



OFFICE OF INTERNAL OVERSIGHT SERVICES  
INTERNAL AUDIT DIVISION I

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8 July 2004

To: Mr. Sukehiro Hasegawa  
Special Representative of the Secretary-General  
UNMISSET

Mr. Jean-Marie Guéhenno  
Under-Secretary-General for Peacekeeping Operations

From: Patricia Azarias, Director  
Internal Audit Division I, OIOS

A handwritten signature in black ink that reads "P. Azarias".

Subject: **OIOS Audit No. AP2003/682/2: Budgetary control in UNMISSET**

1. I am pleased to present herewith our final report on the subject audit, which was conducted by the Office of the Chief Resident Auditor in the United Nations Mission of Support in East Timor (UNMISSET). The audit was conducted in accordance with the standards for the professional practice of internal auditing in United Nations Organizations and included such tests as the auditors considered necessary.

2. The report has incorporated the comments provided by UNMISSET, the Controller, and the Department of Peacekeeping Operations (DPKO), wherever received. Based on these comments, OIOS has closed recommendations 1, 2, 3, 7, 8 and 10. Recommendations 4 and 11 have been withdrawn in view of the comments provided. Recommendations 5, 6 and 9, to which no response was received from DPKO, remain open in the OIOS database.

3. I would like to take this opportunity to thank you and your staff for the cooperation and assistance extended to the auditors during this assignment.

Copy to:

Ms. Hazel Scott, Director, ASD/DPKO

Board of Auditors

Mr. Philip Cooper, Director of Administration, UNMISSET

Mr. Muhammad Akram Khan, Chief Resident Auditor, UNMISSET



United Nations  
**OFFICE OF INTERNAL OVERSIGHT SERVICES**  
Internal Audit Division I

# Audit Report

- **Audit subject:** Budgetary control in UNMISSET
- **Audit No. and location:** AP2003/682/2, Dili
  - **Report date:** 11 June 2004
- **Chief Resident Auditor:** Muhammad Akram Khan
- **Resident Auditors:** Prances Sooja, Iba Gueye

## OIOS Audit No. AP2003/682/2: Budgetary Control in UNMISSET

### Executive Summary

The main objective of OIOS' review of the budgetary controls in the United Nations Mission of Support in East Timor (UNMISSET or the Mission) was to examine their efficiency and effectiveness in implementing the Mission's budget, as well as confirming the extent of their compliance with the related United Nations regulations and rules, including those pertaining to the implementation of results-based budgeting (RBB). The audit covered the four-year budgetary period from 2000-2004.

The RBB logical framework developed by the Mission did not fully adhere to the guidelines issued by the Office of Programme Planning, Budget and Accounts. Although UNMISSET involved its key managers in the RBB process, yet all the program managers were not capturing the performance data according to programme objectives, expected results and indicators of achievements. Furthermore, the budget preparation in the Mission budget was not preceded by a formal comprehensive risk assessment exercise to prioritize the deployment of resources in accordance with the gravity of the risks involved.

There was a need for greater coordination between the Department of Peacekeeping Operations (DPKO) and the Mission concerning expenditures charged to UNMISSET's budget by UN Headquarters in New York. With regard to unliquidated obligations, the mechanism for periodic review of obligations was inadequate during 2000-01; but the Mission had taken a more proactive approach during later years to cancel obligations that were no longer valid. Notwithstanding this, there were instances of over-obligations and subsequent cancellations in sizeable amounts.

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## I. INTRODUCTION

1. The Security Council approved the mandate of the United Nations Mission of Support in East Timor (UNMISSET or the Mission) in its resolution 1410 (2002). UNMISSET commenced operations on 20 May 2002 as a follow-on mission to the United Nations Transitional Administration in East Timor (UNTAET) when Timor Leste became independent. The Mission's mandate was to achieve long-term stability and security in Timor-Leste. UNMISSET's annual budgets for the financial years 2002-03 and 2003-04 were \$292 million and \$188 million respectively. The current mandate of the Mission would come to an end on 19 May 2004. However, the Mission is expected to continue for another year under a different mandate and at a smaller scale.

2. The budget office at UNMISSET, known as the Budget and Cost Control Unit, functions under the Director of Administration. It consists of a Chief Budget Officer and two assistants. The Chief Budget Officer is mainly responsible for: (a) implementing the budget policies and procedures issued by UN Headquarters in New York; (b) coordinating and preparing the Mission's budget; (c) implementing and monitoring the approved budget; and (d) reporting on budget performance.

3. As of the financial year 2003-04, the budget methodology has shifted to results-based budgeting (RBB) that focuses on achieving results rather than delivery of outputs. The expected results are determined at the time of preparing the budget. Budget submissions include a set of pre-defined objectives and expected accomplishments. The expected accomplishments are built on expected outputs which in turn justify the resources required inputs. The budget also includes indicators of achievement which are designed to measure the expected accomplishments.

## II. AUDIT OBJECTIVES, SCOPE AND METHODOLOGY

4. The main audit objectives were to examine: (a) the efficiency and effectiveness of the Mission's controls in implementing the budget; and (b) compliance with United Nations regulations and rules in preparing, implementing, monitoring and reporting of the Mission's budget.

