International Board of Auditors for NATO (IBAN)

Challenges in performance auditing within the NATO context

Marie-Josee Bouffard, Performance Auditor, IBAN
Gilbert Kim, Performance Auditor, IBAN
15 MAY 2019
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.
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).
NSIP Example – Air Command and Control System (ACCS)
Summary of major findings and challenges

- Governance
- Requirements definition
- Benefits assessment
**Problem:** Significant delays and cost overruns

**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- Outdated NSIP process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

I added all of the product features that each of you demanded.

Now our product is a worthless hodgepodge of complexity.

I appreciate your input. I couldn't have failed without you.

Teamwork!
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
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
Outcomes of IBAN performance audits

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