



INTERNAL AUDIT DIVISION

REPORT 2018/026

Audit of support by the Department of Field Support to budget formulation and monitoring by field missions

The Department established an adequate framework to support missions' budget formulation and monitoring activities but needed to clarify related roles and responsibilities and strengthen procedures for continuous and timely engagement with field missions

13 April 2018
Assignment No. AP2017/615/01

Audit of support by the Department of Field Support to budget formulation and monitoring by field missions

EXECUTIVE SUMMARY

The Office of Internal Oversight Services (OIOS) conducted an audit of support provided by the Department of Field Support (DFS) to budget formulation and monitoring activities by field missions. The objective of the audit was to assess the adequacy and effectiveness of control processes and activities implemented by DFS to support field missions. The audit covered the 2015/16 to 2017/18 peacekeeping budget periods and the 2016 and 2017 budget periods for special political missions (SPMs) and included support to budget formulation, implementation and monitoring; coordination and representational activities; and operational management of the Field Budget and Finance Division.

DFS provided guidance to all 16 peacekeeping missions and 23 SPMs in the preparation of their budget proposals. In collaboration with the Department of Peacekeeping Operations (for peacekeeping missions) and the Department of Political Affairs (for SPMs), DFS reviewed field missions' budget submissions prior to submitting them to the Controller for approval. DFS also effectively represented field missions in discussions with legislative bodies, in coordination with the Office of Programme Planning, Budgets and Accounts (OPPBA) and conducted limited monitoring and reporting on implementation of approved budgets. However, DFS needed to clarify its roles and responsibilities for budget formulation and strengthen procedures for continuous and timely engagement with field missions.

OIOS made seven recommendations. To address issues identified in the audit, DFS needed to:

- Articulate, in coordination with OPPBA, their respective roles and responsibilities in the budget formulation process for field operations;
- Supplement budget instructions with specific guidelines to facilitate missions' compliance in developing and substantiating budgetary requirements relating to key strategic priorities and new initiatives;
- Streamline procedures for continuous engagement with field missions;
- Review, in coordination with OPPBA, adequacy of timelines allowed for formulating and submitting budgets;
- Provide feedback on field missions' compliance with budget formulation guidelines and agree on corrective actions to prevent deviations in future;
- Include more specific performance indicators on budget formulation and implementation in the results-based budgeting performance framework; and
- Develop standard operating procedures to clarify its internal processes and activities relating to budget support.

DFS accepted the recommendations and has initiated action to implement them.

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Audit of support by the Department of Field Support to budget formulation and monitoring by field missions

I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of support provided by the Department of Field Support (DFS) to budget formulation and monitoring activities by field missions.
2. In accordance with the Secretary-General's bulletin on the organization of DFS (ST/SGB/2010/2), DFS is responsible for: (i) soliciting input from and proposing organizational, structural staffing and resource requirements for peacekeeping missions and special political missions (SPMs), which are collectively known as peace operations, to the Controller in the budgetary approval process; and (ii) monitoring and managing mission funds for field operations.
3. The Budget and Performance Reporting Service (BPRS) of the Field Budget and Finance Division (FBFD) is the entity within DFS that undertakes these activities. Its key tasks include: (i) providing guidance to field operations and offices at Headquarters on budget policies, procedures, processes, systems, practices, rules and regulations and results-based budgeting; (ii) representing DFS and field operations in discussions with legislative and advisory bodies including providing inputs to the Office of Programme Planning, Budgets and Accounts (OPPBA) for formal responses and communication to legislative bodies; and (iii) supporting the implementation of approved budgets for field operations and the preparation of performance reports. There are 49 authorized posts within BPRS made up of 29 professional staff and 20 general service staff. Seven posts in BPRS were vacant as at 31 July 2017.
4. BPRS works with OPPBA, the Departments of Peacekeeping Operations and Political Affairs (DPKO and DPA) and other DFS counterparts including the Offices of the Under- and Assistant Secretaries-General, Field Personnel Division, Information and Communications Technology Division and Logistics Support Division to execute their budget support role. OPPBA is responsible for establishing policies, procedures and methodology for estimating resource requirements; providing policy guidance on financing of peacekeeping operations; and preparing annual budgets and performance reports. The other entities review budget instructions and field missions' budget submissions and provide advice, guidance and support in their specialized areas. BPRS supports 13 peacekeeping missions as well as the United Nations Support Office in Somalia (UNSOS), the Regional Service Centre in Entebbe (RSCE) and the Global Service Centre in Brindisi (UNGSC) under the peacekeeping budget; and 23 DPA-led SPMs and good offices engagements under the regular budget.
5. The total approved peacekeeping budget for the year from 1 July 2016 to 30 June 2017 was \$7.87 billion (\$8.27 billion for 2015/16) and the total approved budget for SPMs in the regular budget for the biennium 2016-2017 was \$1.2 billion.
6. Comments provided by DFS are incorporated in italics.

II. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY

7. The objective of the audit was to assess the adequacy and effectiveness of control processes and activities implemented by DFS to support budget formulation and monitoring by field missions.

8. This audit was included in the 2017 risk-based workplan of OIOS because of the strategic, financial and operational risks related to financing peacekeeping and SPMs in an ever-changing international peace and security landscape.

9. OIOS conducted this audit from June to December 2017. The audit covered the 2015/16 to 2017/18 peacekeeping budget periods and the 2016 and 2017 budget periods for SPMs. Based on an activity-level risk assessment, the audit covered higher and medium risk areas, which included: support to budget formulation, implementation and monitoring; coordination and representational activities; and operational management of FBFD.

10. In August 2017, the Under-Secretary-General (USG) of DFS issued a memorandum to peacekeeping operations, except for UNGSC, RSCE and UNSOS for which the USG retained overarching responsibility, requiring them to submit their full budget proposal package for the financial year 2018/19 directly to the Controller with a copy to the USGs of DPKO and DFS. This is a change from previous years when missions' budget proposals were submitted to OPPBA through DFS. DFS confirmed that submission of SPMs' budget proposals would also conform to the revised procedure for their 2019 budgets. According to DFS, the change was in line with feedback from missions and was aimed at further empowering each mission in formulating its budget proposal. Nevertheless, BPRS stated that they would continue to perform all their tasks from the previous arrangement under the new framework. Consequently, BPRS had not made changes to its existing resources but discussions were ongoing between various stakeholders on the full implication of the memorandum on activities related to budget formulation and monitoring.

11. The audit examined the arrangements in place before the August 2017 memorandum. Nevertheless, the conclusions and related recommendations have been made taking into consideration the change of mission budget submissions to OPPBA, as relevant.

12. The audit methodology included: (a) interviews of key personnel, (b) reviews of relevant budget submissions documentation focusing on 13 peace operations selected using judgmental sampling approach, and (c) analytical reviews of data. A survey was administered to assess the adequacy and effectiveness of DFS' support for formulation and monitoring of budgets by field missions to seven peace operations and their responses were analyzed to corroborate audit observations. Risk assessment and planning for the audit was conducted in consultation with OIOS resident auditors from 10 field missions who were in the process of conducting audits of budget formulation and monitoring in field missions.

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

III. AUDIT RESULTS

A. Support to budget formulation

Need to clarify respective roles and responsibilities between DFS and OPPBA in the budget formulation process

14. The Secretary-General's bulletin on the organization of DFS (ST/SGB/2010/2) requires DFS to carry out its activities in cooperation with other departments and offices of the Secretariat. This called for properly articulated and documented distribution of responsibilities to ensure efficient operations.

15. Both DFS and OPPBA conducted similar reviews of missions' budget proposals, which sometimes led to duplication of efforts, inefficiencies and changes to missions' resource requirements that resulted in

misalignment with agreed DFS priorities. For example: (a) the 2017/18 budget for the United Nations Interim Force in Lebanon included an increase of \$1.1 million for the lease and operation of a helicopter; and (b) the 2017/18 budget for United Nations Multidimensional Integrated Stabilization Mission in the Central African Republic (MINUSCA) included \$2 million for diplomatic pouch, which were not supported by DFS.