5. Since UNMISSET is a continuation of UNTAET, the auditors reviewed the budgets of four years starting with 1 July 2000. For the first three years, the audit focused on implementation of the approved budgets. However, for 2003-04, the auditors reviewed the budget preparation under the RBB methodology. The auditors also examined the budgetary controls exercised by programme managers in their respective areas, and undertook such audit procedures as file review, analysis of data and interview with key personnel.

### III. AUDIT FINDINGS AND RECOMMENDATIONS

#### A. The RBB logical framework did not entirely adhere to guidelines

6. The Programme Planning and Budget Division (PPBD) of the Office of Programme Planning, Budget and Accounts (OPPBA) in New York circulated a "Guide to Results-Based Budgeting" (the Guide) in October 1998. The Guide provides step-by-step guidance on how to prepare a RBB budget. The RBB methodology requires that all programme components should be conceived as elements of a logical framework. The lower level elements (inputs and outputs) should logically lead to achievement of certain results. The expected results should indicate a sort of movement from one state of affairs to another, highlighting the contribution made by the outputs to the achievement of the expected results. Since the expected results can be abstract or non-quantifiable, the methodology requires that indicators of achievement support the results. The indicators of achievement should be measurable and the expected outputs should logically lead to them. The auditors adopted the Guide as criteria to determine whether the UNMISSET budget for 2003-04 properly implemented the RBB methodology.

#### Expected results

7. The Mission's budget had four main components and ten sub-components. For six sub-components, the statement of expected results did not comply with RBB methodology as it did not indicate the achievement or progress expected to be made. Rather, in most of the cases, it indicated a static position that would result at the end of the programme.

#### Indicators of achievement

8. In all, there were 24 statements relating to indicators of achievement. The audit found that seven statements were not properly formulated. The budget document intermingled the indicators of achievement with an activity, process or task. Sometimes the stated indicators were too ambiguous to allow measurement. The indicators of achievement are supposed to help determine whether the expected results have been achieved. This requires that the indicators be logically and visibly connected to the expected results. The audit indicated that this was not always the case.

#### Expected outputs

9. In all there were 53 statements of expected outputs. Outputs should be the results of certain activities – not activities themselves. The auditors found that 32 outputs were not formulated in a satisfactory manner, and that there was some confusion about outputs and activities.

10. The auditors analyzed all the statements relating to expected results, indicators of achievements and expected outputs. The auditors' comments, including suggested formulations wherever appropriate, are indicated in Annex A. While it might be too late in the Mission's life

cycle – with the impending liquidation – to consider these suggestions, they may be helpful to the Department of Peacekeeping Operations (DPKO) and PPBD/OPPBA for use at other missions in the future.

11. The Mission considered the RBB Guide issued by PPBD to be non-binding and optional because it was not issued by the DPKO. OIOS observes that this Guide can be very useful to managers in understanding and implementing the RBB methodology.

### **Recommendation 1**

Since the RBB methodology is still a new concept, the Programme Planning and Budget Division (PPBD) of OPPBA should consider the need for providing “Results-Based Budgeting” (RBB) training to key mission staff involved in the budget process (AP2003/682/2/1).

12. *UNMISSET stated that OPBBA conducted one-week training sessions for all Chief Administrative Officers and Chief Budget Officers prior to the preparation of 2002-2003 and 2003-04 budgets. Those attending this training attested to its adequacy. DPKO asserted that the RBB Guidelines used by OIOS did not strictly pertain to peacekeeping missions. However, DPKO had been providing training and guidance to mission staff on a yearly basis. Based on these clarifications, OIOS has closed this recommendation.*

### **Recommendation 2**

DPKO should formally instruct field missions to adopt the “Guide to Results-Based Budgeting” (1998) issued by PPBD for preparing, implementing and reporting on the budget (AP2003/682/2/2).

13. *In response to the recommendation, DPKO stated that the appropriate and updated reference material adjusted for peacekeeping operations has been already provided by the Peacekeeping Finance Division of OPPBA. In view of the action taken, OIOS has closed this recommendation in its database.*

## **B. RBB methodology not yet the driving force behind the management process**

14. The RBB methodology is a comprehensive concept that aims to achieve pre-determined results in an economical and efficient manner. It is not merely a budget-making mechanism, although it places the budget at the center of the stage. The RBB methodology encompasses the entire gamut of management activities and decision-making processes. Proper implementation of the concept requires that all sections of the Mission: (a) develop base-line data that can serve as a benchmark for measuring performance at the end of the period; (b) identify sources of regular data about various outputs and results; (c) determine the format, periodicity and flow of information to be gathered regularly; and (d) develop a reporting format for the results achieved.

15. The auditors found that UNMISSET had not yet adopted the RBB framework as the driving force for its entire management process. The methodology was still an “add-on” to traditional management practices. The Mission issued instructions in September 2003 for the collection of proper data by the sections, but these instructions had not yet been satisfactorily implemented.

