

Confidential

TO: Ms. Eleanor Burns, Chief,
A: Peacekeeping Audit Service, Internal Audit Division,
Office of Internal Oversight Services

DATE: 27 April 2011

REFERENCE:

THROUGH:

S/C DE:

FROM: Anthony Banbury, Assistant Secretary-General
DE: for Field Support



SUBJECT: **Draft OIOS report on the audit of the planning and budgeting of the
OBJET: support account in DPKO and DFS – Assignment no. AP2010/615/05**

1. I refer to your memorandum dated 1 April 2011, regarding the above-mentioned audit. Please find below DPKO/DFS comments on the findings and recommendation contained in the draft report.

Executive Summary

Bullet 1

2. We suggest that the second sentence be reworded to read, "These strategic priorities guide the development of results-based budgeting frameworks and area work plans, as well as the prioritization of budget proposals" to more accurately reflect the DPKO/DFS planning and budgeting processes.

Bullet 2

3. We suggest that the bullet be reworded to read: "Departments and offices whose operations are funded from the support account would benefit from strategic and operational planning assumptions for peacekeeping operations/field missions in planning their budgetary requests. DPKO and DFS should provide such information at the start of each budget cycle as part of the Controller's Instructions."

Bullet 3

4. The Secretary-General's own recommendations subsequent to his report on the support account for peacekeeping operations (A/50/876), and the related decisions taken by the General Assembly, would indicate that, with the creation of the support account, and subsequent action to enhance the leadership, management, staff and structure of DPKO, and later to create DFS; the support account has been seen as the

primary mechanism for funding the backstopping of peacekeeping operations. DPKO/DFS therefore wish to clarify that this issue is a fundamental policy decision that affects all areas financed under the support account and suggest that it should be addressed to the Office of the Controller for comments.

Introduction (paragraphs 1 – 4)

5. The statistics in paragraph 3 of the draft report relating to the 2007/2008 peacekeeping budget and UNLB budget are inaccurate and should read \$6,508 million instead of \$6,540.2 million. The first sentence of the paragraph should be reworded to read: “The total amount of the support account (for all departments and offices) increased by 57.8 per cent from \$230.5 million in 2007/2008 to \$363.7 million in 2010/2011, while the peacekeeping budget, excluding SPMs, increased by 5.9 per cent from \$6,508 million to \$6,891.9 million during the same period.”

Audit objectives, scope and methodology (paragraphs 5 – 7)

6. The stated objective of this audit does not seem to have been met and there appears to be a disconnect between the objective and the scope of the audit. While the audit objective sought to assess the adequacy and effectiveness of the peacekeeping support account in DPKO and DFS, the scope refers to the review of the mechanisms for monitoring the support account budgeting process for compliance with regulations, rules and policies, consistency and timeliness. It is also not clear from the draft report that the latter was actually undertaken.

7. While paragraph 7 indicates that not all departments that receive funding from the support account were reviewed, OIOS does not seem to have undertaken a review of the Department of Management's (DM's) lead role in guiding, coordinating, reviewing and overseeing/controlling the planning and budgeting process in the support account. DM-related comments to this report are minimal, which severely undermines the credibility and quality of the audit.

8. Mindful of the scope and methodology of the audit, there are developments within the Secretariat that will directly impact its ability to manage and oversee the peacekeeping support account planning and budget control framework:

a) While mentioned in passing in paragraphs 20 and 21 of the report, the Working Group on the review of funding and backstopping of special political missions (SPMs) met in the beginning of February 2011, with representation from DM, DPKO, DFS and the Department of Political Affairs (DPA). The goal of this Working Group is to obtain General Assembly approval for changes to the funding and backstopping of SPMs. This will ensure that field missions have access to the necessary support from relevant departments, including DPKO, DFS, DM, DPA and the Department of Safety and Security, to implement their mandates efficiently and effectively, and resources are presented in a transparent manner allowing effective management by the Secretariat and review by Member States. Moreover, the recommendation contained in the draft report concerns a policy decision to be made at the level of the Controller, as it affects all areas financed under the support account.

b) DM recently commissioned a follow-up study by consultants on the evolution of the United Nations Support Account for Peacekeeping Operations. Through resolution A/RES/63/287 of 30 June 2009, the General Assembly noted the observation of the Board of Auditors on the lack of defined formulae to show the relationship between the level and complexity of peacekeeping operations and the commensurate level of the support account staffing needed to facilitate consistent achievement against operational objectives. The General Assembly and the ACABQ also indicated that several questions still exist around three issues in particular: (i) whether the staffing complement of the support account is achieving efficient, effective and economic support for peacekeeping operations, (ii) whether there are opportunities for synergies between the field and Headquarters, and (iii) how advances in information and communication technology can impact staffing requirements for the support account. The consultant's report is now complete (see A/65/761). OIOS may need to consider its contents and the potential impact it could have on the support account, as well as the backstopping of SPMs.

