

## ARTICLE VIII: EXTERNAL AUDIT

### **Regulation 8.01 - Appointment and Tenure of Office of the External Auditor**

A fully qualified External Auditor who meets internationally accepted auditing standards shall be appointed by the Permanent Council upon nomination by participating States. The tenure of office shall normally be three years unless otherwise determined by the Permanent Council. The services of the External Auditor shall be made available free of charge by the nominating State(s). Auditing staff shall be entitled to reimbursement of their travel expenses in accordance with the travel standards applicable to OSCE staff.

### **Regulation 8.02 - Scope of the Audit**

The External Auditor may make observations with respect to the efficiency of the financial procedures, the accounting system, the internal financial controls and, in general, the administration and management of the OSCE.

### **Regulation 8.03 - Conduct of the Audit**

(a) Subject to any special direction by the Permanent Council the External Auditor shall perform an audit of the accounts, including all Funds, as the External Auditor may deem necessary in order to be satisfied that:

- (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 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.

(b) In addition to the annual audit the External Auditor shall at any time have free access to the accounting records and to other relevant records and documents as are necessary, in the opinion of the External Auditor, for the audit.

#### **Regulation 8.04 - Responsibility of External Auditor**

The External Auditor shall be completely independent and solely responsible for the conduct of the audit.

#### **Regulation 8.05 - Provision of Facilities and Assistance to the External Auditor**

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.

#### **Regulation 8.06 - Audit Report**

(a) The External Auditor shall prepare a signed report expressing an opinion on the annual accounts. The report shall include such observations as the External Auditor may deem necessary, in particular with respect to:

- (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.

(b) The External Auditor shall have no power to disallow items in the accounts 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.

(c) The informal Financial Committee shall discuss the audited annual accounts on the basis of the audit report.

(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.

(e) The audit report shall serve as a basis for the acceptance of the annual accounts by the Permanent Council or for such other action in respect of the accounts as the Council may consider necessary (Regulation 7.05).