### **Recommendation 3**

UNMISSET should integrate the RBB methodology with its management processes and ensure that all information collection, processing and reporting is guided by the RBB methodology (AP2003/682/2/3).

16. *UNMISSET accepted the recommendation and stated that it has in place a data collection plan that will assist in presenting the performance report prepared upon completion of the financial period.* Based on the Mission’s response, OIOS has closed this recommendation.

### **C. Programme objectives had not been indicated for all components**

17. The format of the logical framework prescribed by the PPBD Guide on RBB stipulates that each programme component should describe its objectives, expected results, and indicators of achievement. The RBB input prepared by the Mission indicated the objective of UNMISSET as a whole but did not provide objectives for each programme component. In the absence of a stated objective for each programme component, it became difficult to assess whether the programme was able to achieve its intended purposes and goals. This also weakened the accountability framework of RBB at the programme manager’s level. It may be impractical to remedy this situation in UNMISSET in view of its impending liquidation, but in OIOS’ opinion, there is a need to ensure that RBB framework for field missions provides for specific programme objectives, expected results, and indicators of achievement.

### **Recommendation 4**

DPKO should emphasize to its field missions that in addition to the overall objective of a mission, the specific objectives of all its programme components should also be indicated in the budget documents (AP2003/682/2/4).

18. *DPKO stated that adding a new layer of objectives for each component between the overall Security Council-driven objectives and the expected accomplishments would become very confusing and is not in line with methodology for peacekeeping missions.* Based on DPKO’s response, OIOS has withdrawn this recommendation.



**D. UNMISSET's budget was not driven by risk assessment**

19. The Mission prepared its budget for 2003-04 using the RBB methodology. However, the budget exercise adhered to the historical pattern of preparing estimates by programme components. It is now generally accepted as a good management practice that the programme plans should be driven by an elaborate exercise of risk assessment at the organizational level involving all the key managers, who should try to assess the risks involved in their respective operations and adopt a strategy to mitigate those risks. Such an exercise should lead to a conscious assessment of residual risks and whether those risks are acceptable or not. The operational plans of individual managers should follow this risk assessment exercise. The budget proposals should then be based on these operational plans. The advantage of such a process is that resources are prioritized according to the gravity of the risks involved. The auditors found that this exercise was not done at UNMISSET prior to budget preparation. It is time for the DPKO to introduce this idea formally and issue appropriate guidance on the subject to all field missions.

**Recommendation 5**

DPKO should issue guidelines to field missions for carrying out a formal risk assessment exercise before their budgets are prepared (AP2003/682/2/5).

**E. Need for greater coordination between the DPKO and the Mission**

20. While reviewing the Budget Performance Report for the year 2002-03 (the Report), the auditors found that the DPKO did not consistently coordinate with the Mission on expenditures booked against the Mission's budget. With regard to some costs charged by the DPKO, the explanations in the Report concerning variances were not always satisfactory. Following are some examples:

Unexplained charge of \$1.2 million to "Contingent Owned Equipment"

21. The DPKO reported a one-time charge of \$1.2 million towards self-sustainment, which was charged to the budget line "Facilities and Infrastructure" as a reimbursement for troops' accommodation. The Report stated that since troops had remained on "dual tentage" for over six months, a penalty had to be paid by the UN for not providing full accommodation. There were no details about the number of troops and the time for which penalties had to be paid. There were also no supporting payment documents available in the Mission. However, in response to audit queries, the Mission stated that the total figure was over \$1.5 million. The discrepancy with the \$1.2 million figure in the Report only reinforces the need for better coordination.

## Unsupported charges against air transportation

22. Air transportation contracts are entered into and administered by the DPKO. Hence, expenditures are mostly handled at UN Headquarters in New York. The Report for 2002-03 indicated instances where reported expenditures did not correspond to actual operations in UNMISSET. For example, charges related to various insurance costs totaling \$944,000 (or six times the budgeted provision) were questioned by the Mission. A full year's worth of insurance coverage (and occasionally more than a full year's worth) had been charged for each of 29 helicopters, whereas the average number of helicopters in UNMISSET at any given time was 14.

### **Recommendation 6**

DPKO should ensure better coordination with field missions in regard to expenditures recorded at Headquarters against missions' budgets (AP2003/682/2/6).

#### **F. Review of unliquidated obligations needs improvement**

23. Section 5.8.1 of the Field Mission Finance Procedures Manual requires that unliquidated obligations be systematically reviewed to ensure that only valid obligations are retained. Review of unliquidated obligations by missions has been an area of concern for the Advisory Committee on Administrative and Budgetary Questions (ACABQ), which has emphasized the need for greater scrutiny and care in dealing with unliquidated obligations.

24. Table 1 below summarizes the outstanding 2000-01 obligations that were cancelled by the Mission during the financial years ending June 2001 and June 2002.