16. This occurred because of the absence of formal, updated terms of reference or guidance clearly delineating the activities performed by DFS and OPPBA. The United Nations Finance and Budget Manual, had not been updated to reflect DFS and OPPBA's actual and current roles and responsibilities, which had evolved over time. In addition, regular coordination meetings were not held between DFS and OPPBA to deliberate on areas of concern regarding peacekeeping budgets and to harmonize requirements. Thirty-three per cent of respondents to an OIOS survey stated that they were sometimes not sure when to consult DFS and when to consult OPPBA on budget related issues.

17. There was also a greater need to articulate how DFS and OPPBA would coordinate to ensure that their reviews of budget proposals are effective in light of changes in 2018/19 budget submission. For example, the timing and scope of any reviews of missions' budgets by DPKO/DFS needed to be clarified to avoid delays in finalising the budgets and reopening issues that had already been agreed with the missions. OIOS noted that the USG/DFS proposed to the Controller on 14 August 2017 to hold a meeting between DFS and OPPBA in November/December 2017 to consider and finalize major issues prior to the finalization of the 2018/19 budget. This meeting was held on 13 February 2018 and focused on high level strategic issues. More detailed operational arrangements between OPPBA and DFS were yet to be agreed.

18. Insufficient clarification of respective roles and responsibilities between DFS and OPPBA on budget issues may result in omission of pertinent priorities in budget submissions as well as delays in the budget formulation process.

(1) DFS should, in coordination with OPPBA, prepare comprehensive documentation articulating the respective roles and responsibilities of the two entities in the budget formulation process for field operations.

DFS accepted recommendation 1 and stated that the roles and responsibilities of DFS and OPPBA, as well as the role of the missions in articulating budget requirements, would be further clarified in implementing the new management reform initiative that was proposed by the Secretary-General. Recommendation 1 remains open pending receipt of documentation articulating the roles and responsibilities of DFS and OPPBA in the budget formulation process for field missions.

Need to provide comprehensive guidelines regarding new initiatives and cross-cutting issues

19. DFS promulgated several guidelines to clarify processes and procedures for the implementation of the Controller's budget instructions and to provide a general framework for budget formulation and monitoring.

20. However, DFS did not supplement these guidelines with specific instructions to ensure that information on key strategic priorities and new initiatives such as environmental responsibility, unmanned aerial-systems and programmatic activities were reflected consistently by missions in budget proposals. For example, DFS encouraged field missions to include environmental initiatives in their budget proposals, accompanied by a cost-benefit analysis but did not clarify what should be included in the cost-benefit analysis such as: the pertinent cost and non-cost components associated with proposed projects/products including the replacement values and ages of existing assets; what and how efficiency gains should be measured; what cost savings should entail; and who should approve the analysis.

21. Consequently, some field missions proposed environmental related expenditure items without adequate details. For example, one mission proposed to replace 12 vehicles with hybrid cars without due consideration of the replacement values and ages of existing vehicles. Another mission submitted a proposal for a multi-year solar power project with an initial funding request of \$700,000 without enough details on its viability, maintenance costs and impact on carbon emissions. This resulted in several queries during the review process by FBFD, the Logistics Support Division, DFS counterparts and from legislative bodies.

22. FBFD stated that they periodically issued additional guidelines in consultation with the functional areas in DFS and were in the process of developing additional guidelines on environmental related requirements with budget implications.

(2) DFS should supplement budget instructions with specific guidelines to facilitate missions' compliance in developing and substantiating budgetary requirements relating to key strategic priorities and new initiatives.

DFS accepted recommendation 2 and stated that DFS had enhanced its support to peacekeeping missions during the 2018/19 budget formulation process, through in situ visits, as part of the exercise to identify key strategic priorities and new initiatives. DFS also noted the need to avoid multiple budget instructions, as clear ownership of the process was vested in the Controller. Recommendation 2 remains open pending receipt of evidence of supplementary guidance provided to missions in developing budgets for strategic priorities and new initiatives.

Need to streamline procedures for continuous and upfront engagement between DFS and field missions

23. DFS budget instructions state that missions should engage directly with DFS throughout the budget preparation period, and emphasized the need for early consultation and cooperation. This is to ensure that priorities are reflected in the budget submissions and missions' budget requirements are articulated and agreed on well in advance of the due submission date.

