



INTERNAL AUDIT DIVISION

REPORT 2018/032

Audit of budget formulation and monitoring in the African Union-United Nations Hybrid Operation in Darfur

The Mission needed to fund its programmatic activities and enhance monitoring of budget implementation

27 April 2018

Assignment No. AP2017/634/01

Audit of budget formulation and monitoring in the African Union-United Nations Hybrid Operation in Darfur

EXECUTIVE SUMMARY

The Office of Internal Oversight Services (OIOS) conducted an audit of budget formulation and monitoring in the African Union-United Nations Hybrid Operation in Darfur (UNAMID). The objective of the audit was to assess the adequacy and effectiveness of governance, risk management and control processes over budget formulation and monitoring in UNAMID. The audit covered the period from 1 July 2015 to 30 June 2017 and included: the review of alignment of budgetary allocation with strategic objectives and priorities; budget planning and determination process; and budget implementation and monitoring in the Mission.

UNAMID needed to fund programmatic activities, provide training to budget focal points and section chiefs in formulating budgets, and introduce adequate controls over expenditure with respect to budget execution at the subclass level.

OIOS made three recommendations. To address issues identified in the audit, UNAMID needed to:

- Propose funding for programmatic activities of substantive sections required to implement the Mission's mandate and ensure the finalization and implementation of the integrated strategic framework between the Mission, the United Nations Country Team and other partners;
- Provide training to budget focal points and section chiefs to enhance their skills in formulating budgets; and
- Monitor and review expenditure with respect to budget allocation at the subclass level.

UNAMID accepted the recommendations, implemented two of them, and has initiated action to implement the remaining one.

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Audit of budget formulation and monitoring in the African Union-United Nations Hybrid Operation in Darfur

I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of budget formulation and monitoring in the African Union-United Nations Hybrid Operation in Darfur (UNAMID).

2. General Assembly resolution 55/231 requires missions to follow the results-based budgeting (RBB) approach for its budgets. The RBB framework states that for each component of the budget, the Mission is required to develop expected accomplishments and related indicators of achievements and outputs. UNAMID budgets include resource requirements for military, police and civilian personnel, and related operational costs needed to achieve its mandate and strategic objectives. Table 1 shows UNAMID budget and expenditure for fiscal years 2015/16 and 2016/17.

Table 1
Financial performance (in \$ million)

	2015/16				2016/17			
	Budget	Expenditure	Variance		Budget	Expenditure	Variance	
Military and police	551.52	556.36	(4.84)	(0.88%)	556.59	556.38	0.21	0.03%
Civilian personnel	278.08	251.75	26.33	9.46%	258.33	251.37	6.96	2.68%
Operational costs	272.55	228.48	44.07	16.16%	224.63	214.92	9.71	4.33%
Total	1 102.15	1 036.59	65.56	5.94%	1 039.55	1 022.67	16.88	1.62%

3. The Mission's budgeting process is coordinated by the Budget and Finance Section (BFS) headed by a Chief at the P-5 level. The Chief Budget and Finance Officer reports to the Director of Mission Support and is assisted by 20 staff. BFS is responsible for advising, reviewing, revising, and formulating the Mission's budget based on instructions received from the United Nations Controller and on input from substantive and support sections.

4. The Strategic Planning Unit in the Office of the Chief of Staff, in coordination with substantive sections, supports the framing of the Mission's strategic priorities in alignment with the mandate. The Mission had established a Budget Sub-Steering Committee headed by the Deputy Director of Mission Support, responsible for scrutinizing and deliberating on the first draft of budget proposal prepared by BFS. The Mission had also established a Budget Steering Committee headed by the Joint Special Representative, with the Deputy Joint Special Representative (DJSR), Force Commander, Police Commissioner, Mission Chief of Staff and Director of Mission Support responsible for reviewing and deliberating on the second draft of budget proposal prepared after incorporating the amendments suggested by the Budget Sub-Steering Committee.

5. In May 2017, a joint team comprising representatives of the African Union Commission and the United Nations conducted a strategic review of the Mission and recommended a reduction in the size of the Mission and reprioritization of its activities. The results of the review are reflected in the UNAMID mandate for 2017/18 as per Security Council resolution 2363 (2017). Consequently, the General Assembly did not approve resources for UNAMID for the full period 2017/18 in expectation of the presentation of a revised budget for 2017/18 but decided, in its resolution 71/310, to authorize the Secretary-General to enter into commitments for the operation in an amount not exceeding \$486 million for the period from 1 July to 31

December 2017. On 23 December 2017, the General Assembly finally approved the UNAMID revised budget of \$910.9 million for the period from 1 July 2017 to 30 June 2018.

