the resulting report (PC.IFC/24/00),

Further recalling Decision No. 365 of 20 July 2000, in which it tasks the IFC with reviewing new information and continuing deliberations on the further strengthening of the OSCE's internal audit capacity with a view to making recommendations to the Permanent Council by 30 September 2000,

Noting the proposal for further strengthening of the OSCE's internal audit and oversight capacity, submitted by the Secretary General on 5 September 2000 (PC.IFC/86/00) and acknowledging the priority given to it,

Acting upon recommendation of the IFC,

1. Decides that the Secretary General's proposal for strengthening internal oversight contained in PC.IFC/86/00 should be included in the 2001 budget proposal. The specific positions requested will be considered in the light of the budgetary and resource priorities, particularly in the core budget, as part of the 2001 budget review in accordance with usual practice;
2. Tasks the Secretary General with preparing a draft mandate for the internal oversight function for deliberation by the IFC by 31 October 2000, along with draft amendments for the Financial Regulations that describe the mandate; the draft mandate should reflect the audit requirements contained in Decision No. 331 and enshrine, amongst other things, the following broad principles:

- The Director of Internal Oversight shall be directly responsible to the Secretary General; he/she shall be operationally independent of other Secretariat departments and sections as well as of the other OSCE institutions, missions and field operations;
- Internal oversight staff should have direct access to all OSCE staff members, records, documents or other material, assets and premises in order to fulfil their responsibilities. The right of staff to confidentially communicate with them without reprisal must be formally guaranteed;
- An annual report on Internal Oversight activities shall be submitted, through the Secretary General, to the IFC; ad hoc reports including - if considered necessary - comments and information on actions taken in consequence to the reports shall be submitted, through the Secretary General, to the IFC;
- The External Auditors shall be provided with a copy of every internal oversight report and any material documentation.

The mandate, which will elaborate these broad principles further and define the responsibilities and competencies of internal oversight, will be incorporated into the Financial Regulations.