24. Due to inadequate upfront engagement during the budget preparation process, there was normally intensive discussions between DFS and field missions after missions had submitted their budgets to FBFD. As a result, FBFD was asking field missions to provide further justification on proposals included in their budget submissions, some of which were already known or should have been agreed on before the budget submissions. Field missions were also proposing resources for major/significant projects that FBFD or other DFS counterparts were not aware of at the budget submission stage. For example, the 2016/17 budget proposal for MINUSCA included significant increases in spare parts and information and communication technology (ICT) equipment for advancing the deployment of the Mission. DFS requested the Mission to provide further justification for the request even though these requirements should have been discussed and agreed on prior to the budget submission. In the 2017 budget submission for the United Nations Support Mission in Libya, a request was made to increase the overall budget by approximately 160 per cent from \$41.1 million to \$108.5 million to accommodate additional requirements for staffing, security and aviation assets. However, it was not clear to DFS reviewers the basis for the extent of the increase.

25. Extensive discussions after budget submissions and delays in finalizing budgets could have been avoided had pertinent issues been discussed sufficiently and resolved prior to submitting the full budget package as was required by DFS budget instructions.

(3) DFS should streamline the procedures for continuous and timely engagement with field missions to: (i) identify and address issues and initiatives with budget implications in a

timely manner; and (ii) ensure that all major resourcing priorities are adequately reflected in budget submissions.

DFS accepted recommendation 3 and stated that DFS would engage with missions on a continuous basis to identify resourcing priorities and assess changes in priorities that need to be addressed by the missions, with support from DPKO and DFS. Recommendation 3 remains open pending receipt of the streamlined procedures for continued and timely engagement with field missions.

Need to review budget formulation and submission timelines

26. The Controller’s budget instructions outline the timelines within which DFS should submit missions budget proposals to OPPBA. The overall timelines were as follows for the 2016/17, 2017/18 and 2018/19 peacekeeping budget periods:

Table 1: Summary of budget submission timelines

Activity	Financial year		
	2016/17	2017/18	2018/19
Controller’s budget instructions issued	16 July 2015	27 July 2016	24 July 2017
DPKO/DFS budget instructions issued	7 August 2015	29 July 2016	11 August 2017
Mission submits full budget submission to DPKO/DFS	9 October 2015	23 September 2016	Not applicable
USGs DPKO/DFS submit full budget package to Controller	30 October 2015	17 October 2016	Not applicable
Mission submits full budget package to Controller	Not applicable	Not applicable	20 October 2017

27. DFS and OPPBA was tracking the timelines, which indicated that on average DFS submitted budget packages to OPPBA for peacekeeping missions around 35 days late for both 2016/17 and 2017/18. In 2017/18, there were delays of up to 88 days; and for 2016/17, there were delays of up to 83 days. Budget submissions for UNGSC, RSCE and UNSOS were also delayed by 49 to 60 days for the 2017/18 budget period.

28. However, as DFS did not track the dates on which it received draft budgets from missions, it was not possible to attribute responsibility for the delayed submissions. DFS stated that the time allowed for DFS to review draft budgets from missions did not take into account time needed for: (i) consultations between several units in DFS to validate missions’ budget estimates; (ii) assessment of whether the budget proposals adequately reflected agreed strategic and operational priorities of missions; and (iii) concurrence of the USGs of DPKO and DFS, who were both responsible for the budget submissions. The budget preparation timelines also did not take into consideration the size and complexity of missions, or changes in mission mandate or operational requirements. Consequently, there were standard timelines for initial budget submissions, budget revisions and off-cycle budgets.

29. The change of procedures for field missions to submit budgets directly to OPPBA should serve as an opportunity to review the adequacy of the timelines.

(4) DFS should work with OPPBA to review and make appropriate changes to the budget formulation and submission timelines especially for cases where there is a change in mission mandate or where operational requirements necessitate customized timelines.

DFS accepted recommendation 4 and stated that DFS had extended the time available for missions to complete and submit budget packages by eliminating an internal review process, thereby giving

the missions more time to articulate their requirements. Recommendation 4 remains open pending receipt of evidence of review by DFS and OPPBA of the timelines allowed for missions to formulate and submit budgets.