6. Comments provided by UNAMID are incorporated in italics.

II. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY

7. The objective of the audit was to assess the adequacy and effectiveness of governance, risk management and control processes over budget formulation and monitoring in UNAMID.

8. This audit was included in the 2017 risk-based work plan of OIOS due to the financial and operational risks resulting from the failure to effectively allocate and utilize resources in alignment with strategic priorities.

9. OIOS conducted this audit from April to July 2017. The audit covered the period from 1 July 2015 to 30 June 2017. Based on an activity-level risk assessment, the audit covered higher and medium risk areas, which included: alignment with strategic objectives and priorities; planning assumptions and determination of requirements; and budget implementation and monitoring.

10. The audit methodology included: interviews with BFS staff and chiefs and budget focal points of various substantive/support sections; review of documentation related to the budget; file review and data analysis; and sample testing of accounts with significant variances and fund redeployments.

11. The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

III. AUDIT RESULTS

A. Alignment with strategic objectives and priorities

The Mission needed to prioritize its resources related to programmatic activities and formalize arrangements with other humanitarian partners

12. The General Assembly, in its resolution 70/286, recognized that the inclusion of programmatic activities in mission budgets on a case-by-case basis is intended to support the effective implementation of mandated tasks and requested the Secretary-General to clearly and consistently present the cost of such activities in future mission budgets to provide greater transparency. The Mission's mandate and strategic priorities and the Doha Document for Peace in Darfur included activities like promoting human rights, strengthening governance, supporting local level conflict resolution and reconciliation, and strengthening the rule of law.

13. The budget proposals for 2015/16 and 2016/17 submitted by the substantive sections were not always supported by Mission management to enable substantive sections to effectively support the implementation of the Mission's mandate. For instance, the Civil Affairs Section requested a budget of \$0.5 million in 2016/17 for: conducting seminars on good governance for civil society organizations; mentoring and capacity-building workshops for local actors; holding meetings with state level actors, civil society organizations, local authorities and local community leaders; and outreach meetings with farmers and pastoralists to promote consultation and dialogues and resolve conflicts. However, the requested funding was not included in the Mission's budget proposal submitted for the General Assembly's approval. As a result, some of these activities were not carried out. Similarly, the Human Rights Section advised OIOS

that due to the unsupported budget request of \$50,000 in 2016/17, they were unable to conduct planned training activities to create awareness about human rights issues in the regions. Consequently, for 2015/16 and 2016/17, budget allocations to substantive sections were primarily for staff salaries and limited travel cost, with minimal funds allocated to outreach activities.

14. OIOS was informed that the minimal level of funding for programmatic activities was because the Mission considered these activities to be predominantly carried out by humanitarian partners, with the substantive programmes' role to provide expertise rather than delivery of programme activities. However, the United Nations Country Team (UNCT) was also facing funding constraints, and therefore UNAMID and UNCT members were not able to implement important programmes, impacting on mandate implementation. Moreover, the integrated strategic framework defining the role and responsibility of the Mission vis-à-vis UNCT and other partners was not yet finalized and approved by all stakeholders, increasing the risk that the coordination envisaged in the framework was not happening adequately, adversely affecting the completion of mandated tasks.

15. Inadequate funding for programmatic activities could impede the implementation of the Mission's mandate. Also, with the revision of the UNAMID mandate, the priorities of the Mission would further shift towards stabilization in a major part of the Mission's area of operation, thereby enhancing the role of substantive sections like rule of law and human rights.

(1) UNAMID should: (a) propose funding for programmatic activities of substantive sections required to implement the Mission's mandate; and (b) expedite the finalization and implementation of the integrated strategic framework between the Mission, the United Nations Country Team and other partners to clarify roles and responsibilities and the funding mechanisms.

UNAMID accepted recommendation 1 and stated that it had implemented the recommendation. Based on its review of the action taken by UNAMID, recommendation 1 has been closed.

B. Planning assumptions and determination of requirements

Budget focal points and section chiefs needed training in formulating budgets

16. The budget formulation in the Mission should be based on adequate planning assumptions to establish the level of activities, related costing of these activities and analysis of past expenditures.

