

# Using the Toolkit and Acquiring Training Skills



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**Tool**

**1**

# **Tool 1**

## **Using the Toolkit and Acquiring Training Skills**

John McAndrew



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## About DCAF

The Geneva Centre for the Democratic Control of Armed Forces (DCAF) promotes good governance and reform of the security sector. The Centre conducts research on good practices, encourages the development of appropriate norms at the national and international levels, makes policy recommendations and provides in-country advice and assistance programmes. DCAF's partners include governments, parliaments, civil society, international organisations and the core security and justice providers such as police, judiciary, intelligence agencies, border security services and the military.

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- Ministry of Interior
- Central Military Financial Administration
- Palestinian National Security Forces
- Palestinian Anti-Corruption Commission



# Introduction

## Why is financial oversight in the security sector important?

Financial oversight in the security sector is a key instrument for ensuring that public funds allocated by the state for the security of the people are spent in a transparent and accountable manner.

However, the financial management of security sector institutions is often characterised by opacity rather than transparency. Even in established democracies, the budgets and financial operations of law-enforcement, military and intelligence organisations are often concealed from public scrutiny and sometimes even from formal external oversight by parliament or audit institutions. Furthermore, in many developing countries, disproportionate security expenditures prevent the use of public funds for socio-economic development.

## Why this Toolkit?

Building the conceptual and technical capacities of specialized practitioners is a crucial step towards strengthening financial oversight in the security sector. This Toolkit is designed for financial oversight practitioners who wish to:

- Gain access to best international practice in financial oversight of the security sector
- Improve their professional ability to financially oversee security sector institutions
- Acquire a more proactive attitude toward conducting thorough financial oversight activities of security sector institutions
- Assert their authority in scrutinizing budgets and financial operations conducted by security sector institutions.

## How was this Toolkit developed?

The exercises and training material included in this Toolkit were developed based on four needs assessment meetings with financial oversight employees and two trainings of financial oversight practitioners in the Palestinian territories in 2013-2014. The Geneva Centre for the Democratic Control of Armed Forces (DCAF) conducted the trainings in cooperation with DCAF international experts and with the financial support of the European Union.

The tools that are part of this training manual contain a generic component that can be used in virtually any country where financial oversight practitioners in the security sector require capacity building. The tools also contain a locally adapted component, which offers examples from the Palestinian training course and suggestions for how to adapt activities and materials to suit the trainer's own context.

## Other DCAF publications on financial oversight in the security sector

In addition to this Toolkit, DCAF has published other reference material on financial oversight in the security sector. These publications include:

1. Guidebook: Strengthening Financial Oversight in the Security Sector, 2012.
2. A Palestinian Legal Collection: Financial and Administrative Oversight in the Security Sector, 2013 [English edition forthcoming]
3. Financial Oversight in the Security Sector: A Compilation of International Standards, 2014.

To download these or other publications please visit: [www.dcaf.ch/publications](http://www.dcaf.ch/publications)

# Using the Training Toolkit

## Overview

The training toolkit has been designed to be used as a whole training course, which covers six different topics relevant to financial oversight and security sector governance. The six topics may also be used individually as 'stand-alone' training sessions.

## What does the Toolkit include?

The training Toolkit includes one introductory tool (Tool 1) and six training tools. Each tool has a three-hour generic component. The generic material is applicable internationally and can be used without adaptation in any training context. In addition, there are suggestions and example activities for adapting material to a particular context. They are designed to be amended by the trainer to engage with local issues specific to the trainer's own context. It is envisaged that the localised session would take two hours, but it can be as long as the trainer deems necessary.

The Toolkit contains the following seven tools (including this one):

- Tool 1. Using the Toolkit and Acquiring Trainings Skills
- Tool 2. Concepts and Main Actors of Financial Oversight in the Security Sector
- Tool 3. Medium-term Strategic Financial Planning for Security Sector Institutions: Tools and Techniques
- Tool 4. The Budget Cycle and the Security Sector
- Tool 5. Auditing and Integrity in the Security Sector
- Tool 6. Handling Legal Gaps while Practicing Financial Oversight in the Security Sector
- Tool 7. Financial Oversight of Intelligence Agencies

These tools may be used for individual training workshops on each topic or as a comprehensive training course.

## The toolkit user

The training sessions in the Toolkit are intended to be read and used by trainers with expertise in financial oversight and security sector governance and reform.

## The target audience

The target audience for the training course outlined in the Toolkit is mainly practitioners involved in financial oversight of public institutions, including security sector organisations. These practitioners include specifically, but not exclusively:

- Parliamentarians and their staffers who are involved in financial oversight and budget control activities
- Members of Supreme Audit Institutions (SAIs) who provide expertise and support in financial oversight activities
- Strategic-level members of security and defence institutions in charge of preparing and executing budgets
- Representatives of executive authorities, including ministries who oversee the preparation and execution of security and defence budgets
- Officers and auditors working in core security and justice institutions whose role is to perform internal controls and audits.

The ideal number of participants for the course is around 15 people. However, the course may be used with more participants.

### Using the toolkit in the trainer's own context

As mentioned above, the tools in this Toolkit consist of generic training sessions and locally adapted training sessions. The generic training sessions included in the toolkit have been developed to be used in any context. However, if possible, the trainer should conduct some form of needs assessment in his/her own context. Based on the results of the analysis, the trainer can understand which training sessions to use, which to prioritise, and which to adapt. The localised training sessions give examples and offer suggested objectives for use in the trainer's own context.

When choosing which of the sessions in the toolkit to use, the trainer can choose to use only part of a session or to rearrange the order of the activities if desired. However, the trainer should be aware that some of the activities in a session follow each other, and one activity may often build on a previous activity.

### The structure of a generic training session

A generic training session consists of the following six elements:

1. **The introduction** lists the learning objectives and focus questions for the session. It also gives an overview that lists the handouts and trainer resources that are used in the session.
2. **The session plan** gives a full overview of the training session. It is a guide for the trainer to get a quick understanding of the session. It is also used as a quick reference to help the trainer keep track of activities and timing during the training.
3. **The description of activities** explains in more detail how to carry out the activities listed in the session plan.
4. **The handouts** are given to the participants during the activities in the sessions. They are easily photocopied and can include:
  - Worksheets with tasks for the participants to complete

- Hardcopies of PowerPoint presentations
  - Summaries of key information
  - Extracts of, or references to, publications
5. **The trainer resources** provide supporting information for the trainer. They can include:
    - Summaries of international best practices
    - Answer sheets
  6. **The suggested resources** contain references relevant to the activities

### Types of activities

The types of activities in the sessions are designed to involve and engage the participants. They are expected to build their own understanding of the concepts and issues presented. Often this means encouraging participants to work and provide feedback in groups rather than 'teaching' them topics in a non-participative way.

Trainers might nevertheless be advised to make PowerPoint presentations. The training tools do include handouts with PowerPoint presentations, which may be adapted by the trainer as required. However, the trainers are encouraged to use a minimum number of slides. It is also recommended that they use images or other types of documents that are likely to trigger participants' attention and active participation. The trainer may provide the participants with a hardcopy of the presentation before or after it is shown. The trainer may also ask the participants to discuss a question in pairs before asking for feedback.

### The structure of a local training session

A local training session contains example materials and objectives for the local sessions to cover. It is given as an example for the trainer to draw on in his or her own context when devising his or her own localised sessions and materials.

The structure of a local training session is similar to that of the generic training session (see above). Suggested example activities are given instead of a full session plan.

A local training session consists of the following five elements:

1. **Session objectives:** These are objectives that can be addressed by the trainer in his or her own context.
2. **Suggested content to be covered:** This content addresses the objectives and can be adapted by the trainer to fit his or her own context.
3. **Example activity(ies):** The example activity(ies) include time, materials and a description of the activity.
4. **Suggested sources:** The suggested sources are references for the trainer to use when adapting these example activities.

### Meeting the needs of the participants

Meeting the needs of the participants is perhaps the most crucial element of any training course.

The training sessions presented in the Toolkit have been developed based on a needs assessment of directors and senior staff from financial oversight institutions in the occupied Palestinian territory.

Appendix A (below) shows an example questionnaire for use with potential participants as a needs assessment. Appendix B (below) gives an example of guiding questions to use with focus groups when conducting a needs assessment.

The key points for the trainer to consider when adapting materials to the target groups include:

- **Knowing the audience.** This means finding out as much as possible about the participants beforehand, including their role, gender, age, attitudes, culture, experience, education, personality, and religious background. This will allow the trainer to appreciate the differences in their skills and experience, and to draw on their strengths and expertise throughout the training. It will also allow the trainer to identify where the greatest common need is for improvement in knowledge.
- **Offering a variety of activities.** The trainer should try to choose activities that enhance

the participants' appreciation of each other's skills and responsibilities and allow everybody to experiment with different ways of how to express him/herself freely.

- **Being sensitive to local hierarchies.** If there are several persons from the same organisation, with different levels of authority, the trainer should take care not to include activities that could cause them to 'lose face' in front of each other.

### Starting the training

Unless they have been selected with the purpose of creating a homogeneous group, participants may be from a variety of backgrounds and professional competencies. It is therefore important that they feel comfortable in each other's company. If this is the first time they have come together, the trainer must make them feel safe. Participants should know that their views and qualities will be respected and that the learning experience will remain confidential. The session is designed for confidence building and thus requires the creation of an environment of trust.

### Introductions

The trainer should provide a period for introductions during which the participants introduce themselves to each other. This allows, everyone to know who is present and what his/her professional background is. In addition, the trainer is encouraged to give out name badges to the participants.

### Programme overview

The trainer should provide a clear and precise explanation of the objectives of each training session, its duration, and the logistical or technical constraints (e.g. lunch times, accommodation etc). The choice of programme should be open for discussion, and if necessary, changes made, depending on the make-up of the group, the time available, and the various needs and expectations of the participants. Participants will want to be informed about how the time will be allocated, so that they can anticipate their own needs, e.g. for important telephone calls.



### Ground rules

It is very important that the trainer and the participants establish some ground rules that will apply for the duration of the training activity. In this way, participants will understand each other's expectations and respect the common agreements. Poor timekeeping, for example, is something that can have a negative impact on the learning process. It is also wise to make a rule about attending the sessions on time and respecting the break times. The use of mobile phones during the sessions should also be banned if possible. These and other rules should be written on a chart and, if possible, hung on a wall to be visible to the participants during the training.

### Participants' expectations

It is important to know the expectations of participants before the training activity starts. This information will help the trainer fine-tune

the focus of the course. It can also be used as a reference to check with participants that their expectations are being met during relevant activities. Knowing the expectations also enables the trainer and participants to evaluate later whether those expectations were met. (See *Activity 1, Tool 1 Session Plan 2, Conclusion and Evaluation*, where an opportunity is given to check back on the participants' expectations expressed in *Tool 1 Session 1, Introduction*.) Participants' expectations can also be elicited, written on a chart and hung on a wall.

### Participants' knowledge

The trainer should also ascertain the general level of knowledge that already exists among the participants, so that the sessions can be 'pitched' at the right level. Ideally this information will have been ascertained before the training activity, during a needs assessment.

## A suggested schedule for a comprehensive training course

A suggested schedule for the use of the tools in this training Toolkit is shown below.

### Financial oversight of the security sector: Course Overview

Day	Date	Sessions
1	Date 09.00 - 16.00 (lunch: 12.30 – 13.00)	Tool 1. Introduction session Tool 2. Concepts and main actors of financial oversight in the security sector
2	Date 09.00 - 15.40 (lunch: 12:30 to 13:30)	Tool 3. Medium-term strategic financial planning for security sector institutions: tools and techniques
3	Date 09.00 - 15.40 (lunch: 12:30 to 13:30)	Tool 4. The budget cycle and the security sector
4	Date 09.00 - 15.40 (lunch: 12:30 to 13:30)	Tool 5. Building integrity of security and defence institutions and the audit function
5	Date 09.00 - 15.40 (lunch: 12:30 to 13:30)	Tool 6. Handling legal gaps while practicing financial oversight in the security sector
6	Date 09.00 - 16.00 (lunch: 12:30 to 13:30)	Tool 7. Financial Oversight of Intelligence Agencies Tool 1. Conclusion session Graduation

# Acquiring Training Skills

This section gives a brief overview of skills that are important for the trainer. It includes an outline of different ways that people learn, a discussion of what makes a good trainer, example of efficient training techniques, tools, warmers and energizers.

## Appreciating different ways of learning

As a trainer, it is valuable to be aware of the different ways that different people learn. Awareness of these different learning styles can help when designing and conducting a training programme.

This section contains a description of the various ways in which adults can receive and remember information.

An adult person receives information through three main sensory receivers:

- Sight
- Hearing
- Movement

However, one or more of these aspects is normally dominant. The dominant aspect defines the best way for a person to learn new information. But this aspect may not always be the same for all situations. A person may prefer one style of learning for one task and a combination of other styles for another task. In training, it is important to present information using all three aspects, so that all types of learners can get the most out of the training.

### Learning by sight

Visual learning may be linguistic or spatial. Persons who are *visual-linguistic learners* like to learn through written language tasks, such as reading and writing. They remember what has been written down, even if they do not read it more than once. They like to write down directions, and they pay better attention to presentations such as projected PowerPoint slides.

To facilitate visual-linguistic learners, the trainer can:

- Use Handouts
- Give written tasks
- Use visual written presentations (e.g. with PowerPoint)

Persons who are *visual-spatial learners* usually have difficulty with written language and do better with charts, demonstrations, videos, and other visual materials. They easily visualise faces and places by using their imagination, and they seldom get lost in new surroundings.

To facilitate visual-spatial learners, the trainer can:

- Use graphs, charts, illustrations
- Include outlines, agendas, handouts for reading and taking notes
- Include content in handouts to re-read after the session
- Supplement textual information with illustrations
- Show diagrams and then explain them

### Learning through hearing

For persons who learn best by hearing, the trainer can:

- Begin new material with a brief explanation of what is coming, and conclude with a summary of what has been covered. ("Tell them what they are going to learn, teach them, and then tell them what they have learned.")
- Include aural activities, such as brainstorming, etc.
- Leave plenty of time to debrief activities. This allows for connections to be made

between what participants have learned and how it applies to their situations

- Ask the participants to verbalise their questions
- Develop a dialogue between the participants and the trainer

### ***Learning by movement***

Those who learn best by movement tend to lose their concentration if there is too little external stimulation or movement. When listening to lectures they may want to take notes. When reading, they like to scan the material first ('get the big picture') and then to focus on the details. They like to use coloured highlighters and to draw pictures, or diagrams.

To facilitate these learners, the trainer can:

- Use activities that get the participants up and moving
- Use coloured markers to emphasise key points on flipcharts or white boards
- Give frequent 'stretch' breaks
- Provide highlighters, coloured pens/pencils
- Have the participants transfer information from the text to another medium, such as a flipchart

### **For training adults, it is important to consider the following points.**

#### ***Adults learn from experience***

The participants doing the training will probably have a wealth of experience, skills and ideas. They should be encouraged to use examples and share 'lessons learned' from their previous experiences as much as possible. Never assume that the participants know nothing about the subject matter.

#### ***Adults learn best from their peers***

The participants will receive and respect information they receive from their fellow professionals.

#### ***Adults learn best through discussion***

Try and use discussion as much as possible because it enables participants to be both learners and teachers. Lectures are less effective as teaching methods.

#### ***Adults learn best from those of similar age and similar background***

Encourage the participants to share their knowledge with one another.

#### ***Adults learn what they want to learn, what they are interested in and what they think will be useful to them in their lives***

Training materials should be clearly relevant to the subject taught. The trainer should be ready to adapt the materials provided in this manual to the experience and knowledge of the participants.

#### ***As adults grow older their powers of observation and reasoning often grow stronger***

This ability to observe, think and analyse means that in adult education everyone in the workshop is potentially a learner and a teacher.

### **What makes a good trainer?**

Some qualities of a good trainer, such as sensitivity and commitment, depend on the individual personality of the trainer. However, experience and awareness can improve everyone's skills.

#### ***Sensitivity towards the feelings of others***

A good trainer will help to create and sustain an environment of trust and openness where everyone feels safe to speak honestly, and where differences of opinion are respected. Most people will not articulate their discomfort, hurt feelings or anger; instead they will silently withdraw from the discussion. Sensing how people are feeling and knowing how to respond is an important skill in training.

#### ***Sensitivity to the feeling of the group as a whole***

In any group, the whole is greater than the sum of its parts. Group 'chemistry' generally reflects shared feelings. A group may be eager, restless, angry, bored, enthusiastic, suspicious, or even frivolous.

Establishing a collaborative dynamic is essential to a good learning environment.

### ***Sensitivity to the status and capacity of the individual participants in the group***

In a multi-stakeholder group there will be participants with very different backgrounds and outlooks. A good trainer will be sensitive to how each participant perceives himself/herself and the others in the group. It can take time to build trust between participants and to create the environment in which participants will be comfortable with each other.

### ***Ability to listen***

It is important to ensure that everyone feels acknowledged, included and has the opportunity to participate. Paying close attention to what is said and how it is said, asking for clarification, and not being carried away by the need to push the group along can all help the trainer to sense the feelings of individuals and the group.

### ***Ability to hold people's attention***

Body language, tone of voice, manner of dress, can all affect the way participants will react to a trainer. A trainer who appears confident will give participants confidence that they are in good hands and will learn something important. A trainer who uses his/her hands in an expressive manner will give participants a feeling of being included. A good trainer will speak clearly, face the participants, and dress appropriately.

### ***Ability to draw information from participants***

Engaging the participants in the activities and also the processes of the workshop will ensure that participants are involved and feel a part of what is happening. This can then help the participants be open to learning from each other.

### ***Tact***

Sometimes the trainer has to take unpopular actions or say awkward things for the good of the group as a whole. The ability to do so carefully and kindly is important. A trainer needs particular tact to deal with emotional situations respectfully but also firmly.

### ***Honesty***

A trainer should be honest with participants about the limits to his/her own knowledge. Instead of pretending to know the answer to a difficult question, the trainer should see if another participant knows the answer, or undertake to find out the answer and bring the correct information at another time.

### ***Commitment to collaboration***

Collaborative learning can seem frustrating and inefficient at times. It can be tempting for a trainer to take on the traditional role of 'teacher', and to lead rather than facilitate. A good trainer will realise the empowering value of collaborative learning, and will establish a collaborative relationship with participants in which the responsibility for learning rests with the whole group.

### ***A sense of timing***

A trainer needs to develop a good sense for the timings during training. He/she should know when to bring a discussion to a close, when to change the topic, when to cut off someone who has spoken for too long, when to let the discussion continue over the allotted time, and when to let silence continue for a little longer. Timing is also important to provide the structure for learning. This includes setting and observing the times for the sessions, putting time limits on presentations, keeping to the agenda, and starting and finishing on time.

### ***Flexibility***

A trainer must plan the sessions, but must also be ready to revise the plans in response to a situation if that will make the learning experience more successful. Opportunities may present themselves in which it is appropriate to call on the talents and experiences of people in the group, or to use resources suggested by the participants. Flexibility towards delaying or bringing forward breaks in the session can also help to prevent the group from losing its concentration or becoming bored.

### ***A sense of humour***

A trainer's ability to laugh at himself/herself, and to share the laughter of others, enhances the learning experience for everyone. The creation of



a warm and friendly atmosphere will make people feel comfortable and open to learning.

### **Good organisational skills**

The trainer must make sure that the 'housekeeping' tasks are done, such as the preparation of materials, the arrangement of the meeting space, and providing essential information to participants. Good organisation will give the participants confidence that they are going to learn something important.

### **A positive attitude towards the participants**

Participants will react well when their opinions and contributions are treated with respect. A good trainer will find a positive way to react to the participants, even when he/she is correcting something or disagreeing with something.

### **A trainer is NOT:**

#### ***The person in charge***

The whole group is responsible for learning. The role of the trainer is to facilitate that to happen. Therefore the group should participate in deciding the agenda for the training.

#### ***A lecturer***

The trainer is a co-learner with the other participants; he/she is exploring the subject as an equal partner and contributing his/her own experiences.

#### ***Necessarily an expert***

Although the trainer will have prepared the sessions, he/she may not know as much about some parts of the course as some of the other members of the group.

#### ***The centre of attention***

A good trainer generally speaks less than the participants. Instead he/she draws the participants into the discussion or activity.

#### ***An arbiter***

In collaborative learning, no one determines that some opinions are correct or more valid than others although factual inaccuracies may need to be clarified.

### **The maid**

While the trainer takes the leadership in coordinating the sessions, he/she should not be the only person to take responsibility for the tasks associated with the training course.

## **Examples of training techniques and tools**

In this section the trainer will find a number of suggestions for techniques and tools that can be used in the training room. A trainer should feel free to bring other material and other techniques to the training sessions. It is important to use a variety of techniques that involve the learner, with an emphasis on practical activities, lively discussions, and creative, and memorable presentations. It is also important that the trainer chooses exercises or techniques that will 'fit' the training outcome or learning objective and not just because the trainer prefers them.

### **Training techniques**

#### ***Brainstorming***

This is an idea generation technique. It consists of a rapid discussion that allows everyone to make their suggestions, or to provide their information. The group is given a topic, and is then asked to come up with opinions, ideas and experiences on the topic, with everyone contributing in a rapid and short way. Ideas are allowed to flow freely, without evaluation. Only a short amount of time is allowed, as it is the quantity of the ideas which is important, not the quality. The technique allows participants to realise that there can be many ways in which to look at a problem. While the ideas are being collected, the trainer or a chosen participant can use keywords to summarise the ideas on the flipchart.

#### ***Nominal group technique***

This is an alternative to brainstorming. It allows for the generation of ideas, and then the choice of a preferred course of action. A problem is presented to the group, and the participants are invited to come up with as many solutions as possible. The proposed solutions are written on a flipchart. When all the ideas are recorded, the participants are invited to discuss each one. The result is that

the participants reach a clearer understanding of the problem. Later the participants can vote for their preferred solutions.

### **Dialogue**

This is a technique whereby the trainer sets the scene of a problem, and then invites comments from the participants. This allows for a wide variety of contributions to be made by the participants, so they can learn from each other. It also allows for the trainer to correct any misunderstandings or incorrect suggestions.

### **Working groups**

Small working groups to discuss a particular problem enable participants to express their own ideas and opinions as well as listen to the others. Working in small numbers together, each one will be obliged to contribute to the effort. The groups are given a problem to solve and a limited time in which to discuss it and come up with their responses. Each group can nominate a facilitator and someone to take notes. When the time is up, one of the nominated persons presents the work of the group to the general audience of participants. If the responses from all of the groups are likely to be very similar, the trainer can ask each group to only present its 'different' conclusions to the whole group.

### **Pair work**

Similar to group work, pair work allows each participant to contribute to an issue under discussion. Compared to asking a question to the whole group and receiving individual answers, the facilitator can ask the same question to the group but arranged as pairs of learners. Depending on the time available, and the importance of the topic being discussed, the facilitator can then choose to receive feedback from every pair, several pairs, or one pair only.

### **Monitoring**

In group work and pair work the facilitator should monitor the discussions. This allows the facilitator to understand which group/pair has the 'right' answer, which group/pair has an alternative answer, which issues to raise with the whole group, and where to give support if needed.

### **Panel discussions**

If there is good relevant expertise among the participants at a training session, a panel discussion is a good way in which to share that expertise with everyone. A panel is chosen with two or three persons who have specific knowledge and expertise on a relevant topic. They are asked to make a short presentation to the whole group, and then there is a 'Question and Answer' session during which the group clarifies the information given, or contributes other opinions and information.

### **Role-plays**

These are ways to practice skills. They are created situations or 'plays' in which participants are required to act a part. Role-plays need to be fully thought out by the trainer in advance of the session, and the expectations clearly explained to the participants. Each one needs to know the part they will play, and have a description of what their character will do, or is able to do. If a participant is asked to play the role of an auditor who discovers a corruption case at a ministry, for example, he/she has to place himself/herself in this situation and will realise how stressful such a situation can be. Role-plays can be a very enjoyable way in which to learn, but care is needed to avoid participants moving away from the point of the exercise, or exceeding their 'role' within the role-play. It is also important to be sensitive to the willingness of participants to play a part. Some people do not like to pretend as part of a learning endeavour or to act in front of the group and may resist this form of participation.

### **Warmers and energisers**

These are games designed to help participants to get to know each other and to feel comfortable with each other. They are important in creating a sense of trust between the participants. Games also help to clear the mind so that participants can concentrate better. The trainer should choose the games that are appropriate for the particular participants and that will suit the mood of the group. Games can also be used during or between sessions if the trainer feels that it would help the group to work better together or to regain some energy. It is important for the trainer to know what he or she wants to achieve by doing the game, so that the appropriate game is chosen at the right

time. (See the sub-section 'Examples of warmers and energisers' in the following section for practical examples.)

### **Engaging the participants in practical activities**

A trainer can create opportunities for the participants to engage in practical activities, such as filling in parts of a map on a flipchart, or placing cards with information on a wall. Such opportunities allow the participants to move around and to relate their intellectual understanding to a practical movement. Even the task of dividing into small groups could be made into an activity, for example by asking the participants to group according to hair colour or age range.

### **Drawing pictures**

This can be an activity for each participant, or for the participants to do in small groups. It can help them to visualise the issue they are discussing. It also provokes discussion about the issue. When the drawings are finished, the participants can discuss the differences and the similarities in the images they have produced, and the reasons behind those differences/ similarities.

### **Reflecting/Checking Back**

If the trainer periodically spends a couple of minutes reflecting back on what has been happening, and checking with the participants how they are reacting to the session, it helps to keep the group focused on the topic and the objectives of the training. It also helps the trainer to verify that things are going well with the training.

### **Traditional teaching method**

If there is a lot of specialist knowledge to convey, it can be easiest to convey the information in a formal 'teaching' style. In order to keep the attention of the group, it is important for the trainer to keep active, to use the flipchart, or to provide the information by PowerPoint presentation and handouts. Even when using traditional teaching methods, it will be helpful to interrupt occasionally and involve the participants in discussion or reaction.

### **Timing: Fitting within the available time**

It is important for the trainer to allocate enough time for each activity. It is easy to underestimate the time that an activity will take, so the trainer has

to be careful to think through the programme he or she will choose to fit the time available. People also like to have time for discussion and to compare experiences. It is also important to identify where there will be breaks for coffee, meals and prayer, if applicable.

Each training session in the toolkit has a time given for its overall use and for each of the activities in the session.

### **Creating favourable training conditions: The training room**

The trainer should pay attention to the following details:

- The place for the training should be light and large with a comfortable temperature
- The chairs for participants should be placed in a circle or facing each other so that the participants can see each other. 'Break out' tables are also useful for small group discussions.
- Make sure that the teaching aids and equipment to be used are available and in working order
- Check that there is enough paper, handouts and writing materials for all the participants
- Make sure there is a place that is easily accessible to keep materials that will be used during the course
- Check that the place where the participants will have their coffee breaks and meals is separate, but easily reached from the training room
- Make sure that the participants will have the space and equipment necessary for the planned activities. (E.g. they will need tables if there is writing involved; they will need floor space if there are role-plays.)

All of the trainer's requirements should be made clear to the organisers before the training begins.

## **Training tools**

### **Scenarios**

Scenarios seek to convey the reality of a problem situation. They are helpful in engaging the participants in the issue and making them think about real people and real-life situations, with problems that require realistic solutions. While there are a number of scenarios provided in this manual, others can be devised by the trainer using newspapers, court reports, cases known to the trainer, anecdotal reports of real events, or an amalgam of several sources. Participants themselves may have scenarios to suggest from their own experiences, and space should be allocated to them for sharing these scenarios.

### **Audio-visual and visual materials**

Visual materials are information tools that assist in conveying information in a training session by showing the information in video, film or picture images. They are useful to provoke discussion and to convey the reality of what is being taught to the participants. The trainer should choose materials that will tie in with the objectives of the course, illustrate the session in a relevant way and at the right time, and ensure that there is enough time and facilities to use the material effectively. Video clips might only take a few minutes. A film might need over an hour of time. Therefore it might be preferable to select one or two excerpts.

### **PowerPoint presentations**

This is a way in which the important points of an issue can be made clear to participants. Images are important to use to help tell the story and make the slides engaging for the participants. The presentation should only pick out the key concepts and only contain short sentences. The trainer should give a handout of the slides to the participants. This can be done before or after the presentation. If done after, the trainer should let the participants know that they will be receiving the handout, so they are aware that they do not have to attempt to copy down all the content of the slides.

### **Use of information sheets and factsheets**

A lot of information can be conveyed to participants on pre-prepared material. However,

it is important not to distribute information at a time when it might distract the participants. The trainer should hand out such material where there is time to read it, or ask participants to read it overnight. Then the trainer can find a way to check that the information has been absorbed through a subsequent discussion or exercise.

### **Certificates**

Depending on the circumstances, it may be important to provide a Certificate of Attendance so that the participants can take something away with them that shows that they have completed the training activity, and reinforces their feeling that they have had a valuable experience.

### **Managing difficult and challenging training situations**

A trainer might come across a challenging participant who poses a threat to the stability of the whole group. The trainer needs to identify the situation as it arises, and to either stop it, manage it, or capitalise on it for the good of the group as a whole.

What follows are some examples of difficult training situations of participants expressing reservations to follow the trainer's instructions or disrupting the training session and how a trainer can approach them.