Need for a procedure to provide appropriate feedback to field operations regarding compliance with agreed strategic priorities

30. To address recurring issues on budget presentation, DFS maintained a dashboard (referred to as “traffic lights”) to monitor missions’ compliance with budget instructions and guidelines, including agreed strategic priorities. DFS was therefore expected to provide feedback to missions on any deviations observed to prevent their recurrence.

31. DFS occasionally issued follow-up notices on the need for missions to comply with the strategic priorities in its code cables. However, DFS did not consistently provide feedback to field missions on deviations observed and agree on corrective actions to ensure full compliance in subsequent periods. For example, the review of the dashboard for MINUSCA revealed that the Mission was not exploring avenues for sharing major assets with other missions as advised by DFS. However, there was no evidence of follow-up action from DFS to ensure that the Mission was aware of this and planned to ensure compliance in future.

(5) DFS should implement a procedure to provide feedback to field operations on instances of noncompliance with agreed strategic priorities and to agree on corrective actions to prevent recurrence in subsequent periods.

DFS accepted recommendation 5. Recommendation 5 remains open pending receipt of procedures to provide feedback to missions to prevent recurring deviations from agreed strategic priorities.

B. Support to monitoring and implementation of approved budgets

Need to enhance monitoring of budget formulation and performance activities

32. According to the regulations and rules governing programme planning, the programme aspects of the budget, the monitoring of implementation and the methods of evaluation (ST/SGB/2016/6), indicators of achievement are used to measure whether and/or the extent to which the objectives and/or expected accomplishments have been achieved.

33. The indicators of achievement included in the results-based budgets of missions covered various functional areas including finance and budget, supply chain management and environmental management. FBFD monitored and reported on the performance of missions against these indicators and also coordinated the preparation of budget performance reports on an annual basis.

34. However, only one of the indicators of achievement was related to preparation and implementation of budgets, i.e., cancelled prior-year budget obligations as a percentage of prior-period obligations carried forward. Other possible indicators such as timeliness and accuracy of proposed budget submissions and extent of redeployments were not included. DFS explained that this was because variance analyses were included in other documents such as budget performance reports.

35. DFS and field missions’ management decision-making would be better informed by more detailed monitoring and reporting on budget performance.

(6) DFS should enhance the results-based budgeting performance framework to include more specific performance indicators on budget formulation and implementation.

DFS accepted recommendation 6 and stated that DFS had enhanced and standardized the results-based budgeting performance framework for the support component. Recommendation 6 remains open pending receipt of the enhanced and standardized results-based budgeting performance framework.

C. Coordination and representational activities

FBFD effectively coordinated with OPPBA and DFS counterparts and represented field missions

36. In accordance with the Secretary-General's bulletin on the organization of DFS (ST/SGB/2010/2), DFS is required to coordinate with relevant departments and offices of the Secretariat in developing organizational policies and procedures to meet the requirements of field operations and to represent field operations in discussions with legislative and advisory bodies.

37. FBFD was obtaining inputs from its DFS counterparts to develop the Standard Cost and Ratio Manual and other budget guidelines relating to specific areas such as human resources management, procurement, engineering, transport and aviation. Also, FBFD and DFS counterparts jointly reviewed missions' budget submissions through the budget matrix and other internal documents. Additionally, FBFD represented field missions at meetings of the Advisory Committee on Administrative and Budgetary Questions (ACABQ) and the Fifth Committee of the General Assembly. FBFD contributed inputs to both OPPBA's and field missions' responses to ACABQ queries and for the Secretary-General's report on financing and budgetary issues. FBFD also instituted a mechanism to follow up with field missions and update OPPBA on the status of implementation of recommendations by ACABQ and the Fifth Committee. OIOS concluded that FBFD was collaborating effectively with OPPBA and DFS counterparts and conducting its representational activities in an effective manner.

D. Operational management of FBFD

DFS was addressing certain operational management issues at FBFD

38. FBFD is required to develop modalities to achieve the Division's mandate, including effective communication and information sharing systems, adequate technological platforms and adequate staffing.