17. A review of the planning and assessment of various sections' activities noted that the Air Transport Section had not updated its planning assumptions for 2015/16 and 2016/17 and therefore, budget proposals were not reflecting the planned number of aircraft, and realistic associated costs such as ground handling charges. The review noted, for example, that for the Air Transport Section, against a budget of \$19.2 million for petrol, oil and lubricants, there was an expenditure of \$12.4 million. *The Mission informed OIOS that low expenditures for petrol, oil and lubricants in the Aviation Section in 2015/16 was due to non-deployment of four budgeted military utility helicopters, lower than planned flight operations due to adverse weather conditions, and reduction in actual weighted average cost of petrol, oil and lubricants per litre.* OIOS similarly noted that the Ground Transport Section had also not updated its planning assumptions for 2015/16 and 2016/17, resulting in irregular trends in expenditure against budget in both 2015/16 and 2016/17.

18. A review of the Mission's budget formulation process indicated the need for enhanced diligence when preparing budgets. Interviews with budget focal points of various substantive and support sections,

e.g., Military, Civil Affairs, Communications and Information Technology, Ground Transport, Engineering, and Acquisition Planning, indicated that most of them were preparing budgets without any relevant training.

19. While OIOS noted improvements in the budgeting process between 2015/16 and 2016/17, audit focal points and section chiefs would benefit from being trained on the budget formulation process as well as requirements to base budget proposals on sound and well supported planning assumptions that consider previous year's trends and the future needs of the Mission.

(2) UNAMID should train staff involved in developing budget proposals to enhance their skills in formulating budgets.

UNAMID accepted recommendation 2 and stated that there was a need to enhance staff skills in formulating budgets and that, while informal training was provided to relevant staff, a formal one would be conducted by 30 June 2018. Recommendation 2 remains open pending receipt of evidence that training on the budget process has been provided to budget focal points and section chiefs.

There was opportunity to improve the budgeting process

20. Budget submissions should contain sufficient information, explanation and justification of proposed resource requirements. The Controller's Support Guide for budget preparation requires UNAMID to base its cost estimates on the Standard Cost and Ratios Manual (SCRM) provided by the Department of Field Support (DFS).

21. OIOS reviewed major items of expenditure in the costing sheets and found that the Mission's military resource requirements for 2015/16, 2016/17 and 2017/18 estimated at \$432.01 million, \$437.39 and \$380.68 million respectively and police requirements estimated at \$119.50 million, \$119.19 million and \$105.63 million respectively were consistent with the authorized deployment strength. Resource requirements were also consistent with the troop reimbursement rates approved by General Assembly resolution 68/281.

22. However, UNAMID sections did not use standard cost and ratios prescribed in the SCRM to prepare their cost estimates. Instead sections used past cost data and their judgment, as they were of the view that this was more reliable as the SCRM was not aligned to local conditions. OIOS' review of deviations of costing projections with respect to the SCRM noted that actual costs in some cases were closer to the budgeted costs such as those for rations and bottled water which normally had a global contract. In other cases; however, the actual costs were closer to the SCRM and therefore referring to the SCRM would have improved the cost estimates such as in the case of water truck (Transport) and computer notebooks and network security equipment (GITTS). Therefore, there was an opportunity to improve the budgeting process by systematically using the SCRM as an aid for establishing costs, and would assist the Mission in developing realistic budgetary requirements.

UNAMID complied with the conditions to redeploy funds

23. The United Nations Controller's delegation of authority to the Director of Mission Support requires the Mission to redeploy funds only when the following conditions are met: the authorized strength of military and police personnel is not exceeded; the civilian personnel staffing table is respected; funds allocated to quick-impact projects cannot be increased without prior approval of the Peacekeeping Finance Division (PFD); redeployment of funds from field cost centres to headquarters cost centres must be

approved by PFD; and redeployment of funds across groups of expenditure must be approved by PFD and the Programme Planning and Budget Division in the Department of Management.

24. The Mission made 62 redeployments with a value of \$67 million in 2015/16 and 112 with a value of \$66.9 million in 2016/17, both representing 6 per cent of the respective allocations. The redeployments were made within the classes, between the classes and between the groups.

