



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

PC.DEC/1272
23 November 2017

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1165th Plenary Meeting
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**DECISION No. 1272
AMENDING OSCE FINANCIAL REGULATIONS**

The Permanent Council,

Acting in accordance with the relevant provisions of Financial Regulation 10.01,

Recalling Decision No. 705 (PC.DEC/705) of 1 December 2005 on the Common Regulatory Management System,

Takes note of the proposed revisions for consistency with the OSCE Rules of Procedure and the Staff Regulations, and to reflect current terminology and the Committee structure of today as communicated under PC.ACMF/58/17/Rev.1 of 16 November 2017,

Approves the enclosed technical amendments to the OSCE Financial Regulations as highlighted in the annex.

AMENDMENTS TO THE OSCE FINANCIAL REGULATIONS

Please note that the amendments below are made only to recognize changes in terminology and to align with Staff Regulations and Rules. Only those paragraphs affected by this change are shown below. The Table of Contents will also be amended to reflect all changes to the titles of Regulations.

CURRENT TEXT OF THE FINANCIAL REGULATIONS	AMENDMENTS
<p>Regulation 1.02 – Terminology</p> <p>For the purposes of these Regulations the terms indicated below shall have the following meaning:</p> <p><i>Accrual Basis:</i> Under the accrual basis of accounting, transactions are recognized in the financial statements when they occur (and not only when cash or its equivalent is received or paid).</p> <p><i>Budget-line item:</i> A budget line is any item which appears as a subprogramme on the approved budget.</p> <p><i>Expenditure:</i> The sum of disbursements and payments</p>	<p><i>Advisory Committee on Management and Finance:</i> The informal subsidiary body of the Permanent Council delegated to exercise functions in the administrative and budgetary areas of the OSCE. The meetings of the Committee are attended by representatives of participating States and others as laid down in the OSCE Rules of Procedure. For advisory functions requiring more specialized expertise, the Chairmanship may establish specialized working groups and call upon external experts.</p>

**AMENDMENTS TO THE OSCE FINANCIAL REGULATIONS
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CURRENT TEXT OF THE FINANCIAL REGULATIONS	AMENDMENTS
<p>when made and unliquidated obligations when charged to expenditure.</p> <p>External Auditor: The individual(s) or institution appointed by the Permanent Council pursuant to Regulation 8.01 to audit the financial statements of the OSCE.</p> <p>Fund: An independent accounting entity established pursuant to these Regulations for a specific purpose.</p> <p>Head of Institution: The Secretary General, the High Commissioner on National Minorities, and the Director of the Office for Democratic Institutions and Human Rights.</p> <p>Heads of Mission: The persons appointed by the Chairman-in-Office as Heads of OSCE Missions.</p> <p>Informal Financial Committee: The subsidiary organ of the Permanent Council delegated to exercise functions in the administrative and budgetary areas of the OSCE. The meetings of the Committee are attended by representatives of participating States. For advisory functions requiring more specialized expertise, the Chairmanship may call upon experts from capitals.</p> <p>Institution(s): The Secretariat, the Office of the High Commissioner on National Minorities, and the Office for Democratic Institutions and Human Rights.</p>	<p>Head of Institution: The head of any entity designated as an OSCE institution.</p> <p>Heads of Mission: Person designated by the OSCE Chairmanship to head missions.</p> <p>Informal Financial Committee: The subsidiary organ of the Permanent Council delegated to exercise functions in the administrative and budgetary areas of the OSCE. The meetings of the Committee are attended by representatives of participating States. For advisory functions requiring more specialized expertise, the Chairmanship may call upon experts from capitals.</p> <p>Institution(s): Any entity designated as such by the participating States.</p>