39. However, there were a few issues identified as below:

- While some documents were stored and shared through a web-based information sharing application known as Cosmos, all other budget related documents, guidance and correspondence generated or obtained by FBFD were stored on the individual computers of the case officers and in the Division's shared drive with no clear protocol for collecting, cataloguing and storing such information. DFS did not make use of other existing tools such as DFS Community of Practice or Unite Connections to actively share budget information.
- FBFD executed its tasks through various tools that were not adequately integrated. For instance, costing sheets, which were used to record cost estimates of goods, services and projects to be included in the budget, consisted of spreadsheets that were not linked electronically to other systems to minimise manual inputs of data such as staff strength, troop strength and common standard costs. In addition, FBFD did not have adequate tools and

resources for monitoring and reporting on budget performance including the lack of standardized reports and a budget monitoring dashboard in Umoja.

- As at 31 July 2017, BPRS had seven vacant posts. Five of the posts were at advanced stages of recruitment, one had been marked for abolishment and the other post was temporarily vacant so no recruitment efforts had been initiated. The D-1 post which became vacant in 2015 had not been filled because it was being used to fund various staff on a temporary basis, increasing the supervisory workload of other staff in BPRS.

40. OIOS had earlier made a recommendation to DFS to introduce information technology systems to collect and share information in its audit of aviation safety (Report no. 2016/112). This is a DFS wide issue which if implemented, would also address the needs of FBFD, as presented above. The Department of Management (DM) was in the process of developing Umoja Extension 2, which is expected to automate, integrate and harness new data management, planning and analytical capabilities in several functionalities, including budget formulation and approval. DFS has communicated the weaknesses identified above to DM and contributed two staff members to the Umoja working group on Umoja Extension 2. With regard to the vacant D-1 post, in August 2017, FBFD proposed to issue a temporary job opening in Headquarters for the period until June 2018. Therefore, OIOS did not make a recommendation on these issues.

Need for standard operating procedures

41. According to ST/SGB/2010/2, DFS is required to ensure consistency in the application of support-related policies and practices in field operations. Documented operating procedures that are effectively followed by staff result in simplification and clarification of processes, consistency, lower costs and greater efficiency and continuity in staff absences.

42. BPRS had not developed standard operating procedures for its support activities in budget formulation and monitoring by field missions. Even though there was an established process flow, BPRS stated that they did not have the time to document it. In the absence of documented operating procedures, staff in FBFD referred to other staff for clarifications of tasks. Following the change in the 2018/19 budget instructions, there was an even greater need to ensure that day-to-day processes and activities to be undertaken by DFS budget officers are formally articulated in a manual or standard operating procedures.

(7) DFS should develop and document standard operating procedures on its budget support activities to enhance consistency of internal procedures, reduce ambiguity in processes and promote continuity when staff members are not available to perform their duties.

DFS accepted recommendation 7 and stated that support for field missions would be further articulated as the management reform is implemented by the Secretariat and by the General Assembly. Recommendation 7 remains open pending receipt of documentation that articulates DFS budget support activities.

V. ACKNOWLEDGEMENT

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

STATUS OF AUDIT RECOMMENDATIONS

Audit of support by the Department of Field Support to budget formulation and monitoring by field missions

Rec. no.	Recommendation	Critical ¹ / Important ²	C/ O ³	Actions needed to close recommendation	Implementation date ⁴
1	DFS should, in coordination with OPPBA, prepare comprehensive documentation articulating the respective roles and responsibilities of the two entities in the budget formulation process for field operations.	Important	O	Submission of documentation articulating the roles and responsibilities of DFS and OPPBA in the budget formulation process for field missions.	30 June 2018
2	DFS should supplement budget instructions with specific guidelines to facilitate missions' compliance in developing and substantiating budgetary requirements relating to key strategic priorities and new initiatives.	Important	O	Submission of evidence of supplementary guidance provided to missions in developing budgets for strategic priorities and new initiatives.	30 June 2018
3	DFS should streamline the procedures for continuous and timely engagement with field missions to: (i) identify and address issues and initiatives with budget implications in a timely manner; and (ii) ensure that all major resourcing priorities are adequately reflected in budget submissions.	Important	O	Submission of the streamlined procedures for continued and timely engagement with field missions.	30 June 2018
4	DFS should work with OPPBA to review and make appropriate changes to the budget formulation and submission timelines especially for cases where there is a change in mission mandate or where operational requirements necessitate customized timelines.	Important	O	Submission of evidence of review by DFS and OPPBA of the timelines allowed for missions to formulate and submit budgets.	30 June 2018
5	DFS should implement a procedure to provide feedback to field operations on instances of noncompliance with agreed strategic priorities and	Important	O	Submission of procedures to provide feedback to missions to prevent recurring deviations from agreed strategic priorities.	30 June 2018

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 DFS in response to recommendations.