#### ***'This will never work.'***

The trainer can try to regard the statement of difficulty as an invitation to engage, and not as an obstacle. She can try asking the individual to suggest a solution to the problem he/she has identified. The trainer should listen to the difficulty expressed and try to deal with it, but under no circumstances should the session be allowed to develop into a 'complaints' session.

#### ***Conflict between two persons***

The trainer should be aware of the situation, but should not intervene too early, as this could lose the support of the group. If the trainer does have to intervene, he/she should try to emphasise the points of agreement that he/she has been able to identify and to draw others into the discussion. It is important to de-personalise the issue, and it may be appropriate to get the participants to agree to



‘park’ it for the time being. The trainer can come back and deal with it later, when the situation has calmed down.

### ***‘I’m not going to say a word if I can help it.’***

This person may be shy, or they might be nervous of speaking in front of their boss or their peers. The person might find it easier to speak in a small group, which is why it is important to use a variety of learning styles. As the facilitator, it is important to value everyone’s contribution. The trainer can ask such participants for their opinion about a particular topic; then they cannot make a mistake, because it is only their opinion. The trainer should also be careful to acknowledge any contribution that they do make.

### ***‘I’m the expert on this subject.’***

The person may be truly an expert, in which case the trainer should show respect for what he/she can bring to the discussion. The trainer can use their expertise to help the learning experience of the others, but also mentally set limits on how long he/she will allow them to talk. The trainer can use his/her body language to indicate when the person should stop talking. The trainer can encourage the person to listen, and consider giving him/her a part to play in answering questions from other participants. If appropriate, the trainer can invite the person to do a short presentation on the subject under discussion.

It is also important to be sensitive to hierarchies. If there are several persons from the same organisation among the trainees, with different levels of authority, the trainer should take care not to include activities that could cause them to ‘lose face’ in front of each other.

### ***‘I like the sound of my own voice.’***

This individual is likely to want to dominate the discussion, and the trainer must take control of the situation in a constructive way. The trainer can try to involve other participants by calling on them by name to get involved. In most cases the trainer will find that the group itself will take control and tell that person to stop talking.

### ***‘I’ve heard it all before.’***

It is important for the trainer not to get angry or defensive. The trainer can try to find some merit

in what the person is saying. The trainer can encourage the person to focus on the positive.

### ***‘I won’t attend the entire programme.’***

It will be very difficult for the members of the group to concentrate and trust each other if one participant is reluctant to be there or only wants to attend for part of a session or for part of the overall course. A participant will not get value from doing only part of a course. The trainer will need to be strict, and insist that the person drop out of the course altogether.

### ***‘I don’t agree.’***

A person who is constantly disagreeing and raising objections can introduce a negative atmosphere into a training session. A good technique to use for such situations is for the trainer to move outside of the group while the problem is being discussed. This forces the person who is being negative to address the trainer away from the group. Moving to a space outside the group prevents the negative energy from entering the group. It allows the trainer to keep the positive energy within the group and to return to that positive situation after dealing with the problem.

### ***‘I want to discuss a different and difficult issue.’***

If an issue is brought up which will take too long to deal with immediately, or which is not appropriate for the session, it can be ‘parked’ to come back to later. The trainer can write down the key word for the issue, and place it where it can be seen and explain to the participants that she will return to it at another time. The paper is a reminder that the problem remains to be tackled. Once the trainer has dealt with the issue, she can take the paper away.

## **Examples of warmer exercises and energisers**

These activities can be used at the beginning of a session as warmers or during a session as energisers. The trainer can use them for building rapport between participants, or to raise their energy levels, focus their attention. The trainer can decide which exercise is most suited to the sessions and to the participants.

### **Flipchart paper**

Give each participant a sheet of flipchart paper and tell them to divide it up into three sections. In each section he or she must draw a picture and/or write something in predetermined categories. For example, the categories could be: my strengths, my weaknesses, why I am here, what are my hobbies, where I want to be in 10 years, etc.

Participants can talk about the sheets in plenary, or first in pairs and then as a whole group. Discussing the papers first in pairs allows for the participants to relax more and also practice what they are going to talk about before talking to the whole group.

This game helps participants to identify the personalities and qualities of the other participants.

Alternatively, the trainer could collect the papers and redistribute them among the participants. The participants then

discuss how they can relate to the statements written on the papers.

### **Interviews: Introduce your partner**

The participants work in pairs and ask questions of each other. Some leading questions might be:

- Name and job?
- One useful professional skill relevant to the course?
- One area in particular to improve through the training?

Additionally:

- When you hear the phrase “human rights,” what do you think about?
- What colour best represents you?
- What event in your life has most affected your view of the world?
- What do you like most about your job?
- What is the best thing you’ve ever done?
- What is your hobby/your favourite dish?

After talking together, each member of the pair introduces his/her partner to the group. E.g. “Her name is...,” “She works as a...,” etc.

This is an exercise for introductions and helps people to get to know each other.

### **Two truths, one lie**

Break everyone into groups of between three and five persons. Each person in the group must tell the others two truths and one lie about themselves. The other members of the group must then guess which statement was the lie.

When finished, the groups can choose their best ‘liar’, who can then try and fool the rest of the groups.

### **Photo story**

A set of photographs relevant to the topic of financial oversight in the security sector are displayed on a table and the learners are invited to pick one photograph. The learners then stand in a circle and each gets a chance to say why they chose the picture, what the picture means to them and what they feel the picture says about the role of financial oversight mechanisms in promoting good governance of the security sector.

This exercise gives the learners a prompt whilst also drawing on their imagination. It allows them to express their personal interpretation of the role of financial oversight mechanisms in the security sector.

### **Movement game**

Each person picks a movement for him- or herself, for example, putting out his/her right arm. The person next to him/her has to imitate that movement, and create their own movement. The next person has to repeat both the earlier movements and make their own movement, and so on.

This exercise is a physical energiser and can be used to heighten the energy and sense of fun in a group.

### **Country on forehead**

Everyone has a sticker on his or her forehead with the name of a country. The person does not know what country is named on his or her own sticker. The participants must then ask questions of each other, to which the only answer can be ‘yes’ or ‘no’.

and try to guess which country they have on their forehead.

This exercise helps people to get to know each other and to feel comfortable in each other's presence.

The exercises presented in this manual are suggestions only. The trainer is free to adapt, adjust or use his/her own exercises. When choosing to use a warmer/energiser, it is important to do so with care and sensitivity to the participants in the training session. Some people can become irritated or offended when asked to do certain activities, and the result could be negative rather than positive on the group learning experience.

who then has to call out his/her opinion or idea before throwing the ball to the next person.

This dynamic activity allows for a quick exchange of information to take place in a non-serious way and can be used as part of a brainstorming session.

### ***In the same boat***

Explain that participants must locate others who share the same characteristic. Then call out some categories (e.g. those born in the same decade or month; those with the same number of children or siblings; those who speak the same language at home or the same number of languages).

This exercise creates a warm environment and helps people to recognise that they share common experiences and characteristics with other people.

### ***Me too!***

One person says his/her name and starts to describe himself/herself. As soon as another person hears something in common, that person interrupts, giving his/her name (e.g. 'I'm \_\_\_\_\_ and I too have two older sisters'). That person then begins his or her own self-description until yet another person finds something in common and interrupts in turn. Continue until everyone in the group has been introduced.

This game creates a friendly atmosphere and helps the participants to remember each other's names and qualities.

### ***Snowball***

This is a game that asks for spontaneous responses from participants. It can be used for a quick evaluation or to throw out ideas quickly. Make a ball out of paper. Call out your own opinion or idea, and then throw the ball to another participant,

# Using the Tool 1 Introduction and Conclusion sessions

## Using the Introduction and Conclusion Sessions

The Introduction and Conclusion sessions are used by the trainer when using the tools in the Toolkit together as a whole training course.

### The structure of the sessions

The Introduction and Conclusion sessions have the same structure as the main training sessions, though they contain significantly less content. The sessions consist of the following elements:

1. **The introduction** lists the learning objectives and focus questions for the session. It also lists the handouts and trainer resources that are used in the session.
2. **The session plan** gives a full overview of the session. It is a guide for the trainer to get a quick understanding of the session. It is also used as a quick reference to help the trainer keep track of activities and of timing during the training.
3. **The description of activities** explains in more detail how to carry out the activities listed in the session plan individually.
4. **The handouts** are given to the participants during the activities in the sessions.
5. **The trainer resources** provide supporting information for the trainer.

# Tool 1 Session 1: Introduction to Training Together

## Learning objectives

This session is intended to set the scene for a positive learning experience. This includes:

- Participants understanding the structure of the workshop and how it will be conducted
- Participants understanding the rationale for the workshop
- Establishing rapport between the trainer and the participants

## Focus questions

The following questions are addressed through the activities in this session:

- Who are we as a group?
- What is this course about?
- What are participants' expectations?
- What training rules do we agree on?

## Overview

**Tool 1 Session Plan 1:** Introduction to training together

**Description of activities**

**Trainer Resource 1.1.1** Example Agenda

**Trainer Resource 1.1.2** Preparing an agenda for the day

# Tool 1 Session Plan 1: Introduction to Training Together

Introduction to training together				
Objectives of session	Participants will be able to: <ol style="list-style-type: none"> <li>Understand the rationale for the workshop</li> <li>Understand the structure of the workshop and how it will be conducted</li> <li>Establish rapport between themselves and the trainer</li> </ol>			
Content to be covered	<ul style="list-style-type: none"> <li>Overview of the training</li> <li>Introduce the topics and timings</li> <li>Establish a shared understanding of the rules for the workshop.</li> </ul>			
Time	50 min			
Activity	Time	Description of activity	Grouping and materials	Session objectives
1	5 min	Trainer introduction(s)	Trainer to whole group	Obj. 3
2	10 min	Icebreaker: Introduction Interviews	Pairs Feedback from each participant to whole group Flipchart	Obj. 1  Participants talk together in pairs. They discuss the three questions listed on a flipchart: <ul style="list-style-type: none"> <li>Name and job?</li> <li>One area in particular to improve through the training?</li> <li>Their favourite dish?</li> </ul> Each member of the pair introduces his/her partner to the group. E.g. "Her name is...", "She works as a..." etc. (Note that before this activity, each participant should have already received a pin-on name tag or have been instructed by the trainer to make their own using a folded sheet of paper -and thick pen[ and then placing it on the table in front of them.)



Activity	Time	Description of activity	Grouping and materials	Session objectives	Comments
3	20 min	Overview of the training: Agenda, logistics	Trainer to whole group <b>Trainer Resource 1.1.1</b> Example course agenda <b>Trainer Resource 1.1.2</b> Preparing an agenda for the day	Obj. 1, 2	<p>The trainer overviews the training:</p> <ul style="list-style-type: none"> <li>Trainer goes through the course agenda (see <b>Trainer Resource 1.1.1</b>.)</li> <li>Trainer discusses logistics – hotel, compensation, contact person's details, address, etc.</li> <li>Trainer goes through the agenda for the day – content, activities, breaks (see <b>Trainer Resource 1.1.2</b>)</li> <li>Trainer mentions certificates to be awarded at end of course (including need for attendance at all sessions)</li> </ul>
4	5 min	Establishing training rules and 'Parking Lot'	Trainer to whole group Flipchart: 'Rules' and 'Parking Lot'	Obj. 2	<p>The trainer asks the participants what they believe the rules for the training course should be. The trainer then writes these on a flipchart that is stuck on the wall and clearly visible during the training. Topics may include:</p> <ul style="list-style-type: none"> <li>Mobile phones (switch to silent or off)</li> <li>Listening to each other</li> <li>Attendance</li> <li>Commitment</li> <li>Confidentiality</li> <li>Leaving the workshop</li> </ul> <p>The trainer puts flipchart with the title 'Parking Lot' on the wall. The trainer explains that this is used for topics that arise that are of interest, but rather than discussing them at the moment they arise, they will be discussed later.</p>
5	10 min	Expectations	Trainer to whole group Blank cards/post-it notes Adhesive tape	Obj. 3	<p>The trainer asks the participants to write down their personal expectations of the training. What do they expect and want to learn? The participants write down two or three expectations on blank cards or post-it notes and stick their note to a flipchart sheet on the wall.</p> <p>The trainer reads the expectations and groups them loosely together. The trainer explains that they will revisit these expectations at the end of the course (see <b>Tool 1 Session Plan 2, Activity 1 Conclusion and Evaluation</b>).</p>



## Description of Activities

This section describes in more detail the activities listed in the session plan above. It also describes additional or alternative activities.

### Activity 1. Trainer introduction(s)

The trainer introduces himself/herself and any other trainer involved in the course.

Materials: None

### Activity 2. Icebreaker: Introduction interviews

This activity allows the participants to get to know each other in a low-stakes way. It also allows the participants to understand each other's professional backgrounds and to build rapport.

The trainer prepares for this activity by writing the following three questions on a flipchart:

- Name and job?
- One area in particular to improve through the training?
- Their favourite dish?

The trainer asks the participants to work together in pairs. The pairs introduce themselves to each other for a few minutes by answering the three questions on the flipchart. After a few minutes the trainer asks the pairs to stop and then invites each participant to introduce their partner to the whole group. For example, "Her name is... She is a... One area she wants to improve is... Her favourite dish is..."

Materials: Flipchart

♣ *Additional/alternative:* The trainer can choose any warmer from the section above or a warmer of his/her choice. (Note that the choice should allow the participants to state their names.)

### Activity 3. Overview of the training course

This activity allows the participants to understand more about the structure of the training course and what to expect during first day of the course. It allows for negotiation of content, activities and breaks.

In preparation for this activity, the trainer prepares an overall course agenda (see **Trainer Resource 1.1.1**) and an agenda for the day (see **Trainer Resource 1.1.2**).

The trainer first goes through the overall course agenda. This allows the participants to understand the length of the course and what topics it will cover.

The trainer also discusses logistics. These can include hotels, travel compensation, contact person's details, address, etc.

The trainer then goes through the agenda for the day, including detail of content, activities and breaks. Questions are invited and any changes may be negotiated at this point.

The trainer also mentions the certificates to be awarded at the end of course (including the need for attendance at all sessions).

Materials: Agenda (see **Trainer Resources 1.1.1** and **1.1.2**)

### Activity 4. Establishing training rules and 'Parking Lot'

The trainer asks the participants what they believe the rules for the training course should be. The trainer then writes these on a flipchart that is stuck on the wall and clearly visible during the training. Topics may include:

- Mobile phones (switch to silent or off)
- Listening to each other

- Attendance
- Commitment
- Confidentiality
- Leaving the workshop

The trainer also puts a flipchart with the title 'Parking Lot' on the wall. The trainer explains that this is used for topics that are raised by the participants that are of interest, but that will be discussed later, rather than at that point in time.

Materials: Flipchart

### Activity 5. Expectations

The trainer asks the participants to write down their personal expectations of the training. What do they expect and want to learn? The trainer gives a model example, e.g. "A deeper understanding of the security sector". The trainer gives two or three blank cards or post-it notes to each participant. The participants write down two or three expectations and stick their note to a flipchart sheet on the wall.

The trainer reads the expectations and groups them loosely together. The trainer explains that they will revisit these expectations at the end of the course (see **Tool 1 Session Plan 2, Activity 1 Conclusion and Evaluation**).

*Alternative:* Make a drawing of a tree, and use the cards or 'post-its' to form leaves on the branches of the tree.

Materials: Blank card, post-its, adhesive tape

♣ *Additional/alternative:* The trainer asks the participants to place themselves on an imaginary line in the room that goes from 0 to 10 in accordance with their existing knowledge of the issue of financial oversight in the security sector.



# Trainer Resource 1.1.1

## Example Course Agenda

### Financial oversight in the security sector training course: Overview

Day	Date	Sessions
1	Date 09.00 - 16.00 (lunch: 12:30 to 13:30)	Introduction session Concepts and main actors of financial oversight in the security sector
2	Date 09.00 - 15.40 (lunch: 12:30 to 13:30)	Medium-term strategic financial planning for security sector institutions: tools and techniques
3	Date 09.00 - 15.40 (lunch: 12:30 to 13:30)	The budget cycle and the security sector
4	Date 09.00 - 15.40 (lunch: 12:30 to 13:30)	Building integrity of security and defence institutions and the audit function
5	Date 09.00 am - 15.40 (lunch: 12:30 to 13:30)	Handling legal gaps while practicing financial oversight in the security sector
6	Date 09.00 - 16.00 (lunch: 12:30 to 13:15)	Financial Oversight of Intelligence Agencies Conclusion session Handing out of certificates/Graduation ceremony



## Trainer Resource 1.1.2

### Preparing an Agenda for the Day

The trainer can prepare and distribute an agenda for the day's training based on an edited version of the session plan for that day. For example, a day's agenda for **Tool 3 Medium-term Strategic Financial Planning for Security Sector Institutions: Tools and Techniques** may look like this:

#### Example day agenda

Medium-term strategic financial planning for security sector institutions: tools and techniques	
Content to be covered	<ul style="list-style-type: none"> <li>Policy, Planning and Budgeting System (PPBS)</li> <li>National security policy (White Paper on Security)</li> <li>Agency-level planning documents (Defence plans etc.)</li> <li>Medium-term expenditure framework (MTEF)</li> </ul>
Time	300 min (360 min including breaks)

Activity	Description of Activity	Allocated time
1.	Introduction and pre-test	15 min
2.	PowerPoint of Introduction to medium-term strategic financial planning for security sector institutions 1: tools and techniques	25 min
Break		20 min
3.	Discussion: Analysis of excerpts of two national security strategies and one defence plan and their medium-term financial management implications	30 min
4.	PowerPoint of Introduction to medium-term strategic financial planning for security sector institutions 2: tools and techniques	10 min
Break		20 min
5.	Case study and discussion: Medium-Term Expenditure Frameworks: practical case studies	40 min
6.	Writing task: Writing a skeleton methodology for the preparation of a MTEF	25 min
7.	Re-cap of test	15 min
Break		20 min
8.	Medium-term strategic financial planning for security sector institutions: tools and techniques in the local context	120 min
9.	Conclusion	20 min
	<b>Total time</b>	<b>340 min</b>

# Tool 1 Session 2: Conclusion and Course Evaluation

## Learning objectives

This session allows for the participants to reflect on what the course has covered and to raise any outstanding issues. It also evaluates the success of the course. This includes:

- Comparing participants' expectations for the course with their actual experience of the course
- Evaluating the course by participants and trainers
- The trainer becoming aware of how successful the course was for the participants

- The trainer becoming aware of recommendations of how to improve the course
- Rewarding participants for their commitment to the training

## Focus questions

The following questions are addressed through the activities in this session:

- Were participants' expectations met?
- How effective was the course?
- How could the course be improved?

## Overview

**Tool 1 Session Plan 2:** Conclusion and course evaluation

### Description of Activities

**Handout 1.2.1** Participant course evaluation

**Trainer Resource 1.2.1** Trainer course evaluation

**Trainer Resource 1.2.2** Example completion certificate



# Tool 1 Session Plan 2: Conclusion and Course Evaluation

Conclusion and course evaluation					
Objectives of session	<p>Participants will be able to:</p> <ol style="list-style-type: none"> <li>1. Compare expectations for the course with their actual experience of the course</li> <li>2. Evaluate the course</li> <li>3. Be rewarded for their commitment to the training</li> </ol> <p>The trainer will be able to:</p> <ol style="list-style-type: none"> <li>4. Evaluate the course</li> <li>5. Become aware of how successful the course was for the participants</li> <li>6. Become aware of recommendations of how to improve the course</li> </ol>				
Content to be covered	<ul style="list-style-type: none"> <li>• Course evaluation</li> <li>• Pre-course expectations of participants relative to completion of the course</li> <li>• Completion certificates for participants</li> </ul>				
Time	60 min				
Activity	Time	Description of activity	Grouping and materials	Session objectives	Comments
1	25 min	Discussion: Revisiting expectations	Small groups Cards with expectations written on them at the beginning of the course (from Session 1. Introduction)	Obj. 1, 5, 6	The trainer distributes two or three of the cards to each group. The cards contain expectations that the participants had placed on the wall in the introduction session. The trainer asks the participants to discuss if they think these expectations have been met. Each group chooses a representative to give feedback to the whole group. The trainer addresses any issues raised.
2	20 min	Course evaluation	Individual <b>Handout 1.2.1</b> Participant course evaluation <b>Trainer Resource 1.2.1</b> Trainer course evaluation sheet	Obj. 2, 4, 6	The trainer distributes <b>Handout 1.2.1</b> , a participant course evaluation sheet, to the participants. The participants fill out the course evaluation sheets individually. At the same time, the trainer can complete his/her own course evaluation sheet ( <b>Trainer Resource 1.2.1</b> ).
3	15 min	Completion certificates	Individual <b>Trainer Resource 1.2.2</b> Example completion certificate	Obj. 3	The trainer (or host institution's manager) gives out certificates to the participants. These can be based on <b>Trainer Resource 1.2.2</b> , which provides an example of a certificate.



## Description of Activities

This section describes in more detail the activities listed in the session plan above.

### **Activity 1 Discussion: Revisiting expectations**

The participants work together in small groups.

Each group is given back a selection of the expectations that were originally written down and placed on the wall at the beginning of the course. (The cards they are given need not be their own.) The trainer asks them to discuss if these expectations have been met and what they have learnt about these topics.

The trainer chooses particular groups to give feedback to the whole group.

The trainer addresses any issues that are raised, either by responding himself/herself, or by opening the issue up to suggestions from other participants.

The trainer can also ask participants about how they will be applying what has been learnt and about what further training they will be undertaking or would require.

Materials: **Expectations cards from Session 1, Activity 5, Introduction to training together**

### **Activity 2 Course evaluation**

The trainer distributes **Handout 1.2.1**, the course evaluation questionnaire, to each participant individually and asks the participants to complete the questionnaire.

The trainer can also use this time to fill in his/her own evaluation sheet (**Trainer Resource 1.2.1**). Evaluation sheets are essential for the trainers to evaluate the course after completion. They also allow participants who do not want their remarks to be public to express them in writing. Note that for more detailed feedback the trainer course

evaluation sheet can also be used at the end of each session, rather than the end of the whole course.

Materials: **Handout 1.2.1 Participant course evaluation; Trainer Resource 1.2.1 Trainer course evaluation**

### **Activity 3 Certificates**

The final activity is for the trainer to thank the participants and to acknowledge their attendance, commitment and participation through the presentation of a certificate for the training course. (This can be done by the trainer or by a senior manager.)

Materials: **Trainer Resource 1.2.2 Example completion certificate**



## Handout 1.2.1

### Course Evaluation Questionnaire

This evaluation form is to get your opinions at the end of the course and to help us in planning future courses. We would ask you to spend a few minutes filling it in.

**Name of Course: *Strengthening Financial Oversight in the Security Sector***

**Please rate on a score of 1-7 (1 = poor, 7 = excellent)**

- |  |   |   |   |   |   |   |   |
|--|---|---|---|---|---|---|---|
| 1. Value of this course in relation to my job  | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 2. Usefulness of the course content            | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 3. Presentation methods used                   | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 4. Trainer's ability to transfer knowledge     | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 5. Atmosphere conducive to participation       | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 6. My opinions were taken into consideration   | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 7. Value of the worksheets & exercises         | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 8. Relevance of the handouts, incl. factsheets | 1 | 2 | 3 | 4 | 5 | 6 | 7 |

**Please answer the following questions in your own words**

9. Do you have any suggestions about additions to the course?
10. Is there any topic that you think should have been addressed in the course, but which was missing?
11. What did you enjoy most about the course?
12. What did you dislike most about the course?
13. What aspect of the course did you find most useful?
14. What aspect of the course did you find least useful?
15. Was the course (please tick)  
a) Too long      b) Too short      c) The right length
16. Do you have any comments to make about the administrative arrangements for the course? (E.g. room, food, location, etc.).
17. Do you have any other comments to make?

**Thank you**



# Trainer Resource 1.2.1

## Trainer Course Evaluation Sheet

**Trainer name:**

**Course date and time:**

1. What was good about the course/each session?

•

•

•

2. What would you improve on? How?

•

•

•

3. Any further comments?

•



•

**Thank you**



## Trainer Resource 1.2.2

### Example Completion Certificate



# شهادة

السيد

قد شارك في الدورة التدريبية المنعقدة في مدينة رام الله، تحت عنوان:

«تعزيز الرقابة المالية في القطاع الأمني»

بواقع ٤٢ ساعة تدريبية وذلك خلال الفترة الواقعة بين ١٦-٢٦/٣/٢٠١٤

مركز جنيف للرقابة الديمقراطية على القوات المسلحة

مدير المكتب: زولتان فنسل

ديوان الرقابة المالية والإدارية

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## Appendix A.

### Example Needs Assessment Questionnaire

The following questions are solely for the purpose of understanding what your needs are regarding the forthcoming training course and with the goal of helping us arrange the most appropriate training materials.

The questionnaire responses are confidential and individual answers will not be shared with your employer.

#### Background

Name (optional):

Nationality:

Sex:

Highest level of education:

Age:

Languages (please say ability, e.g. beginner, medium, advanced):

Job:

Years of experience:

#### Questions

1. What do you understand by the term the 'security sector':
  - a. In general?
  - b. In your country?
2. What do you understand by the terms 'security sector governance' and 'security sector reform'?
  - a. 'security sector governance'
    - In general?
    - In your country?
  - b. 'security sector reform'
    - In general?
    - In your country?
3. Can you describe who are the main actors in security sector governance in your country?
4. How would you rate your knowledge of security sector reform and security sector governance? (Please rate from 1 – 7, 1 being "non-existent", 7 "being excellent") (Please add any comments on this self-rating.)  
  
1   2   3   4   5   6   7

Comments?

5. What do you consider the role of a member of parliament to be in relation to security sector reform and governance?
6. Which financial oversight institutions in the security sector do you know and what do you consider their role to be in security sector governance?
7. What prior experience of financial oversight activity in the security sector do you have?
8. What do understand by 'the budget cycle' in relation to financial oversight in the security sector?
9. What do understand by 'legal gaps' in relation to financial oversight in the security sector?
10. What do understand by 'building integrity' in relation to financial oversight in the security sector?
11. What do you consider your strengths and weaknesses in understanding security sector reform and governance?

Strengths:

Weaknesses:

12. Do you consider training on security sector reform and governance useful for you?
  - a. Please give your reasons why it is useful (if any)?
  - b. Please give your reasons why it is not useful (if any)?
13. How do you like to learn things? (Please rate the following from 1 to 7, "7" means "I like this a lot" and "1" means "I don't like this at all".)
  - a. Lectures?  
1   2   3   4   5   6   7
  - b. Discussion in groups?  
1   2   3   4   5   6   7
  - c. Activities and tasks ("doing things")?  
1   2   3   4   5   6   7
  - d. Online (in own time)?  
1   2   3   4   5   6   7
  - e. Watching videos and discussing?  
1   2   3   4   5   6   7
  - f. Reading from a textbook?  
1   2   3   4   5   6   7
14. What do you expect to learn from this course?
15. What suggestions or comments can you give that will help the running of this workshop?
16. Finally, about this questionnaire:

- a. How easy was this questionnaire to understand? (Please rate from 1 -7, with 1 being very difficult to understand and 7 being very easy to understand).

1   2   3   4   5   6   7

- b. How relevant to your needs in relation to security sector reform and governance was the questionnaire? (Please rate from 1-7, with 1 being not relevant at all and 7 being very relevant)

1   2   3   4   5   6   7

- c. Can you suggest any questions you would delete from the questionnaire?

- d. Can you suggest any questions you would add to the questionnaire?

**Thank you.**

## Appendix B

### Example Focus Group Questions

Focus groups are usually best conducted with around five people, Focus group sessions simultaneously include qualitative information gathering through an open discussion and filling in the individual questionnaire given above in Appendix A. The questions listed here can be used by the trainer to guide the open discussion.

1. In what ways is financial oversight in the security sector relevant to your work? How is it applied?
2. What do you perceive as your needs regarding your role in exercising financial oversight in the security sector?
3. What is your preferred learning style?



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# Concepts and Main Actors of Financial Oversight in the Security Sector



**DCAF**

a centre for security,  
development and  
the rule of law

Tool **2**

# **Tool 2**

## **Concepts and Main Actors of Financial Oversight in the Security Sector**

Lena Andersson



**DCAF**

a centre for security,  
development and  
the rule of law

## About DCAF

The Geneva Centre for the Democratic Control of Armed Forces (DCAF) promotes good governance and reform of the security sector. The Centre conducts research on good practices, encourages the development of appropriate norms at the national and international levels, makes policy recommendations and provides in-country advice and assistance programmes. DCAF's partners include governments, parliaments, civil society, international organisations and the core security and justice providers such as police, judiciary, intelligence agencies, border security services and the military.

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- Palestinian Legislative Council
- Office of the President
- Council of Ministers
- Ministry of Finance
- Ministry of Interior
- Central Military Financial Administration
- Palestinian Anti-Corruption Commission
- Palestinian National Security Forces

# Introduction

## Why is financial oversight in the security sector important?

Financial oversight in the security sector is a key instrument for ensuring that public funds allocated by the state for the security of the people are spent in a transparent and accountable manner.

However, the financial management of security sector institutions is often characterised by opacity rather than transparency. Even in established democracies, the budgets and financial operations of law-enforcement, military and intelligence organisations are often concealed from public scrutiny and sometimes even from formal external oversight by parliament or audit institutions. Furthermore, in many developing countries, disproportionate security expenditures prevent the use of public funds for socio-economic development.