**AMENDMENTS TO THE OSCE FINANCIAL REGULATIONS
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CURRENT TEXT OF THE FINANCIAL REGULATIONS	AMENDMENTS
<p><i>Main Programme:</i> Each Main Programme comprises a number of subprogrammes combined with a view either to reflecting the basic programmes of the OSCE, such as conflict prevention, human dimension activities etc., or to reflecting the various support services, such as conference services and common services.</p> <p><i>Obligation:</i> Engagements involving orders placed, contracts awarded, services received and other transactions which involve a charge against the resources of the current financial year and which require payment during the same or a future year.</p> <p><i>Revenue:</i> Revenue of the OSCE from assessed contributions and other sources.</p> <p><i>Unified budget:</i> Comprises the individual budgets of all Institutions of the OSCE, OSCE Missions and other OSCE activities approved by the Permanent Council as part of the unified budget.</p>	<p><i>Secretary General:</i> The Chief Administrative Officer of the OSCE and head of the Secretariat.</p> <p><i>Unified budget:</i> Comprises the individual budgets of the Secretariat and institutions of the OSCE, OSCE Missions and other OSCE activities approved by the Permanent Council as part of the unified budget.</p>
<p>Regulation 1.03 – Financial Instructions</p> <p>With the aim of implementing these Regulations, the Secretary General shall establish and issue financial instructions, where required in consultation with the other Heads of Institution.</p>	<p>Regulation 1.03 – Financial and Administrative Instructions</p> <p>With the aim of implementing these Regulations, the Secretary General shall establish and issue financial instructions Financial and Administrative Instructions, where required in consultation with the other heads of institution.</p>

**AMENDMENTS TO THE OSCE FINANCIAL REGULATIONS
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<p>Regulation 1.04 – Delegation of Authority</p> <p>The Secretary General and other Heads of Institution may delegate authority under these Regulations to other OSCE officials.</p>	<p>Regulation 1.04 – Delegation of Authority</p> <p>The Secretary General and other heads of institution may delegate authority under these Regulations to other OSCE officials.</p>
<p>Regulation 2.03 – Form of the Budget</p> <p>The Budget shall be prepared as a unified Programme Budget. The Budget shall Include:</p> <p>(a) Planned Expenditure</p> <p>(i) The budgets of Institutions;</p> <p>(ii) The budgets of long-term Missions;</p> <p>(iii) The budgets of short-term Missions, including those of the Personal Representatives of the Chairman-in-Office;</p> <p>(iv) The budgets for other activities, as authorized by the Permanent Council.</p> <p>(b) Anticipated Revenue Revenue from assessed contributions and other sources.</p>	<p>(i) The budgets of the Secretariat and institutions;</p> <p>(iii) The budgets of short-term Missions, including those of the Personal Representatives of the Chairman Chairmanship;</p> <p>(b) Anticipated Revenue Revenue from assessed contributions and other sources.</p>
<p>Regulation 2.04 – Structure of the Budget</p> <p>(a) The structure of the Budget shall be based on a system of programme budgeting and fund accounting.</p>	

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CURRENT TEXT OF THE FINANCIAL REGULATIONS	AMENDMENTS
<p>(b) The Budget shall provide for:</p> <p>(i) a separate Fund for each of the three Institutions, i.e. the Secretariat (the General Fund), the High Commissioner on National Minorities and the Office for Democratic Institutions and Human Rights; and</p> <p>(ii) a separate Fund for each Mission and for other activities as decided by the Permanent Council.</p> <p>(c) The Budget shall, under each Fund, be presented according to Main Programmes and shall show the subprogrammes forming part of each Main Programme.</p>	<p>(b) The Budget shall provide for:</p> <p>(i) a separate Fund for the Secretariat and each of the institutions; and</p>
<p>Regulation 2.05 – Calendar for the Preparation and Approval of the Budget</p> <p>The Budget shall be prepared and approved in accordance with the following procedure and time-frame:</p> <p>(a) To assist the Secretary General in his/her preparation of the budget proposals, a general discussion shall be held by the Permanent Council on the OSCE’s activities in the next financial year, and beyond.</p> <p>(b) The Secretary General shall submit by 1 October to the Permanent Council proposals for the Budget for the following year.</p> <p>(c) The proposals by the Secretary General shall be referred to the informal</p>	<p>(c) The proposals by the Secretary General shall be referred to the informal</p>