Audit results

Strategic planning and budget formulation

Paragraph 9

9. The second sentence states that "OIOS reviewed the strategic priorities for the audited budget cycles and noted the department's effort to develop budgeting priorities and to set up criteria for the support account budget proposals". This does not take into account the broader objective of determining our strategic, operational and support priorities to guide broader planning such as the Under-Secretary-General and Assistant Secretary-General compacts, results-based budgeting frameworks, and area work plans, and not just budgeting priorities. Based on our experience over the past two years, it also seems more accurate to say that those priorities help guide the prioritization of budget proposals rather than lead to the establishment of criteria for support account budget proposals. We suggest that the second sentence be reworded to read that: "OIOS reviewed the strategic priorities for the audited budget cycles and noted the effort of DPKO/DFS to guide the development of departmental plans and the prioritization of budget proposals".

Paragraph 10

10. This paragraph suggests that DPKO and DFS advocate and would like to have their knowledge of anticipated changes to field mission mandates and developments in their areas of operation imposed on all areas resourced through the support account budget. That is not the case, or the spirit of the related points raised during OIOS' interviews with the Office of the Chief of Staff. DPKO/DFS suggest that the paragraph be reworded to read: "DPKO and DFS considered that knowledge of anticipated changes to field mission mandates and developments in their areas of operation were essential to effectively plan and budget. The support account as a whole would benefit from an articulation of strategic and operational planning assumptions in supporting peacekeeping operations/field missions to better align Headquarters activities in

support of mission mandate implementation and the more optimal functioning of peacekeeping operations/field missions. Those assumptions should be included in the Controller's Instructions issued annually for the preparation of the support account."

Paragraphs 11 and 12

11. We suggest the deletion of these paragraphs in their entirety, as they do not reflect the spirit in which the views of the Office of the Chief of Staff of DPKO/DFS were offered.

Paragraph 14

12. Please refer to our comments in paragraph 5 above and amend the statistics in table 1 and 2 accordingly.

Paragraph 17

13. We suggest that the last sentence be reworded to read: "In 2007, as part of the restructuring of DPKO and the establishment of DFS, the additional D-2 posts proposed for DPKO and DFS were approved under the support account funding mechanism."

Budgeting procedures and processes (paragraph 22 to 26)

14. Although budgeting procedures and processes is one of the most problematic areas for DPKO/DFS at Headquarters and the field, this section of the report is limited to comments on submission of budgets through the use of electronic templates; and the review of procedures for preparing the support account budget, described by a basic statement on the distribution of the Controller's Instructions. The report makes no reference as to how the support account budget was developed or the adequacy of the control framework as it relates to the methodology and planning/budget processes. Also, the reference to the Peacekeeping Finance Division's (PFD's) meeting to address questions that the departments may have on the instructions is the only extent to which PFD's role is mentioned.

Recommendation

15. Please refer to our comments on the recommendation in the attached matrix.

16. Thank you for the opportunity to comment on the draft report. We stand ready to provide any further information that may be required.

cc: Ms. Kane
Ms. Vendat
Ms. Wong

RESPONSE AND IMPLEMENTATION OF RECOMMENDATIONS
Assignment No. AP2010/615/05 – Audit of planning and budgeting of the support account in DPKO and DFS

Para. no.	Recommendation	Risk category	Risk rating	Accepted (Yes/No)	Implementation date	Client Comments
18	The Executive Office, DPKO and DFS, should identify which posts represent core versus variable or additional backstopping capacity and determine the appropriate source of their funding in terms of the principle in the Secretary-General's report A/50/876 noted by the General Assembly in its resolution 50/221B. When reporting on the support account budget, DPKO and DFS should bring this matter to the attention of the General Assembly.	Strategy	Medium	N/A	N/A	As earlier stated, this is a policy issue that falls within the purview of the Department of Management and affects Departments beyond DPKO and DFS. Accordingly, it should be directed to DM to review the relationship between the regular budget and support account funding mechanisms.