Table 1: Summary of cancelled obligations pertaining to 2000-01

<b>Year</b>	<b>Outstanding Obligations</b>	<b>Cancelled obligations</b>	<b>Percentage</b>
2000	\$26,994,307	\$5,770,300	19%
2001	\$27,360,596	\$6,418,021	23%
<b>TOTAL</b>	<b>\$54,354,903</b>	<b>\$12,188,321</b>	<b>22%</b>

25. The Mission cancelled 22 per cent of its unliquidated obligations for 2000-01. The OIOS considers it to be high. It indicates need for better planning in incurring obligations. The Mission agreed that detailed periodic reviews of unliquidated obligations should have been conducted, and that this was not done during 2000-01. The Mission also indicated that the situation had since been corrected to ensure that mechanisms were in place for periodic review of the unliquidated obligations. The auditors noted that the Mission was now more proactive in its review of unliquidated obligations, but that there was still room for improvement.

26. The auditors analyzed a sample of unliquidated obligations pertaining to the last three financial years (ending June 2000, 2001 and 2002) as well as cancelled obligations for the years

ending June 2000 and 2001. The sample consisted of obligations above \$150,000 including Miscellaneous Obligor Documents (MODs) over \$50,000. The review indicated that some items had been systematically over-obligated and partially cancelled in the next two years. Table 2 below shows that the percentage of cancelled obligations was quite high (in some cases more than 60 per cent):

Table 2: Over-obligated items

Item	FY ending June 2000		FY ending June 2001		FY ending June 2002	
	Obligated	Cancelled in June 01	Obligated	Cancelled in June 02	Obligated	Cancelled in June 03
Travel – CivPol	\$256,603	\$54,375 (21%)	\$453,259	\$325,846 (72%)	\$671,466	\$189,239 (28%)
Parts & Maintenance	\$960,609	\$115,690 (12%)	\$487,156	\$88,803 (18%)	\$435,737	\$87,633 (20%)
Petrol, Oil and Lubricants	\$1,404,513	\$419,210 (30%)	\$1,181,700	\$808,882 (68%)	808,943	\$17,871 (2%)
Aviation Fuel and Lubricants	\$1,663,200	\$1,635,473 (98%)	\$1,068,907	\$642,580 (60%)	214,134	\$16,591 (8%)
Commercial Communication	\$667,359	246,817 (37%)	\$1,309,098	\$884,889 (68%)	512,254	\$ 0

27. The Mission had initiated a report called “Monthly Expenditures Status Report” for monitoring the status of expenditures. Although the report was a significant step forward, the auditors noted that some managers were not immediately aware of all current outstanding obligations against their respective allotments. When the auditors showed them the listings obtained from the current financial statements, some managers did not acknowledge that all the obligations listed were properly attributable to them, and others stated that they rarely received the monthly status report, if at all. The Mission’s Finance Section commented that the current statement had been made available to managers only recently. The Mission acknowledged the need to improve managers’ skills to analyze financial statements, and stated that its Budget Section was planning to provide some in-house training.

#### **Recommendation 7**

UNMISSET’s Finance Section should systematically send the status of current outstanding obligations to the Mission’s Section Chiefs at the end of each month, take follow-up actions thereon, and periodically report to the Mission’s Director of Administration on obligations that can be cancelled prior to close of the financial year (AP2003/682/2/7).

28. *UNMISSET accepted the recommendation and stated that Section Chiefs are sent a monthly report on commitment and expenditure. They are reminded at least quarterly to review outstanding obligations and special reviews are held to reduce obligations from the previous period.* Based on the Mission's reply, OIOS has closed the recommendation in its database.

#### **G. Budget lines with over-expenditures after just two months**

29. The auditors' review of the Monthly Expenditures Status Report as at 31 August 2003 for the current financial year (2003-04) noted that as many as 27 budget line items had already exceeded their allotted amounts two months after the start of the financial year. The total amount utilized/committed for these line items was \$1,702,293 or a 293 per cent increase over the total allocated amount of \$433,600 as detailed in Annex B to this report. Although the Mission had the authority to reallocate funds, such a trend at the very beginning of the financial year could raise some concerns. For example, the over-expenditures pertaining to items such as laundry and rations demonstrate a need for better assessment of allocation of funds between the Headquarters and the Mission.

#### **Recommendation 8**

UNMISSET should closely monitor all budget line items and make any and all necessary reallocations before expenditures exceed the allotted amounts (AP2003/682/2/8).

30. *UNMISSET accepted the recommendation and stated it was now closely monitoring the expenditures. Over-expenditures had occurred due to the pause approved by the Security Council in downsizing the military component at the end of third quarter and necessity for the Mission to submit a supplementary budget for \$23 million to cover the additional cost. The Mission therefore started the budget period with a shortage of \$23 million, and redeployment of funds was approved to allow appropriate expenditure until additional funds were approved by the General Assembly in December 2003.* Based on the Mission's reply, the OIOS has closed this recommendation in its database.

#### **H. Operational plans in some areas led to deviation in budget implementation**

##### Military contingents and civilian police

31. During the year 2002-03, the Mission had not been able to achieve its projections for the planned number of military troops and civilian police officers. Consequently, there were savings of \$3,669,800 (3.5 per cent) and \$3,222,300 (10.7 per cent) on the military contingent and civilian police respectively. These savings were mainly due to lower than average strengths and some lower than average costs in travel, rotation and repatriation. This was also the case during 2000-01 and 2001-02 when the savings were \$17,374,000 (13.5 per cent) and \$5,346,000 (2.7

per cent) respectively. The re-occurrence of unspent balances in this area is indicative of shortcomings in planning and forecasting the deployment of military and police personnel.