**AMENDMENTS TO THE OSCE FINANCIAL REGULATIONS
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<p>Financial Committee for discussion. The Chairman of the informal Financial Committee may report to the Permanent Council on the progress of these discussions and may seek guidance from the Council in order to help the Committee to conclude its consideration of the Budget proposals.</p> <p>(d) The recommendations of the Informal Financial Committee on the Budget for the following year shall be submitted to the Permanent Council by 15 December and shall be approved by 20 December.</p>	<p>Financial Committee Advisory Committee on Management and Finance for discussion. The Chairman of the informal Financial Committee Chairmanship of the Advisory Committee on Management and Finance may report to the Permanent Council on the progress of these discussions and may seek guidance from the Council in order to help the Committee to conclude its consideration of the Budget proposals.</p> <p>(d) The recommendations of the Informal Financial Committee Advisory Committee on Management and Finance on the Budget for the following year shall be submitted to the Permanent Council by 15 December and shall be approved by 20 December.</p>
<p>Regulation 2.06 – Budget Proposals</p> <p>(a) The proposals for the Budget to be submitted by the Secretary General in accordance with Regulation 2.05 (Budget Calendar) shall contain a summary of activities to be carried out during the financial year, indicate the programmatic changes in respect of the previous year that have budgetary implications, and set out the tasks to be accomplished and the objectives to be pursued through each of the programmes. References to decisions according to which the activities are foreseen shall be included where appropriate.</p> <p>(b) The Budget document shall include all Main Programmes and subprogrammes and show the allocation of funds per Main Programme, subprogramme and Major Cost Category, the Post Table for the financial year in question, and financial forecasts for the two ensuing financial years.</p>	

**AMENDMENTS TO THE OSCE FINANCIAL REGULATIONS
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CURRENT TEXT OF THE FINANCIAL REGULATIONS	AMENDMENTS
<p>(c) Detailed budgetary information, charts/tables, expenditure statements, explanatory notes and other relevant material shall also be included.</p> <p>(d) Prior to the final approval of the budget, the Secretary General shall, if so requested, submit to the informal Financial Committee updated budgetary information on the current financial year.</p>	<p>(d) Prior to the final approval of the budget, the Secretary General shall, if so requested, submit to the informal Financial Committee Advisory Committee on Management and Finance updated budgetary information on the current financial year.</p>
<p>Regulation 2.07 – Approval of the Budget</p> <p>The Budget and the Post Table, including any revisions thereof, shall be approved by the Permanent Council on the recommendation of the informal Financial Committee.</p>	<p>Regulation 2.07 – Approval of the Budget</p> <p>The Budget and the Post Table, including any revisions thereof, shall be approved by the Permanent Council on the recommendation of the informal Financial Committee Advisory Committee on Management and Finance.</p>
<p>Regulation 2.09 – Revision of the Budget</p> <p>(a) The Secretary General shall submit proposals for revision of the Budget whenever so requested by the Permanent Council. Should the Permanent Council decide to have a midyear review of the budget, the Secretary General shall submit his/her proposals for such a review to the Permanent Council at a date prescribed by the Council.</p> <p>(b) In exceptional cases, the Secretary General may, on his/her own initiative, following careful examination of available resources for their possible reallocation and taking into account Regulation 3.02 concerning the transfer of funds, submit proposals for revisions of the Budget.</p>	