## Why this Toolkit?

Building the conceptual and technical capacities of specialised practitioners is a crucial step towards strengthening financial oversight in the security sector. This Toolkit is designed for financial oversight practitioners who wish to:

- Gain access to best international practice in financial oversight of the security sector
- Improve their professional ability to financially oversee security sector institutions
- Acquire a more proactive attitude toward conducting thorough financial oversight activities of security sector institutions
- Assert their authority in scrutinising budgets and financial operations conducted by security sector institutions.

## How was this Toolkit developed?

The exercises and training material included in this Toolkit were developed in the framework of the Geneva Centre for the Democratic Control of Armed Forces (DCAF)'s work in the occupied Palestinian territory in 2013-2014 to promote strengthening of financial oversight in the security sector. In 2013, DCAF facilitated a training needs assessment of financial oversight practitioners, followed by a training course in 2014 for employees from key financial oversight institutions in the occupied Palestinian Territory. DCAF developed this training material in cooperation with international experts and with the financial support of the European Union.

The tools that are part of this training manual contain a generic component to be used in virtually any country where financial oversight practitioners in the security sector require capacity building. The tools also contain a locally adapted component, which offers examples from the Palestinian training course and suggestions for how to adapt activities and materials to suit the trainer's own context.

## Other DCAF publications on financial oversight in the security sector

In addition to this Toolkit, DCAF has published other reference material on financial oversight in the security sector. These publications include:

1. Guidebook: Strengthening Financial Oversight in the Security Sector, 2012.
2. A Palestinian Legal Collection: Financial and Administrative Oversight in the Security Sector, 2013 [English edition forthcoming]
3. Financial Oversight in the Security Sector: A Compilation of International Standards, 2015.

To download these or other publications please visit: [www.dcaf.ch/publications](http://www.dcaf.ch/publications)

# Using the Training Toolkit

## Overview

The training toolkit has been designed to be used as a whole training course, which covers six different topics relevant to financial oversight and security sector governance. The six topics may also be used individually as 'stand-alone' training sessions.

## What does the Toolkit include?

The training Toolkit includes one introductory tool (Tool 1) and six training tools on financial oversight in the security sector. Each tool has a three-hour generic component. The generic material is internationally applicable and can be used without adaptation in any training context. In addition, there are suggestions and example activities for further localised material. This material is designed to be adapted by the trainer to engage with local issues specific to the trainer's own context. It is envisaged that the localised session would take two hours, but it can be as long as the trainer deems necessary.

The toolkit contains the following seven tools (including this one):

Tool 1. Using the Toolkit and Acquiring Trainings Skills

Tool 2. Concepts and Main Actors of Financial Oversight in the Security Sector

Tool 3. Medium-term Strategic Financial Planning for Security Sector Institutions: Tools and Techniques

Tool 4. The Budget Cycle and the Security Sector

Tool 5. Building Integrity of Security and Defence Institutions and the Audit Function

Tool 6. Handling Legal Gaps while Practicing Financial Oversight in the Security Sector

Tool 7. Financial Oversight of Intelligence Agencies

These tools may be used for individual training workshops on each topic or as a comprehensive training course.

## The toolkit user

The training sessions in the Toolkit are intended to be read and used by trainers with expertise in financial oversight and security sector governance and reform.

## The target audience

The target audience for the training course outlined in the Toolkit is mainly practitioners involved in financial oversight of public institutions, including security sector organisations. These practitioners include specifically, but not exclusively:

- Parliamentarians and their staffers who are involved in financial oversight and budget control activities
- Members of supreme audit institutions (SAIs) who provide expertise and support in financial oversight activities
- Strategic-level members of security and defence institutions in charge of preparing and executing budgets
- Representatives of executive authorities, including ministries who oversee the preparation and execution of security and defence budgets
- Officers and auditors working in core security and justice institutions whose role is to perform internal controls and audits.

The ideal number of participants for the course is around 15 participants. However, the course may be used with more participants.

## Using the toolkit in the trainer's own context

As mentioned above, the tools in this toolkit consist of generic training sessions and locally adapted training sessions. The generic training sessions included in the toolkit have been developed to be used in any context. However, if possible, the trainer should conduct some form of needs assessment in his/her own context. Based on the results of the analysis, the trainer can understand which training sessions to use, which to prioritise, and which to adapt. The localised training sessions also give examples and offer suggested objectives for use in the trainer's own context.

When choosing which of the sessions in the toolkit to use, the trainer can choose to use only part of a session or to rearrange the order of the activities if desired. However, the trainer should be aware that some of the activities in a session follow each other, and one activity may often build on a previous activity.

## The structure of a generic training session

A generic training session consists of the following five elements:

1. **The introduction** lists the learning objectives and focus questions for the session. It also lists the handouts and trainer resources that are used in the session.
2. **The session plan** gives a full overview of the training session. It is a guide for the trainer to get a quick understanding of the session. It is also used as a quick reference to help the trainer to keep track of activities and of timing during the training.
3. **The description of activities** explains in more detail how to carry out the activities listed in the session plan individually.
4. **The handouts** are given to the participants during the activities in the sessions. They are easily photocopied and can include:
  - Worksheets with tasks for the participants to complete

- Hardcopies of PowerPoint presentations
- Summaries of key information
- Extracts of, or references to, publications

**5. The trainer resources** provide supporting information for the trainer. They can include:

- Summaries of international best practices
- Answer sheets

## Types of activities

The types of activities in the sessions are designed to involve and engage the participants. The participants are expected to build their own understanding of the concepts and issues presented. Often this means encouraging participants to work and provide feedback in groups rather than 'teaching' them topics in a non-participative way.

Trainers might nevertheless be advised to make PowerPoint presentations. The training tools do include handouts with PowerPoint presentations, which may be adapted by the trainer as required. However, the trainers are encouraged to use a minimum number of slides. It is also recommended that they use images or other types of documents that are likely to trigger participants' attention and active participation. The trainer may provide the participants with a hardcopy of the presentation before or after it is shown. The trainer may also ask the participants to discuss a question in pairs before asking for feedback.

## The structure of a local training session

A local training session contains example materials and objectives for the local sessions to cover. It is given as an example for the trainer to draw on in his or her own context when devising his or her own localised sessions and materials.

A local training session consists of the following four elements:

1. **Session objectives:** These are objectives that can be addressed by the trainer in his or her own context.

2. **Suggested content** to be covered: This content addresses the objectives and can be adapted by the trainer to fit his or her own context.
3. **Example activity(ies):** The example activity(ies) include time, materials and a description of the activity.
4. **Suggested sources:** The suggested sources are references for the trainer to use when adapting these example activities.

# Concepts and main actors of financial oversight in the security sector: the training session

## Learning objectives

This session aims to give participants a working knowledge of what the security sector and what security sector governance (SSG) are and an understanding of who the main actors in financial oversight are. The session allows participants to understand their role in the financial oversight process. The specific learning objectives include:

- Becoming familiar with the main actors of the security sector and their roles
- Understanding the main principles of security sector governance and security sector reform
- Becoming familiar with the main actors involved in financial oversight in the security sector, their roles and responsibilities and the main tools of financial oversight they use

- Learning from other experiences of financial oversight practice in the security sector

## Focus questions

The following questions are addressed through the activities in this session:

- What is the security sector?
- What is security sector governance?
- What is the role of financial oversight in the security sector?
- Why is financial oversight in the security sector important?
- Who are the main financial oversight actors?
- How do these financial oversight actors interact?

## Overview

**Session Plan 2** Concepts and main actors of financial oversight in the security sector

### Description of Activities

**Handout 2.1** PowerPoint presentation hardcopy: Strengthening financial oversight in the security sector

**Handout 2.2** Worksheet: Layers of the security sector

**Handout 2.3** A list of actors in the security sector

**Handout 2.4** Worksheet: Financial oversight actors' matrix

**Handout 2.5** Worksheet: Police operations' matrix

**Trainer Resource 2.1** A list of actors in the security sector

**Trainer Resources 2.2** Answers to Handout 2.4: Worksheet: Matrix of financial oversight actors

**Trainer Resources 2.3** Answers to Handout 2.5: Worksheet: Matrix of police operations spending

**Trainer Resource 2.4** Answer Sheet to Handout 2.5: Worksheet: Matrix of Police Operations's Spending

**Trainer Resource 2.5** The Financial Oversight Role of Parliament and its Tools

**Trainer Resource 2.6** Parliamentary Committees in Several European Countries and Their Roles in Approving the Defense Budget and Overseeing Its Execution

**Trainer Resource 2.7** World Bank Database on Governance Indicators

# Session Plan

Concepts and main actors of financial oversight in the security sector				
Learning objectives	Participants will be able to: <ol style="list-style-type: none"> <li>1. Become familiar with the main actors of the security sector and their roles</li> <li>2. Understand the main principles of security sector governance and security sector reform</li> <li>3. Become familiar with the main actors involved in financial oversight in the security sector, their roles and responsibilities and the main tools of financial oversight they use</li> <li>4. Learn from other experiences of financial oversight practice in the security sector</li> </ol>			
Content to be covered	<ul style="list-style-type: none"> <li>• Clarifying concepts of the security sector, security sector governance and security sector reform</li> <li>• Understanding the role and importance of financial oversight in the security sector</li> <li>• Knowing the main actors in financial oversight in the security sector</li> <li>• Discussing the functions of parliament and other financial oversight actors and the tools available to them when executing financial oversight in the security sector</li> </ul>			
Time	180 minutes			
Activity	Time	Description of activity	Grouping and materials	Session objectives
1.	15 min	Introduction	Trainer to whole group and pairs Flipchart	<p>-</p> <p>The trainer introduces her/himself presenting his/her expertise and experience of the topic.</p> <p>The trainer overviews the session (relevance, focus questions addressed, activities and timing). The trainer proposes the following guiding questions:</p> <ul style="list-style-type: none"> <li>• What does security sector reform mean?</li> <li>• What does financial oversight in the security sector mean?</li> <li>• Who are the main actors in financial oversight?</li> <li>• What are their roles in practising financial oversight?</li> <li>• How and to whom do they report?</li> </ul> <p>Participants are asked to list three expectations for this training session. The trainer writes a selection of their expectations on a flipchart.</p>



Activity	Time	Description of activity	Grouping and materials	Session objectives	Comments
2.	10 min	PowerPoint presentation: <i>Strengthening financial oversight in the security sector</i> (slide 1)	Trainer to whole group <b>Handout 2.1</b> PowerPoint presentation hardcopy: Strengthening financial oversight in the security sector (Slide 1)	Obj. 1	The trainer presents slide 1 of the PowerPoint presentation ( <b>Handout 2.1</b> ). Slide 1 contains a layered presentation of the security sector and its actors (in the shape of an onion) with the following four layers (from bottom to top): 1) core security and justice providers, 2) executive authorities, 3) legislative oversight bodies, 4) civil society and media. The trainer goes through the different layers and explains which actors are considered being part of the security sector and why layers 2, 3, and 4, as well as justice providers are included in the broad definition of the security sector.
3.	30 min	Discussion: <i>Placing actors in the security sector</i>	In pairs <b>Handout 2.2</b> Worksheet: Layers of the security sector <b>Handout 2.3</b> A list of actors in the security sector	Obj. 1, 3	Participants work in pairs. They are given 10 minutes to place the actors ( <b>Handout 2.3, to be cut into pieces</b> ) in the different layers of the security sector 'onion' ( <b>Handout 2.2</b> ). Pairs then compare their answers with other pairs before giving feedback to the whole group. The trainer should ensure that all participants have the correct answers at the end of the activity.
4.	10 min	PowerPoint presentation: Strengthening financial oversight in the security sector (slides 2 - 4)	Trainer to whole group <b>Handout 2.1</b> PowerPoint presentation hardcopy: Strengthening financial oversight in the security sector (Slides 2-4)	Obj. 2, 3	The trainer presents slides 2 - 4 of the PowerPoint presentation ( <b>Handout 2.1</b> ). These three slides of the PowerPoint presentation address the following questions: • What does security sector governance and reform mean? • What does financial oversight in the security sector mean? • What is good governance? The trainer may ask questions of the participants and may also encourage questions from them.
5.	15 min	Presentation: <i>Governance indicators for Sweden, Lebanon and Jordan</i>	Trainer to whole group <b>Trainer Resource 2.7</b> World Bank Database on Governance Indicators World Bank web page: <a href="http://info.worldbank.org/governance/wgi/index.aspx#home">http://info.worldbank.org/governance/wgi/index.aspx#home</a> In case an Internet connection is not available, the trainer should print out the relevant governance indicators for this session.	Obj. 2	The trainer presents to the group the World Bank website for governance indicators ( <b>Trainer resource 2.7</b> ). He/she selects the governance indicators for Sweden, Lebanon and Jordan and explains in detail what they represent and what the scores mean. The trainer also reflects with the group on the differences between the countries and what the reasons behind these differences could be.

Activity	Time	Description of activity	Grouping and materials	Session objectives	Comments
6.	5 min	<i>PowerPoint presentation: Strengthening financial oversight in the security sector (slide 5)</i>	Trainer to whole group <b>Handout 2.1</b> PowerPoint presentation hardcopy: Strengthening financial oversight in the security sector (Slide 5)	Obj. 3, 4	The trainer presents slide 5 of the PowerPoint presentation ( <b>Handout 2.1</b> ) which lists the three layers of the security sector 'union' that contain the main actors in financial oversight in the security sector. The trainer then introduces the following group exercise ( <i>Activity 7</i> ).
7.	20 min	<i>Discussion: Identifying internal or external and formal or informal financial oversight actors</i>	Small groups <b>Handout 2.4</b> Worksheet: Matrix of financial oversight actors	Obj. 3, 4	In small groups, participants are invited to discuss and identify the main financial oversight actor (formal and informal, internal and external) in their country. They are given empty cards and asked to write down the names of the identified actors on the cards (one actor per card). Participants work together in their small groups to place each card in one of the four squares of the matrix on the handout ( <b>Handout 2.4</b> ).  The small groups then present their answers to the whole group, and the trainer uses the flipchart to collect the answers of all groups in one matrix.
8.	15 min	<i>PowerPoint presentation: Strengthening financial oversight in the security sector (slides 7 - 9)</i>	Trainer to whole group <b>Handout 2.1</b> PowerPoint presentation hardcopy: Strengthening financial oversight in the security sector (Slides 7-9)	Obj. 3, 4	The trainer presents slides 7 - 9 of the PowerPoint presentation ( <b>Handout 2.1</b> ) to complete the list of actors developed by the small groups in Activity 7, by going through the three main layers of financial oversight actors (executive, legislative, civil society and media). The trainer also explains their roles in financial oversight and performance issues (for additional information, see <b>Trainer Resource 2.3</b> )  The trainer may ask questions of the participants and may also encourage questions from them.
9.	20 min	<i>Discussion: Measuring and reporting on police operations from a performance perspective</i>	Small groups <b>Handout 2.5</b> Worksheet: Police operations' matrix	Obj. 3	Working again in small groups, the trainer asks participants to discuss and write down three ways of measuring and reporting on police operations from a performance point of view.  The trainer also asks the groups to discuss and write down what types of costs they would like to have specified in a report on the spending of a police force. ( <b>Handout 2.5</b> )
10.	10 min	<i>PowerPoint presentation: Strengthening financial oversight in the security sector (slides 12-13)</i>	Trainer to whole group <b>Handout 2.1</b> PowerPoint presentation hardcopy: Strengthening financial oversight in the security sector (slides 12-13)	Obj. 4	The trainer presents slide – 12-13 of the PowerPoint presentation ( <b>Handout 2.1</b> ) which address the function and tools of Parliament for practising financial oversight.  The trainer may ask questions of the participants and may also encourage questions from them.

11.	20 min	<i>Presentation: A Swedish parliamentary hearing related to defence operations</i>	Trainer to whole group Resource: 'Chapter 3. In Guidebook: <i>Strengthening Financial Oversight of the Security Sector</i> , DCAF 2011	Obj. 4	Trainer leads participants through a Swedish parliamentary hearing. Participants refer to table 3 on page 20 of the DCAF publication, <i>Guidebook: Strengthening Financial Oversight of the Security Sector</i> (2011). Participants compare the Swedish case with the other countries' parliamentary committee structures for dealing with the security and defence budgets.
12.	10 min	<i>Conclusion, re-cap PowerPoint presentation: Strengthening financial oversight in the security sector (slide 14)</i>	Trainer to whole group <b>Handout 2.1</b> PowerPoint presentation hardcopy: Strengthening financial oversight in the security sector (Slide 14)	-	The trainer presents slide 14 of the PowerPoint ( <b>Handout 2.1</b> ) which introduces why financial oversight in the security sector is important to achieve transparency and accountability. The trainer asks participants to list the two most important things they have learnt in the session.



## Description of activities

This section describes in more detail the activities listed above in the Session Plan.

### Activity 1. Introduction

This activity introduces the trainer, the session and the participants. It also allows the participants to state their expectations for the session.

The trainer introduces her/himself and her/his relevant expertise and experience of the topic. The trainer overviews the session (relevance, focus questions addressed, activities and timing) and poses the following guiding questions:

- What does security sector reform mean?
- What does financial oversight in the security sector mean?
- Who are the main actors in financial oversight?
- What is their role in practising financial oversight?
- How and to whom do they report?

The trainer invites participants to introduce themselves and their institutions. He/she asks them to list three expectations for this training session. The trainer writes down a selection of these expectations on a flip-chart for them to be returned to later in the concluding activity.

Materials:

- Flipchart

### Activity 2. PowerPoint presentation: Strengthening financial oversight in the security sector (slide 1)

The trainer presents slide 1 of the PowerPoint presentation (**Handout 2.1**). Slide 1 contains a layered presentation of the security sector and its actors/institutions (in the shape of an onion) with the following four layers (from bottom to

top): 1) core security and justice providers, 2) executive authorities, 3) legislative oversight bodies, 4) civil society and media.

The trainer goes through the different layers and explains which actors are considered being part of the security sector and why layers 2, 3, and 4, as well as justice providers are included in the broad definition of the security sector.

The trainer may ask specific questions to the participants and encourage them to provide their answers, even if they are not sure they know the answers.

Materials:

- Computer, projector
- **Handout 2.1** PowerPoint presentation hardcopy: Strengthening financial oversight in the security sector (Slide 1)

### Activity 3. Discussion: Placing actors in the security sector

Participants work in pairs. They are given approximately 10 minutes to place the security sector actors (**Handout 2.3**, to be cut into pieces) in the different layers of the security sector 'onion' (**Handout 2.2**). For the remaining 20 minutes, pairs compare their answers with those of other pairs and then give feedback to the whole group. The trainer answers questions or encourages a discussion about the inclusion or exclusion of certain actors.

Materials:

- Flipchart
- **Handout 2.2** Worksheet: Layers of the security sector
- **Handout 2.3** A list of actors in the security sector: to be cut into pieces, one handout per group
- **Trainer resource 2.1** A list of actors in the security sector, sorted by layer

### Activity 4. PowerPoint presentation: Strengthening financial oversight in the security sector (slides 2 - 4)

The trainer presents slides 2-4 of the PowerPoint presentation (**Handout 2.1**). These slides address the following questions:

- What does security sector reform and governance mean?
- What does financial oversight in the security sector mean?
- What is good governance?

The trainer may invite the participants to ask questions.

Materials:

- **Handout 2.1** PowerPoint presentation hardcopy: Strengthening financial oversight in the security sector

### Activity 5. Presentation: Governance indicators for Sweden, Lebanon and Jordan

The trainer presents the website of the World Bank database on governance indicators to the whole group. The URL is:  
<http://info.worldbank.org/governance/wgi/index.aspx#home>

The trainer leads the group through the World Bank website for governance indicators. He/she selects the governance indicators for Sweden, Lebanon and Jordan and explains in detail what they represent and the scores mean.

The trainer also reflects with the group on the differences between the countries and what the reasons behind these differences might be.

In case an Internet connection is not available, the trainer should print out the relevant governance indicators for this session and distribute them as a hand-out.

Materials:

- Computer, Internet connection, projector

- **Trainer resource 2.7** World Bank database on governance indicators
- World Bank website: <http://info.worldbank.org/governance/wgi/index.aspx#home>

### Activity 6. PowerPoint presentation: Strengthening financial oversight in the security sector (slide 5)

The trainer presents slide 5 of the PowerPoint presentation (**Handout 2.1**) which lists the three layers of the security sector 'onion' that contain the main actors of financial oversight in the security sector.

The trainer then introduces the following group exercise (Activity 7)..

Materials:

- **Handout 2.1** PowerPoint presentation hardcopy: Strengthening financial oversight in the security sector

### Activity 7. Discussion: Identifying internal or external and formal or informal financial oversight actors

In small groups, participants are invited to discuss and identify the main financial oversight actors in their country or countries. They are given empty cards and are asked to write the names of the identified financial oversight actors (formal and informal, internal and external) on the cards (one actor per card).

In their small groups, the participants then place the identified financial oversight actors in the four squares of the matrix on the handout (**Handout 2.4**).

Once all the groups are ready, they present their actors and matrix to the whole group.

During the group presentations, the trainer notes down the actors on a flipchart. He/she collects the answers of all the groups in one collective matrix.

Materials:

- Empty cards

- **Handout 2.4** Worksheet: Matrix of financial oversight actors
- Flipchart

### **Activity 8. PowerPoint presentation Strengthening financial oversight in the security sector (slides 7 - 9)**

The trainer presents slides 7-9 of the PowerPoint presentation (**Handout 2.1**) to complete the list of actors developed by the small groups in Activity 7, by going through the three main layers of financial oversight actors (executive, legislative and civil society and media branches). –The trainer also present the roles of the main actors in conducting financial oversight in the security sector. See **Trainer Resource 2.3** for additional information on the financial oversight roles of these various actors.

He/she introduces the importance of reporting of performance and financial issues.

The trainer may invite the participants to ask questions.

Materials:

- **Handout 2.1** PowerPoint presentation hardcopy Strengthening financial oversight in the security sector

### **Activity 9. Discussion: Measuring and reporting on police operations from a performance perspective**

The trainer introduces the exercise in which the participants will play the role of financial oversight controllers. The objective of this activity is give an example of how one can measure the performance of the police and how to report it to his/her supervisor.

The trainer asks the groups to discuss and write down three ways of measuring and reporting on police operations from a performance point of view. Measuring performance of the police might be conducted using quantitative and qualitative methods and other cross-cutting analyses.

The trainer also asks the groups to discuss and write down what types of costs they would like to have specified in a report on the spending of a police force. (**Handout 2.5**)

Materials:

- **Handout 2.5** Worksheet: Matrix of police operations spending

### **Activity 10. PowerPoint presentation: Strengthening financial oversight in the security sector (slides 12 - 13)**

The trainer presents slides 12-13 of the PowerPoint presentation (**Handout 2.1**). Slides 14-15 address the function and tools of Parliament in practising financial oversight. As the legislative authority, the Parliament establishes and amends the legal framework for financial accountability of the security and defence institutions. The legislative branch also has the power to approve the state budget. Ideally, the Parliament has access to the budget of the security institutions and can scrutinize this budget before approving it. For more information, see **Trainer Resource 2.5**.

The trainer may invite the participants to ask questions.

Materials:

- **Handout 2.1** PowerPoint presentation hardcopy: Strengthening financial oversight in the security sector
- **Trainer Resource 2.5** The Financial Oversight Role of Parliament and its Tools

### **Activity 11. Presentation: A Swedish parliamentary hearing related to defence operations**

The trainer leads participants through the process of a Swedish parliamentary hearing. The trainer and participants examine a real case of an open parliamentary hearing in the Swedish parliament related to defence operations. They go through the whole process, including:

- government decisions,



- auditing and subsequent reporting to the parliament by relevant parliamentary committees,
- parliamentary hearing,
- government decisions based on parliamentary hearings and audit reports by relevant parliamentary committees,
- auditing follow-up on previous findings by relevant parliamentary committees, and
- new parliamentary hearings.

For more information, trainer and participants refer to Chapter 3 of the DCAF publication, *Guidebook: Strengthening Financial Oversight in the Security Sector* (2011).

Materials:

- Resource: 'Chapter 3. Guidebook: Strengthening Financial Oversight in the Security Sector, DCAF 2011

**Activity 12. Conclusion and re-cap, final slide of PowerPoint presentation: Strengthening financial oversight in the security sector (slide 14)**

The trainer presents slide 14 of the PowerPoint presentation (**Handout 2.1**). This slide offers a general overview of the importance of financial oversight as a tool for achieving transparency and accountability of the security sector's expenditures.

Financial oversight in the security sector is important because it holds service providers in the field of security and defence accountable for their use of public funds. Properly enacted, financial oversight in the security sector ensures that:

- resources are allocated according to the security needs of the citizens;
- expenditures for security and defence are made in a transparent and efficient manner;

- core security and justice providers do not act as a state within the state and remain financially accountable to their oversight institutions and affordable for society; and
- public funds allocated for security and defence do not infringe on programmes aiming at reducing poverty and promoting sustainable social and economic development.

The trainer also asks the participants to write down on a piece of paper the two most important things they have learnt in the session. The trainer then asks selected participants to share their two points with the whole group. The trainer refers back to the expectations listed in Activity 1 and discusses with the participants if they have been met.

Materials:

- **Handout 1.1** PowerPoint presentation hardcopy: Strengthening financial oversight in the security sector





## Handout 2.1

**PowerPoint presentation hardcopy: Strengthening financial oversight in the security sector**



**What is security sector reform?**

To change for the better the ability to meet security needs within democratic norms and sound principles of governance, transparency and rule of law.

**What is security sector governance?**

Good security sector governance means that the security sector provides state and human security, effectively and accountably, within a framework of democratic civilian control, rule of law and respect for human rights.

*Actors in Financial Oversight of the Security Sector*

## What is financial oversight in the security sector?

A tool for ensuring that funds allocated for the security of the people are spent in correctly in a transparent, accountable manner.

### **Effective financial oversight in the security sector ensures that:**

- formal and informal oversight institutions systematically monitor how the armed, police and security forces make use of public funds;
- parliamentary, judiciary and audit authorities detect, investigate and address flaws and violations by security and defence actors of
- financial accountability laws, regulations and policies;
- administrative or criminal proceedings are enacted against security and defence personnel found guilty of corruption;
- civil society and academic centres conduct inclusive public debates and research to estimate the costs of the country's past and future human, economic and security needs.

## What is Good Governance?

- Voice and accountability
- Political stability and absence of violence
- Government effectiveness
- Regulatory quality
- Rule of law
- Control of corruption

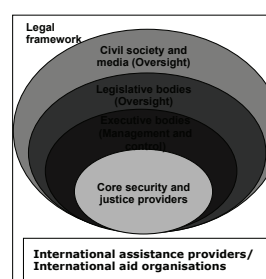
Source: Six dimensions of good governance as defined by the World Bank.