United Nations Volunteers (UNVs)

32. Table 3 below summarizes the budget allotment and over-expenditures relating to United Nations Volunteers (UNVs) during the last three years:

Table 3: UNV budget for the last 3 years

<b>Financial Year</b>	<b>Budget</b>	<b>Over-expenditure</b>	<b>Percentage</b>
2000-01	\$13,281,500	\$2,511,000	19%
2001-02	\$20,152,200	\$1,494,800	7%
2002-03	\$6,073,200	\$3,357,200	55%
<b>Total</b>	<b>\$39,306,900</b>	<b>\$7,363,000</b>	<b>19%</b>

33. Table 3 above shows that the forecasted costs for UNVs were generally lower than the actual costs. In 2002-03, expenditures exceeded estimates by more than 50 per cent. The auditors noted that for the last three years, every successive budget paid for the UNVs' expenditures relating to the prior year. Hence, a total \$7,363,000 was overspent and charged to the subsequent year's budget. Due to lack of information in the Mission, the auditors could not ascertain why the DPKO had been overcharging this line item. The Mission commented that this should be addressed to the DPKO since the problem did not originate with UNMISSET.

Hiring of consultants

34. The budget for the financial year 2002-03 overspent \$841,900 (25 per cent) on consultant fees. The Mission hired 29 consultants as against 20 that were planned. The Mission clarified the issue by stating that the number of consultants was originally underestimated, and that the funds for the additional consultants were diverted from the allotted funds for advisors, the number of which had been overestimated.

Travel budget

35. Travel costs for the year 2002-03 exceeded the budget estimates by 57 per cent. The Mission explained that this was due to many factors, including a 300 per cent increase in training costs (\$255,800 spent against a budget of \$65,000), and some unbudgeted travel costs for Internal Audit (\$51,900), the CIVPOL selection team (\$68,100) and other administrative reasons (\$182,200). According to the Mission, the remoteness of Dili and new emphasis by DPKO on training were the main causes for the excess costs. The Mission stated that the budget for 2003-04 had addressed the prior deficiencies.

## General Temporary Assistance

36. According to the new object class and code structure published by the UN Controller, General Temporary Assistance (GTA) (class 224) should only be used for short-term needs such as replacement of staff on maternity or medical leave. The Mission used GTA in the past for recruiting local personnel for extended periods. Consequently, there were over-expenditures to the extent of 43 per cent and 64 per cent during 2000-01 and 2001-02 respectively. The audit indicated that during 2002-03, GTA was used mostly for recruiting advisors to the Timor Leste Government under the Civilian Support Group Programme, thereby accounting for much of the \$5,471,700 spent against the budgeted amount of \$5,733,500.

37. Upon inquiry as to why these staffing requirements were not included in the staffing table for the Mission, the Mission informed that the use of GTA for hiring advisors was justified by the need for greater flexibility and ease in hiring them. The Mission further stated that the number of authorized posts for advisors was fixed at 100 by the Security Council, and there was no likelihood that this limit would be exceeded by using GTA funds. Nevertheless, OIOS is of the opinion that from an internal control perspective, it would have been safer had the Mission used its staffing table for the recruitment of advisors. Moreover, these staffing requirements should have been reflected in the Mission's staffing table instead of using GTA funds for hiring the advisors.

### **Recommendation 9**

DPKO should instruct missions to base budget estimates on valid and reliable information gathered during a current implementation phase. These estimates should come from fresh data collected and tested during a current budget year (AP2003/682/2/9).

### **Recommendation 10**

DPKO should reiterate to field missions that funds provided under General Temporary Assistance should only be used for short-term staffing needs (AP2003/682/2/10).

38. *In response to Recommendation 10, UNMISSET stated that the arrangements for CSG consultants to be paid out of GTA was approved by DPKO, the Controller, the ACABQ and the General Assembly. Of its own volition, the Mission will request in the budget for 2004/05 that all the positions in the Civilian Support Group be funded through posts on the staffing table. Based on the Mission's reply, OIOS has closed the recommendation in its database.*

### **I. Office of CISS was made a cost center**

39. The auditors found that the Mission had identified the Office of the Chief Integrated Support Services (CISS) as a cost center, with an allocated budget of \$587,400 for "Purchases of

Spare Parts and Supplies” (\$367,400) and “Spare Parts for Communication Equipment” (\$220,000). This cost center did not appear to be justified for the following reasons: (a) it consisted of only 1 person (the CISS officer himself); and (b) the CISS officer supervised various sections such as Engineering Services, Air and Surface Movement, Communications, Transport, Joint Support Center and Fuel Management Cell, all of which were already independent cost centers. The allocation to CISS appeared to be more in the nature of a contingency fund for unforeseen events.

