

## **Monitoring of Budgets of Country Offices and Evaluation of related performance**

### **Monitoring of Country Office budgets:**

#### **Role of FAORs**

The primary responsibility of FAO Representatives with respect to the proper implementation of the financial resources allocated to them by the Regional offices, is to ensure that they are spent in accordance with the applicable Organization's budgetary rules and guidelines. FAO Representatives should regularly review and analyze together with the responsible staff the current office's financial situation. This should be done taking into account: i) the expenditure trends for the non-staff costs and how they compare with prior years' results; ii) the current financial obligations; iii) the forecast expenditure to year-end; iv) the applicable fungibility rules; v) AOS income projections and vi) sales of assets and sundry income. Detailed guidelines on budget implementation and monitoring are available in the FAOR Handbook and will be reflected and updated in the Manual for the Management of the Country Office Network, which will soon be made available to decentralized offices.

This budget monitoring function is supported by:

1. the Periodic Budget Reports (PBRs) prepared by the Representations, and
2. the Financial Reports available from COIN and/or Data Warehouse.

**1) Periodic Budget Reports (PBRs).** The requirement to prepare PBRs was introduced by OCD in 2004 to align the Country Offices with the practice followed by all other offices. Instructions on how to prepare a PBR are available in the FAOR Handbook in COIN and are also attached herewith for ease of reference. Eventually, the Guidelines will be included in the Manual on Country Office Management that OSD is currently preparing. PBRs must be prepared by each Country Office at least on a quarterly basis although OSD recommends that they be prepared on a monthly basis for record and audit purposes. A PBR must be submitted to the Regional Office (RO) only when it shows a projected deficit by yearend and, therefore, includes a request for additional resources. The RO reviews the request and either increases the allotment or rejects the request proposing alternative solutions. COIN provides a feature to prepare PBRs using data available in the system and to submit them electronically to the intended recipient. Attached is a sample PBR.

**2) Financial Reports available from COIN and/or Data Warehouse (DW).** Financial Reports on the Country Offices can be obtained from COIN or from the DW. The data in COIN are exactly the same as those available from DW but are formatted in a more user-friendly manner for Country Offices. At the bottom of this annex, a screen dump shows where to find the Office Allotment situation in COIN. Guidance on how to use various related features in COIN is available from the Help link in the upper right corner of every page in COIN. Finally, please note that OSD is currently developing a tool in COIN to aggregate financial data and PBRs at subregional, regional and global levels to facilitate budget monitoring.

#### **Role of Regional Offices**

The main responsibilities of the Regional Offices in implementing and monitoring the budget for the FAOR Network under their responsibility is to: i) ensure that the financial resources are fully utilized to meet the unit results that have been set for the Country Office Network in the region; ii) identify risk situations (under-spending and over-spending) at country level that may require urgent intervention; iii) define measures to address budgetary issues at regional level, such as the IT equipment or vehicle replacement plans, staff development and AOS; iv) review the overall budgetary performance and consolidate the results into a report for Senior Management's attention. An additional tool is being developed in COIN in order to improve the monitoring capacity of the Regional Offices and OSD. This consists of a number of "trigger messages" which alert managers

and/or users whenever certain conditions apply (e.g. when a certain percentage of the allotment is already committed at a given date).

### **Evaluation of Budgetary Performance of Country Offices**

The Regional Office may be required to provide an evaluation of the performance of a Country Office in managing the budget entrusted to it. This may be related to the PEMS of the FAO Representative, the preparation of a regional PBR (this item will be covered by a separate message), or an input into an exercise lead by other offices such as AUD or OED.

The following criteria may be used in monitoring and reporting on budget performance of the Country Offices:

- 1) Timeliness in submission of requests and PBRs
  - 2) Accuracy of data contained therein
  - 3) Percentage of budget committed in relation to time of the year
  - 4) Absence of over-expenditure
  - 5) No or very limited under-expenditure at year end
  - 6) Use of Staff Development allocation (SDV)
  - 7) Use of Hospitality allocation
- 
- 8) Adequacy and correctness of expenditure in transaction listings