Actors in Financial Oversight of the Security Sector

## Who are the actors of financial oversight in the security sector?

- Executive branch
- Legislative branch
- Civil Society
- Media

Formal actors and informal actors



## Group Exercise

	External	Internal
Formal		
Informal		

## Executive branch

- Ministry of Finance or Treasury
- Ministry of Defence
- Ministry of Interior
- Ministry of Justice
- Ministry of Planning
- Council of Ministers
- Office of the President
- Inspector Generals
- Internal Auditors
- Armed Forces Specific Ombudsman

## Legislative branch

- Parliament
- Defence Committee
- Security and Interior Committee
- Budget and Finance Committee
- Public Accounts Committee
- Supreme Audit Institution

## Civil Society

- Think tanks
- Academic and research centres
- Human rights and similar organisations

## Media

- Press councils
- Written press
- Audio-visual and web-based outlets
- Social media
- Media development organisations

## Reporting on financial issues

- Budget execution compared to allocated budget
- Distribution of budget line for a budget user
  - For example personnel costs, equipment, investments
  - Using benchmarks, for example number of employees, inhabitants, crime rates and so on.
- Comparisons over time:
  - Budget allocation / execution both amount and percentage of overall budget
  - Budget execution compared to budget allocated

## Reporting (continued)

- Reporting on performance issues
  - Number of activities
  - Quality of activities
- Reporting on performance/financial issues
  - Cost / activity

## Parliament's two functions

- Legislative function
- Oversight function

## Parliament's toolbox for financial oversight

- Questions and interpellations
- Parliamentary committee hearings
- Ad hoc parliamentary commissions of inquiry
- Monitoring
  - Procurements, policies, appointments

## Why is financial oversight in the security sector important?

- Ensure sustainable resource allocation
- Transparent spending of funds
- Hold core security and justice providers accountable

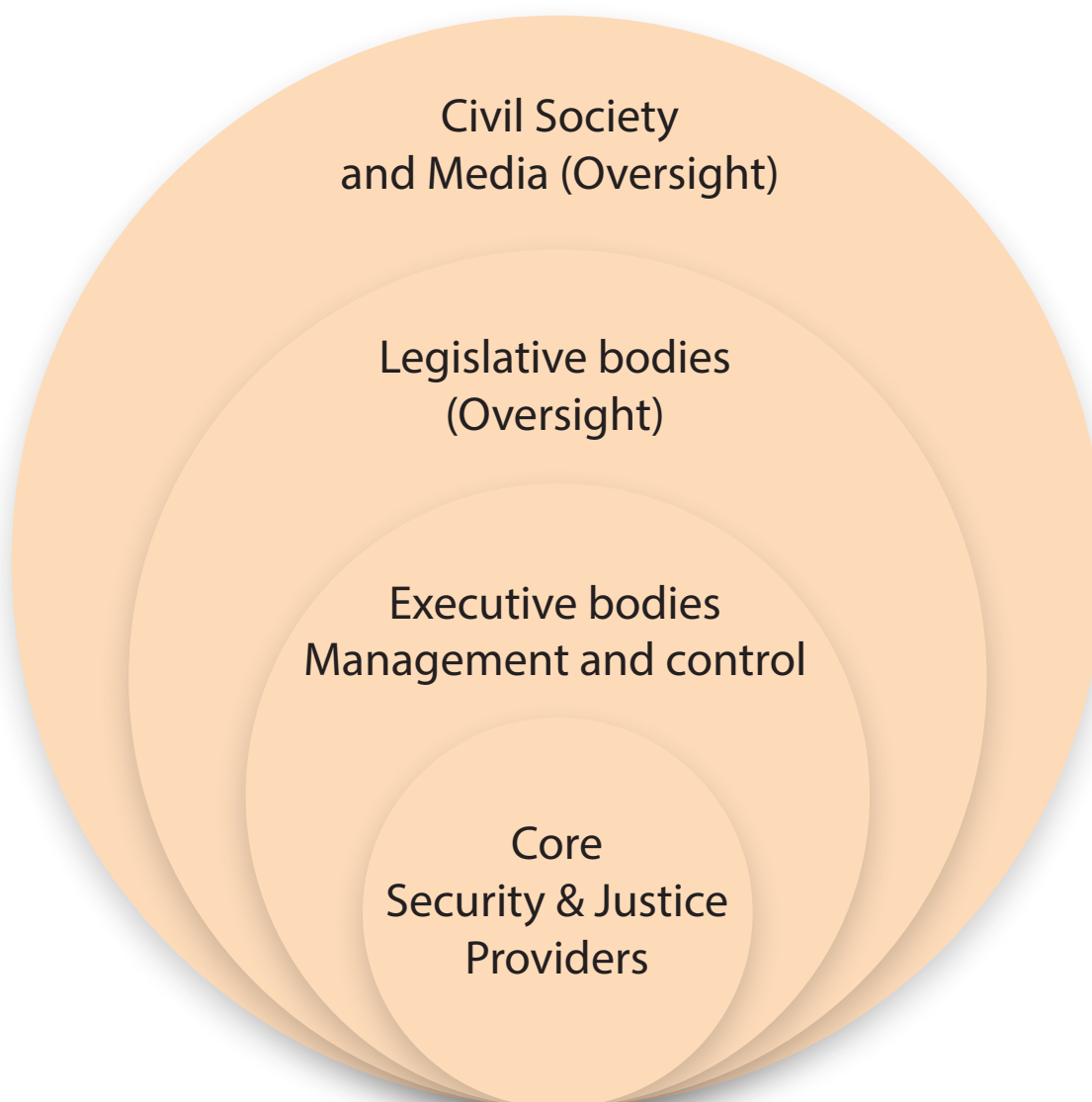




## Handout 2.2

### Worksheet: Layers of the security sector

#### Legal framework



**International assistance providers**



## Handout 2.3

### A List of Actors in the Security Sector

In groups

These security sector actors are to be placed on the respective layers of the security sector ('onion') in Handout 2.2.

To be cut along the dotted lines into individual pieces of paper

Human rights organisations	Financial management bodies	Religious communities
Private sector / Business community	Armed Forces	Humanitarian aid organisations
Intelligence agencies	Academia	National Security Council
Various ministries (Ministry of Defence, Interior, etc.)	Parliament and parliamentary committees	International development organisations
Militias	Media outlets and organisations	Think tanks
Courts	Private security companies	Public prosecution
Trade unions	Civil society organisations	Police
Prisons	Political parties	Presidency
Council of Ministers/ Cabinet	Liberation armies	(Optional: Tribal reconciliation mechanisms)



## Handout 2.4

### Worksheet: Matrix of financial oversight actors

Work in small groups. Identify and discuss internal and external, as well as formal and informal financial oversight actors in your country/countries. Write them down into the appropriate square of the matrix below.

	External	Internal
Formal	<ul style="list-style-type: none"><li>•</li><li>•</li><li>•</li><li>•</li><li>•</li><li>•</li><li>•</li><li>•</li><li>•</li></ul>	<ul style="list-style-type: none"><li>•</li><li>•</li><li>•</li><li>•</li><li>•</li><li>•</li><li>•</li><li>•</li><li>•</li></ul>
Informal	<ul style="list-style-type: none"><li>•</li><li>•</li><li>•</li><li>•</li><li>•</li><li>•</li><li>•</li><li>•</li><li>•</li></ul>	<ul style="list-style-type: none"><li>•</li><li>•</li><li>•</li><li>•</li><li>•</li><li>•</li><li>•</li><li>•</li><li>•</li></ul>



## Handout 2.5

### Worksheet: Matrix of police operations' spending

List three ways of measuring and reporting on police operations from a performance point of view:

1.

2.

3.

As the financial controller, what types of costs would you like to have specified in an expenditure report of a police force?

•

•

•

•

•



## Trainer Resource 2.1

### Answer Sheet to Handout 2.2: A List of Actors in the Security Sector

#### Civil Society and Media

- Civil society organisations
- Human rights organisations
- Political parties
- Religious groups
- Trade unions
- Think tanks
- Academia
- Media outlets and organisations
- Private sector/ Business community

#### Legislative Oversight Bodies

- Parliament and parliamentary committees

#### Executive Management and Oversight Bodies

- Presidency
- Cabinet/ Council of Ministers
- National Security Council
- Various ministries (Ministry of Defence, Ministry of Interior, etc.)
- Financial management bodies

#### Core Security & Justice Providers

- Armed Forces
- Police
- Intelligence agencies
- Public prosecution
- Courts
- Prisons
- Private security companies
- Liberation armies
- Militias



## Trainer Resource 2.2

### Answer Sheet to Handout 2.4: Worksheet: Matrix of financial oversight actors

	External	Internal
<b>Formal</b>	<ul style="list-style-type: none"> <li>• Supreme Audit Institutions</li> <li>• Parliamentary budget and finance committees</li> <li>• Parliamentary public accounts committee</li> <li>• Council of Ministers</li> <li>• Ministry of Finance</li> </ul>	<ul style="list-style-type: none"> <li>• Internal control department</li> <li>• Internal audit units</li> <li>• Budget/ financial department</li> <li>• Management</li> </ul>
<b>Informal</b>	<ul style="list-style-type: none"> <li>• Media</li> <li>• CSOs</li> <li>• Research institutions</li> </ul>	<ul style="list-style-type: none"> <li>• Whistle-blowers</li> </ul>



## Trainer resource 2.3

### Additional Information on Financial Oversight Actors and their Roles (Slides 7-9 of the PowerPoint Presentation)

#### Who are the actors in the Executive branch?

- **Various ministries**, including: the Ministry of Finance (or Treasury) and its Budget Department, the Ministry of Defence, the Ministry of the Interior, the Ministry of Justice and the Ministry of Planning. These ministries prepare the budget to be allocated to core security and justice providers and control the execution of the budget. In addition, their primary duties include formulating national security policies and estimating their costs, and managing and checking expenditures of the core security and justice providers. They usually all report to the Cabinet/ Council of Ministers. In some cases, some ministries might report on certain issues directly to the President's Office.
- **Internal control officers and auditors working in core security and justice institutions:** These include inspectors general, internal auditors or an armed forces specific ombudsman. Their roles are to strengthen internal control procedures, to conduct internal audits and to conduct investigations into cases of misuse of funds, financial fraud or mismanagement by the security and armed forces.

#### Who are the actors in the Legislative branch?

- **Parliament and its specialised committees.** This includes elected members of parliament and relevant committees. The committees may include the Defence Committee, the Security and Interior Committee, the Budget and Finance Committee, and if applicable the Public Accounts Committee. Members of parliament are responsible for establishing the legal framework to enhance financial accountability of the security institutions. Through the committees, the members of parliament have the capacity to oversee the security expenditures and to conduct investigations over alleged misuses of public funds.
- **Supreme Audit Institutions (SAIs).** These are the national bodies responsible for carrying out external and independent audits of the security sector institutions. They scrutinise security sector spending and provide an independent opinion on how the core security providers and their oversight and management bodies use resources in their operations.

#### Who are the civil society actors involved in financial oversight?

Civil society organisations. Those active in financial oversight in the security sector are mainly think tanks, academic and research centres, human rights and similar organisations. They can:

- monitor the state's expenditures for security and defence;
- conduct independent analyses of the budget and its security components;
- check whether the budgets for security and defence support the stated national security priorities;
- lobby in favour of making security and defence budgeting processes more transparent and accountable;
- expose cases of corruption or misuses of funds by security and defence officers; and



- provide training for civil servants and authorities on financial management of the security sector.

**What is the role of media organisations?**

Media institutions involved in financial oversight in the security sector. These include press councils, the written press, audio-visual and web-based media outlets and media development organisations. The media can:

- conduct investigative research on the financial management of the security institutions;
- raise awareness among citizens about the security and defence budgeting processes;
- provide critical and independent information on the use of public funds for security and defence purposes; and
- publicise audit reports covering expenditures for security and defence.



## Trainer resource 2.4

### Answer Sheet to Handout 2.5: Worksheet: Matrix of Police Operations's Spending

List three ways of measuring and reporting on police operations from a performance point of view:

1. Quantitative methods: By measuring outputs, for example the number of traffic controls conducted or the number of crimes reported and solved, it is possible to analyse if the police focuses on the "right areas" and if they are able to increase the number of controls. Moreover by combining outputs, for example the number of traffic police officers with the number of detected drunk drivers or the number of crimes reported, one can analyse the effectiveness of the police force.

Examples:

- measuring how long it takes for the police to arrive at a crime scene.
- measuring the proportion of reported crimes to those that are solved.

2. Qualitative methods: Surveys are a useful tool and often produce results that can be interpreted more clearly than administrative records and statistics collected through quantitative methods. The qualitative methods are especially useful when measuring attitudes among the public toward the police in general or how well the public thinks the police perform their duties.

Examples:

- interviewing individuals who had called the police previously on their view of the responsiveness of the police.
- measuring the job satisfaction among police officers.
- measuring the generalised trust that the police force has.

3. Comparing performance across police agencies. This method shows how well local agencies are performing compared to similar agencies.

As the financial controller, what types of costs would you like to have specified in the expenditure report of a police force?

- Salaries
- Other personnel costs (for example training)
- Running costs/overheads (supplies, telephone, rent, fuel, electricity)
- Cost for police equipment (for example forensic equipment, weapons, uniforms)
- Cost for investments (for example cars, computer system, surveillance equipment, buildings)



## Trainer resource 2.5

### The Financial Oversight Role of Parliament and Oversight Tools Available to Parliament

**In terms of financial control, parliaments have two functions:**

1. **Legislative function:** Parliament establishes and amends the legal framework for financial accountability of the security and defence institutions. Furthermore, parliaments enact the yearly budget document in form of a law (budget law). Parliament also passes laws governing the management of the security institutions, including human and material resources, and laws regulating the mandates of their oversight bodies, for example the audit office.
2. **Oversight function:** Parliament scrutinizes the state budget and thus also the budget of the security institutions. In many countries, parliaments and its specialized committees have the right to amend the budget before it is approved. Many parliaments regularly discuss in plenary sessions whether the funding request submitted by the government is appropriate. This also involves comparing these requests with the threats to national security identified in national security policies and the country's fiscal situation. Parliaments can also question the spending policy of the government.

#### The Parliament's Toolbox for financial oversight

1. **Parliaments conduct plenary debates** on security and defence issues. These debates can occur especially in times where international relations and major events like a war or political, environmental or economic crises. Such events imply significant modification or allocations of funds. At this stage, parliament and its members can:
  1. Query government officials such as ministers about their plans and policy intentions in their respective field of operation.
  2. Debate and pass motions about the security and defence budget amendments and discuss audit reports on budget executions.
  3. Suggest or request special audits from the State Audit Office.
2. One way of questioning the spending policy of a security institution is to organize (public) parliamentary committee hearing sessions during which the officials in charge of specific security expenditures can be required to explain why and how these expenditures take place. Parliamentary committee hearings are a crucial instrument for parliamentary financial oversight. Depending on the sensitivity of the topics discussed the hearings can be open to the public or hold behind closed doors. Parliamentary committee hearings allow:
  1. Conducting inquiries into specific matters related to the financial management of security sector institutions.
  2. Scrutinising government activity including appropriations of funds for security and defence related operations.
  3. Calling the government or the security and defence institutions to account for their use of public funds.

3. **Parliament can form ad hoc parliamentary commissions of inquiry** by bringing together members of parliament with specialized knowledge. They can take evidence in the field, or statements under oath from ministers and civil servants. In some cases, high-ranking military officers or police commanders can be questioned about their usage of public funds in the framework of their operations. In cases of sensitive security-related testimonies, the commission can choose to sit behind closed doors and respect the strictest rules of confidentiality.
4. **Monitoring:** In addition, during the fiscal year, parliament has formal or informal obligations to monitor acts by the government that result in financial commitments. This can for example include larger procurements, appointments of personnel, and adoption of new policies.



## Trainer resource 2.6

### Parliamentary Committees in Several European Countries and Their Roles in Approving the Defense Budget and Overseeing Its Execution

At national level, various actors are involved in democratic control and supervision of armed and security forces. Parliament has the biggest oversight mandate to oversee the actions of the government as the management body of the armed and security forces. There are major differences between the powers of parliament vis-à-vis their respective governments: while some have extensive powers, others have very limited powers. Nonetheless, all European parliaments have in common that they have the final say in approving the defense budget.

#### The role of parliamentary committees in approving and overseeing expenditures by the government related to defense and security

This table presents the structure of parliamentary committees or other parliamentary bodies in charge of financial oversight. The trainer can guide the participants through a discussion about the different models and what the existing structure in their country(ies) looks like.

For a recapitulation of the oversight role of parliament and parliamentary committees, please see Trainer Resource 2.5: The Financial Oversight Role of Parliament and Oversight Tools Available to Parliament.

#### Parliamentary power in the budget approval phase

**Unrestricted powers.** In Sweden parliaments have the right to amend any budget items, including the ones concerning security and defense. They can do so even if this results in increasing the total amount of expenditures or creating new budget items.

**Restricted powers.** In cases like Switzerland and Spain, parliaments can make amendments to the budget but without modifying the total amount of expenditures budgeted.

**Limited powers.** Parliaments in the UK and Canada can only decrease budgeted expenditures.

**Table 1. Budget Planning and Approval Phase**

Name of Country	Parliament	Relevant Parliamentary Committees (in the lower house if applicable)	Defense-relevant Planning Instrument	Powers of the Relevant Committee(s) with regards to the Defense Budget	Procurement
<b>France</b>	Two chambers – Assemblée nationale – Sénat	– Finance Committee – Defense and Armed Forces Committee	– Every five years, the Government publishes a White Book outlining its military strategy. Members of Parliament and of Court of Audit take part in the drafting. The White Book is reviewed and commented by the Plenary.	Finance Committee: – Appoints special rapporteurs to examine the budget law in details, including items related to defense matters. Defense Committee: – makes recommendations to the Finance Committee – Has access to all defense budget documents – Has the right to amend and to allocate defense budget funds – Has the right to approve or disapprove any supplementary defense budget proposals	Parliament: – votes on appropriations for new acquisitions annually – defines and approves new equipment needs together with the Defense Committee
<b>Germany</b>	Two chambers – Bundestag – Bundesrat	– Budget Committee – Defense Committee (its President is often a member of the opposition)	– The Ministry of Defense regularly publishes a White Book outlining its military strategy. It is reviewed and commented by both the Defense Committee and the Plenary.	Budget Committee: – Has the power to scrutinise the budget line by line Defense Committee: – Has access to all defense budget documents – Has the right to amend and to allocate defense budget funds – Has the right to approve or disapprove any supplementary defense budget proposals	– In practice, the Parliament decides all contracts above EUR 25 Mio.

## Tool2: Concepts and main actors of financial oversight in the security sector

Name of Country	Parliament	Relevant Parliamentary Committees (in the lower house if applicable)	Defense-relevant Planning Instrument	Powers of the Relevant Committee(s) with regards to the Defense Budget	Procurement
<b>Montenegro</b>	One chamber	<ul style="list-style-type: none"> <li>Committee on Economy and Finance and Budget</li> <li>Defense and Security Committee</li> </ul>	<ul style="list-style-type: none"> <li>The Plenary approves the national security strategy and the defense strategy upon recommendation by the Defense and Security Committee.</li> </ul>	<p>Defense Committee:</p> <ul style="list-style-type: none"> <li>Can make recommendations and suggestions on all defense and security related budget lines</li> </ul>	<ul style="list-style-type: none"> <li>There is a Public Acquisitions State Commission held accountable in front of the Parliament. It is composed of 4 members designated by the Executive.</li> <li>The Parliament is not much involved in the financial oversight of military acquisitions.</li> </ul>
<b>Sweden</b>	One chamber – Riksdag	<ul style="list-style-type: none"> <li>Finance Committee</li> <li>Defense Committee</li> </ul>	<ul style="list-style-type: none"> <li>Multi-year defence policy, presented by the Ministry of Defence to the Riksdag</li> </ul>	<ul style="list-style-type: none"> <li>The Parliament has the right to amend any budget items, including the ones concerning security and defense. It can do so even if this results in increasing the total amount of expenditures or creating new budget items.</li> <li>The Committee on Finance sets the overall spending ceilings, while appropriations are handled by the other committees; in case of security and Defense matters, by the Committee on Defense.</li> </ul>	<ul style="list-style-type: none"> <li>The Committee on Defense prepares appropriations falling within the expenditure area "Defense and contingency measures."</li> </ul>
<b>Romania</b>	Two Chambers – Chamber of Representatives – Senate	<ul style="list-style-type: none"> <li>Committee on Defense, Public Order and National Security</li> <li>Budget Committee</li> </ul>	<ul style="list-style-type: none"> <li>The Defense Committee approves the National Security Strategy as well as the white book on security and defense.</li> </ul>	<p>The Parliament and the two committees approve the budget. They can proceed to small amendments.</p>	<ul style="list-style-type: none"> <li>The Parliament is consulted by the government but takes no decision.</li> </ul>



Name of Country	Parliament	Relevant Parliamentary Committees (in the lower house if applicable)	Defense-relevant Planning Instrument	Powers of the Relevant Committee(s) with regards to the Defense Budget	Procurement
<b>Switzerland</b>	Two Chambers – National Council – Council of States	– Finance Delegation – Security Policy Committee	– N/A	The Finance Delegation : – Is responsible for the detailed examination and supervision of the entire financial budget – Can approve or disapprove any supplementary defense budget proposals The Security Policy Committee : – Has access to all defense budget documents – Has the right to amend and to allocate defense budget funds	Parliament – votes on appropriations for new acquisitions annually – defines and approves new equipment needs together with the Defense Committee
<b>United Kingdom</b>	Two Chambers – House of Commons – House of Lords	– House of Commons Select Defense Committee	Annual Statement on the Defense Estimates as a White Paper	The House of Commons Select Defense Committee – Issues regular reports addressing general policy themes, force structure issues and resources management. – Does NOT have access to all defense budget documents – Does NOT have the right to amend and to allocate defense budget funds – Does NOT have the right to approve or disapprove any supplementary defense budget proposals (only Plenary can do it)	– Parliament and its committees has no input or decision making ability on defence procurement

### **Budget Execution Phase**

The role of parliament during the budget execution phase is to ensure that the executive authorities properly implement the budget. Parliament does so by monitoring the actual spending during the fiscal year.

In case budget adjustments are needed during the year, parliament authorises supplementary budget proposals and exerts scrutiny over budget adjustments or requests to use contingency funds.

Parliaments use several tools to oversee budget execution. With regards to security and defense spending, the most common parliamentary oversight tools are the following:

- Questions and interpellations during plenary debates
- Parliamentary committee hearings. Depending on the sensitivity of the topics discussed, such hearings can be open to the public or held behind closed doors.
- Parliamentary committee hearings allow:
  - o conducting inquiries into specific matters related to the financial management of security and defense institutions
  - o scrutinising government activity, including appropriations of funds for security or defense related operations; and
  - o calling on the Government or the security and defense institutions to account for their use of public funds.
- Ad hoc parliamentary commissions of enquiry.
- Public enquiries

**Table 2. Budget Execution Phase**

Name of Country	Parliament	Relevant Parliamentary Committees (in lower house is applicable)	Oversight Powers of the Relevant Committee(s)	Access to information (always based on the need-to-know)
<b>France</b>	Two chambers - Assemblée nationale - Sénat	- Finance Committee - Defense and Armed Forces Committee	Defense Committee: - Can amend or rewrite draft defense laws - Can question relevant government representatives and summon them to Committee meetings to testify - Can summon military and other civil servants to committee meetings and testify - Can summon experts from civil society - Can hold hearings on defense issues	- The President of the Defense Committee and the President of the Commission of Laws have access to all types of classified documents. Other members of the Parliament do not.
<b>Germany</b>	Two chambers - Bundestag - Bundesrat	- Budget Committee - Defense Committee	Defense Committee: - Can amend or rewrite draft defense laws - Can question relevant government representatives and summon them to Committee meetings to testify - Can summon military and other civil servants to committee meetings and testify - Can summon experts from civil society - Can hold hearings on defense issues - Is the only committee that can turn itself into a Committee of Inquiry without prior authorization by the Plenary	- All members of Parliament have access to all types of classified documents based on the need to know.
<b>Montenegro</b>	One Chamber	- Committee on Economy Finance and Budget - Defense and Security Committee	Montenegro is one of the few countries in the world which issued law on parliamentary oversight of the defense and security sector. Defense and Security Committee: - Considers information on execution of the budget with regard to funds allocated to the institutions it oversees (see law) - Considers reports of the State Audit Institutions on financial operations of the institutions it oversees (see law)	- The Defense and Security Committee can request the institutions it oversees (see law) to provide data and information, with the exception of such data and information that may not be disclosed according to a special law.

## Tool2: Concepts and main actors of financial oversight in the security sector

Name of Country	Parliament	Relevant Parliamentary Committees (in lower house is applicable)	Oversight Powers of the Relevant Committee(s)	Access to information (always based on the need-to-know)
			<ul style="list-style-type: none"> <li>- Can hold consultative hearings, control hearings and initiate parliamentary inquiries</li> <li>- Can question relevant government representatives and summon them to Committee meetings to testify</li> <li>- Can summon military and other civil servants to committee meetings and testify</li> <li>- Can summon experts from civil society</li> </ul>	<ul style="list-style-type: none"> <li>- Employees of institutions or institutions themselves that hamper the good conduct of parliamentary oversight can be fined respectively up to 2000 and 2000 euros.</li> </ul>
<b>Sweden</b>	One chamber - Riksdag	<ul style="list-style-type: none"> <li>- Finance Committee</li> <li>- Defense Committee</li> </ul>	Defense Committee: deals with all matters relating to security and defense. The meetings are usually held in camera (confidential) and the members are bound by an obligation of confidentiality concerning any classified information of which they become aware	<ul style="list-style-type: none"> <li>- All members of parliament have access to all classified information based on the need to know.</li> </ul>
<b>Romania</b>	Two Chambers: - Chamber of Representatives - Senate	<ul style="list-style-type: none"> <li>- Committee on Defense, Public Order and National Security</li> <li>- Budget Committee</li> </ul>	<p>Defense Committee:</p> <ul style="list-style-type: none"> <li>- Can question and summon relevant government representatives</li> <li>- Can summon military and other civil servants to committee meetings and testify</li> <li>- Can summon experts from civil society</li> <li>- Can hold hearings on defense issues</li> <li>- Can visit military premises upon prior notification of 24 hours</li> </ul>	<ul style="list-style-type: none"> <li>- All members of parliament have access to all classified information based on the need to know.</li> </ul>
<b>Switzerland</b>	Two Chambers - National Council - Council of States	<ul style="list-style-type: none"> <li>- Finance Delegation</li> <li>- Security Policy Committees</li> </ul>	<p>The Security Policy Committee :</p> <ul style="list-style-type: none"> <li>- Can amend or rewrite draft defense and security laws</li> <li>- Can question the relevant government representatives and summon them to Committee meetings to testify</li> <li>- Can summon military and other civil servants to committee meetings and testify</li> <li>- Can summon experts from civil society</li> <li>- Can hold hearings on defense issues</li> <li>- Only the parliamentary investigations committees can carry out parliamentary inquiries.</li> </ul>	<ul style="list-style-type: none"> <li>- The access to classified information for parliamentarians can be limited on the basis of the exceptions specified by law.</li> </ul>

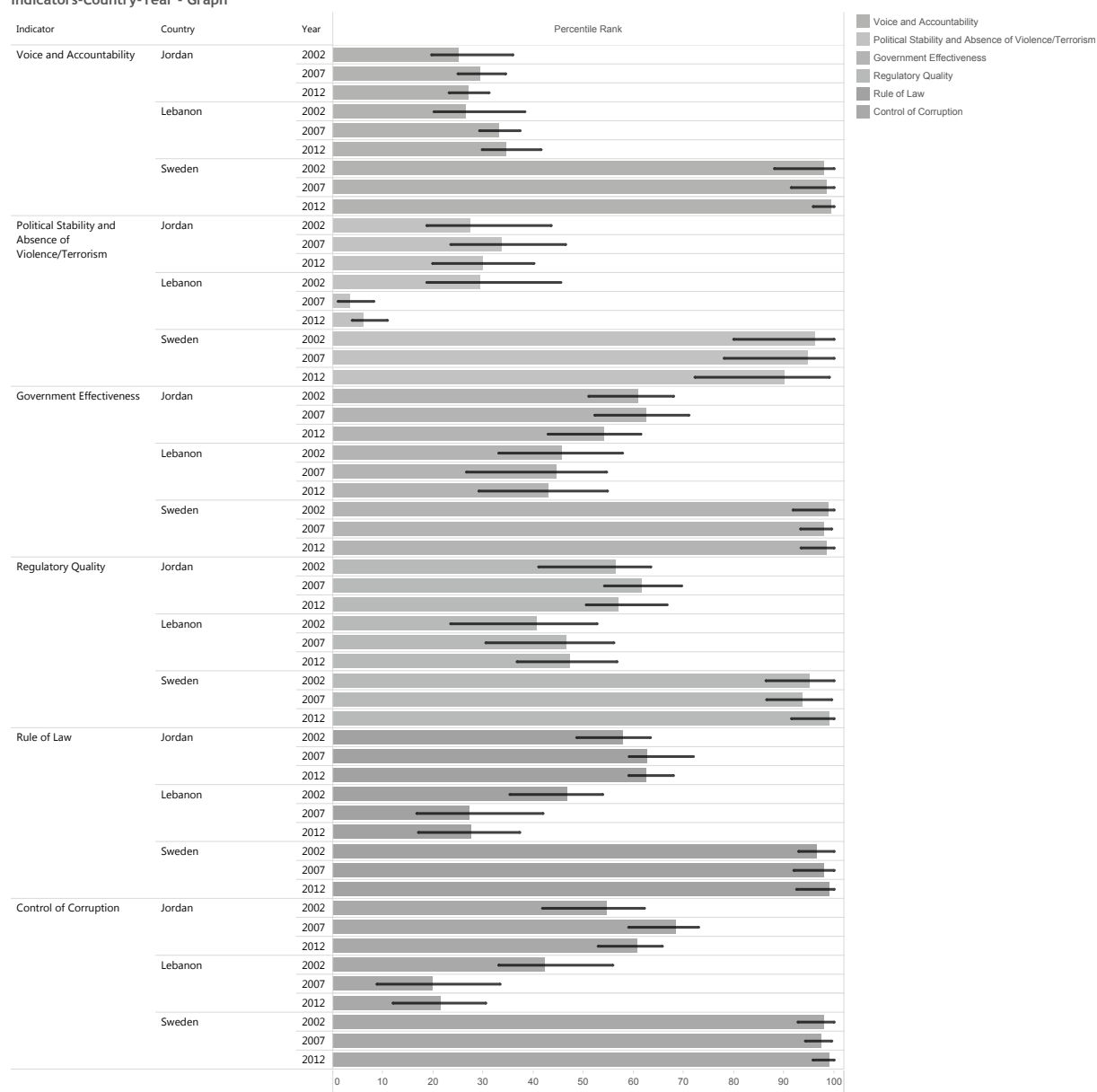
Name of Country	Parliament	Relevant Parliamentary Committees (in lower house is applicable)	Oversight Powers of the Relevant Committee(s)	Access to information (always based on the need-to-know)
<b>United Kingdom</b>	Two Chambers <ul style="list-style-type: none"> <li>- House of Commons</li> <li>- House of Lords</li> </ul>	<ul style="list-style-type: none"> <li>- House of Commons Select Defense Committee</li> </ul>	<p>Defense Committee:</p> <ul style="list-style-type: none"> <li>- Can question relevant government representatives and summon them to Committee meetings to testify</li> <li>- Can summon military and other civil servants to committee meetings and testify</li> <li>- Can summon experts from civil society</li> <li>- Can carry out parliamentary inquiries on defense issues</li> <li>- Can hold hearings on defense issues</li> </ul>	<ul style="list-style-type: none"> <li>- Only members of select parliamentary committees have access to the different types of classified information.</li> </ul>



## Trainer resource 2.7

### World Bank Database on Governance Indicators

Indicators-Country-Year - Graph



The trends of minimum of Percentile and minimum of High - Low for sum of Number of Records broken down by Label: Percentile Rank vs. Indicator, Type, Country and Year. For pane Minimum of Percentile: Color shows details about Color by. Details are shown for 'ICY Measures', Rec #. For pane Minimum of High - Low: Details are shown for Measurement. The data is filtered on Use Measure Record? and Country Filter. The Use Measure Record? filter keeps True. The Country Filter filter keeps Jordan, Lebanon and Sweden. The view is filtered on Indicator and Year. The Indicator filter keeps 6 of 6 members. The Year filter keeps 2002, 2007 and 2012.