STATUS OF AUDIT RECOMMENDATIONS

Audit of support by the Department of Field Support to budget formulation and monitoring by field missions

Rec. no.	Recommendation	Critical ¹ / Important ²	C/ O ³	Actions needed to close recommendation	Implementation date ⁴
	to agree on corrective actions to prevent recurrence in subsequent periods.				
6	DFS should enhance the results-based budgeting performance framework to include more specific performance indicators on budget formulation and implementation.	Important	O	Submission of the enhanced and standardized results-based budgeting performance framework.	30 June 2018
7	DFS should develop and document standard operating procedures on its budget support activities to enhance consistency of internal procedures, reduce ambiguity in processes and promote continuity when staff members are not available to perform their duties.	Important	O	Submission of documentation that articulates DFS budget support activities.	30 June 2018

APPENDIX I

Management response



UNCLASSIFIED

Immediate

TO: Ms. Muriette Lawrence-Hume, Chief, New York Audit Service,
A: Internal Audit Division
OIOS

DATE:

APR 04 2018

REFERENCE: 2018.UNHQ.AR-BOI.MEMO.56310.2

THROUGH:
S/C DE:

FROM: Lisa Bутtenheim, Assistant Secretary-General
DE: for Field Support

A handwritten signature in black ink, appearing to be 'LB' or similar initials.

SUBJECT: **Audit of support by the Department of Field Support to budget formulation and**
OBJET: **monitoring by field missions (Assignment No. AP2017/615/01)**

1. I refer to your memorandum dated 15 March 2018, regarding the above-mentioned audit. We note that OIOS has substantially taken into account our comments provided earlier. We have, however, updated Appendix I to reflect the individual responsible for the implementation of the recommendations with the deadline.

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

CC: Cynthia Avena-Castillo

Management Response

Audit of support by the Department of Field Support to budget formulation and monitoring by field missions

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	DFS should, in coordination with OPPBA, prepare comprehensive documentation articulating the respective roles and responsibilities of the two entities in the budget formulation process for field operations.	Important	Yes	Director of FBFD	Second Quarter of 2019	The Department of Field Support' (DFS) comments are reflected in the report.
2	DFS should supplement budget instructions with specific guidelines to facilitate missions' compliance in developing and substantiating budgetary requirements relating to key strategic priorities and new initiatives.	Important	Yes	Director of FBFD	Second Quarter of 2019	DFS' comments are reflected in the report.
3	DFS should streamline the procedures for continuous and timely engagement with field missions to: (i) identify and address issues and initiatives with budget implications in a timely manner; and (ii) ensure that all major resourcing priorities are adequately reflected in budget submissions.	Important	Yes	Director of FBFD	Second Quarter of 2019	DFS' comments are reflected in the report.
4	DFS should work with OPPBA to review and make appropriate changes to the budget formulation and submission timelines especially for cases where there is a change in mission mandate or where operational requirements necessitate customized timelines.	Important	Yes	Director of FBFD	Second Quarter of 2019	DFS' comments are reflected in 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 support by the Department of Field Support to budget formulation and monitoring by field missions

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
5	DFS should implement a procedure to provide feedback to field operations on instances of noncompliance with agreed strategic priorities and to agree on corrective actions to prevent recurrence in subsequent periods.	Important	Yes	Director of FBFD	Second Quarter of 2019	DFS' comments are reflected in the report.
6	DFS should enhance the results-based budgeting performance framework to include more specific performance indicators on budget formulation and implementation.	Important	Yes	Director of FBFD	Second Quarter of 2019	DFS' comments are reflected in the report.
7	DFS should develop and document standard operating procedures on its budget support activities to enhance consistency of internal procedures, reduce ambiguity in processes and promote continuity when staff members are not available to perform their duties.	Important	Yes	Director of FBFD	Second Quarter of 2019	DFS' comments are reflected in the report.