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International Board of Auditors for NATO (IBAN)

Challenges in performance auditing within the NATO context

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Agenda

- Briefing objectives:
 - To discuss IBAN's experiences in conducting performance audits within the defence sector.
 - To present a summary of findings and challenges from IBAN performance audits of the NATO Security Investment Programme (NSIP).
 - Q&A.



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NSIP Overview

NSIP is NATO's long-term investment programme, which is supported by funding from all NATO Nations.

- NSIP is delivered through capability packages, which are composed of one or more projects.
- Projects include investments to airbases, new IT systems, etc.
- The 2018 ceiling for the NSIP is €700 million.
- A total of €7.6 billion-worth of NSIP projects are under implementation (March 2019).



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NSIP Example – Air Command and Control System (ACCS)





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Summary of major findings and challenges

- Governance
- Requirements definition
- Benefits assessment





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Governance

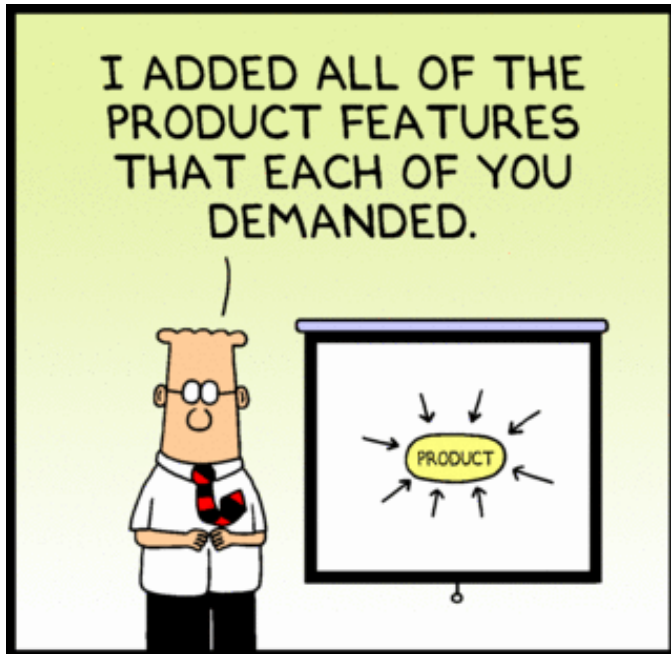
- **Problem:** Significant delays and cost overruns



Strategic Commanders' required capability delivery date for most CPs

- **Cause:**
 - Outdated NSIP process
 - Military/civilian/national stakeholders coordination challenges
 - Project management problems (scope, schedule, cost)
- **Audit challenge:** Complex process with many stakeholders and political considerations
- **Recommendation:** Group of senior experts

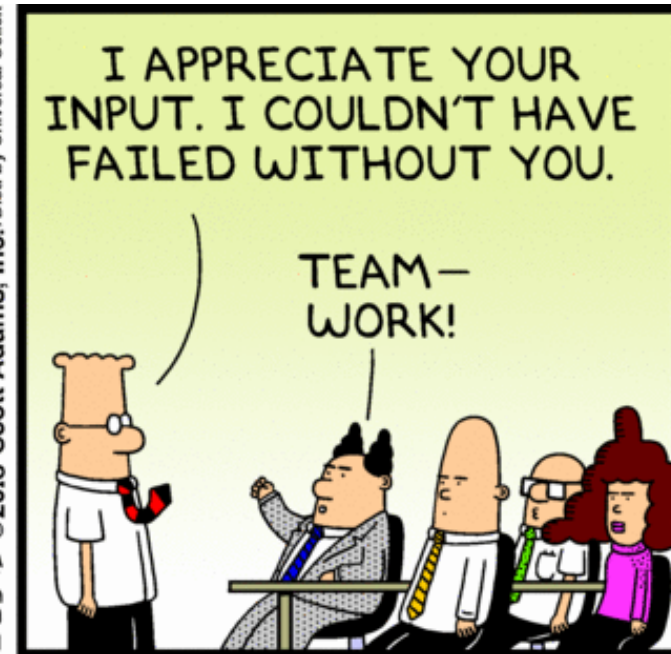
Requirements definition



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Requirements definition

- **Problem:** Issues with project delivery
 - Project failure
 - System delivered, but not as intended and used infrequently
- **Cause:** Requirements poorly defined, requirements changed over time without proper change management
- **Audit challenge:** Competency issue, high staff turnover, poor audit trail
- **Recommendation:** Group of senior experts



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Benefits assessment

- **Problem:** Unclear whether NSIP investments achieve intended benefits and outcomes
- **Cause:** No formal benefits assessment process
- **Audit challenge:** Security of information issues and lack of formal reporting affected data gathering and reporting
- **Recommendation:** To develop a formal benefits assessment process for the NSIP



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Outcomes of IBAN performance audits

- Group of senior experts
- New governance model
- Operational acceptance directive





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Audit challenges

- Adhering and adapting to security requirements throughout audit
- Balancing accountability/transparency principles with security concerns and Alliance/national interests
- Finding appropriate criteria to compare/benchmark defence programmes and activities is challenging
- Meeting needs of audit audience composed of disparate interests (Military vs. Civilian)



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IBAN Reports

1. IBAN special report to Council on the need to reform NATO NSIP governance – 2015
2. IBAN performance audit on the need to improve NATO's capability package process – 2016
3. IBAN Performance audit report to Council on the assessment of outcomes and benefits of NSIP projects – will be published 2017



For IBAN reports, see:
<https://www.nato.int/issues/iban>



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Questions?