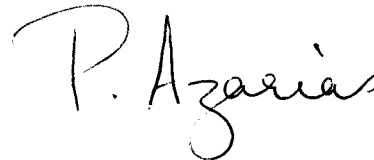
#### **Recommendation 11**

UNMISSET should review the need for retaining the Office of the Chief Integrated Support Services as a separate cost center (AP2003/682/2/11).

40. *UNMISSET stated that the Director of Administration had reviewed the need for retaining the Office of CISS as a cost center and decided that it should remain as such. OIOS has accordingly reconsidered the matter and withdraws the recommendation.*

#### **IV. ACKNOWLEDGEMENT**

41. I would like to take this opportunity to thank the staff of UNMISSET for the cooperation and assistance extended to the auditors during this assignment.



Patricia Azarias, Director  
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Office of Internal Oversight Services

## LOGICAL FRAMEWORK OF UNMISSET RESULTS-BASED BUDGET FOR PERIOD 2003-2004

Overall objective of UNMISSET: To ensure long-term stability and security of Timor-Leste

(Note: The expression "No comments" in column two of this Annex indicates that the formulation in the budget document is satisfactory)

UNMISSET Budget description	Comments	Suggested Formulation
<b>Program Component 1: Political</b>		
<b>1.1 Civilian Support Group</b>		
<b>Expected Results</b>		
Achievement of a sustainable Timor Leste public administration	It is not possible to achieve this result in short time over the life of the Mission.	<i>Development of a sustainable public administration infrastructure in the Government of Timor-Leste (GOTL)</i>
<b>Indicators of Achievement</b>		
GOTL assumes the responsibility for finance and justice functions	With independence the Government of Timor-Leste assumed the responsibility of all functions. Thus the indicator does not describe the exact contribution to be made by the program	Increase in the ratio of senior level positions in the finance and justice ministries by... per cent held by East Timorese nationals
Positive external feedback regarding the capacity of mentored senior and middle managers	The indicator is ambiguous. It does not tell whose feedback would be necessary	An assessed increase in the capacity of the mentored staff to hold designated jobs after the international staff leaves
<b>Expected Outputs</b>		
High-level policy and operational support to Government	It does not take into consideration quality of advice	High-level policy and operational support to the satisfaction of concerned Minister of the GOTL
Mentored 200 government officials	It does not tell anything about the quality of mentoring and the period for which mentoring would be done	Mentoring of 200 government officials enabling them to take over routine functions of their respective jobs without external help
Weekly meetings between the SRSG and the Prime Minister	It is not an output. It is an activity and an input	May be deleted



UNMISSET Budget description	Comments	Suggested Formulation
Assessment of the future technical assistance requirements of the GOTL	This is an activity and not output	Report on the technical assistance required by the GOTL after CSG program
High-level consultations with donors and countries of the region	It is an activity and can be treated as an input	Obtain commitments from the donors and countries of the region for assisting the GOTL in economic development
<b>1.2 Justice System</b>		
<b>Expected Results</b>		
Ensure justice in respect of the most serious crimes committed in 1999	It does not exactly define the change in the state of affairs. Moreover, the concept of justice is subject to variable interpretations.	Enhanced sense of peace and personal security among the people of Timor-Leste
<b>Indicators of Achievement</b>		
Arrest of accused within Timor-Leste	It is not measurable. Even arrest of a single person can qualify as having achieved the result.	Arrest and <i>trial of all</i> accused within Timor-Leste
Completion of trial and appeal proceedings		
<b>Expected Outputs</b>		
Completed indictment and investigations for the 10 priority cases and 5 widespread patterns of violence	No comments	
Trained and operational Timor-Leste prosecutors, court officials, case managers and investigators (20-day program)	The output does not mention the number of persons to be trained.	Trained ... case managers and ... investigators (20-day program) enabling them to take over the routine functions
Computer based court reporting of trials	It is not an output. It is an activity.	Development of a computerized database of court proceedings
<b>1.3 Human Rights and Reconciliation</b>		
<b>Expected Results</b>		

UNMISSET Budget description	Comments	Suggested Formulation
Increased respect for rule of law and protection of human rights, and significant progress towards national reconciliation	No comments	
<b>Indicators of Achievement</b>		
Acknowledgement by external observers that international human rights principles have been incorporated into Timor-Leste Police Service operations	No Comments	
Creation of the office of Provedor	No comments	
<b>Expected Outputs</b>		
Trained 2030 police service officers in human rights	It could be more precise if the duration of training program was also mentioned.	Trained 2030 police service officers in human rights in ...days training program
Trained 1000 peacekeepers and UN civilian personnel in human rights	It could be more precise if the duration of training program was also mentioned.	Trained 1000 peacekeepers and UN civilian personnel in human rights in a ... days training program May be deleted.
Assisted the Commission for Reception, Truth and Reconciliation	It is an activity and not output.	
Assisted various reconciliation initiatives	It is an activity and not output.	Reconciliation among ... (name the factions)
Human rights abuses assessment	It is an activity and not output.	Publish (or prepare) a report on human rights abuses in Timor-Leste May be deleted.
Supported and guided the justice sector	It is an activity and not output.	Obtain commitments from bilateral donors for aid to the Government in this area.
Promoted bilateral support for Government in this area.	It is an activity and not output.	
<b>1.4 Legal System</b>		
<b>Expected Results</b>		
Promote a fair and just Timor-Leste legal system.	It is an activity and result to be achieved. The result should be some change in the existing situation.	Enhanced feeling of living in a just society among the citizen of Timor-Leste