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<http://media.institut-alternativa.org/2013/03/law-on-parliamentary-oversight-of-security-and-defense-sector.pdf>





## Additional resources

- Andersson, Lena, Masson, Nicolas and Salah Aldin, Mohammed. Guidebook: Strengthening Financial Oversight in the Security Sector. Geneva: DCAF, 2011, Chapters 1 and 3.
- Born, Hans, Fluri, Philipp and Johnsson, Anders, eds., Parliamentary oversight of the security sector: principles, mechanisms and practices. Handbook for parliamentarians No. 5, Geneva: IPU and DCAF, 2003, Sections I-IV.
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## Annex A.

# Concepts and main actors of financial oversight in the security sector: the local training session

The trainer can use the resources presented in this Annex as inspiration for developing his/her own contextualised training session. The localised training session contains a list of learning objectives, suggested content, example activities and suggested resources. It demonstrates how training material can be adapted to suit the particular political, cultural or social context of an audience.

### Learning objectives

Participants will be able to:

- Identify the main actors working in financial oversight in the local security sector

- Understand the laws that regulate the security sector and the financial oversight actors in this sector.

### Suggested content to be covered

- The key financial oversight actors in the local context
- The laws that regulate the key financial oversight actors

### Overview

#### Example Activities

**Handout L.2.1** Matrix of financial oversight actors in the Palestinian security sector

**Handout L.2.2** Table for mapping the local legal framework relevant to financial oversight

**Trainer resource L.2.1** List of Financial oversight actors in the Palestinian security sector



## Example activities

The following example activities were developed for a training course conducted in the occupied Palestinian territory in March 2014. They can be used as a model or examples for the trainer to adapt the training course to his/her context if desired.

### **Activity 1. Group discussion: Identifying financial oversight actors in the Palestinian security sector**

Time: 30 min

The participants work in small groups. The objective of this exercise is to group potential actors in the financial oversight institutions in Palestine in the four squares of the matrix presented on the slide (the four squares represent a distinction between formal and informal, as well as internal and external financial oversight actors). The trainer hands out paper copies for the participants to write on and draws the same matrix on a flipchart or on an overhead projector slide. The participants discuss and identify the potential actors and fill in the matrix (approximately 15 minutes).

After 15 minutes, the trainer asks the participants to provide their answers to the plenary and to justify their answers. The trainer then uses the participants' suggestions to fill in the matrix on the flipchart (approximately 15 minutes).

Materials:

- **Handout L.2.1** Matrix of financial oversight actors in the Palestinian security sector
- **Trainer resource L.2.1** List of Financial oversight actors in the Palestinian security sector

### **Activity 2. Discussion. Mapping the local legal framework relevant to financial oversight**

Time: 60 min

The participants work in small groups. The trainer gives each group a sheet of flipchart paper with the table shown below on it (Handout L.2.2). The participants should analyse the following information:

- Mandate of the actors related to the Security Sector;
- Legal framework for involvement in financial oversight;
- Laws regulating the institution.

The trainer also gives each group a copy of the two publications A Palestinian Legal Collection: Financial and Administrative Oversight in the Security Sector and The Security Sector Legislation of the Palestinian National Authority. The members of the groups search for the relevant legal texts, discuss their selection and complete the table (approximately 30 minutes).

A spokesperson of each group then presents the results of his/her group to the whole group (approximately 30 minutes).

Materials

- **Handout L.2.2** Table for mapping the local legal framework relevant to financial oversight
- **Copies of the following publications:**
  - o A Palestinian Legal Collection: Financial and Administrative Oversight in the Security Sector, and
  - o The Security Sector Legislation of the Palestinian National Authority



## Handout L.2.1

### Financial Oversight Actors in the Security Sector Matrix

#### Group Exercise

	External	Internal
Formal		
Informal		



# Handout L.2.2

## Table for Mapping the Legal Framework Relevant to Financial Oversight

### Group Exercise

Government branch	Name of institution	Mandate related to the Security Sector	Reports to	Legal framework for involvement in financial oversight	Laws regulating the institution



## Trainer resource L.2.1

### List of Financial Oversight Actors in the Palestinian Security Sector

The following formal and informal actors may be identified by participants as financial oversight actors in the Palestinian security sector. Their mandates are also shown. These serve as an example for the trainer to develop his/her own localised activities.

#### Actors involved in financial oversight in the Palestinian security sector:

##### **Formal actors:**

- Internal control officers and auditors working in core security agencies (Palestinian security forces: Civil Police, National Security Forces, General Intelligence, Civil Defence, Preventive Security) and justice institutions (Courts, Prosecution, Prisons)
- Legislative Oversight Bodies (Palestinian Legislative Council);
- Executive management and oversight bodies (Office of the President, Council of Ministers, Ministry of Interior, Ministry of Finance, (Military) Central Financial Administration);
- Supreme Audit Institution (State Audit and Administrative Control Bureau);
- Judiciary;
- Anti-Corruption Commission.

##### **Informal actors:**

- Civil society organisations (think tanks, research institutions, academia) ;
- Media outlets
- Private firms (audit companies)



## Suggested Resources

- Andersson, Lena, Masson, Nicolas and Sala Aldin, Mohammed. Guidebook: *Strengthening Financial Oversight in the Security Sector*. Geneva: DCAF, 2011, Chapter 1.
- DCAF. *A Palestinian Legal Collection: Financial and Administrative Oversight in the Security Sector*. Geneva: DCAF, 2013, pp. 9-13.
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# Medium-Term Strategic Financial Planning for Security Sector Institutions: Tools and Techniques



**DCAF**

a centre for security,  
development and  
the rule of law

**Tool 3**

# **Tool 3**

## **Medium-Term Strategic Financial Planning for Security Sector Institutions: Tools and Techniques**

Domenico Polloni



**DCAF**

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the rule of law

## About DCAF

The Geneva Centre for the Democratic Control of Armed Forces (DCAF) promotes good governance and reform of the security sector. The Centre conducts research on good practices, encourages the development of appropriate norms at the national and international levels, makes policy recommendations and provides in-country advice and assistance programmes. DCAF's partners include governments, parliaments, civil society, international organisations and the core security and justice providers such as police, judiciary, intelligence agencies, border security services and the military.

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- State Audit and Administrative Control Bureau
- Palestinian Legislative Council
- Office of the President
- Council of Ministers
- Ministry of Finance
- Ministry of Interior
- Central Military Financial Administration
- Palestinian Anti-Corruption Commission
- Palestinian National Security Forces



# Introduction

## Why is financial oversight in the security sector important?

Financial oversight in the security sector is a key instrument for ensuring that public funds allocated by the state for the security of the people are spent in a transparent effective and accountable manner.

However, the financial management of security sector institutions is often characterised by opacity rather than transparency. Even in established democracies, the budgets and financial operations of law-enforcement, military and intelligence organisations are often concealed from public scrutiny and sometimes even from formal external oversight by parliament or audit institutions. Furthermore, in many developing countries, disproportionate security expenditures prevent the use of public funds for socio-economic development.

## Why this Toolkit?

Building the conceptual and technical capacities of specialised practitioners is a crucial step towards strengthening financial oversight in the security sector. This Toolkit is designed for financial oversight practitioners who wish to:

- Gain access to best international practice in financial oversight of the security sector
- Improve their professional ability to financially oversee security sector institutions
- Acquire a more proactive attitude toward conducting thorough financial oversight activities of security sector institutions
- Assert their authority in scrutinising budgets and financial operations conducted by security sector institutions.

## How was this Toolkit developed?

The tools included in this Toolkit were developed based on four needs assessment meetings with financial oversight employees and two trainings of financial oversight practitioners in the Palestinian territories in 2013-2014. The Geneva Centre for the Democratic Control of Armed Forces (DCAF) conducted the trainings in cooperation with DCAF international experts and with the financial support of the European Union.

The tools that are part of this training manual contain a generic component that can be used in virtually any country where financial oversight practitioners in the security sector require capacity building. The tools also contain a locally adapted component, which offers examples from the Palestinian training course and suggestions for how to adapt activities and materials to suit the trainer's own context.

## Other DCAF publications on financial oversight in the security sector

In addition to this Toolkit, DCAF has published other reference material on financial oversight in the security sector. These publications include:

1. Guidebook: Strengthening Financial Oversight in the Security Sector, 2012.
2. A Palestinian Legal Collection: Financial and Administrative Oversight in the Security Sector, 2013.
3. Financial Oversight in the Security Sector: A Compilation of International Standards, 2015.

To download these or other publications please visit: [www.dcaf.ch/publications](http://www.dcaf.ch/publications)

# Using the Training Toolkit

## Overview

The training toolkit has been designed to be used as a whole training course, which covers six different topics relevant to financial oversight and security sector governance. The six topics may also be used individually as 'stand-alone' training sessions.

## What does the Toolkit include?

The training Toolkit includes one introductory tool (Tool 1) and six training tools. Each tool has a three-hour generic component. The generic material is applicable internationally and can be used without adaptation in any training context. In addition, there are suggestions and example activities for adapting material to a particular context. They are designed to be amended by the trainer to engage with local issues specific to the trainer's own context. It is envisaged that the localised session would take two hours, but it can be as long as the trainer deems necessary.

The Toolkit contains the following seven tools (including this one):

Tool 1. Using the Toolkit and Acquiring Trainings Skills

Tool 2. Concepts and Main Actors of Financial Oversight in the Security Sector

Tool 3. Medium-term Strategic Financial Planning for Security Sector Institutions: Tools and Techniques

Tool 4. The Budget Cycle and the Security Sector

Tool 5. Auditing and Integrity in the Security Sector

Tool 6. Handling Legal Gaps while Practicing Financial Oversight in the Security Sector

Tool 7. Financial Oversight of Intelligence Agencies

These tools may be used for individual training workshops on each topic or as a comprehensive training course.

## The toolkit user

The training sessions in the Toolkit are intended to be read and used by trainers with expertise in financial oversight and security sector governance and reform.

## The target audience

The target audience for the training course outlined in the Toolkit is mainly practitioners involved in financial oversight of public institutions, including security sector organisations. These practitioners include specifically, but not exclusively:

- Parliamentarians and their staffers who are involved in financial oversight and budget control activities
- Members of Supreme Audit Institutions (SAIs) who provide expertise and support in financial oversight activities
- Strategic-level members of security and defence institutions in charge of preparing and executing budgets
- Representatives of executive authorities, including ministries who oversee the preparation and execution of security and defence budgets
- Officers and auditors working in core security and justice institutions whose role is to perform internal controls and audits.

The ideal number of participants for the course is around 15 people. However, the course may be used with more participants.

## Using the toolkit in the trainer's own context

As mentioned above, the tools in this Toolkit consist of generic training sessions and locally adapted training sessions. The generic training sessions included in the toolkit have been developed to be used in any context. However, if possible, the trainer should conduct some form of needs assessment in his/her own context. Based on the results of the analysis, the trainer can understand which training sessions to use, which to prioritise, and which to adapt. The localised training sessions give examples and offer suggested objectives for use in the trainer's own context.

When choosing which of the sessions in the toolkit to use, the trainer can choose to use only part of a session or to rearrange the order of the activities if desired. However, the trainer should be aware that some of the activities in a session follow each other, and one activity may often build on a previous activity.

## The structure of a generic training session

A generic training session consists of the following six elements:

1. **The introduction** lists the learning objectives and focus questions for the session. It also gives an overview, which lists the handouts and trainer resources that are used in the session.
2. **The session plan** gives a full overview of the training session. It is a guide for the trainer to get a quick understanding of the session. It is also used as a quick reference to help the trainer keep track of activities and timing during the training.
3. **The description of activities** explains in more detail how to carry out the activities listed in the session plan.
4. **The handouts** are given to the participants during the activities in the sessions. They are easily photocopied and can include:
  - Worksheets with tasks for the participants to complete

- Hardcopies of PowerPoint presentations
- Summaries of key information
- Extracts of, or references to, publications

5. **The trainer resources** provide supporting information for the trainer. They can include:

- Summaries of international best practices
- Answer sheets

6. **The suggested resources** contain references relevant to the activities.

## Types of activities

The types of activities in the sessions are designed to involve and engage the participants. They are expected to build their own understanding of concepts and issues presented. Often, this means encouraging participants to work and provide feedback in groups rather than 'teaching' topics in a non-participative way.

Trainers might nevertheless be advised to make PowerPoint presentations. The training tools do include handouts with PowerPoint presentations, which may be adapted by the trainer as required. However, the trainers are encouraged to use a minimum number of slides. It is also recommended that they use images or other types of documents that are likely to trigger participants' attention and active participation. The trainer may provide the participants with a hardcopy of the presentation before or after it is shown. The trainer may also ask the participants to discuss a question in pairs before asking for feedback.

## The structure of a local training session

A local training session contains example materials and objectives for the local sessions to cover. It is given as an example for the trainer to draw on in his or her own context when devising his or her own localised sessions and materials.

The structure of a local training session is similar to that of the generic training session (see above). Suggested example activities are given instead of a full session plan.

A local training session consists of the following five elements:

- 1. Introduction.** This consists of learning objectives and focus questions that are relevant to the trainer's own context. An overview of handouts and trainer resources is also given.
- 2. Example activities.** These are example activities of suggested content to be covered. This content can be adapted by the trainer to fit his or her own context. It includes a description of the activity, timing, etc.
- 3. Example handouts.** The handouts are given to the participants during the activities in the sessions. They are easily photocopied.
- 4. Example trainer resources.** These provide supporting information for the trainer.
- 5. Suggested resources.** The suggested resources are references for the trainer to use when adapting these example activities.

(Please note that the local training session in this tool, Tool 3, does not include 'example trainer resources'.)

# Medium-term strategic financial planning for security sector institutions: tools and techniques

## Introduction

### Learning objectives

This session aims to give participants a working knowledge of strategic financial planning for the security sector. It introduces various concepts to participants and gives them the opportunity to apply tools in a practical way, both by analysing examples for several countries and by learning to apply the tools to their own contexts. The specific learning objectives include:

- Understand the policy formulation process in the security sector and the concept of national security strategy
- Comprehend the importance of strategic financial planning
- Identify tools and techniques of medium-term strategic planning
- Know how to adapt those tools and techniques to a particular context
- Share experiences of field practices and develop solutions to apply in the participants' work practices.

### Focus questions

The following questions are addressed through the activities in this session:

- What is a National Security Strategy?
- Who defines it?
- What is Medium-term strategic financial planning?
- How to develop a Medium-term strategic planning framework for the security sector?
- How do National Security Strategy objectives translate into required capabilities?
- How do National Security Strategy policies frame the defence budget?
- Who approves the defence budget? And who can revise, scrutinise and amend it and how?
- What accountability mechanisms exist in this process? Why are they important?

## Overview

**Session Plan:** Medium-term strategic financial planning for security sector institutions: tools and techniques

### Description of activities

**Handout 3.1** Test: Medium-term strategic financial planning

**Handout 3.2** PowerPoint presentation hardcopy: Medium-term strategic financial planning in the security sector

**Handout 3.3** Excerpt of France's White Paper on Defence and National Security, 2013

**Handout 3.3A** Worksheet on the Excerpt of France's White Paper on Defence and National Security, 2013

**Handout 3.4** Excerpt of the United Kingdom's Defence Plan, 2009-2013

**Handout 3.4A** Worksheet on the Excerpt of the United Kingdom's Defence Plan, 2009-2013

**Handout 3.5** Extract of Armenia's Medium-term expenditure framework, 2011-2013

**Handout 3.5A** Questions on Excerpt of Armenia's Medium Term Public Expenditure Framework, 2011-2013

**Handout 3.6:** Worksheet: Developing a Medium Term Expenditure Framework (MTEF)

**Trainer resource 3.1:** Case study: Medium-Term Expenditure Framework suggested answers

**Trainer resource 3.2** Presenting an example methodology for preparing a medium-term expenditure framework

**Trainer resource 3.3** Answers to the pre-test (given in **Handout 3.1**)

# Session plan

Medium-term strategic financial planning for security sector institutions: tools and techniques					
Learning objectives	Participants will be able to: <ol style="list-style-type: none"> <li>Become aware of the security sector policy formulation process and the concept of national security strategy</li> <li>Understand the importance of strategic financial planning for security and defence budgeting</li> <li>Clarify what are the tools and techniques of medium-term strategic financial planning</li> <li>Understand how medium-term strategic planning tools and techniques should be adapted from and to different contexts</li> <li>Share experiences of field practices and develop solutions to apply in the participants' work practices</li> </ol>				
Content to be covered	<ul style="list-style-type: none"> <li>Strategic planning documents, such as National security policy/strategy or White Paper on Security, and agency-level planning documents (Defence plans, etc.)</li> <li>Best international practice for strategic financial planning, including the concepts of Planning, Programming and Budgeting System (PPBS) and the Medium-term expenditure framework (MTEF)</li> </ul>				
Time	180 minutes				
Activity	Time	Description of activity	Grouping and materials	Session objectives	Comments
1.	15 min	Introduction and pre-test	Trainer to whole group <b>Handout 3.1. Test: Medium-term strategic financial planning</b>	Objs. 1-2	The trainer overviews the session (relevance, focus questions addressed, activities and timing). The trainer distributes the pre-test, <i>Handout 3.1</i> . The trainees answer the pre-test.
2.	25 min	PowerPoint presentation: Introduction to medium-term strategic financial planning for security sector institutions: tools and techniques	Trainer to whole group <b>Handout 3.2. PowerPoint presentation hardcopy:</b> Introduction to medium-term strategic financial planning for security sector institutions: tools and techniques	Objs. 1, 2, 3, 4	The trainer introduces the concepts of Planning, Programming and Budgeting System (PPBS), Medium-Term Expenditure Framework (MTEF), National Security Strategy (or White Paper on Security), Agency-level planning documents and Performance agreements to the participants through the power-point presentation ( <b>Handout 3.2</b> ). The trainer presents the stages of MTEF with examples from the security sector. The trainer explains that financial planning is a stage under MTEF. The trainer introduces the tools used at the levels of planning and performance with examples.



Activity	Time	Description of activity	Grouping and materials	Session objectives	Comments
3.	35 min	Discussion: Analysis of one national security strategy excerpt and one defence plan excerpt and their medium-term financial management implications	Trainer to whole group then work in breakout groups (small groups) <b>Handout 3.3</b> Excerpt of France's White Paper on Defence and National Security, 2013 and <b>Handout 3.4</b> Excerpt of the United Kingdom's Defence Plan, 2009-2013. <b>Handout 3.3A and 3.4A</b> Related Worksheets.	Objs. 1, 2, 3, 4	The trainer briefly introduces the two excerpts from national security strategies ( <b>Handout 3.3 and 3.4</b> ). The participants form small groups and use the worksheets, <b>Handout 3.3A</b> and <b>Handout 3.4A</b> to list the aspects that are most relevant to their context and own work.
4.	20 min	Feedback and discussion	Whole group discussion	Obj. 5	Each group appoints a member to report on the results of their previous activity, and the results are discussed by the plenary.
5.	40 min	Case study and discussion: Medium-Term Expenditure Frameworks: practical application	Small working groups <b>Handout 3.5</b> Excerpt of Armenia's Medium Term Public Expenditure Framework, 2011-2013 <b>Handout 3.5A</b> Related Questions <b>Trainer resource 3.1</b> : suggested answers	Objs. 4,5	Each group analyses a real-life Medium-Term Expenditure Framework example, the MTEF of Armenia ( <b>Handout 3.5</b> ). Based on the questions in the accompanying worksheet ( <b>Handout 3.5A</b> ) the groups identify the key building blocks and the different stages of the planning process.
6.	30 min	Writing task: Writing a skeleton methodology for the preparation of a MTEF	Trainer to whole group <b>Handout 3.6</b> Worksheet: Developing a Medium Term Expenditure Framework (MTEF) <b>Trainer resource 3.2</b> Presenting an example methodology for preparing a medium-term expenditure framework	Objs. 2,4,5	Based on the work done in the previous activity, and using <b>Handout 3.6</b> , the answers given to the questions asked, the trainer will be guiding the participants to the preparation of a skeleton methodology (bullet points) to writing a Medium-Term Expenditure Framework. ( <b>Trainer resource 3.2</b> gives a possible summary methodology for preparing a MTEF.)
7.	15 min	Conclusion and re-cap	Trainer to whole group <b>Handout 3.1</b> Test: Medium-term strategic financial planning (already distributed in Activity 2) <b>Trainer resource 3.3</b> Answers to the pre-test	-	The trainer reviews the pre-test with the participants and discusses the right answers. (The proposed answers to the test are available for the trainer in <b>Trainer resource 3.3</b> .)





## Description of activities

This section describes in more detail the activities listed above in the Session Plan. It also provides alternatives to several activities.

### Activity 1. Introduction and pre-test

The trainer explains to the whole group why an awareness of principles and tools of modern strategic financial planning is relevant to them and their institutions. These institutions are actors of financial oversight and managerial accountability processes in the security sector. The trainer then gives an overview of the activities and timing of the session to the participants.

Each participant is given a copy of **Handout 3.1**, which is a short baseline test to assess the participants' pre-existing knowledge of principles and standards of medium-term strategic financial planning. It also introduces them to the contents of the session. The trainer explains that for several questions all answers can be correct. This means that the participants have to choose the one they feel is most appropriate.

Once completed, the trainer collects the tests from each participant. The trainer does not discuss the answers of the test now. Instead, the trainer explains to the participants that a discussion will take place at the end of the session, which will allow them to assess their understanding of the new information given during the training.

Materials:

- **Handout 3.1** Test: Medium-term strategic financial planning

♣ **Alternative:** The trainer can prepare an agenda of the day based on the session plan, distribute the agenda and talk the participants through.

### Activity 2. PowerPoint presentation: Medium-term strategic financial planning for security sector institutions: tools and techniques

In this activity, the trainer explains the link between policies concerning the security sector and strategic financial planning. The trainer uses a PowerPoint presentation (**Handout 3.2**) to introduce key principles and tools of New Public Management (NPM) relating to strategic financial planning of security sector institutions. The presentation introduces the following concepts:

- the Planning, Programming and Budgeting System (PPBS)
- the importance of a Medium-Term Expenditure Framework (METF)
- agency-level or sectoral plans
- performance agreements
- concepts of security and short-, medium- and long-term perspectives
- the role of security policies in financial planning of security sector institutions

The trainer can choose to distribute **Handout 3.2** to the participants at the beginning or at the end of the presentation. During the presentation, the trainer may want to encourage questions from the participants.

Materials:

- **Handout 3.2** PowerPoint presentation hardcopy: Medium-term strategic financial planning in the security sector
- Computer, projector

### **Activity 3. Discussion: Analysis of one national security strategy excerpt and one defence plan excerpt and their medium-term financial management implications**

This session allows the participants to be exposed to real-life examples of the tools presented in the previous activity, and to work out what may be most relevant to their context and their own work.

Participants are divided into two small groups. Each group receives one of the two handouts, either **Handout 3.3** or **Handout 3.4**, as well as the relevant worksheets. The groups discuss and identify the points of the excerpts that appear most relevant to their duties at their current work and to the strategic and security environment where they live.

N.B. The examples given, which reflect a European strategic and security environment, might be very different from that of the participants. However, they serve as a way of stimulating their thinking on what would be most appropriate elements for them to include in their policy-making and planning documents.

Materials:

- **Handout 3.3** Excerpt from France's White Paper on Defence and National Security, 2013
- **Handout 3.3A** Worksheet on the Excerpt of France's White Paper on Defence and National Security, 2013
- **Handout 3.4** Excerpt of the United Kingdom's Defence Plan, 2009-2013
- **Handout 3.4A** Worksheet on Excerpt of the United Kingdom's Defence Plan, 2009-2013

♣ *Alternatively*, similar documents from other countries may be proposed, as long as they allow the participants to focus on the key areas of interest for strategic planning in the security sector.

### **Activity 4. Feedback and discussion**

This activity allows participants to exchange views on what tools from among those introduced are suitable for their work context, and to ask the trainer for more information or resources to deepen their knowledge.

Each breakout group formed during Activity 3 appoints a representative to present to the audience the results of their work.

Materials:

- **Handouts 3.3 and 3.4** (already used in Activity 3)
- **Handout 3.2** PowerPoint presentation hardcopy: Medium-term strategic financial planning in the security sector (already used in Activity 2)

### **Activity 5. Case study and discussion: Medium-Term Expenditure Framework: practical application**

This activity allows participants to be exposed to a practical example of a Medium-Term Expenditure Framework prepared in another transition country under the leadership of the Government and with the assistance of development partners and external advisers. Based on the analysis of a summary of Armenia's MTEF, the aim of the session is to focus on the key information contained in such a document, with special regard to the defence and security sector.

Breakout groups are formed again, each to work on the example provided. They will have to read through the summary and answer the questions provided in the worksheet.

Materials:

- **Handout 3.5** Excerpt of Armenia's Medium-Term Expenditure Framework (2011-2013)
- **Handout 3.5** Questions on Excerpt of Armenia's Medium-Term Expenditure Framework (2011-2013)
- **Trainer resource 3.1** Case study: Medium-Term Expenditure Framework suggested answers.

### **Activity 6. Developing a skeleton methodology for the preparation of a MTEF**

This activity allows the participants to take stock of the readings in the previous activity and to think about the steps that need to be taken to prepare a sound medium-term financial planning framework.

Based on the components previously identified in the example of MTEF already studied, the trainer will be guiding a session where the different steps of preparing a MTEF, the content of each component and the responsibilities are clarified. A participant will be taking notes of the discussions on a flipchart.

A possible summary methodology for preparing a MTEF is proposed in the **Trainer Resource 3.2**. A copy of this document could be provided at the end of the exercise to the participants.

Materials:

- **Handout 3.6** Worksheet: Developing a Medium Term Expenditure Framework (MTEF)
- **Trainer resource 3.2** Presenting an example methodology for preparing a medium-term expenditure framework
- A flipchart

### **Activity 7. Conclusion and re-cap**

The trainer asks the participants to revert to the same tests that the participants took in Activity 1 (**Handout 3.1**). This time the test functions as a basis for final discussion of what the session has covered. The trainer will check the participants' initial answers, ask them whether they would change their answers after the session and also give the correct answers to the participants (though in some cases there are no outright right or wrong answers). The proposed answers to the test are available for the trainer in **Trainer resource 3.3**.

Materials:

- **Trainer resource 3.3** Answers to the pre-test (given in **Handout 3.1**)



## Handout 3.1

### Test: Medium-term strategic financial planning

This pre-test on medium-term strategic financial planning serves as a personal assessment of your pre-existing knowledge on the topic. The answers to the test will be discussed at the end of the session.

Name: \_\_\_\_\_

1. **Which of the following statements seem most accurate to you? (No statement is necessarily wrong; choose the one you think is most accurate.)**
  - a. Security and defence are mainly a matter of swift reaction to emerging risks, therefore maximum flexibility is needed in the financial management of security and defence agencies.
  - b. Security capabilities and expertise take a long time to build, but when built correctly, they will prove effective for tackling unforeseen contingencies.
  - c. A capable security sector cannot be created overnight. The flow and management of financial resources must be predictable over the long term. At the same time, there must be a degree of flexibility that will allow emergency responses.
2. **Who, in a democratic system, is mainly responsible for deciding upon the overall level of security provision? Who has the authority to define the level of national risk?**
  - a. The military and security agencies
  - b. Civil society and public opinion
  - c. The Government, with the technical expertise of the military and security agencies
  - d. The Government and Parliament, in consultation with other security and civilian actors
3. **Financial planning and budgeting should be mainly driven by:**
  - a. Inputs: the cost of salaries, equipment and all that is required by the security sector agencies for the fulfilment of their duties.
  - b. Outputs: especially, the cost of the operational missions that security sector agencies must perform on a daily basis (e.g. the cost of police patrols per year)
  - c. Outcomes and outputs: the results expected in terms of overall security provision (e.g. fewer petty criminals in the towns) and the deployment of capabilities required for achieving those results.
  - d. Impacts: the changes in the wider strategic environment that the action of security sector agencies contribute to (e.g. being able to increase shops' revenues thanks to more secure cities)
4. **You are the top executive of a security sector agency. You have heard that the Government has decided to cut your budget over the next five years to build more primary schools. What would you do? (please describe in one sentence)**

.....

- .....
- .....
- 5. “A national security strategy is a public document that everybody ought to be able to see and comment upon”. True or false?**
- a. True
  - b. False
- 6. “The 3-year plan of the Ministry of Defence is a confidential document”. True or false?**
- a. Always true
  - b. Not always true
  - c. Always false
- 7. You are a mid-career officer in a security sector agency. Your chief of staff always says in internal meetings: “The Minister trusts us to do what is needed; he/she does not wish to be involved in, or briefed about, operational details, just to be presented with the final result”. What do you think of the Minister’s attitude? (No statement is necessarily wrong, which one do you think is the most appropriate?)**
- a. He/she is right
  - b. He/she is right, but should explain more clearly the results expected from us.
  - c. The Minister is the one in charge; he/she should supervise and approve even the minor details of what we do.