**AMENDMENTS TO THE OSCE FINANCIAL REGULATIONS
(continued)**

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<p>(c) In the context of each budget revision, the informal Financial Committee shall consider the proposals of the Secretary General and make its recommendations to the Permanent Council.</p>	<p>(c) In the context of each budget revision, the informal Financial Committee Advisory Committee on Management and Finance shall consider the proposals of the Secretary General and make its recommendations to the Permanent Council.</p>
<p>Regulation 3.01 – Expenditure Authority</p> <p>Subject to the provisions of Regulations 3.04 and 4.04:</p> <p>(a) The adoption of the Budget, including any revisions, by the Permanent Council shall constitute an authorization to the Secretary General and the other Heads of Institution to incur obligations and to make payments up to the amounts and for the purposes approved.</p> <p>(b) The Secretary General and the other Heads of Institution may incur obligations with respect to the two subsequent financial years for essential goods and services for which no provisions have been made in the current Budget, but which are nevertheless outlined in the forecasts for subsequent years, and where this is essential for the uninterrupted operation of the OSCE. The foregoing is without prejudice to the authority of the Permanent Council to take decisions on all elements of the budget.</p> <p>(c) The expenditure authorization referred to in subparagraph (a) above shall include authority for the appointment of staff as well as for contract extensions in accordance with the approved Post Table, subject to policies and conditions prescribed by the Permanent Council for appointments and contract extensions.</p>	<p>(a) The adoption of the Budget, including any revisions, by the Permanent Council shall constitute an authorization to the Secretary General and the other heads of institution to incur obligations and to make payments up to the amounts and for the purposes approved.</p> <p>(b) The Secretary General and the other heads of institution may incur obligations with respect to the two subsequent financial years for essential goods and services for which no provisions have been made in the current Budget, but which are nevertheless outlined in the forecasts for subsequent years, and where this is essential for the uninterrupted operation of the OSCE. The foregoing is without prejudice to the authority of the Permanent Council to take decisions on all elements of the budget.</p>

**AMENDMENTS TO THE OSCE FINANCIAL REGULATIONS
(continued)**

CURRENT TEXT OF THE FINANCIAL REGULATIONS	AMENDMENTS
<p>Regulation 3.02 – Transfers</p> <p>(a) The authorization of the Permanent Council shall be required for the following transfers:</p> <ul style="list-style-type: none"> (i) Transfers between Main Programmes; (ii) Transfers between Funds; (iii) Transfers to or from specific subprogrammes as decided by the Permanent Council, normally in conjunction with the approval of the Budget; and (iv) All transfers exceeding a cumulative total of 10 per cent of the subprogramme to which or from which the transfers are to be made. <p>(b) Transfers of funds between individual budget items other than those specified under (a) above may be made by the Secretary General and the other Heads of Institution in agreement with the Secretary General.</p>	<p>(b) Transfers of funds between individual budget items other than those specified under (a) above may be made by the Secretary General and the other heads of institution in agreement with the Secretary General.</p>
<p>Regulation 3.03 – Availability of Expenditure Authorizations</p> <p>Expenditure authorizations shall be available for obligations in the financial year for which the authorizations were granted. Expenditure authorizations for unliquidated obligations carried forward into the current financial year from the previous year shall be valid until the end of the current financial year. In exceptional cases and after</p>	<p>Regulation 3.03 – Availability of Expenditure Authorizations</p> <p>Expenditure authorizations shall be available for obligations in the financial year for which the authorizations were granted. Expenditure authorizations for unliquidated obligations carried forward into the current financial year from the previous year shall be valid until the end of the current financial year. In exceptional cases and after</p>

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<p>appropriate consideration by the informal Financial Committee, the Permanent Council may decide to extend the period of availability set forth in this Regulation.</p>	<p>appropriate consideration by the informal Financial Committee Advisory Committee on Management and Finance, the Permanent Council may decide to extend the period of availability set forth in this Regulation.</p>
<p>Regulation 3.04 – Provisional Expenditure Authorization</p> <p>If, at the beginning of a financial year, the Budget has not yet been approved by the Permanent Council, extraordinary meetings of the Permanent Council shall be held in order to reach an urgent decision. In the meantime, the Heads of Institution are authorized to incur obligations and make payments until 31 March of the current financial year up to the level of 25 per cent of the previous Budget, and thereafter, on a monthly basis, up to 1/12th of the previous Budget until the new Budget is adopted.</p>	<p>Regulation 3.04 – Provisional Expenditure Authorization</p> <p>If, at the beginning of a financial year, the Budget has not yet been approved by the Permanent Council, extraordinary meetings of the Permanent Council shall be held in order to reach an urgent decision. In the meantime, the Secretary General and heads of institution are authorized to incur obligations and make payments until 31 March of the current financial year up to the level of 25 per cent of the previous Budget, and thereafter, on a monthly basis, up to 1/12th of the previous Budget until the new Budget is adopted.</p>
<p>Regulation 4.09 – Actions in the Event of Arrears</p> <p>(a) The obligation to pay the assessed financial contributions on time and in full is one of the OSCE commitments and applies equally to all participating States.</p> <p>(b) The Secretary General's quarterly reports on the collection of assessed contributions will specify the position of arrears, stating the names of all States in arrears, the amounts due and the length of delays in payment. The statement will include the Secretary General's analysis of the impact of the arrears on the operational</p>	