UNMISSET Budget description	Comments	Suggested Formulation
<b>Indicators of Achievement</b>		
Local courts are operating.	It does not specify the number of courts to be made functional.	...(Number) of local courts to be set up and made fully functional
Reduction in defendants' average waiting for trial	It does not specify the time to be reduced	Reduction in defendants' average waiting-time for trial from ...days to ...days
Positive feedback from external observers	No comments	
<b>Expected Outputs</b>		
Comprehensive strategic action plan for development of national judicial capacity	It is an activity and not output.	Recruitment and training of ... judges enabling them to take over the routine functions
Facilitated contact with donor countries to secure their support in judicial capacity building.	It is an activity and not output.	Obtain commitment from donor countries for supporting the GOTL in capacity building in this sector.
<b>Program Component 2: Military</b>		
<b>2.1 Peacekeeping Operations</b>		
<b>Expected Results</b>		
Ensure stable external security environment for Timor-Leste.	The expected result does not tell about the progress to be made from the present state.	Enhanced sense of security against external threat among the people of Timor-Leste
<b>Indicators of Achievement</b>		
No violation of Timor-Leste's territory from external threats	No comments	
No incidence requiring the deployment of peacekeeping forces back to borders	No comments	
<b>Expected Outputs</b>		
Regular inter-command meetings conducted with Tentara Nasional Indonesia	It is an activity and not an output.	Memorandum of Understanding with Tentara Nasional Indonesia regarding protection of Timor-Leste territory

UNMISSET Budget description	Comments	Suggested Formulation
Monthly Border Coordination Working Group meetings conducted with Indonesian authorities	It is an activity and not an output.	May be deleted. It is covered in the above output.
Conducted peacekeeping operations in accordance with the concept of concentration with high mobility.	It is an activity and not an output.	Capability of the army personnel to respond to a peacekeeping threat within ... hours
Conducted routine military operations in residual areas of operation.	It is an activity and not an output.	May be deleted.
Maintained capability to deploy a peacekeeping force to any part of Timor-Leste.	Covered under the third output above. May be deleted.	
Military liaison along border and elsewhere in Timor-Leste	It is an activity and not an output.	Successful counter operation against any external threat to peace
<b>2.2 Land Borders</b>		
<b>Expected Results</b>		
Achievement of normalization of TL's land border	Some re-phrasing required.	Normalization of Timor-Leste's borders facilitating border crossing by people on both sides
<b>Indicators of Achievement</b>		
National customs border services deployed and fully operational	No comments	
Border security control points fully managed by Timor-Leste Police	No comments	
No incidents on the border involving officials or military of either side	No comments	
Border is open for daily movement of people and goods.	No comments	
Agreed principles and methodology for the delimitation of the border	No comments	
<b>Expected Outputs</b>		

UNMISSET Budget description	Comments	Suggested Formulation
Periodic high level meetings with the Government of Indonesia on border normalization	It is an activity and not output.	Memorandum of Understanding with the Government of Indonesia on border normalization
Technical guidance to the GOTL on aspects of limitation and demarcation	It is an activity and not output.	Guidelines on border delimitation for the GOTL
Regular operational-level border management meetings with the Indonesian Government	<ul style="list-style-type: none"> <li>• It is an activity and not output.</li> <li>• Covered under no.1 above.</li> <li>• No separate mention required.</li> <li>• May be deleted.</li> </ul>	
Redeployed peacekeeping troops back from the immediate vicinity of the border	It is not measurable. Does not mention the frequency or nature of the deployment.	Deployment of ... troops on various sides of the border of Timor-Leste until end of the Mission
Secured border until full handover to the GOTL	No comments	
<b>2.3 External Security</b>		
<b>Expected Results</b>		
GOTL fully responsible for external security	No comments	
<b>Indicators of Achievement</b>		
National Defence Force manages external security without UN assistance	No comments	
National Defence Force assumes full responsibility for all sub-districts	No comments	
<b>Expected Outputs</b>		
Implemented draw down plan for military contingents.	No comments	
<b>Program Component 3: Police</b>		
<b>3.1 Law and Order</b>		
<b>Expected Results</b>		