## Handout 3.2

PowerPoint presentation hardcopy: Medium-term strategic financial planning in the security sector



### Medium-Term Strategic Financial Planning for Security Sector Institutions: Tools and Techniques

#### Handout 3.2

#### Concepts of financial planning that are relevant for the security sector (1/2)

- National Security Strategy or White Paper on Security

**Definition:** National Strategy is a broad statement of national security principles, goals, interests, and priorities that is intended to guide government security planning. (IDA 2010)<sup>1</sup>

- Planning, Programming and Budgeting System (PPBS)

**Definition:** A systematic, calendar, date-driven process for identifying and funding defence and security-related needs; and assessing results achieved against established programmatic and financial management objectives (IDA 2010)<sup>2</sup>

## Concepts of financial planning that are relevant for the security sector (2/2)

- **Medium-Term Expenditure Framework (MTEF)**

**Definition:** Medium-term expenditure frameworks allow countries to estimate expenditures over three future years. Their objective is to link medium-term strategic planning and the annual budget process according to clearly established priorities and available resources (DCAF 2011).<sup>3</sup>

- **Agency-level planning documents and sectoral plans**

**Definition:** Official strategy documents (budget proposals, policy documents, plans, etc.) issued publicly or internally by security agencies that specify measurable outputs.

- **Performance agreements**

**Definition:** A performance agreement is a project management tool which the planning authorities can use to agree on timescales, actions and resources for handling particular projects. It should cover all the project stages, including a results evaluation stage.

## Concepts and Perspectives of Security

- **Traditional understanding of security:** state-centred approach run by military, intelligence and law-enforcement institutions.
- **New understanding of security:** citizens- and service-oriented approach which involves formal and informal, state and non-state actors.
- **Human security** is at the core of a democratic understanding of security.

Security provision checks and balances: evaluating security needs and defence capabilities

- *What are the current and future threats to citizens' security?*
- *Can the state protect the citizens?*
- *How can the state plan to provide better security to the citizens in the future?*
- *Who defines what security the state should provide?*



## Tool (1) National Security Strategy

(A National Security Strategy is the application of political, economic, psychological and military powers of a state during peace and war times to attain national objectives) (IDA 2010).<sup>4</sup>

An entirely public document. Direction of accountability: Government to citizens.



## Tools (2a) Agency-level planning documents

- Documents (for public or for internal use, depending on the country) that specify a **measurable output**:
  - Relevant security agencies will produce such documents in pursuit of the Government's objectives within the identified Medium Term Expenditure Framework (MTEF)
- Direction of accountability:
  - Top manager of the department (Defence, Home Affairs etc.) to his/her Minister through performance agreements
- Examples:
  - Defence plans
  - Intelligence plans
  - Policing plans
  - Correctional services plans
  - Etc.



### Tools (2b) Examples of outputs to be specified in a Defence Plan

- Outputs related to **defence administration**, usually dictated by Government or societal demands
  - e.g. do a defence review and present to Parliament by (DD.MM.YY)
- Outputs related to **defence commitments**, usually dictated by short-term operational requirements
  - e.g. ensure safe borders, in coordination with Customs, in (area) throughout (number of YYs.)
- Outputs related to **defence capabilities**, dictated by medium-term readiness / preparedness requirements
  - e.g. update the civil protection units' design and present to the Chief of Staff for Operations by (DD.MM.YY.)

### Tools (3) Performance Agreements (or Service Delivery Agreements)

- Written documents valid for a number of years. They define:
  - the **outputs** and, ideally, outcomes expected of the department
  - the **resource** allocations
  - the **delegated authority** and
  - the **performance measurements** (output, outcome and possibly impact indicators)
- Negotiated between the top political officer (e.g. Minister) and the top manager (e.g. Head of Department or Chief of Staff)
- Rationale: to enhance transparency and civilian oversight in security sector management

## Key Principles of Sound Budgeting

(according to the World Bank)

- Comprehensiveness
- Discipline
- Legitimacy
- Flexibility
- Predictability
- Contestability
- Honesty
- Information
- Transparency
- Accountability

## Key messages for public financial management

(Building Integrity Compendium, DCAF)<sup>5</sup>

- ✓ The budget is realistic and implemented as intended
- ✓ Oversight mechanisms are comprehensive and information made public
- ✓ Budget is prepared in accordance with national policy
- ✓ It is implemented in orderly and predictable manner
- ✓ Records and information are produced and disseminated for reporting purposes
- ✓ External scrutiny and audit mechanisms are in place

## Sources and References

1. Tillman E. Mark, Gollwitzer H. Alfred, Parlier H. Gregory, « Defence Resource Management Studies: Introduction to Capacity and Acquisition Planning Processes » Institute for Defence Analyses, August 2010. Appendix C, p 8.
2. Tillman E. Mark, Gollwitzer H. Alfred, Parlier H. Gregory, « Defence Resource Management Studies: Introduction to Capacity and Acquisition Planning Processes » Institute for Defence Analyses, August 2010. Appendix C, p 9.
3. Source: World Bank, Public Expenditure Management Handbook, Washington, 1998, <http://www1.worldbank.org/publicsector/pe/handbook/pem98.pdf> In Nicolas Masson, Lena Andersson, Mohamed Salah Aldin, *Strengthening Financial Oversight in the Security Sector*. Guidebook. 7.1 Toolkit- Legislating for the Security Sector. DCAF (2011). p 15.
4. Tillman E. Mark, Gollwitzer H. Alfred, Parlier H. Gregory, « Defence Resource Management Studies: Introduction to Capacity and Acquisition Planning Processes » Institute for Defence Analyses, August 2010. Appendix C, p 8.
5. Source: World Bank, *Public Financial Management: Performance Measurement Framework* (Washington DC: PEFA Secretariat, June 2005), 2. In DCAF-NATO (2010), *Building Integrity and Reducing Corruption in Defence. A Compendium of Best Practices*. p 59.



## Handout 3.3

### Excerpt of France's White Paper on Defence and National Security, 2013<sup>1</sup>

The following document is an excerpt of the 'White Paper on Defence and Security' published in 2013 by the French government. It spells out the ends of security, the ways of security and the means of security.

"The White Paper on Defence and National Security describes a national defence and security strategy that rests on two essential pillars: France will preserve its sovereignty; and contribute to international security [...]. The risks and threats that France must face up to are continuing to diversify: traditional threats of force; [...] threats [...] posed by weak states; [...] globalisation; terrorism; threats to French nationals abroad; cyber-threats and organised crime; the spread of conventional weapons; the proliferation of weapons of mass destruction and the risk of pandemics and technological and natural disasters [...].

[The French national security concept] embodies the need to manage all the risks and threats, direct or indirect, likely to have an impact on the life of the nation. The White Paper adopts a holistic approach based on the combination of five strategic functions: knowledge and foresight, protection, prevention, deterrence and intervention [...].

Our defence and national security strategy cannot be conceived outside the framework of the Atlantic Alliance and our engagement in the European Union [...] As a full-fledged member, France promotes a strong and effective Alliance serving its own interests and those of Europe [...] France will continue to support European initiatives aimed at sharing and pooling military capabilities"<sup>2</sup>

#### Protection

"Protecting the national territory, our fellow citizens and the continuity of the Nation's essential functions are core to our defence and national security strategy [...] In the event of a major crisis, the armed forces can deploy up to 10,000 personnel from the land forces, [...] together with appropriate resources provided by the sea and air forces.

The White Paper provides for a global inter-ministerial contract, formulated under the authority of the Prime Minister starting in 2013, which will define the civilian capabilities required for national security missions. [...] [The military presence deployed] in France's overseas territories will be structured on the basis of a rigorous analysis of the security and defence problems specific to each territory concerned. Civilian capabilities will be ramped up. A five-year programme of pooled equipment will be defined as early as 2013 to optimise the capabilities available in the overseas territories. [...]

The potential impact of cyber-attacks against our information systems [...] requires us to upgrade very significantly the level of security of information systems and our means for defending them [...]"<sup>3</sup>

#### Deterrence

"Being strictly defensive, nuclear deterrence protects France from any state-led aggression against its vital interests, of whatever origin and in whatever form. [...] The nuclear forces include an airborne and a seaborne component [...]"<sup>4</sup>

<sup>1</sup> This is an excerpt of the following document, prepared by DCAF for the purposes of this Toolkit: *French White Paper on Defence and National Security 2013. "Summary and Conclusion"* pp 125-132.

<sup>2</sup> *French White Paper on Defence and National Security 2013...* pp 125-126.

<sup>3</sup> Ibid, p126-127.

<sup>4</sup> Ibid, p127

### **Intervention**

“France intends to have at its disposal military capabilities enabling it to take action in regions of vital importance. [...] France considers that the greater its autonomous capacity for initiative and action, the greater will be its contribution to a collective response and its ability to mobilise allies and partners. France therefore considers the principle of strategic autonomy as the main pillar of its external intervention strategy. [...] To guarantee its capability for autonomous reaction in the event of a crisis, France will have a permanent national emergency force of 5,000 men on alert, enabling it to constitute an immediate reaction joint force [FIRI] of 2,300 men that can be mobilised to intervene over a radius of 3,000 km in seven days. France will be able to rely on permanent naval deployment in one or two maritime regions.

[...] As concerns non-permanent missions, the armed forces will be capable of engaging simultaneously and on a long-term basis, in crisis management operations in two or three distinct theatres, one as a major contributor. The forces engaged in this capacity will be composed of the equivalent of a joint-force brigade representing 6,000 to 7,000 land troops, along with Special Forces, the required sea and air components and the associated command and support means. With adequate notice, [...] France will be able to deploy up to two combined brigades representing around 15,000 land troops, Special Forces, naval and air components and the associated command and support means”<sup>5</sup>

### **Knowledge and anticipation**

“Technical intelligence gathering and exploitation capacities will be reinforced, while the principle of pooling of acquisition capacities between services will be systematically applied. We will also be developing our space electromagnetic and image intelligence capability. [...] France will be equipped with a permanent capability in medium-altitude long-endurance [MALE] drones and tactical drones. In view of the evolution of threats, particular attention will be paid to internal intelligence gathering [...]”<sup>6</sup>

### **Prevention**

“Reinforced inter-ministerial strategy and organisation that allows effective and coordinated mobilisation of the resources of the ministries involved. This approach, steered by the Ministry of Foreign Affairs, will be grounded in the framework of France’s efforts to improve the European Union’s crisis management capabilities”<sup>7</sup>

### **A budget effort commensurate with our strategy**

“Defence spending will amount to €364 billion [2013 value] for the 2014-2025 period, including €179 billion [2013 value] for 2014-2019, the period covered by the next military programme act [...]”<sup>8</sup>

### **The armed forces model**

“The land forces will offer an operational capacity of 66,000 deployable troops, including, seven combined brigades, two of which will be trained for first entry and coercive combat against heavily armed adversaries. These forces will have at their disposal around 200 heavy tanks, 250 medium tanks, 2, 700 multi-purpose armoured and combat vehicles, 140 reconnaissance and attack helicopters, 115 tactical helicopters and some 30 tactical drones.

<sup>5</sup> Ibid, p127-128.

<sup>6</sup> Ibid, p 129.

<sup>7</sup> Ibid.

<sup>8</sup> Ibid.

The naval forces will have at their disposal four ballistic missile-carrying submarines (SSBN), six attack submarines, one aircraft carrier, 15 front-line frigates, some 15 patrol boats, six surveillance frigates, three force projection and command vessels, maritime patrol aircraft and a mine-warfare capacity to protect our approaches and for deployment in external operations. [...]

The air forces will include, most notably, 225 fighter aircraft (air and naval, together with some 50 tactical transport aircraft, seven detection and air surveillance aircraft, 12 multi-role refuelling aircraft, 12 theatre surveillance drones, light surveillance and reconnaissance aircraft and eight medium-range surface to air missile systems".<sup>9</sup>

### **The defence and security industry**

"The defence industry is a key component of France's strategic autonomy. [...] The White Paper reaffirms the crucial need to preserve a world-class defence industry in France, enabling our country to retain the technological capacities crucial to its strategic autonomy. This policy will be developed around four principal themes:

- preserving a substantial research and development budget;
- supporting the efforts of our companies abroad to increase the volume of their exports, within the strict framework of our mechanisms of control and our European and international commitments;
- systematically exploring all avenues for cooperation in the field of armaments. The progress recently made by France and the United Kingdom in the missile industry illustrates the feasibility and relevance of this approach [...];
- capitalising on all the resources available to the state, as shareholder, client and source of orders, to facilitate the industrial restructuring required on the European scale".<sup>10</sup>

<sup>9</sup> Ibid, p 129-131

<sup>10</sup> Ibid, p132.



# Handout 3.3A

## Worksheet on the Excerpt of France's White Paper on Defence and National Security, 2013

**TASK:** Discuss the examples from the French policy listed in this handout. Write down in bullet point form what a defence and/or security strategy relevant to your country and your organisation would look like, following the pattern in the handout.

**Remember:** A national defence and/or security strategy is a **public** document required for policy-level oversight of the security sector by Parliament and civil society. Therefore, focus on the kind of information that should be provided to the public for it to be sufficiently informed about on the strategic orientations of the security sector in order to carry out its oversight role. Obviously, you do not need to provide precise figures in this exercise (as France does in the white paper), but rather discuss which hard data you would communicate to the public without compromising operational needs.

Indicator	French example	Your own country
<b>1. Ends of security</b> (The security <u>objectives</u> that the society espouses and the Government identifies.)	a. Preservation of France's own security = not only protecting the territory and its population but managing the risks and threats, direct or indirect, likely to have an impact on the life of the nation  b. France's contribution to international security and the legitimacy of the international order	<ul style="list-style-type: none"> <li></li> </ul>
<b>2. Ways of security</b> (The <u>strategic</u> and <u>operational concepts</u> , what is the defence posture.)	a. Five key strategic concepts: <ul style="list-style-type: none"> <li>• knowledge and foresight</li> <li>• protection</li> <li>• prevention,</li> <li>• deterrence and</li> <li>• intervention</li> </ul> b. NATO and European Union as a framework for the French security and defence strategy <ul style="list-style-type: none"> <li>• However, principle of strategic autonomy in the intervention</li> </ul>	<ul style="list-style-type: none"> <li></li> </ul>



<p><b>3. Means of security</b> (The capabilities made available - the human and financial resource constraints)</p>	<p>a. Protection</p> <ul style="list-style-type: none"> <li>• for <b>crisis situations</b>: up to 10,000 land forces personnel + appropriate resources (sea and air forces)</li> <li>• civilian capabilities for <b>national security missions</b> - to be further defined</li> <li>• equipment to be pooled for the protection of France's <b>overseas territories</b></li> <li>• <b>cyber security</b> - to be upgraded</li> </ul> <p>b. Deterrence</p> <ul style="list-style-type: none"> <li>• <b>airborne and seaborne</b> components of nuclear deterrence</li> </ul> <p>c. Intervention</p> <ul style="list-style-type: none"> <li>• capabilities to intervene in the zones of direct <b>strategic interest</b>.</li> <li>• permanent <b>national emergency</b> force (5,000 men) + immediate reaction joint force (2,300 men) + permanent naval deployment in one or two maritime regions.</li> <li>• <b>non-permanent missions</b>: capability to engage, simultaneously and long-term, in crisis management operations in two or three distinct theatres -&gt; 6,000 to 7,000 land troops + special forces + sea and air components + possibility to scale up to 15,000 land troops with adequate notice.</li> </ul> <p>d. Knowledge and anticipation</p> <ul style="list-style-type: none"> <li>• stepped-up efforts in <b>intelligence</b> (pooled resources between services, space electromagnetic and image intelligence, MALE and tactical drones, internal intelligence)</li> </ul>	<p>.</p>
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	<p>e. Prevention</p> <ul style="list-style-type: none"> <li>• inter-ministerial strategy and coordination under the Foreign Ministry</li> <li>• budgetary resources</li> <li>• <b>defence spending</b> : €364 billion for the 2014-2025 period, including €179 billion for 2014-2019</li> <li>• 66,000 deployable <b>land troops</b>, 200 heavy tanks, 250 medium tanks, 2,700 multi-purpose armoured and combat vehicles, 140 reconnaissance and attack helicopters, 115 tactical helicopters and 30 tactical drones</li> <li>• <b>naval forces</b> with ballistic missile-carrying submarines (SSBN), 6 attack submarines, 1 aircraft carrier, 15 front-line frigates, 15 patrol boats, 6 surveillance frigates, 3 force projection and command vessels, maritime patrol aircraft and a mine-warfare capacity</li> <li>• <b>air forces</b> with 225 fighter aircraft (air and naval), 50 tactical transport aircraft, 7 detection and air surveillance aircraft, 12 multi-role refuelling aircraft, 12 theatre surveillance drones, light surveillance and reconnaissance aircraft and 8 medium-range surface to air missile systems</li> </ul> <p>f. Economic role of the French defence and security industry</p> <ul style="list-style-type: none"> <li>• substantial research and development budget</li> <li>• intensifying international cooperation (especially with the United Kingdom)</li> <li>• increasing exports</li> <li>• steering restructuring at the European level</li> </ul>	
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<b>4. Security actors</b> (The actors and their responsibilities)	<ul style="list-style-type: none"> <li>• Prime Minister (Inter-ministerial Contract, White Paper)</li> <li>• Immediate Reaction Joint Force (FIRI) (intervention in the event of a crisis)</li> <li>• Special Forces (intervention)</li> <li>• Ministry of Foreign Affairs and other Ministries (strategy, policies, implementation)</li> <li>• Land Forces</li> <li>• Naval Forces</li> <li>• Air Forces</li> <li>• Defence industry and its actors.</li> </ul>	<ul style="list-style-type: none"> <li>•</li> </ul>
<b>5. Performance indicators</b>	<ul style="list-style-type: none"> <li>•</li> </ul>	<ul style="list-style-type: none"> <li>•</li> </ul>



## Handout 3.4

### Excerpt of the United Kingdom's Defence Plan, 2009-2013<sup>11</sup>

*The following document is an excerpt of the United Kingdom's Defence Plan 2009-2013. It spells out the ends of security, the ways of security (if given), the means of security, the security actors and performance indicators.*

*"[Aim: to] deliver security for the people of the UK and the Overseas Territories by defending them, including against terrorism, and to act as a force for good by strengthening international peace and stability".<sup>12</sup>*

#### **[Outputs:]**

A. *"[Current Operations: Succeed in operations and military tasks today].*

The MOD will undertake standing and contingent Military Tasks, including home commitments and contingent operations overseas, as directed by the Government. Trained and equipped personnel will be provided by the Single Service Top Level Budgets. The additional costs of these contingent operations will normally be met from the Reserve or from the Government Department requesting MOD assistance. The MOD's main effort, in conjunction with other Government Departments and the international community, is to support the Government in achieving strategic success in Iraq and Afghanistan. [In order to do that we will: succeed in the operations and Military Tasks; monitor; generate and sustain the capability].<sup>13</sup>

B. *"[Readiness: Be prepared for military Tasks as defined in Defence Strategic Guidance, in particular, contingent operations].*

The Armed Forces will continue to be engaged on a wide range of continuing operations and other Military Tasks. The MOD must be ready to undertake further tasks if required. Forces will therefore be maintained at a variety of states of preparedness, which we call Readiness. This is the central task of the Single Service Top Level Budgets (TLBs) and is what they are funded to deliver. They provide military capability through ensuring that Force Elements are at their required readiness condition with the right personnel, effective equipment and logistic support, and trained to operate with other units as required for their primary role. [...]

Logistics for the Armed Forces is delivered through collective responsibility shared between Defence Equipment and Support, the Capability Area, the Single Service TLBs and the Permanent Joint Headquarters. Joint Business Agreements between Defence Equipment and Support and the Single Service TLBs set out the responsibilities for the delivery of specific outputs for each of these Top Level Budget Holders. The Chief of Defence Materiel has responsibility for managing total performance across the end-to-end logistics process, delivering strategic improvement objectives as described in the Defence Logistics Programme, and reporting back to the Defence Board on progress in achieving both. During the period of this Plan, we will: achieve the target readiness states; [...] support and sustain equipment and deliver logistics; [...] monitor our residual capability; [...] recuperate the force structure; [...] generate, deploy, sustain and recover Force Elements [...].<sup>14</sup>

<sup>11</sup> This is an excerpt of the following document, prepared by DCAF for the purposes of this Toolkit: *UK Defence Plan 2009-2013*. Section IV. Defence Scorecard pp 14-22.

<sup>12</sup> *UK Defence Plan 2009-2013*. Section IV. Defence Scorecard. p. 14.

<sup>13</sup> *Ibid*, p 16-17.

<sup>14</sup> *Ibid*, p 17-19.

C. *"[Policy Contributions and Security Cooperation: Global and regional reduction in conflict and its impact, and more effective international institutions; and Countering Terrorism: Prevent and Pursue].*

Countering Terrorism: PREVENT - Build resilience of overseas countries and PURSUE - intervene to disrupt terrorists and those who sponsor them.

MOD works with other Government departments in many ways to achieve the cross cutting goals of Public Service Agreement 30 and of the National Security Strategy. Key areas are:

- ▶ Conflict Prevention (by number). Working with other Government departments we will provide personnel and assets reduce the number of conflicts globally [...].
- ▶ Conflict Prevention (by impact). [...] We will contribute towards the provision of security to reduce the impact of conflicts [(Afghanistan, Iraq, the Balkans, the Middle East, Sierra Leone, Democratic Republic of Congo and Great Lakes region, Horn of Africa, Nigeria and Sudan)].
- ▶ Early Warning. We will work with other Government departments to build an effective agreed cross-Whitehall mechanism for early warning of conflict or instability. [...] The following are the key ways [...] to fulfil this objective:
  - United Nations. [...] UN mandated missions and peace support operations [...].
  - North Atlantic Treaty Organisation (NATO). [...] Complex humanitarian assistance, stabilisation, peacekeeping and peace enforcement operations.
  - European Union (EU). Working with our EU partners, we will encourage the deployment of European Security and Defence Policy missions [...].
  - African Union (AU). We will provide personnel, assets and training to improve the African Union's capacity to conduct peacekeeping [...].
  - Counter-Terrorism: Resilience. [...] To resist violent extremism and contribute to Government policy-making and enactment relating to:
    - o Counter-Terrorism: [...] pursue terrorists and disrupt their organisations.
    - o Counter-Terrorism: [...] protecting the UK from attack [and preventing the growth of terrorism].
    - o Counter Proliferation: counter threats [...] from proliferation of conventional arms [...].<sup>15</sup>

D. *"[Reputation: Enhance our reputation amongst our won people and externally].*

The Defence Communications Strategy aims to maximise the effect of our communications efforts in order to improve understanding and support for Defence and enhance the reputation of the Armed Forces collectively, each Service individually, the MOD and MOD civil servants. [...] The MOD carries out surveys of external opinion, using an independent market opinion company, and of internal opinion, to test the reputation of the MOD and our Armed Forces".<sup>16</sup>

**"Resources: [...]**

E. *Personnel: Provide sufficient, capable and motivated Service and Civilian personnel to meet the requirements of Defence.*

<sup>15</sup> Ibid, p 19-21.

<sup>16</sup> Ibid, p 21-22.

F. *Finance and Value for money: Maximise our outputs within located financial resources.*

**Enabling process: [...]**

G. *Estate Management: Maintain and develop estate of the right capability, size and quality.*

H. *Military Equipment Procurement: Equip and support our people for operations now and in the future.*

I. *Infrastructure Procurement: Invest in strategic infrastructure to support defence outputs.*

J. *Security and Business Continuity: Enable secure and resilient operational capability.*

K. *Safety: A safe environment for our people.*

L. *Sustainable Development: Embed sustainable development principles into all areas of Defence business”<sup>17</sup>*

**Future: [...]**

M. *Future Capabilities: Develop the capabilities required to meet the tasks of tomorrow.*

N. *Change: Develop flexible and efficient organisation and processes to support Defence.*

O. *Future Personnel: Deliver the personnel plans to meet the needs of current and future tasks”<sup>18</sup>*

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<sup>17</sup> Ibid.

<sup>18</sup> Ibid, p 14.



# Handout 3.4A

## Worksheet on the Excerpt of the United Kingdom's Defence Plan, 2009-2013

**TASK:** Discuss the examples from the United Kingdom's policy listed in this *Handout*. Write down in bullet point form what a defence and/or security strategy relevant to your country and your organisation would look like. Follow the pattern in the table below.

*Remember: An agency-level planning document might **not** be a **public** document in all countries (the UK's Defence Plan is) and its main goal is to provide internal guidance to the organisation's members to help them attain the organisational goals. Focus on the kind of information that would be provided for officials in the agency to identify actionable objectives and be evaluated against their attainment. Obviously, you do not need to be very precise on performance targets in this exercise (as the UK Government is in this paper). However, you may wish to think about which data you would present to the agency's staff if a real security strategy were to be prepared.*

Indicator	UK example	Own country
<b>1. Ends of security</b> (The security objectives that the society espouses and the Government identifies.)	a. <b>Current Operations:</b> Succeed in operations and Military Tasks today, most particularly Iraq and Afghanistan. b. <b>Readiness:</b> Be prepared for Military Tasks as defined in Defence Strategic Guidance, in particular, contingent operations. c. <b>Policy Contribution &amp; Security Cooperation:</b> <ul style="list-style-type: none"> <li>Global and regional reduction in conflict and its impact, and more effective international institutions; and</li> <li>Countering Terrorism: Prevent and Pursue.</li> </ul> d. <b>Reputation:</b> Enhance our reputation amongst our own people and externally.	<ul style="list-style-type: none"> <li></li> </ul>
<b>2. Ways of security</b> (The strategic and operational concepts, what	a. Succeed in operations and military tasks; monitor; generate and sustain capability. b. Achieve target readiness states; support and sustain equipment; deliver logistics; monitor residual capability; recuperate force structure; generate, deploy, sustain and recover force elements.	

is the defence posture.)	<ul style="list-style-type: none"> <li>c. Conflict prevention by number; conflict prevention by impact; Early Warning (ways: UN, NATO, EU, AU, Counter Terrorism)</li> <li>d. Maximise effects of communication efforts.</li> </ul>	•
<b>3. Means of security</b> (The capabilities made available - the human and financial resource constraints.)	Reference is made to the requirements laid down in the Defence Programme and the standards set out by individual services for manpower, equipment, collective training and support, including logistics. <ul style="list-style-type: none"> <li>• Trained and equipped personnel will be provided by the Single Service Top Level Budget (SSTLB)</li> <li>• Reserve and resources of Government Department</li> <li>• Capability through: right personnel, effective equipment, logistic support. (Defence Equipment and Support; Capability Area; SSTLB; Permanent Joint Headquarters)</li> <li>• Sufficient, capable and motivated Service and Civilian personnel.</li> <li>• Maintain and develop estate</li> <li>• Equip and support for operations</li> <li>• Invest in strategic infrastructure</li> </ul>	•
<b>4. Security actors</b> (The actors and their responsibilities.)	<ul style="list-style-type: none"> <li>• MOD (military tasks)</li> <li>• Government (directions)</li> <li>• Other Government Departments (support to the MOD)</li> <li>• Single Service Top Level Budgets; the Reserve (Financial resources)</li> <li>• Defence Equipment and Support (logistics)</li> <li>• Permanent Joint Headquarters (logistics)</li> <li>• Capability Area (logistics)</li> <li>• Other actors: UN, NATO, EU, AU.</li> </ul>	•

5. Performance indicators		.
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## Handout 3.5

### Excerpt of Armenia's Medium Term Public Expenditure Framework, 2011-2013

#### TABLE OF CONTENTS (Summarised)<sup>19</sup>

#### PART A. FISCAL POLICY

**Chapter 1.** Strategic and medium-term priorities and their provision.

**Chapter 2.** Macroeconomic analysis and forecast of the main economic and fiscal indicators in the republic of Armenia.

**Chapter 3.** The RA 2011-2013 State Budgets Revenues Policy and forecasts.

**Chapter 4.** Budget framework

#### PART B. STRATEGY OF EXPENDITURE POLICY

**Chapter 5.** Expenditure priorities of 2011-2013 state budgets.

**Chapter 6.** Public administration system

**Chapter 7.** Education and science

**Chapter 8.** Health Care

**Chapter 9.** Social protection

**Chapter 10.** Recreation, culture and religion

**Chapter 11.** Agriculture

**Chapter 12.** Environmental protection

**Chapter 13.** Transport and communications

**Chapter 14.** Water economy

**Chapter 15.** Energy

**Chapter 16.** Other sectors of economy

**Chapter 17.** State property management

**Chapter 18.** Defence, public order and security, rescue service, prisons

**Chapter 19.** Public non-financial assets expenditure framework for 2011-2013

**Chapter 20.** Government debt management strategic plan for 2011-2013

<sup>19</sup> This is an extract of the following document, prepared by DCAF for the purposes of this Toolkit: *Republic of Armenia 2011-2013 Medium-Term Public Expenditure Framework*, pp 1-295. Table of Contents, p 1-3.

## **“STRATEGIC AND MEDIUM-TERM PRIORITIES AND THEIR PROVISION**

### **STRATEGIC AND MEDIUM-TERM PRIORITIES**

The key strategic priorities of the RA Government are defined by the Government’s Action Plan approved by the RA National Assembly on April 30, 2003, and by the Sustainable Development Program adopted by the RA Government on October 30, 2008. According to the above mentioned documents, during the forthcoming years the Government will place more emphasis on the following priorities for state budget expenditures (within the context of this Program, prioritized sectors are defined as the ones where considerable portions of additional budgetary funds are being allocated, or for financial support of which loan resources are being involved) :

- (i) Provision of financial support for reforms in separate branches of social as well as in the sphere of public administration [...];
- (ii) Provision of appropriate financial support for the ordinary operation of institutions in the field of defence and national security, with the aim to maintain the territorial integrity of the republic, stability in the region, and the balance of forces in the Karabakh conflict;
- (iii) Implementation of programs aimed at rehabilitation and development of infrastructures in certain sectors of economy [...].