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<p>capability of the OSCE.</p> <p>(c) If a participating State has not paid all its assessed contributions and dues for special financing for the preceding financial year by 1 April of the current financial year, the Secretary General shall request that participating State to pay its arrears within 60 days.</p> <p>(d) If the payment is not made in full during that period, the Secretary General shall request an explanation of the reasons for non-payment from the participating State concerned.</p> <p>(e) The Secretary General shall inform the informal Financial Committee of the steps taken as well as of other initiatives undertaken and shall consult with the Chairman-in-Office on any outstanding problems.</p> <p>(f) If the amount of arrears of a participating State(s) equals or exceeds the amount of the contributions due for the preceding two full years the Chairman-in-Office shall refer the issue to the Permanent Council. The Permanent Council shall take concrete measures to ensure early payment by the participating State(s) concerned.</p> <p>(g) The full and timely payment of contributions is a matter of crucial importance for the proper functioning of the OSCE. The Permanent Council shall, therefore, review the operation of this Regulation at annual intervals on the basis of reports from the informal Financial</p>	<p>(e) The Secretary General shall inform the informal Financial Committee Advisory Committee on Management and Finance of the steps taken as well as of other initiatives undertaken and shall consult with the Chairman Chairmanship on any outstanding problems.</p> <p>(f) If the amount of arrears of a participating State(s) equals or exceeds the amount of the contributions due for the preceding two full years the Chairman Chairmanship shall refer the issue to the Permanent Council. The Permanent Council shall take concrete measures to ensure early payment by the participating State(s) concerned.</p> <p>(g) The full and timely payment of contributions is a matter of crucial importance for the proper functioning of the OSCE. The Permanent Council shall, therefore, review the operation of this Regulation at annual intervals on the basis of reports from the informal Financial</p>

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Committee.	Committee Advisory Committee on Management and Finance.
<p>Regulation 6.01 – Principles</p> <p>The financial instructions to be issued by the Secretary General pursuant to Regulation 1.03 shall provide for the appropriate implementation of these Regulations, including effective financial administration and the exercise of economy. Mechanisms for internal oversight and financial control shall be established to support the Secretary General in his/her management of the Organization’s resources. These mechanisms shall be equipped to provide the full range of internal audit (including management audit), operational financial control, evaluation and investigation, quality and value-for-money assurance and management advice. The Secretary General and the other Heads of Institution to the extent that their Institution is concerned, shall be responsible and accountable for the proper application of these Regulations.</p>	<p>Regulation 6.01 – Principles</p> <p>The financial instructions Financial and Administrative Instructions to be issued by the Secretary General pursuant to Regulation 1.03 shall provide for the appropriate implementation of these Regulations, including effective financial administration and the exercise of economy. Mechanisms for internal oversight and financial control shall be established to support the Secretary General in his/her management of the Organization’s resources. These mechanisms shall be equipped to provide the full range of internal audit (including management audit), operational financial control, evaluation and investigation, quality and value-for-money assurance and management advice. The Secretary General and the other heads of institution to the extent that their institution is concerned, shall be responsible and accountable for the proper application of these Regulations.</p>
<p>Regulation 6.02 – Financial Instructions</p> <p>The financial instructions issued shall ensure, in particular, that:</p> <ul style="list-style-type: none"> (i) maximum economy is exercised in using the resources; (ii) obligations are incurred and contracts issued only in 	<p>Regulation 6.02 – Financial and Administrative Instructions</p> <p>The financial instructions Financial and Administrative Instructions issued shall ensure, in particular, that:</p>