25. OIOS review of documentation of 95 redeployments out of 184 carried out between 1 July 2015 and 30 June 2017 indicated that: all the transactions were approved in accordance with the Mission's delegated authority; there were no increases to quick-impact project funds; all redeployment of funds from field cost centres to headquarters cost centres were approved by PFD; and the Mission did not exceed the authorized strength of the military and police personnel and respected the civilian staffing table.

26. Some of the reasons for the redeployments included: to eliminate negative balances in classes/subclasses of expenditure; to cover shortfalls in the budget class/subclass; to comply with the instructions/requests from DFS to cover the cost of information technology applications and communication charges such as the Mission's share of leased lines and satellite communications; to cover the shortfall in salaries of national staff by taking out funds from international staff; redeployment from other supplies, services and equipment to ground transport to cover the increase in insurance premium; and to return unused balances.

27. OIOS review indicated that all redeployments were made in accordance with the authority delegated to the Mission, following procedures and taking necessary approvals.

C. Budget implementation and monitoring

There was a need to monitor expenditure at subclass level on a quarterly basis

28. Advisory Committee on Administrative and Budget Questions report A/70/803 recommended that UNAMID reinforce internal control measures, enhance monitoring mechanisms and ensure stricter compliance with established rules and procedures for budget execution in the Mission. The Controller's instructions also require variances to be reduced at class and subclass levels by monitoring appropriation vis-à-vis expenditure during the year.

29. There were inadequate controls over the budget execution at the subclass level, as follows:

- In 2015/16, the allocation under the subclass Contingent Owned Equipment – Major Equipment for the class Formed Police Unit (FPU) was exceeded by \$1.2 million without any redeployment or justification as there was an overall saving in the class. Although the class FPU had a variance of 3 per cent, the subclasses had variances of up to 69 per cent;

- In 2016/17, the Military Contingent class had an overall variance of 1 per cent with underutilization of \$5.3 million, but the subclasses had higher variances such as the subclass Travel Emplacement and Rotation, which had a variance of 36 per cent with underutilization of \$7 million. The subclass rations under the Military Contingent had an underutilization of \$7.5 million or 16 per cent; and

- In 2016/17, the class Facilities and Infrastructure had a variance of \$7.4 million or 11 per cent of the allocation. The subclasses under this had positive and negative variances, e.g., 97 per cent (or \$3.5 million) for Maintenance Services and 348 per cent (or \$1.5 million) for Acquisition

of Prefabricated Facilities Accommodation and Refrigeration Services. OIOS noted a similar trend in other classes as well.

30. The above happened primarily because the Mission was not monitoring expenditure trends at the subclass level during the year. The budget implementation reports produced by BFS focused on the performance of various sections at the class levels only. This had an effect of having large unexplained variances at the subclass level under various classes.

(3) UNAMID should monitor and review quarterly the expenditure against the budget at the subclass level and enforce better budget discipline at the subclass level.

UNAMID accepted recommendation 3 and stated it had implemented the recommendation. Based on its review of the action taken by UNAMID, recommendation 3 has been closed.

Alignment of budget formulation and implementation

32. Since it is not yet currently supported in Umoja, budget formulation is a manual process based on structures from the legacy budget information system and peacekeeping costing sheets that are based on the purpose of expenditure whereas budget implementation (expenditure) is to be recorded in Umoja based on the nature of the expenditure. Hence, the two structures are not aligned resulting in some misalignments in the recording of expenditures against the corresponding budget commitment item groups. For example, a review of budget execution revealed improperly recorded expenditure of \$3.2 million against an allocation of \$50,000 for subclass maintenance and repair of equipment under the class information technology. Similarly, no expenditure was recorded under the subclass spare parts and supplies in the class information technology though an allocation of \$1.6 million was available. Also, there was an under-expenditure in the subclass commercial communications by \$10.8 million representing 69 per cent of the allocation. The review noted other similar cases of unexplained expenditure trends in subclasses pertaining to these two classes. The budget under facilities and infrastructure showed a saving of 78 per cent under maintenance services while the budget under “other services” had been exceeded by 229 per cent. PFD explained that it had changed the costing sheets for the 2018/19 budget submissions to reflect changes required to align budget formulation and expenditure. Hence, OIOS is not making a recommendation at this time.

IV. ACKNOWLEDGEMENT

33 OIOS wishes to express its appreciation to the management and staff of UNAMID for the assistance and cooperation extended to the auditors during this assignment.