At the same time, it should be mentioned that not only in the short term, but also in the medium and long terms there will still be a need for supplementing the budgetary funds from other sources, basically through official external transfers and borrowings, in order to finance the programs to be implemented in accordance with the priorities stated above. [...]

### **OBJECTIVES OF MEDIUM-TERM EXPENDITURE FRAMEWORK**

The medium-term expenditure framework is one of the key instruments for addressing the Government’s objectives. This document presenting the fiscal policy in conjunction with sectoral medium-term expenditure framework constitutes the RA Government’s medium-term public expenditure framework. The part of this document composing the fiscal policy presents the RA Government’s overall long-term fiscal principles, medium-term and short-term fiscal indicators, and the strategic expenditure priorities. [...]”<sup>20</sup>

## **“FISCAL PRINCIPLES AND INDICATORS**

[...]

### **SHORT-TERM AND MEDIUM-TERM FISCAL INDICATORS**

In order to determine the volume of total expenditure for the next three years, the RA Government has matched its expenditure priorities with the long-term fiscal principles. Indicator of the state budget revenues related to the Gross Domestic Product (hereinafter: GDP) during 2011-2013 will vary from 23.4 to 23.3%, and from 22.3 to 23.2% in the case of revenues formed by domestic resources. Based on the forecasted real volumes of the state budget revenues, the RA Government plans to maintain the annual average level of expenditures at 28.3-27.3 percent of GDP for 2011-2013”<sup>21</sup>

### **“3.2. 2011-2013 STATE BUDGETS REVENUE FORECASTS**

State budget revenues over 2011-2013 are forecast to total 833.8 billion Drams, 882.6 billion drams, and 964.6 billion Drams, correspondingly. This level of annual revenues will mainly be ensured by tax revenues and state duties (hereinafter: taxes).

<sup>20</sup> Republic of Armenia 2011-2013 Medium-Term Public Expenditure Framework, p 9.

<sup>21</sup> Ibid, p 9-10.

Table 3.1 Budget revenues planned for 2011-2013 (billion Drams)

Type of Revenue	2011	2012	2013
State budget revenues, of which:	833.8	882.6	964.6
ratio to GDP (%)	23.36%	23.01%	23.33%
1. Tax revenues, state duties and mandatory social security payments	771.3	851.6	938.6
ratio to GDP (%)	21.6%	22.2%	22.7%
percent in total	92.5%	96.5%	97.3%
1.1. Tax revenues and state duties	650.9	718.4	790.9
ratio to GDP (%)	18.23%	18.73%	19.13%
percent in total	78.06%	81.40%	81.99%
1.2. Mandatory social security payments	120.4	133.2	147.7
ratio to GDP (%)	3.37%	3.47%	3.57%
percent in total	14.44%	15.09%	15.32%
2. Official grants	41.2	9.7	4.9
ratio to GDP (%)	1.15%	0.25%	0.12%
percent in total	4.94%	1.10%	0.51%
3. Other revenues	21.3	21.2	21.1
ratio to GDP (%)	0.60%	0.55%	0.51%
percent in total	2.56%	2.41%	2.19%

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## "BUDGET FRAMEWORK

### 4.1. STATE BUDGET DEFICIT

Over the coming years, the volume of expenditures will continue to exceed that of revenues within the structure of the state budget; meanwhile the budget deficit will be financed from both internal and external sources. The major part of the state budget deficit financing will be covered by borrowings, while the general part of external borrowings will be of a targeted nature and will be forwarded to financing of investment programs in the social sectors and public infrastructures. The sources for financing of state budget deficit in 2010-2013 are presented below (see Table 4.1).

Table 4.1. Sources for financing of state budget deficit, 2010-2013 (million Drams)

Indicators	2010	2011	2012	2013
	Approved	Planned		
Sources for deficit financing, total	193,386.5	174,933.7	164,921.4	165,351.3
Including:				
1. Internal sources	99,515.4	150,264.3	70,011.1	89,239.8
of which:				
Borrowings	26,467.1	28,379.3	28,389.4	33,389.4
Financial assets	73,048.4	121,885.0	41,621.7	55,850.4
2. External sources	93,871.1	24,669.3	94,910.3	76,111.5
of which:				
Borrowings	127,738.0	60,060.3	131,653.5	115,746.2
Financial assets	(33,866.9)	(35,391.0)	(36,743.2)	(39,634.6)

[...]"<sup>23</sup>

<sup>22</sup> Ibid, p 32-33.

<sup>23</sup> Ibid, p 36.

#### “4.2. CHANGES FORECASTED IN THE PACKAGE OF RESOURCES AND EXPENDITURES OF THE STATE BUDGETS FOR 2011-2013

Analysis of forecasts for the state budgets receipts for 2010-2013 shows that, in the case the nominal GDP rate grow is planned by 11.1% in 2011, as compared with the 2010 level, the volume of the state budget receipts in 2011 is planned to increase by around 7.8%, or by 73.2 billion Drams (mainly due to the increase of tax revenues). At the same time, receipts of the state budget are expected to increase by 27.3% in 2012 as compared with the 2011 level (in the case the nominal GDP rate will grow by 7.4%), and by 27.3% in 2013 as compared with the 2012 level (in the case the nominal GDP rate will grow by 7.8%).

Table 4.3. Forecast of changes in the package of budgetary resources during 2011-2013 (billion Drams)

Indicators	2011 plan	2012 plan	2013 plan
1. Revenues	833,794.4	882,605.5	964,576.5
Ratio to GDP (%)	23.36	23.01	23.33
2. Net sources for financing of deficit	174,933.7	164,921.4	165,351.3
Ratio to GDP (%)	4.9	4.3	4.0
<b>TOTAL RECEIPTS</b>	<b>1,008,728.0</b>	<b>1,047,526.9</b>	<b>1,129,927.8</b>
Ratio to GDP (%)	28.3	27.3	27.3
Additional growth of receipts (as compared with the level of previous year, million Drams)	73,203.4	38,798.9	82,400.9
<b>3. ADDITIONAL GROWTH OF RECEIPTS (as compared with the level of previous year, %)</b>	<b>7.8</b>	<b>3.8</b>	<b>7.9</b>
4. Net resources released by sectors, as compared with the level of previous year (million Drams)	20,139.9	73,881.8	19,923.4
<b>TOTAL ADDITIONAL RESOURCES (as compared with the level of previous year, million Drams)</b>	<b>93,343.3</b>	<b>112,680.7</b>	<b>102,324.4</b>
Ratio to GDP (%)	2.6	2.9	2.5
Forecasted distribution of additional budget resources by sectors for 2011-2013	93,343.3	112,680.7	102,324.4
including:			
1. Social-cultural branches and science	41,038.1	688.2	26,521.5
2. Systems of defense, national security, public order protection, criminal-executive and rescue service	2,140.3	3,445.9	11,599.2
3. Economic relations, protection of environment, housing construction and services of public utilities	20,141.4	104,172.8	52,469.9
4. Public administration	1,523.3	-	1,457.3
5. Expenditures on servicing of public debt	13,209.2	4,373.9	3,026.6
6. Other sectors	15,290.9	-	7,249.9

As shown in the table, an essential part of additional receipts over 2011-2013 (245.0 billion Drams, or 79.46% of the total) will be forwarded to financing of the social-cultural and science branches, as well as to the branches of economy. While, 22.1% of the total amount of additional receipts will be allocated to the social-cultural branches and the science, which means that over the period of 2011-2013 the Government preserves the intention to continue increasing of the social directedness of budgetary expenditures. Around 20.6% of additional resources allocated for the social-cultural branches will be channelled to education, around 67.46% - to the sphere of social security, and 6.4% - to health care (mostly, to the primary unit – outpatient-polyclinic and hospital care). Around 5.6% of the total amount

of additional resources will be channelled to the maintenance of the systems of defence, national security, public order protection, and to expenditures of the system of the rescue service, as it is dictated by the need to allocate appropriate resources for assuring the ongoing activities of these structures. Over 2011-2013, around 57.3% of the total amount of additional resources will be forwarded to the branches of economy. While, targeted loans for about 341.3 billion Drams are included in the 2011-2013 MTEF, which are non-distributed and will be directed to corresponding sectors by the signature of loan agreements with lending organizations. 6.7% of the total amount of additional resources will be channelled to the servicing of public debt.

#### 4.3. FORECAST OF 2011-2013 STATE BUDGET EXPENDITURES BY SECTORS

Forecasts of the state budget expenditures over 2011-2013 by sectors are characterised by the indicators presented in the table below.

Table 4.4. The RA 2010-2013 state budget expenditures by sectors (million Drams)

Indicators	2010 adopted state budget	2011 plan	2012 plan	2013 plan
<b>TOTAL EXPENDITURES</b>	<b>935,524.6</b>	<b>1,008,728.0</b>	<b>1,047,526.9</b>	<b>1,129,927.8</b>
1. Social-cultural branches and science	418,755.7	459,793.8	457,634.2	482,844.0
Ratio to GDP (%)	13.0	12.9	11.9	11.7
- share in the total volume of expenditures (%)	44.8	45.6	43.7	42.7
2. Defense, national security, public order protection, criminal-executive and the rescue service systems	178,312.1	180,452.4	183,898.3	195,497.5
- Ratio to GDP (%)	5.5	5.1	4.8	4.7
- share in the total volume of expenditures (%)	19.1	17.9	17.6	17.3
3. Economic relations, protection of environment housing construction and services of public utilities	164,753.0	164,754.5	204,687.4	238,545.6
- Ratio to GDP (%)	5.1	4.6	5.3	5.8
- share in the total volume of expenditures (%)	17.6	16.3	19.5	21.1
4. Public administration	58,108.3	59,631.6	57,305.0	58,762.9
- Share in GDP (%)	1.8	1.7	1.5	1.4
- share in the total volume of expenditures (%)	6.2	5.9	5.5	5.2
5. Servicing of public debt (interest)	37,076.9	50,286.2	54,660.0	57,686.7
- Ratio to GDP (%)	1.2	1.4	1.4	1.4
- share in the total volume of expenditures (%)	4.0	5.0	5.2	5.1
6. Other sectors	78,518.6	93,809.5	89,341.3	96,591.1
- Ratio to GDP (%)	2.4	2.6	2.3	2.3
- share in the total volume of expenditures (%)	8.4	9.3	8.5	8.5

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#### "18.2.3. Expenditure Drivers

Ensuring of National Security and Provision of Public Guard Service program expenditures over the 2011-2013 MTEF period will increase as compared to the previous year by 162.6 million Drams or 1.4% each year in 2011 and 2012, and will increase by 759.3 million Drams or 6.5% in 2013, due to increase of the tariff for gas, introduction of the system of contractual servicing instead of compulsory military service, as well as increase of salaries of national security servants and technical support staff by 10% in 2013. Ensuring Protection of Public Order program expenditures over the 2011-2013 MTEF period will increase as compared to the previous year by 603.5 million Drams or 2.7% each year in 2011 and 2012,

<sup>24</sup> Ibid, p 38-40.

and will increase by 1627.9 million Drams or 7% in 2013, due to increase of the tariff for gas, introduction of the system of contractual servicing instead of compulsory military service, introduction of Special Civil Service system, as well as increase of salaries of police servants, technical support staff and special civil servants by 10% in 2013. Printing of Passport Forms program expenditures are preserved on the same level as in 2010. Each year over the 2011-2013 MTEF period it is envisaged to acquire 175288 blank form of passports.

Acquisition of State Vehicle Number Plates program expenditures are preserved on the same level as in 2010. Each year over the 2011-2013 MTEF period it is envisaged to acquire 66544 pairs of number plates. Maintenance of the Criminal-Executive System program expenditures over the 2011-2013 MTEF period will increase as compared to the previous year by 1230.7 million Drams or 23.5% each year in 2011 and 2012, and will increase by 1000.0 million Drams or 15.5% in 2013, due to increase of the tariff for gas, increase of the rate of minimal salary to 32500 Drams instead of current 30000 Drams, increase of detainees and prisoners maintenance expenditures in connection with increase of their number, construction of a new complex for the Goris penitentiary institution. In 2013 it is envisaged also to increase salaries of criminal-executive servants and technical support staff by 10%. Maintenance of Divisions of the Rescue Service of Armenia of the Ministry of Emergency Situations program expenditures over the 2011-2013 MTEF period will increase as compared to the previous year by 15.6 million Drams or 0.4% each year in 2011 and 2012, and will increase by 318.5 million Drams or 7.6% in 2013, due to increase of the tariff for gas, as well as increase of salaries of rescue service employees by 10% in 2013.

Service on Active Influence on Atmospheric Phenomena – expenditures over the 2011-2013 MTEF period will increase as compared to the previous year by 60.2 million Drams or 25.3% in 2011 and by 41.8 million Drams or 14.0% in 2012, and by 11.0 million Drams or 3.2% in 2013, for further maintenance and exploitation of reagent and gas-generator stations after their installation in Aragatsohn, Ararat, Armavir, Kotayk and Lori Marzes.

### **Existing Expenditure Commitments**

By the 2011-2013 MTEF program the share of public expenditures in the Public Order and Security, Rescue Service and Prisons Sectors in the total State Budget expenditures will comprise respectively 4.6%, 4.5% and 4.3%. The shares of expenditures in Public Order and Security, Rescue Service and Prisons Sectors within the total State Budget expenditures over the 2011-2013 MTEF period is presented in Chart 18.2.1. [...]



Table 17.2.2 Budget Allocations for Public Order and Security Protection, Rescue Service and Prisons Sectors Over 2009-2013, by Separate Groups of Budgetary Expenditures Functional Classification, by Programs, Implementing State Bodies, and by Current and Capital Expenditure (million Drams)<sup>25</sup>

Subgroups	Functional Classification Groups, Subgroups, Programs	2009	2010	2011	2012	2013
		Actual	Adopted Budget	Forecast		
	TOTAL, of which:	46,376.4	44,085.3	46,157.9	47,200.0	48,231.3
	- current expenditures	41,556.3	43,453.3	45,037.9	45,080.0	48,111.3
	-capital expenditures	4,820.1	632.0	1,120.0	2,120.0	120.0
03.01.01	Printing of Passports Forms, including:	172.3	173.6	173.6	173.6	173.6
	- current expenditures	172.3	173.6	173.6	173.6	173.6
	-capital expenditures	0.0	0.0	0.0	0.0	0.0
	RA Police under the Government	172.3	173.6	173.6	173.6	173.6
03.01.01	Ensuring Protection of Public Order, including:	23,933.5	22,557.1	3,160.6	23,160.6	24,788.5
	- current expenditures	21,942.3	22,303.1	23,160.6	23,160.6	24,788.5
	-capital expenditures	1,991.2	254.0	0.0	0.0	0.0
	RA Police under the Government	23,933.5	22,557.1	23,160.6	23,160.6	24,788.5
03.05.01	Maintenance of the Criminal - Executive System, including:	5,421.2	5,229.7	6,460.4	7,460.4	5,775.0
	- current expenditures	5,120.4	5,229.7	5,460.4	5,460.4	5,775.0

Subgroups	Functional Classification Groups, Subgroups, Programs	2009	2010	2011	2012	2013
		Actual	Adopted Budget	Forecast		
	-capital expenditures	300.8	0.0	1,000.0	2,000.0	0.0
	RA Ministry of Justice	5,421.2	5,229.7	6,460.4	7,460.4	5,775.0
03.01.01	Acquisition of State Vehicle Number Plates, including:	235.8	236.2	236.2	236.2	236.2
	- current expenditures	235.8	236.2	236.2	236.2	236.2
	-capital expenditures	0.0	0.0	0.0	0.0	0.0
	RA Police under the Government	235.8	236.2	236.2	236.2	236.2
03.02.01	Maintenance of Divisions of the Rescue Service of Armenia, including:	4,106.5	4,156.1	4,171.7	4,172.0	4,490.5
	- current expenditures	3,954.0	4,156.1	4,171.7	4,172.0	4,490.5
	-capital expenditures	152.5	0.0	0.0	0.0	0.0
	Rescue Service of Armenia under the RA Ministry of Emergency Situations	4,106.5	4,156.1	4,171.7	4,172.0	4,490.5

<sup>25</sup> Ibid, p 291-295.

### Tool3: Medium-term strategic financial planning for security sector institutions: tools and techniques

04.09.01	State Support to the "Service of Active Influence on Atmospheric Phenomena", SNCO, including:	143.6	238.2	298.4	340.2	351.2
	- current expenditures	143.6	238.2	298.4	340.2	351.2
	-capital expenditures	0.0	0.0	0.0	0.0	0.0
	Rescue Service of Armenia under the RA Ministry of Emergency Situations	143.6	238.2	298.4	340.2	351.2
03.01.02	Assurance of National Security, including:	11,008.0	9,735.8	10,024.8	10,024.8	10,672.7
	- current expenditures	8,699.6	9,385.8	9,904.8	9,904.8	10,552.7
	-capital expenditures	2,308.4	350.0	120.0	120.0	120.0
	National Security Service under the Government	11,008.0	9,735.8	10,024.8	10,024.8	10,672.7
03.01.02	Provision of public Guard Services, including:	1,355.5	1,758.6	1,632.2	1,632.2	1,743.6
	- current expenditures	1,288.3	1,730.6	1,632.2	1,632.2	1,743.6
	-capital expenditures	67.2	28.0	0.0	0.0	0.0
	Public Guard Service of the National Security Service under the Government	1,355.5	1,758.6	1,632.2	1,632.2	1,743.6





## Handout 3.5A

### Questions on Excerpt of Armenia's Medium Term Public Expenditure Framework, 2011-2013

*Based on the excerpt of Armenia's Medium-Term Expenditure Framework you have just read, answer the following questions:*

1. What are the key components or stages of the Medium Term Expenditure Framework establishment (MTEF)?

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2. What are the medium-term strategic priorities in the defence and security sector?

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3. What is the global level of expenditure that the Government has decided to undertake for the few subsequent years?

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4. What is the evolution of financial resources forecasted by the Government? What are the sources of these financial resources?

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5. Is the Government's budget a balanced budget? If there is a deficit, how will it be financed?

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6. What are the main items of expenditure? How important is the expenditure related to defence and security?

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7. What will be the main cost drivers in the defence and security expenditure over the next few years? What policies need to be funded over the next few years to attain the Government's objectives in the security sector?

.....

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.....



## Handout 3.6

### Worksheet: Developing a Medium Term Expenditure Framework (MTEF)

*What are the steps that you would follow to draw up a medium-term expenditure framework? Discuss the different phases and how to make sure that all concerned actors are involved in the relevant phases. Then summarise below your proposed methodology.*

Phase	Contents of the component	Responsibility



## Trainer resource 3.1

### Case study and discussion: Medium-Term Expenditure Framework (Answers)

1. What are the key components or stages of the Medium Term Expenditure Framework establishment (MTEF)?

**The key steps of MTEF are:**

- ▶ establishing priorities,
- ▶ analysing needs and forecasting their provision according to the State Budgets Revenue Policy forecasts;
- ▶ and elaborating a budget framework.

2. What are the medium-term strategic priorities in the defence and security sector?

**The medium-term strategic priorities in the security sector are: financial support for the institutions in order to maintain territorial integrity, regional stability and balance in the Karabakh conflict.**

3. What is the global level of expenditure that the Government has decided to undertake for the subsequent years?

**The annual average level of expenditure will be maintained at 28.3-27.3 % of GDP for 2011-2013.**

4. What is the evolution of financial resources forecasted by the Government? What are the sources of these financial resources?

**The Government forecasts 833.8 billion Drams for 2011; 882.6 billion Drams for 2012 and 964.6 billion Drams for 2013. That is a significant increase in financial revenues. This increase is justified mainly by tax revenues, social security payments, official grants and other sources. (See Table 3.1, for more detail, see Table 4.3)**

5. Is the Government's budget a balanced budget? If there is a deficit, how will it be financed?

**Not balanced. The volume of expenditures will continue to exceed that of revenues over the coming years. Major part of the deficit will be covered by borrowings. (See Table 4.1)**

6. What are the main items of expenditure? How important is the expenditure related to defence and security?

**Main items of expenditure are: socio-cultural and science branch; defence; economy, environment and housing; public administration, public debt.**

**In 2010, defence and security expenditure was estimated at 5,5% of GDP and 19,1% of total expenditure; in 2011 at 5,1 and 17, 9% respectively; in 2012, 4,8 and 17,6%; and in 2013 4,7 and 17,3%. (See Table 4.4)**

7. What will be the main cost drivers in the defence and security expenditure over the next few years? What policies need to be funded over the next few years to attain the Government's objectives in the security sector?

**Main cost drivers are:**

- ▶ **Protection of public order;**
- ▶ **Maintenance of the Criminal-Executive System;**
- ▶ **Maintenance of Divisions of the Rescue Service of Armenia;**
- ▶ **State Support to the "Service of Active Influence on Atmospheric Phenomena";**
- ▶ **Assurance of National Security;**
- ▶ **Provision of public Guard Services.**

**Policies:**

- ▶ **National Security and Provision of Public Guard Service program;**
- ▶ **Protection of Public Order program;**
- ▶ **Special Civil Service system;**
- ▶ **Increase of police, civilian and support staff salaries;**
- ▶ **Maintenance of Criminal-Executive System program;**
- ▶ **Emergency Situations program;**
- ▶ **Increase Service of Active Influence on Atmospheric Phenomena.**



## Trainer resource 3.2

### Presenting an example methodology for preparing a medium-term expenditure framework

The final document could appear as follows. The trainer will highlight that the process is an iterative one, and that there needs to be constant mutual feedback between the Ministry of Finance and the line Ministries involved, such as the Ministry of Defence.

Phase	Contents of the component	Responsibility
Determining the strategic medium-term priorities of the public sector action	This component is upstream, but is a key building block, of the medium-term financial planning process. It defines the priorities of the public sector across all Government sectors.	Depends on Constitutional arrangements. Head of State/Head of Government/Parliament.
Determining the strategic medium-term priorities in the defence and security sectors	Defining the priorities of the defence and security sectors in programmatic terms. Such programmatic priorities are often contained in the Defence Plan, or the Police Force plan, or other similar agency-level planning documents.	Ministry of Defence and other line ministries, in conformity with the National Defence and Security Policy
Determining the financial resources available to the Government, and their different sources	Forecasting the level of public sector revenue over the next few years, according to its main categories: direct taxes, indirect taxes, own-source revenue, development partners' grants etc.)	Ministry of Finance
Determining if appropriate the level of deficit allowed, and the sources of its financing	Forecasting the level of deficit, or surplus, and the sources of deficit financing.	Ministry of Finance
Determining the global level of public sector expenditure, and the indicative ceilings for the different sectors (general MTEF)	Also called Medium-Term Budgetary Framework (MTBF). Defining: 1) a level of public sector expenditure compatible with the fiscal and financing policy; 2) indicative allocations by sector or by Ministry, which must be totally coherent with the global level of public sector expenditure and the Government's overall strategic priorities.	Mainly Ministry of Finance, but in constant consultation with the line Ministries

Phase	Contents of the component	Responsibility
Identifying the key expenditure drivers (emerging needs) over the next few years in the defence and security sectors	<p>Distinguishing:</p> <ol style="list-style-type: none"> <li>1) the existing policies that need to be pursued at the same level of effort;</li> <li>2) the existing policies that need to be discontinued;</li> <li>3) the existing policies where more effort is needed, or new policies arising from emerging needs.</li> </ol> <p>Determining on this basis:</p> <ul style="list-style-type: none"> <li>• the evolution of financial resources needed for each policy, based on the objectives to be attained (performance indicators);</li> <li>• a contingency allocation for future unforeseen changes.</li> </ul>	Ministry of Defence and other line Ministries, based on their plans and the attainment of their objectives
Determining indicative allocations to the defence and security sectors over the next few years (sectoral MTEF)	<p>Dividing the sectoral allocations, as provided in the general MTEF, by programme, based on the forecast of emerging needs and key expenditure drivers.</p> <p>The division can be done:</p> <ol style="list-style-type: none"> <li>1) by programme, ideally based on performance indicators (and performance agreements);</li> <li>2) by administrative unit (centre of responsibility) ;</li> <li>3) by economic category : salaries, other running expenses, policies, capital development ;</li> <li>4) if possible and appropriate, by activity</li> </ol>	Mainly Ministry of Defence and other line Ministries involved, in consultation with the Ministry of Finance



## Trainer resource 3.3

### Answers to Handout 3.1 Test: Medium-term strategic financial planning

In Activity 5, the trainer re-submits the medium-term strategic financial planning test to the participants. Once the test is completed, the trainer can use this answer sheet to check the results of the test. The trainer may also choose to give this answer sheet to the participants.

1. Which of the following statements seem most accurate to you? (No statement is necessarily wrong; choose the one you think is most accurate?)
  - a. Security and defence are mainly a matter of swift reaction to emerging risks, therefore maximum flexibility is needed in the financial management of security and defence agencies.
  - b. Security capabilities and expertise take a long time to build, but when built correctly, they will prove effective for tackling unforeseen contingencies.
  - c. A capable security sector cannot be created overnight. The flow and management of financial resources must be predictable over the long term. At the same time, there must be a degree of flexibility that will allow emergency responses.

**The best option would be c. A relatively inflexible medium-term financial framework is needed for fiscal reasons and for accountability purposes. Some leeway for undertaking unforeseen expenditures can be allowed for, though its recourse should be disciplined by a law or limited to smaller amounts of expenditure.**

2. Who, in a democratic system, is mainly responsible for deciding upon the overall level of security provision? Who has the authority to define the level of national risk?
  - a. The military and security agencies.
  - b. Civil society and public opinion.
  - c. The Government, with the technical expertise of the military and security agencies.
  - d. The Government and Parliament, in consultation with other security and civilian actors.

**a. is wrong, since the principle of civilian control over the security sector implies constant and thorough political guidance, especially in democratic systems (what the ancient Romans expressed through their famous formula *cedant arma togae*).**

**d. is the best answer: A duly elected Government, in consultation with civil society, using the technical expertise of the security sector agencies and often subject to a formal Parliamentary approval, is entitled to make the broad societal choices on the overall level of security provision.**

3. Financial planning and budgeting should be mainly driven by:
  - a. Inputs: the cost of salaries, equipment and all that is required by the security sector agencies for the fulfilment of their duties.
  - b. Outputs: concretely, the cost of the operational missions that security sector agencies must perform on a daily basis (e.g. the cost of police patrols per year).
  - c. Outcomes and outputs: the results expected in terms of overall security provision (e.g. fewer petty criminals in the towns) and the deployment of capabilities required for achieving those results.
  - d. Impacts: the changes in the wider strategic environment that the action of security sector agencies contribute to (e.g. being able to increase shops' revenues thanks to more secure cities).



**The best answer is c. At a minimum, the level of financial resources should be determined on the basis of the expected outputs of security sector agencies – in terms of the level of security they supply – and ideally, also by the outcomes of their action.**

**d. would be overambitious, since impacts of this kind arise from a multitude of factors lying outside the control of security sector agencies or the Government.**

4. You are the top executive of a security sector agency. You have heard that the Government has decided to cut your budget over the next five years to build more primary schools. What would you do?

**Financial choices of the public sector are always contestable, in the sense that no sector has an entitlement to a definite amount of financial resources and overall policy determines cross-sectoral priorities. In this case, you would have to explain to your Minister how the cutback will affect the provision of security services that were foreseen in the national security strategy and your agency's plans, e.g. by leaving the country exposed to outside threats, or by diminishing the preparedness to intervene in the event of a natural disaster. If the choice to cut is confirmed, forward guidance is needed again from the political authority to determine a new set of priorities compatible with the resources that will be made available.**

5. "A national security strategy is a public document that everybody ought to be able to see and comment upon". True or false?

**True. It embodies the societal choices already mentioned in the answer to question 2. The French example we have used is published on the web, is available in both French and English for wider dissemination and the drafting process has even included security sector officials from key allies of France, like the UK and Germany.**

6. "The 3-year plan of the Ministry of Defence is a confidential document". True or false?

**Not always true, but some countries might prefer to keep it confidential in order not to compromise the operational capabilities. Other countries (we have seen the UK example) do publish it, though not with all the detailed operational information.**

7. You are a mid-career officer in a security sector agency. Your chief of staff always says in internal meetings: "The Minister trusts us to do what is needed; he/she does not wish to be involved in, or briefed about, operational details, just to be present with the final result". What do you think of the Minister?
- a. He/she is right
  - b. He/she is right, but should explain more clearly the results expected from us.
  - c. The Minister is the one in charge; he/she should supervise and approve even the minor details of what we do.