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<p>accordance with prescribed procedures and under proper authority;</p> <p>(iii) expenditures are in conformity with required authorization;</p> <p>(iv) goods and services are procured through international and/or local competitive bidding with the aim of identifying the most cost-effective solution;</p> <p>(v) claims and losses of cash, supplies and other assets are written off after appropriate investigation and a report thereon is submitted with the annual financial statements;</p> <p>(vi) surplus or unusable assets are disposed of by sale or otherwise on a competitive basis in accordance with procedures which ensure that the interests of the OSCE are protected;</p> <p>(vii) payments are made only on the basis of properly certified vouchers and other supporting documentation which ensure that payments are in accordance with commitments previously made by the OSCE;</p> <p>(viii) the receipt, custody and disposition of all funds are effected under proper</p>	

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<p>authority ensuring efficient control of the financial assets; and</p>	
<p>(ix) equipment and other assets of the OSCE or for which the OSCE is responsible are properly safeguarded from losses of all kinds, including those arising from fraud, irregularity and corruption.</p>	
<p>Regulation 6.03 – Designation of Officials</p> <p>The Secretary General and other Heads of Institution shall designate the officials who may receive monies and other assets, incur commitments and make disbursements on behalf of the OSCE, ensuring, to the extent possible, the segregation of these functions in order to safeguard against the risk of fraud. The Secretary General shall be informed of such designations in other Institutions.</p>	<p>Regulation 6.03 – Designation of Officials</p> <p>The Secretary General and other heads of institution shall designate the officials who may receive monies and other assets, incur commitments and make disbursements on behalf of the OSCE, ensuring, to the extent possible, the segregation of these functions in order to safeguard against the risk of fraud. The Secretary General shall be informed of such designations in other the institutions.</p>
<p>Regulation 6.05 – <i>Ex gratia</i> Payments</p> <p>In extraordinary situations when the OSCE has a moral obligation and if it is in the overall interest of the OSCE, the Secretary General and the other Heads of Institutions, in consultation with the Secretary General, may make <i>ex gratia</i> payments up to a global ceiling of 2,500 Euros per year. A statement and justification of such payments, if any, shall be submitted with the annual financial statements.</p>	<p>Regulation 6.05 – <i>Ex gratia</i> Payments</p> <p>In extraordinary situations when the OSCE has a moral obligation and if it is in the overall interest of the OSCE, the Secretary General and the other heads of institutions, in consultation with the Secretary General, may make <i>ex gratia</i> payments up to a global ceiling of 2,500 Euros per year. A statement and justification of such payments, if any, shall be submitted with the annual financial statements.</p>