(Signed) Eleanor T. Burns
Director, Internal Audit Division
Office of Internal Oversight Services

STATUS OF AUDIT RECOMMENDATIONS

Audit of budget formulation and monitoring in the African Union-United Nations Hybrid Operation in Darfur

Rec. no.	Recommendation	Critical ¹ / Important ²	C/ O ³	Actions needed to close recommendation	Implementation date ⁴
1	UNAMID should: (a) propose funding for programmatic activities of substantive sections required to implement the Mission's mandate; and (b) expedite the finalization and implementation of the integrated strategic framework between the Mission, the United Nations Country Team and other partners to clarify roles and responsibilities and the funding mechanisms.	Important	C	Action taken.	Implemented
2	UNAMID should train staff involved in developing budget proposals to enhance their skills in formulating budgets.	Important	O	Receipt of evidence that training on the budget process has been provided to budget focal points and section chiefs.	30 June 2018
3	UNAMID should monitor and review quarterly the expenditure against the budget at the subclass level and enforce better budget discipline at the subclass level.	Important	C	Action taken.	Implemented

¹ Critical recommendations address critical and/or pervasive deficiencies in governance, risk management or control processes, such that reasonable assurance cannot be provided with regard to the achievement of control and/or business objectives under review.

² Important recommendations address important (but not critical or pervasive) deficiencies in governance, risk management or control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

³ C = closed, O = open

⁴ Date provided by UNAMID in response to recommendations.

APPENDIX I

Management Response

AFRICAN UNION

الإتحاد الأفريقي



UNAMID



UNITED NATIONS

الأمم المتحدة

African Union - United Nations Hybrid Operation in Darfur

12 April 2018

Ref:

To: Mr. Arnold Valdez, Officer in Charge,
Peacekeeping Audit Service
Internal Audit Division

From: Jeremiah Mamabolo,
Joint Special Representative
UNAMID

Subject: Draft audit report on an audit of budget formulation and monitoring in the African Union-United Nations Hybrid Operation in Darfur (AP2017/634/01).

1. With reference to your memorandum of 30 March 2018 on the abovementioned audit report, please find attached UNAMID's response (Appendix I) and the related supporting documentation for your consideration.
2. Except for the comments noted in the attached memorandum, I also confirm the factual accuracy of the report.

Best regards,

cc: Ms. Victoria Browning, Director Mission Support, UNAMID
Mr. Luke Mhlaba, Mission Chief Of Staff, UNAMID
Mr. Ebrima Ceesay, Deputy Director of Mission Support, UNAMID
Mr. Michael Tarallo, Chief Budget and Finance Section, UNAMID
Lieutenant General Leonard Muriuki Ngondi, Force Commander, UNAMID
Ms. Priscilla Makotose, Police Commissioner, UNAMID
Ms. Florence Ndungu, Senior Administrative Officer, UNAMID
Ms. Dorothy Choto, Audit focal Point, UNAMID
Mr. Alexandre Etocke, Chief Resident Auditor, UNAMID
Ms. Cynthia Avena-Castillo, Professional Practices Section, IAD-OIOS

AFRICAN UNION

الإتحاد الأفريقي



UNAMID



UNITED NATIONS

الأمم المتحدة

African Union - United Nations Hybrid Operation in Darfur

12 April 2018

Ref: DMS/IOM/2018/027

To: Mr. Arnold Valdez, Officer in Charge,
Peacekeeping Audit Service
Internal Audit Division

From: Victoria Browning
Director Mission Support Division
UNAMID

Subject: Comments on the factual inaccuracy of the draft report on an audit of budget formulation and monitoring in the African Union-United Nations Hybrid Operation in Darfur (AP2017/634/01).

With reference to the abovementioned draft report, UNAMID would like to note some inaccuracies reflected in paragraph 17. The following statement "*The lack of up to date planning assumptions may have been the cause of significant under expenditure against budget in 2015/16.*" is factually incorrect. We kindly request that this paragraph be reformulated to link new findings to the need for training.