UNMISSET Budget description	Comments	Suggested Formulation
Ensure Timor-Leste public law and order.	It does not indicate the progress made from one state of affairs to the other.	Enhanced sense of internal peace and security among the citizen of Timor-Leste
<b>Indicators of Achievement</b> Positive feedback from internal and external observers that public law and order is maintained.	It is vague. It is not clear who are the external observers and how the feedback from external observers would be taken.	Reduction of ...% in the number of reported crimes against property and honor of the citizens
<b>Expected Outputs</b> Peacekeeping military component provided back-up support to the Police Service	It is an activity and not an output. Moreover, it is an activity of the military peacekeepers. What is the output of the police?	100% response to reach places of crime within the prescribed time limits
Targeted programme to increase awareness of domestic violence as a crime and reduce its incidence	It is an activity and not output.	At least [ number] awareness campaigns through radio/TV about abhorrence of domestic violence and its criminal aspects
Special programme for vulnerable persons	It does not specify the number and nature of the program. What shall be done in that program?	Setting up... (number) special police posts in ... (number) villages and towns for reporting and investigating crimes against women and children
Provided recommendations on criminal law.	It is an activity and not output.	A policy paper on criminal law
Monitored issue-based groups and organized crime.	It is an activity and not output.	Center for monitoring the organized crime
<b>3.2 Police Service</b>		
<b>Expected Results</b>		
Achievement of a professional and sustainable TL Police Service	It is an indicator of achievement and not the achievement itself.	Enhanced capacity of Timor-Leste police force in terms of numbers and functional ability
<b>Indicators of Achievement</b> National Police Commissioner assumes full executive responsibility over TL Police Service	No comments	
2830 police officers assume policing responsibility for all districts	No comments	

UNMISSET Budget description	Comments	Suggested Formulation
Zero requests for peacekeeping force back-up support for Police Service by GOTL	No comments	
<b>Expected Outputs</b>		
Trained 2830 police officers	No comments	
Trained 180 special police units	No comments	
Trained 230 border and immigration officers; mentored Police Service Senior Management	No comments	
Assessment of the future needs and capabilities of Police Service	Needs rephrasing.	Report on the assessment of future needs and capabilities of the police force
Five-year forward training plan for Police Service at all levels of management	No comments	
<b>Program Component 4: Support</b>		
<b>Expected Results</b>		
Increased efficiency and effectiveness in supporting the Mission	No comments	
<b>Indicators of Achievement</b>		

UNMISSET Budget description	Comments	Suggested Formulation
SRSG and client offices have a high level of satisfaction with Mission support.	It is ambiguous and cannot be measured	<ul style="list-style-type: none"> <li>• Overall average reduction of ...% in the cost of various outputs</li> <li>• Mission-wide implementation of internal controls leading to zero control failures</li> </ul>
Achievement of phased draw-down milestones	No comments	
<b>Expected Outputs</b>		
173 buildings maintained	No comments	
230 generators maintained	No comments	
1,250 civilian staff administered	No comments	
32,800 payments made	No comments	
6 contracts administered	No comments	
487 purchase orders completed	No comments	
39 COE inspections conducted	No comments	
33 aircraft inspections conducted	No comments	
5,820 flights hours completed	No comments	
688 vehicles maintained	No comments	
Uninterrupted information technology and communications service provided	No comments	
11,520 patients treated	No comments	
10,745 deployments and repatriations conducted by military and police	No comments	
597 shipments made and received	No comments	



**Line Items of 2003-04 Budget in the Negative**  
**Extract from Monthly Expenditure Status Report (MESR) as at 31 August 2003**

No.	Item	Allotment \$	Funds Utilized/Committ ed \$	Variance \$
1.	S/ A National Staff	0	73,917	(73,917)
2.	GTA Salaries	32,200	203,965	(171,765)
3.	Dependency Allowance	0	11,630	(11,630)
4.	Medical Exam-IS	0	748	(748)
5.	Residential Security	0	4,002	(4,002)
6.	MIP	0	9,052	(9,052)
7.	Educational Grant Travel	0	2,166	(2,166)
8.	Family Visit	0	19,271	(19,271)
9.	Travel on Appointment	0	15,740	(15,740)
10.	Travel On Separation	0	23,960	(23,960)
11.	Travel On Transfer	0	336	(336)
12.	Travel On MEDEVAC	0	637	(637)
13.	Travel On Annual Leave -DS	0	251,975	(251,975)
14.	Travel On repatriation-UNV	0	42,476	(42,476)
15.	Travel for Consultations/Meetings	0	10,875	(10,875)
<b>16.</b>	<b>Laundry, Tailoring</b>	<b>96,000</b>	<b>156,288</b>	<b>(60,288)</b>
17.	Official Functions	0	688	(688)
18.	Other Hospitality	24,000	27,195	(3,195)
19.	Services-Air Transportation	45,000	65,755	(20,755)
<b>20.</b>	<b>Rations</b>	<b>0</b>	<b>470,430</b>	<b>(470,430)</b>
21.	Miscellaneous Maintenance & Repairs	236,400	270,518	(34,118)
22.	Acquisitions of Fuel Tanks	0	16,320	(16,320)
23.	Acquisitions of Water & Septic Tanks	0	16,440	(16,440)
24.	Equip/Supplies-Air Transport	0	1,592	(1,592)
25.	Acquisitions of office Furniture	0	250	(250)
26.	Acquisitions of Office Equipment	0	33	(33)
27.	Acquisitions of Security and Safety Equipment	0	6,033	(6,033)
	<b>Total</b>	<b>433,600</b>	<b>1,702,293</b>	<b>(1,268,693)</b>