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(continued)**

CURRENT TEXT OF THE FINANCIAL REGULATIONS	AMENDMENTS
<p>Regulation 6.06 – Internal Oversight</p> <p>(a) The Secretary General shall establish and maintain an effective Internal Oversight as an independent appraisal function within the Organization to examine and evaluate its activities. The function shall provide a service to the Organization in the furtherance of its aims. The objective of the Internal Oversight function shall be to assist the Secretary General, and, through him/her, also other heads of institution and heads of mission in the effective discharge of their responsibilities. It will furnish them with analysis, appraisals, recommendations, counsel and information concerning the activities reviewed. The objective will include the promotion of effective control at reasonable cost.</p> <p>(b) Organizationally, Internal Oversight shall be part of the Office of the Secretary General, independent of other arms of the Secretariat and other institutions and missions. Internal Oversight shall be responsible to, and report to, the Secretary General.</p> <p>(c) The scope of Internal Oversight shall cover all of the activities of the OSCE regardless of the source of funds. Internal Oversight shall have the right of access at all times to all staff and mission members, books, records, documentation, property and premises which is, in its opinion, necessary for the performance of an appraisal, audit or investigation.</p> <p>(d) Staff of Internal Oversight shall be impartial and objective in the performance of their duties and shall avoid any action which</p>	<p>Regulation 6.06 – Internal Oversight</p> <p>(a) The Secretary General shall establish and maintain an effective Internal Oversight as an independent appraisal function within the Organization to examine and evaluate its activities. The function shall provide a service to the Organization in the furtherance of its aims. The objective of the Internal Oversight function shall be to assist the Secretary General, and, through him/her, also other heads of institution and heads of mission in the effective discharge of their responsibilities. It will furnish them with analysis, appraisals, recommendations, counsel and information concerning the activities reviewed. The objective will include the promotion of effective control at reasonable cost.</p> <p>(b) Organizationally, Internal Oversight shall be part of the Office of the Secretary General, independent of other arms of the Secretariat and other institutions and missions. Internal Oversight shall be responsible to, and report to, the Secretary General.</p>

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<p>might adversely reflect on their status or integrity. They shall discharge their functions and regulate their conduct in a professional manner and with only the interests of the OSCE in view. They shall neither seek nor accept instructions from any government or from any authority external to the OSCE.</p> <p>(e) When requested, staff and mission members shall co-operate fully with Internal Oversight in the identification and provision of relevant information. The rights of staff and mission members shall be respected at all times. Staff and mission members may request that communications with Internal Oversight shall remain confidential. This right shall be guaranteed unless, in the opinion of the Secretary General, the staff or mission member has acted improperly.</p> <p>(f) An annual report on Internal Oversight activities shall be submitted, through the Secretary General, to the Permanent Council; 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 Permanent Council.</p> <p>(g) The Secretary General shall establish a Mandate for Internal Oversight which embodies the principles of this Financial Regulation and which sets out the nature, objectives, scope, authority and responsibilities of the function. The Mandate shall be incorporated as an Annex to the Financial Regulations.</p>	

**AMENDMENTS TO THE OSCE FINANCIAL REGULATIONS
(continued)**

CURRENT TEXT OF THE FINANCIAL REGULATIONS	AMENDMENTS
<p>Regulation 7.01 – Preparation of the Accounts</p> <p>The Secretary General assisted by the other Heads of Institution and the Heads of Mission shall maintain such accounting records for all Funds operated by the OSCE as are necessary according to International Public Sector Accounting Standards (IPSAS). The annual financial statements shall be prepared by the Secretary General.</p>	<p>Regulation 7.01 – Preparation of the Accounts</p> <p>The Secretary General, assisted by the other heads of institution and the heads of mission, shall maintain such accounting records for all Funds operated by the OSCE as are necessary according to International Public Sector Accounting Standards (IPSAS). The annual financial statements shall be prepared by the Secretary General.</p>
<p>Regulation 7.03 – Reporting Currency</p> <p>The annual financial statements shall be presented in Euro. Accounting records may, however, be kept in such other currency or currencies as the Secretary General or the other Heads of Institutions and Heads of Mission in agreement with the Secretary General may deem necessary. Accounting rates of exchange shall be fixed by the Secretary General on the basis of the rates used by the United Nations for such purposes. The unit of account shall be one Euro.</p>	<p>Regulation 7.03 – Reporting Currency</p> <p>The annual financial statements shall be presented in Euro. Accounting records may, however, be kept in such other currency or currencies as the Secretary General or the other heads of institutions and heads of mission in agreement with the Secretary General may deem necessary. Accounting rates of exchange shall be fixed by the Secretary General on the basis of the rates used by the United Nations for such purposes. The unit of account shall be one Euro.</p>
<p>Regulation 7.06 – Information on Budgetary Situation</p> <p>The Secretary General shall inform the informal Financial Committee on the budgetary situation, including obligations and expenditures, at quarterly intervals.</p>	<p>Regulation 7.06 – Information on Budgetary Situation</p> <p>The Secretary General shall inform the informal Financial Committee Advisory Committee on Management and Finance on the budgetary situation, including obligations and expenditures, at quarterly intervals.</p>