The under expenditure against budget was due to the following reasons:

- a) The low expenditures for petrol, oil and lubricants in the Aviation Section in 2015/16 was due to (i) non-deployment of 4 budgeted military utility helicopters (\$1.3m), (ii) lower than planned flight operation as a result of force majeure such as adverse weather conditions including sandstorms and restrictions imposed by the Government of the Sudan (\$4.2m), and (iii) reduction in the actual weighted average cost of \$0.78 per litre compared to the actual weighted average price of \$0.97 per litre budgeted (\$1.8m).
- b) The low expenditures for rental and operation of helicopters in the Aviation Section was due to (i) decreased annual rental costs for 3 Mi-8-AME helicopters as a result of new contractual arrangements which decreased the budgeted average rental cost from \$3.8m to actual cost of \$2.7m per helicopter (\$3.3m), and (ii) non deployment of 4 military utility helicopters (\$3.8m).
3. Further, UNAMID confirms that the budget allocation for liability insurance of helicopters in 2015/16 is \$266,000 rather than \$56.8 million with expenditures of \$168,700 rather than \$51.5 million. The budget allocation of \$56.8 million and expenditures of \$51.5 million relate instead to the rental and operation of helicopters.

Best regards.

Management Response

Audit of budget formulation and monitoring in African Union-United Nations Hybrid Operations in Darfur

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	UNAMID should: (a) propose funding for programmatic activities of substantive sections required to implement the Mission's mandate; and (b) expedite the finalization and implementation of the integrated strategic framework between the Mission, the United Nations Country Team and other partners to clarify roles and responsibilities and the funding mechanisms.	Important	Yes	For (a): Chief Budget and Finance Section For (b): Chief Strategic Planning Unit	15 January 2018	UNAMID has implemented the recommendation. Please refer to: <ul style="list-style-type: none"> • General Assembly resolution A/RES/72/259 • Peacekeeping Financing Division allotment advice AA03 • UNAMID 17-18 costing sheet 21 of A/72/563 • UNAMID 18-19 costing sheet 20 of Advance copy UNAMID proposed budget
2	UNAMID should train staff involved in developing budget proposals to enhance their skills in formulating budgets.	Important	Yes	Chief Budget and Finance Section	30 June 2018	UNAMID agrees with the need to enhance staff skills in formulating budgets. While informal training is provided to relevant staff, a formal training will be conducted by 30 June 2018. UNAMID however disagrees with findings leading to the recommendation. Please refer to the attached memorandum on the factual accuracy of the report.

¹ Critical recommendations address critical and/or pervasive deficiencies in governance, risk management or control processes, such that reasonable assurance cannot be provided with regard to the achievement of control and/or business objectives under review.

² Important recommendations address important (but not critical or pervasive) deficiencies in governance, risk management or control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

Management Response

Audit of budget formulation and monitoring in African Union-United Nations Hybrid Operations in Darfur

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
3	UNAMID should provide explanations in its budget submissions for any deviations from pre-established costs and ratios where its cost estimates are not based on the Standard Cost and Ratios Manual provided by DFS.	Important	No	Chief Budget and Finance Section		<p>UNAMID confirms that costing sheets already provide an explanation of the basis for financial requirements, being based on (a) historical trend or (b) contractual arrangements. This practice has been accepted by the Department of Field Support and the Division of Peacekeeping Financing Division/OPPBA. UNAMID will continue its current practice of providing explanation of the financial basis for its requirements in the costing sheets.</p> <p>A number of factors may influence the actual rate at the end of a financial period. Sometimes the actual rate is close to the Standard Cost and Ratios Manual (SCRM). Nonetheless, UNAMID confirms that the SCRM is not mandatory as it does not cater to idiosyncratic context of specific Mission locations and is by no means the only reference used in formulating estimates. SCRM is only limited to a referential aid in the budgeting process to be used merely as a starting point and only if realistic. While UNAMID confirms it takes into account also SCRM, the application of standard ratios does not necessarily render budget estimates more realistic. When formulating a budget, UNAMID takes into account historical trend, stock</p>

Management Response

Audit of budget formulation and monitoring in African Union-United Nations Hybrid Operations in Darfur

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
						availability, prior year unit costs specific to UNAMID which is something the SCRIM cannot provide by design being a 'standard'.
4	UNAMID should monitor and review quarterly the expenditure against the budget at the subclass level and enforce better budget discipline at the subclass level.	Important	Yes	Chief Budget and Finance Section	21 February 2018	UNAMID has implemented the recommendation. Please refer to: <ul style="list-style-type: none"> • Budget Implementation Reports as at 31 January 2018 • Annex 1 by Business Area • Annex 2 by Fund Centre • Annex 3 by Fund Centre Group III