**AMENDMENTS TO THE OSCE FINANCIAL REGULATIONS
(continued)**

<p>CURRENT TEXT OF THE FINANCIAL REGULATIONS</p>	<p>AMENDMENTS</p>
<p>Regulation 8.03 – Conduct of the Audit</p> <p>(a) Subject to any special direction by the Permanent Council the External Auditor shall perform an audit of the financial statements, including all Funds, as the External Auditor may deem necessary in order to be satisfied that:</p> <ul style="list-style-type: none"> (i) the annual financial statements fairly reflect the financial position of the OSCE by the end of the financial year and that they are in accord with the books and records; (ii) the financial transactions reflected in the statements have been effected in accordance with International Public Sector Accounting Standards (IPSAS), the Financial Regulations, budgetary provisions as well as applicable directives and financial instructions; (iii) the funds on deposit and on hand have been verified by certificates received directly from the depositories or by actual count; and (iv) the internal controls, including the internal audit, are adequate. <p>(b) In addition to the annual audit the External Auditor shall at any time have free access to the accounting records and to other</p>	<ul style="list-style-type: none"> (ii) the financial transactions reflected in the statements have been effected in accordance with International Public Sector Accounting Standards (IPSAS), the Financial Regulations, budgetary provisions as well as applicable directives and financial other relevant instructions;

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<p align="center">CURRENT TEXT OF THE FINANCIAL REGULATIONS</p>	<p align="center">AMENDMENTS</p>
<p>relevant records and documents as are necessary, in the opinion of the External Auditor, for the audit.</p>	
<p>Regulation 8.05 – Provision of Facilities and Assistance to the External Auditor</p> <p>The Secretary General and the other Heads of Institution shall provide the External Auditor with such facilities and assistance as may be required for the proper conduct of the audit.</p> <p>Regulation 8.06 – Audit Report</p> <p>(a) The External Auditor shall prepare a signed report expressing an opinion on the annual financial statements. The report shall include such observations as the External Auditor may deem necessary, in particular with respect to:</p> <ul style="list-style-type: none"> (i) the extent and character of the audit; (ii) the efficiency of the financial procedures, the accounting system and the internal control; and (iii) other matters which should be brought to the attention of the Permanent Council. <p>(b) The External Auditor shall have no power to disallow items in the financial statements but shall draw the attention of the Secretary General and, as appropriate, of other Heads of Institution to any transaction regarding which the External Auditor entertains doubt as to legality or propriety.</p>	<p>Regulation 8.05 – Provision of Facilities and Assistance to the External Auditor</p> <p>The Secretary General and the other heads of institution shall provide the External Auditor with such facilities and assistance as may be required for the proper conduct of the audit.</p> <p>(b) The External Auditor shall have no power to disallow items in the financial statements but shall draw the attention of the Secretary General and, as appropriate, of other heads of institution to any transaction regarding which the External Auditor entertains doubt as to legality or propriety.</p>

**AMENDMENTS TO THE OSCE FINANCIAL REGULATIONS
(continued)**

CURRENT TEXT OF THE FINANCIAL REGULATIONS	AMENDMENTS
<p>(c) The informal Financial Committee shall discuss the audited annual financial statements on the basis of the audit report.</p> <p>(d) Before the External Auditor submits the audit report to the Permanent Council, the Secretary General shall be afforded the opportunity to furnish such explanations and justifications as the Secretary General deems necessary.</p> <p>(e) The audit report shall serve as a basis for the acceptance of the annual financial statements by the Permanent Council or for such other action in respect of the financial statements as the Council may consider necessary (Regulation 7.05).</p>	<p>(c) The informal Financial Committee Advisory Committee on Management and Finance shall discuss the audited annual financial statements on the basis of the audit report.</p>