**Different Ministers may have different managerial styles. On the other hand, in the past, and until recently in formerly Communist countries, the Minister would have to sign off on all the decisions coming out of his or her Ministry, however minor they might have been. However, according to the New Public Management principles applied since the early 1980s in most of the Western world, the best answer would be b. The Minister would enter a performance agreement with the top executive in the Ministry. The agreement will specify the outputs expected, the financial resources available, the limits of delegated authority and the performance measurement to be used (we have seen an example in the UK Defence Plan). The Minister will check regularly whether the agreement is being complied with, or if there are any difficulties preventing it from being complied with.**



## Additional resources

### Key resources

- Andersson, Lena, Nicolas Masson and Mohammad Salah Aldin. *Guidebook: Strengthening Financial Oversight in the Security Sector*. Geneva: DCAF, 2011, Section 2.  
<http://www.dcaf.ch/Publications/Guidebook-Strengthening-Financial-Oversight-in-the-Security-Sector>
- Le Roux (Gen), Len. "The Military Budgeting Process. An Overview." Paper presented at the SIPRI/ADSR Workshop on the Military Expenditure Budgeting Process. Accra, Ghana, 25-26 February 2002.  
[http://www.sipri.org/research/armaments/milex/publications/other\\_publ/le-roux](http://www.sipri.org/research/armaments/milex/publications/other_publ/le-roux)
- NATO PA-DCAF. *Building Integrity and Reducing Corruption in Defence. A Compendium of Best Practices*. Brussels & Geneva: NATO PA-DCAF, 2010, Part II, Chapters 5, 6 and 9.  
<http://www.dcaf.ch/Publications/Building-Integrity-and-Reducing-Corruption-in-Defence>
- Stockholm International Peace research Institute (SIPRI). Military Expenditure Project. *Transparency and accountability in military spending and procurement*. Stockholm: SIPRI, 2015.  
<http://www.sipri.org/research/armaments/milex/transparency>
- The World Bank, *Beyond the Annual Budget: Global Experience with Medium Term Expenditure Framework*. Washington D.C.: The World Bank, 2013.  
<http://issuu.com/world.bank.publications/docs/9780821396254/1>
- The World Bank. *Public Expenditure Management Handbook*. 1998, Chapter 3.  
<http://www1.worldbank.org/publicsector/pe/handbook/pem98.pdf>

### Extra resources

- Centre for Integrity in the Defence Sector. *Criteria for good governance in the defence sector. International standards and principles*. 2015.  
<http://cids.no/wp-content/uploads/pdf/7215-Criteria-for-Good-Governance-in-the-Defence-Sector-k6.pdf>
- Centre for Integrity in the Defence Sector. *Integrity Action Plan. A handbook for practitioners in defence establishments*. 2014.  
[http://cids.no/wp-content/uploads/2014/12/Integrity-Action-Plan-handbook\\_web.pdf](http://cids.no/wp-content/uploads/2014/12/Integrity-Action-Plan-handbook_web.pdf)
- International Institute for Strategic Studies. *The Military Balance 2015. The Annual assessment of global military capabilities and defence economics*. 2015.  
<https://www.iiss.org/en/publications/military%20balance/issues/the-military-balance-2015-5ea6>
- The Norwegian Ministry of Defence. *Ethical guidelines for contact with business and industry sector*. 2011.  
[https://www.regjeringen.no/globalassets/upload/FD/Reglement/Ethical-guidelines-for-business-and-industry-in-the-defence-sector\\_2011\\_S-1001-E\\_web.pdf](https://www.regjeringen.no/globalassets/upload/FD/Reglement/Ethical-guidelines-for-business-and-industry-in-the-defence-sector_2011_S-1001-E_web.pdf)
- Transparency International. *Government Defence Anti-Corruption Index 2013*. 2013.  
<http://government.defenceindex.org/sites/default/files/documents/Watchdogs-low.pdf>

- Transparency International UK. *Due Diligence and Corruption Risk in Defence Industry Offset Programmes*. 2012.  
[http://cids.no/?page\\_id=48](http://cids.no/?page_id=48)
- Transparency International. "Budgets and Assets" in *Building Integrity and Countering Corruption In Defence and Security. 20 Practical Reforms*. 2011.  
[http://www.transparency.org/whatwedo/publication/2012\\_handbook\\_building\\_integrity\\_english](http://www.transparency.org/whatwedo/publication/2012_handbook_building_integrity_english)
- Transparency International UK. Defence and Security Programme. *The Transparency of National Defence Budgets. An Initial Review*. 2011.  
[http://transparency.ge/sites/default/files/post\\_attachments/Report%20on%20Defence%20Budget%20Transparency\\_0.pdf](http://transparency.ge/sites/default/files/post_attachments/Report%20on%20Defence%20Budget%20Transparency_0.pdf)

**Multimedia:**

- The World Bank. "An investigation into the impact of the MTEF on budgetary outcomes." PowerPoint available at:  
[http://search.worldbank.org/all?as\\_sitesearch=http%3A%2F%2Fweb.worldbank.org%2FWBSITE%2FEXTERNAL%2FTOPICS%2FEXTPUBLICSECTORANDGOVERNANCE%2F&qterm=an+investigation+into+the+impact+of+the+MTEF&op=](http://search.worldbank.org/all?as_sitesearch=http%3A%2F%2Fweb.worldbank.org%2FWBSITE%2FEXTERNAL%2FTOPICS%2FEXTPUBLICSECTORANDGOVERNANCE%2F&qterm=an+investigation+into+the+impact+of+the+MTEF&op=)
- The World Bank. Jim Brumby talks about Medium Term Expenditure Frameworks. Online video available at:  
[https://cdnapisec.kaltura.com/index.php/extwidget/openGraph/wid/1\\_oxv4ik27](https://cdnapisec.kaltura.com/index.php/extwidget/openGraph/wid/1_oxv4ik27)

## Annex A.

### Medium-term strategic planning for security sector institutions - tools and techniques: the local training session

#### Introduction

The following objectives, suggested content, example activities and suggested sources are designed to give suggestions and examples of how materials can be developed by the trainer to suit their own particular local context.

#### Learning objectives

Participants will be able to:

- Understand the importance of strategic financial planning for security institutions in the local context
- Recognise the process of medium-term strategic financial planning in the security sector in the local context

#### Suggested content to be covered

- Definition of Medium Term Financial Planning (MTFP)
- Linkage of MTFP with budgeting
- Influence of the surrounding environment the MTFP practices in the local context
- Existing MTFP policies and procedures in the local security sector
- Shortcomings of MTFP in the local security sector and prospects for improvements

#### Focus questions

- How important is strategic financial planning for security institutions?
- What is the process of medium-term strategic financial planning?

#### Overview

##### **Description of example activities**

**Handout L3.1** Handout of PowerPoint presentation: Mid-term financial planning in the Palestinian security sector institutions

##### **Suggested resources**



## Description of example activities

The following example activities are taken from the two hours of localised content that was created for use in trainings conducted in the occupied Palestinian territories. They are given here as a model or example for the trainer to adapt if desired.

### **Activity 1. PowerPoint presentation of mid-term financial planning in the Palestinian security sector institutions**

**Time** 60 min

The trainer goes through the PowerPoint. Any questions from the participants are addressed as they arise.

Materials:

- **Handout L3.1** Handout of PowerPoint presentation: Mid-term financial planning in the Palestinian security sector institutions

### **Activity 2: Group discussion: Develop a skeleton structure of a medium-term financial plan**

**Time** 60 min

The participants are divided in three groups. The trainer gives each group a handout of the PowerPoint presentation (Handout L3.1). Each group discusses together to develop a skeleton structure of a medium-term financial plan (approximately 45 minutes). The plan will focus on security policies, programming and implementing activities. The trainer also gives each group the following guiding statements:

- Key outline of the Palestinian security policy in light of practical experience
- Programs and activities required to achieve proposed security objectives

- A general formula of the mid-term expenditure framework for 2014 - 2016

After the first discussion, the trainer asks the groups to provide their suggestions and justifications to the whole group (15 minutes)

Materials:

- **Handout L3.1** Handout of PowerPoint presentation: Mid-term financial planning in the Palestinian security sector institutions



## Handout L3.1

Handout of PowerPoint presentation: Mid-term financial planning in the Palestinian security sector institutions

### Mid-term Financial Planning in the Palestinian Security Sector Institutions

By Dr. Nasir Abdulkareem

### Security Sector Mid-Term Financial Planning

- ✓ Security sector mid-term budget planning links the financial management of security institutions and the State's security policy drafting and planning.
- ✓ This type of financial planning seeks to predict the financial needs of the security sector across a medium-term timeline that typically spans up to 3 years.
- ✓ Within this context, public resources are allocated for security institutions while taking into account the medium-term budget estimates of the State as a whole.



✓ Security sector mid-term budget planning is necessary for:

- Periodical review of the state's strategic and security environment.
- Change of the availability of financial resources.
- Changes in potential security threats faced by the society on the mid-term.
- Increasing needs of other public sectors (health, education and social development).
- In several countries, security sector mid-term budget planning is undertaken in the context of mid-term expenditure.

✓ Applied to security agencies, mid-term expenditure requires the following steps:

- Adopting a clear vision for security agencies.
- Identifying nationally agreed upon objectives and priorities of security agencies.
- Identifying the programs and activities which directly spur the achievement of such objectives and priorities.
- Estimating the size of expenditure needed for these programs and activities.
- Approving the required allocations within the framework of the State's overall budget preparation.

- ✓ Security sector mid-term budget planning is linked to the development of the **national security policy**, also known as the national security strategy.
- ✓ Security sector mid-term budget planning also allows for **optimal use of resources**. It also contributes to setting a maximum limit to the State's security expenditure capacity from a mid-term perspective.

- ✓ **Palestinian security sector mid-term financial planning.**
- ✓ The Ministry of Finance is responsible for preparing and distributing the mid-term expenditure framework.
- ✓ Availability of future estimates of revenues and expenditures is essential for future financial programming. The difference between the future estimates of revenues and future estimates of programs cost lies in identifying the resources of the expenses aimed at achieving the annual financial target.



- ✓ Experience shows that future estimates should be a **development process** not a revolutionary one; that means the budget's basis should be soundly identified before the implementation of broad reform programs is started.
- ✓ Consequently, linking the mid-term planning process with the **annual budget** preparation process through the mid-term expenditure framework won't be useful unless the budget preparation process itself is effective.
- ✓ Predictions of the approved cost of existing programs is one of the traditional approaches to producing future estimates.

The first method clearly sets apart **future estimates and the indicative ceiling of the Ministry (budget ceiling)**.

- ✓ Future estimates are considered as future cost of the Ministry's approved programs.
- ✓ The Ministry's **budget ceiling** is considered as the Ministry's proposed allocated amount of the next budget year taking into consideration the performance of the revenues, financial inflation, economic growth and actual expenditure of each ministry and agency.

**There is a clear difference between future estimates and budget ceiling in terms of concept:**

- ✓ Future estimates are technical estimates of the future cost of existing policies.
- ✓ The ministry's budget ceiling is a maximum limit imposed by the Ministry of Finance on the budget request of the ministries.

- ✓ The Palestinian security sector has a standard and approved strategy. Annual budget preparation is guided by this strategy in accordance with applicable procedures.
- ✓ Like other PNA institutions, there is no systematic connection between this plan and the budget. In addition, the budget of security institutions is not based on a mid-term expenditure framework, as outlined above.



## Suggested resources

1. Andersson, Lena, Masson, Nicolas and Salah Aldin, Mohammed. *Guidebook: Strengthening Financial Oversight in the Security Sector*, Geneva and Ramallah: DCAF, 2012.  
<http://www.dcaf.ch/Publications/Guidebook-Strengthening-Financial-Oversight-in-the-Security-Sector>
2. Abdel Kareem, Nasser, "Using the Budget as a Tool for Monitoring the Performance of Security Forces", Paper Presented at a Conference organised by the Institute of Law - Birzeit University on the issue of Public Control of Security Forces in the Arab Region, Amman-Jordan, June 2009.  
<http://foundationforfuture.org/en/Portals/0/Conferences/Security%20Sector/Executive%20Summary%20Report.pdf>

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# The budget cycle and the security sector



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the rule of law

**Tool**

**4**

# **Tool 4**

## **The budget cycle and the security sector**

Domenico Polloni



**DCAF**

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## About DCAF

The Geneva Centre for the Democratic Control of Armed Forces (DCAF) promotes good governance and reform of the security sector. The Centre conducts research on good practices, encourages the development of appropriate norms at the national and international levels, makes policy recommendations and provides in-country advice and assistance programmes. DCAF's partners include governments, parliaments, civil society, international organisations and the core security and justice providers such as police, judiciary, intelligence agencies, border security services and the military.

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- Ministry of Interior
- Central Military Financial Administration
- Palestinian National Security Forces
- Palestinian Anti-Corruption Commission

# Introduction

## Why is financial oversight in the security sector important?

Financial oversight in the security sector is a key instrument for ensuring that public funds allocated by the state for the security of the people are spent in a transparent and accountable manner.

However, the financial management of security sector institutions is often characterised by opacity rather than transparency. Even in established democracies, the budgets and financial operations of law-enforcement, military and intelligence organisations are often concealed from public scrutiny and sometimes even from formal external oversight by parliament or audit institutions. Furthermore, in many developing countries, disproportionate security expenditures prevent the use of public funds for socio-economic development.

## Why this Toolkit?

Building the conceptual and technical capacities of specialized practitioners is a crucial step towards strengthening financial oversight in the security sector. This Toolkit is designed for financial oversight practitioners who wish to:

- Gain access to best international practice in financial oversight of the security sector
- Improve their professional ability to financially oversee security sector institutions
- Acquire a more proactive attitude toward conducting thorough financial oversight activities of security sector institutions
- Assert their authority in scrutinizing budgets and financial operations conducted by security sector institutions.

## How was this Toolkit developed?

The exercises and training material included in this Toolkit were developed based on four needs assessment meetings with financial oversight employees and two trainings of financial oversight practitioners in the Palestinian territories in 2013-2014. The Geneva Centre for the Democratic Control of Armed Forces (DCAF) conducted the trainings in cooperation with DCAF international experts and with the financial support of the European Union.

The tools that are part of this training manual contain a generic component that can be used in virtually any country where financial oversight practitioners in the security sector require capacity building. The tools also contain a locally adapted component, which offers examples from the Palestinian training course and suggestions for how to adapt activities and materials to suit the trainer's own context.

## Other DCAF publications on financial oversight in the security sector

In addition to this Toolkit, DCAF has published other reference material on financial oversight in the security sector. These publications include:

1. Guidebook: Strengthening Financial Oversight in the Security Sector, 2012.
2. A Palestinian Legal Collection: Financial and Administrative Oversight in the Security Sector, 2013 [English edition forthcoming]
3. Financial Oversight in the Security Sector: A Compilation of International Standards, 2015.

To download these or other publications please visit: [www.dcaf.ch/publications](http://www.dcaf.ch/publications)

# Using the Training Toolkit

## Overview

The training toolkit has been designed to be used as a whole training course, which covers six different topics relevant to financial oversight and security sector governance. The six topics may also be used individually as 'stand-alone' training sessions.

## What does the Toolkit include?

The training Toolkit includes one introductory tool (Tool 1) and six training tools. Each tool has a three-hour generic component. The generic material is applicable internationally and can be used without adaptation in any training context. In addition, there are suggestions and example activities for adapting material to a particular context. They are designed to be amended by the trainer to engage with local issues specific to the trainer's own context. It is envisaged that the localised session would take two hours, but it can be as long as the trainer deems necessary.

The Toolkit contains the following seven tools (including this one):

Tool 1. Using the Toolkit and Acquiring Trainings Skills

Tool 2. Concepts and Main Actors of Financial Oversight in the Security Sector

Tool 3. Medium-term Strategic Financial Planning for Security Sector Institutions: Tools and Techniques

Tool 4. The Budget Cycle and the Security Sector

Tool 5. Auditing and Integrity in the Security Sector

Tool 6. Handling Legal Gaps while Practicing Financial Oversight in the Security Sector

Tool 7. Financial Oversight of Intelligence Agencies

These tools may be used for individual training workshops on each topic or as a comprehensive training course.

## The toolkit user

The training sessions in the Toolkit are intended to be read and used by trainers with expertise in financial oversight and security sector governance and reform.

## The target audience

The target audience for the training course outlined in the Toolkit is mainly practitioners involved in financial oversight of public institutions, including security sector organisations. These practitioners include specifically, but not exclusively:

- Parliamentarians and their staffers who are involved in financial oversight and budget control activities
- Members of Supreme Audit Institutions (SAIs) who provide expertise and support in financial oversight activities
- Strategic-level members of security and defence institutions in charge of preparing and executing budgets
- Representatives of executive authorities, including ministries who oversee the preparation and execution of security and defence budgets
- Officers and auditors working in core security and justice institutions whose role is to perform internal controls and audits.

The ideal number of participants for the course is around 15 people. However, the course may be used with more participants.

### Using the toolkit in the trainer's own context

As mentioned above, the tools in this Toolkit consist of generic training sessions and locally adapted training sessions. The generic training sessions included in the toolkit have been developed to be used in any context. However, if possible, the trainer should conduct some form of needs assessment in his/her own context. Based on the results of the analysis, the trainer can understand which training sessions to use, which to prioritise, and which to adapt. The localised training sessions give examples and offer suggested objectives for use in the trainer's own context.

When choosing which of the sessions in the toolkit to use, the trainer can choose to use only part of a session or to rearrange the order of the activities if desired. However, the trainer should be aware that some of the activities in a session follow each other, and one activity may often build on a previous activity.

### The structure of a generic training session

A generic training session consists of the following six elements:

1. **The introduction** lists the learning objectives and focus questions for the session. It also gives an overview that lists the handouts and trainer resources that are used in the session.
2. **The session plan** gives a full overview of the training session. It is a guide for the trainer to get a quick understanding of the session. It is also used as a quick reference to help the trainer keep track of activities and timing during the training.
3. **The description of activities** explains in more detail how to carry out the activities listed in the session plan.
4. **The handouts** are given to the participants during the activities in the sessions. They are easily photocopied and can include:
  - Worksheets with tasks for the participants to complete

- Hardcopies of PowerPoint presentations
- Summaries of key information
- Extracts of, or references to, publications

5. **The trainer resources** provide supporting information for the trainer. They can include:

- Summaries of international best practices
- Answer sheets

6. **The suggested resources** contain references relevant to the activities

### Types of activities

The types of activities in the sessions are designed to involve and engage the participants. They are expected to build their own understanding of the concepts and issues presented. Often this means encouraging participants to work and provide feedback in groups rather than 'teaching' them topics in a non-participative way.

Trainers might nevertheless be advised to make PowerPoint presentations. The training tools do include handouts with PowerPoint presentations, which may be adapted by the trainer as required. However, the trainers are encouraged to use a minimum number of slides. It is also recommended that they use images or other types of documents that are likely to trigger participants' attention and active participation. The trainer may provide the participants with a hardcopy of the presentation before or after it is shown. The trainer may also ask the participants to discuss a question in pairs before asking for feedback.

### The structure of a local training session

A local training session contains example materials and objectives for the local sessions to cover. It is given as an example for the trainer to draw on in his or her own context when devising his or her own localised sessions and materials.

The structure of a local training session is similar to that of the generic training session (see above). Suggested example activities are given instead of a full session plan.

A local training session consists of the following five elements:

1. **Session objectives:** These are objectives that can be addressed by the trainer in his or her own context.
2. **Suggested content to be covered:** This content addresses the objectives and can be adapted by the trainer to fit his or her own context.
3. **Example activity(ies):** The example activity(ies) include time, materials and a description of the activity.
4. **Suggested sources:** The suggested sources are references for the trainer to use when adapting these example activities.

# The budget cycle and the security sector: The training session

## Introduction

## Learning objectives

This session aims to give participants a working knowledge of the budget cycle in relation to the security sector and an understanding of who the main actors in the budget cycle in the security sector are. The session allows participants to understand their role in the security sector budget cycle. The specific learning objectives include:

- Understanding the importance of the budgetary process
- Recognizing the roles of the main actors in and overseeing the budget cycle
- Measuring the effectiveness of budgeting
- Becoming aware of modern definitions of the budget cycle and budgeting practices
- Applying modern budgeting concepts to defence and security

- Sharing experiences of field practices and developing solutions to be applied in the participants' work practices.

## Focus questions

The following questions are addressed through the activities in this session:

- How important is the budgetary process?
- What are the roles of the main actors in overseeing the budget cycle?
- How can the effectiveness of budgeting be measured?
- What are modern definitions of budgeting and the budget cycle and how can they be applied to defence and security?
- How can budgeting knowledge be applied in the participants' work context?

## Overview

**Session Plan** *The budget cycle and the security sector*

### Description of Activities

**Handout 4.1** *Pre-session test: The budget cycle and the security sector*

**Handout 4.2** *PowerPoint presentation hardcopy: The budget cycle and the security sector*

**Handout 4.3** *Extract of European Commission document on Mobility, Transport and Road Safety: Performance, Outcome and Output Measures*

**Handout 4.4** *Worksheet on European Commission document on Performance, Outcome and Output Measures*

**Handout 4.5** *Extract of US Government document containing Examples of Performance Measures in the Departments of the Interior and Justice*

**Handout 4.6** *Worksheet on US Government document containing Examples of Performance Measures in the Departments of the Interior and Justice*

**Handout 4.7** *Open Budget Report 2012: Key Documents for Open Budget Index and Country Rankings*

**Handout 4.8** *Worksheet on the Open Budget Report 2012*

**Trainer Resources 4.1** *Answers to the pre-test*

# Session plan

The budget cycle and the security sector					
Learning objectives		Participants will be able to:  1. Recognize the importance of the budgetary process/cycle 2. Recognize the roles of the main actors overseeing the budget cycle 3. Learn how to measure the effectiveness of budgeting 4. Become aware of modern definition and practice of the budget cycle 5. Apply modern budgeting concepts to defence and security 6. Share experiences of field practices and developing solutions to apply in the participants' work practices			
Content to be covered		<ul style="list-style-type: none"><li>Budget: a modern definition</li><li>Results-oriented budgeting: inputs, outputs and outcomes</li><li>From programming to budgeting: the actors of the budget cycle</li><li>The budget cycle and its effectiveness</li><li>Strengthening oversight in the budget cycle process</li></ul>			
Time		180 minutes			
Activity	Time	Description of activity	Grouping and materials	Session objectives	Comments
1.	15 min	Introduction and pre-test	Trainer to whole group <b>Handout 4.1</b> Pre-test on the budget cycle and the security sector	Obj. 1	The trainer overviews the session (relevance, focus questions addressed, activities and timing). The trainer distributes the pre-test ( <b>Handout 4.1</b> ). The participants answer the pre-test.
2.	15 min	PowerPoint of Introduction to the budget cycle and the security sector (slides 1 to 10)	Trainer to whole group <b>Handout 4.2</b> PowerPoint presentation hardcopy: Introduction to the budget cycle and the security sector (slides 1-10)	Objs. 1, 2	The trainer presents slides 1 to 10 of the PowerPoint presentation ( <b>Handout 4.2</b> ). These slides introduce the concepts and components of programming (performance agreement, performance indicators and delegation of powers from the political and management levels) and budgeting (implementation of the programmes) in the budget cycle. The trainer presents the definition of a public sector budget and of a results-oriented budgeting approach. The trainer also explains the role of budget cycle actors in public organisations (e.g. security sector institutions).



Activity	Time	Description of activity	Grouping and materials	Session objectives	Comments
3.	45 min	<i>Discussion: Analysis of a document related to results-oriented budgeting in the security sector</i>	Trainer to whole group then work in breakout groups (small groups)  <b>Handout 4.3</b> Extract of European Commission document on Mobility, Transport and Road Safety: Performance, Outcome and Output Measures  <b>Handout 4.4</b> Worksheet  <b>Handout 4.5</b> Extract of US Government document containing Examples of Performance Measures  <b>Handout 4.6</b> Worksheet	Objs. 2, 3, 4, 5	The participants work in small groups. Half of the groups receive <b>Handouts 4.3</b> and <b>4.4</b> . The other half of the groups receive <b>Handouts 4.5</b> and <b>4.6</b> .  The trainer briefly introduces the two documents ( <b>Handout 4.3</b> , and <b>Handout 4.5</b> ) and points to the questions on the worksheets. The participants work in their groups to analyse and elaborate inputs, outputs, outcomes and impacts, as well as adapting these indicators to their context.
4.	15 min	<i>Feedback and brief discussion</i>	Whole group discussion	Objs. 2, 3, 4, 5	One or two group volunteers present the results of the previous activity (Activity 3) and take any questions or remarks coming from other groups.
5.	30 min	<i>PowerPoint of Introduction to the budget cycle and the security sector (slides 11-16)</i>	Trainer to whole group  <b>Handout 4.2</b> PowerPoint presentation hardcopy: Introduction to the budget cycle and the security sector	Obj. 4	The trainer presents the definition of the budget cycle and its phases in the second part of the power-point presentation ( <b>Handout 4.2</b> ). The trainer introduces 'good-practice' requirements of a budget cycle and how they can be measured. The trainer also presents an example of a security sector budget cycle and leads the participants through the different phases and their timelines.
6.	50 min	<i>Discussion: Strengthening oversight of the budget cycle process and international budget cycle standards</i>	Trainer to whole group then work in breakout groups (small groups)  <b>Handout 4.7</b> Open Budget Survey 2012  <b>Handout 4.8</b> Worksheet	Objs. 2, 3, 4	The trainer briefly introduces the excerpts of the document, <i>Open Budget Survey 2012</i> ( <b>Handout 4.7</b> ). The trainer presents how a government should submit to the public a budget and its supporting documents following international standards on transparency and oversight.  The participants use <b>Handout 4.8</b> to answer the questions and discuss what a performance-based budget policy statement related to their work and context would contain. This is based on the pattern of outcomes, programmes, deliverables and performance indicators of the document (Handout 4.8). Feedback is given by the small groups to the whole group.
7.	10 min	<i>Conclusion</i>	Trainer to whole group  <b>Trainer Resources 4.1</b> Pre-test solutions	Objs. 2,3, 4	The trainer wraps up the session by asking the participants to take <b>Handout 4.1</b> and to read their pre-test answers. He/she then discusses the most suitable answers with the participants. It's up to the trainer to decide whether he/she wants to distribute the answers sheet to the participants or not ( <b>Trainer Resources 4.1</b> ).



## Description of activities

This section describes in more detail the activities listed above in the Session Plan. It also provides alternatives to several activities.

### Activity 1. Introduction

The trainer explains to the whole group why awareness of modern budgeting principles and tools is relevant to the stakeholders in the security sector and as such to the participants themselves. An understanding of the concept of budgeting is important for those security sector actors who conduct financial oversight and are in charge of managerial accountability processes.

Next, the trainer gives an overview of the activities of this session and the timing for the day.

The trainer then gives each participant a copy of the pre-session test (**Handout 4.1**) and asks them to do the test. This short baseline test serves to assess the participants' pre-existing awareness of principles and standards of budgeting and to introduce them to the contents of the session. The trainer will stress that for some of the questions there might not be only one correct answer and that participants have to choose the one they feel is most appropriate.

Once completed, the trainer collects the tests from the participants. The trainer does not discuss the answers to the test at this time. Instead, the trainer explains that the answers will be given at the end of the session, when the participants are able to assess the new information acquired during the training.

Materials:

- **Handout 4.1** Pre-session test: the budget cycle and the security sector

♣ *Alternative:* The trainer can prepare an agenda of the day based on the session plan, give this as a handout and talk it through with the participants.

### Activity 2. PowerPoint presentation: Introduction to the budget cycle and the security sector (Slides 1 to 10)

This activity consists of presenting a PowerPoint presentation that introduces the key principles and tools of modern, results-oriented budgeting and their relation to the financial management of security sector institutions. Activity 2 covers Slides 1 to 10 and addresses in particular the following concepts:

- the Planning, Programming and Budgeting System (PPB)
- modern definitions of a budget
- the milestones of performance-based budgeting: inputs, outputs and outcomes
- the linkage between programming and budgeting

The trainer may choose to distribute hardcopies of the presentation (**Handout 4.2**) to the participants at the beginning or at the end of the presentation.

Materials:

- **Handout 4.2** PowerPoint presentation hardcopy: The budget cycle and the security sector (Slides 1-10)
- Computer, projector

### Activity 3. Discussion: Analysis of a document relevant to results-oriented and performance-based budgeting in the security sector

This session allows the participants to be exposed to real-life examples of the concepts presented in the previous activity, and to work out what may be most relevant to their context and their own work.

The participants are divided into small groups. Half of the groups receive copies of **Handout 4.3** (European Commission: 'Performance, Outcome and Output Measures') as well as the worksheet in **Handout 4.4**, the other half receive copies of **Handout 4.5** (US Government: 'Examples of Performance Measures') as well as the worksheet in **Handout 4.6**.

The small groups should first familiarise themselves with input, output, outcome and impact indicators, taking those that appear in the document as a starting point to consolidate their understanding. They are then invited to come up with at least three indicators of each type (input, output and outcome) that might be most relevant to the strategic and security environment where they live and work.

♣ *Alternative:* Similar documents from other countries may be proposed, as long as they allow the participants to focus on the key areas of interest for performance-based budgeting and the different types of indicators.

Materials:

- **Handout 4.3** Extract of European Commission document on *Mobility, Transport and Road Safety: Performance, Outcome and Output Measures*
- **Handout 4.4** Worksheet on European Commission document on *Performance, Output and Outcome Measures*
- **Handout 4.5** Extract of US Government Document containing *Examples of Performance Measures*

- **Handout 4.6** Worksheet on US Government document containing *Examples of Performance Measures*
- Flip-chart sheets

### Activity 4. Feedback and short discussion

This activity allows participants to exchange views on what performance measures from among those introduced are most suitable for their work context, and to ask the trainer, if they so wish, for more information or resources to deepen their knowledge.

One or two of the breakout groups formed during Activity 3 volunteer(s) to present their answers to the whole group. The answers are taken from the worksheet, which they also noted on flip chart sheets.

Materials:

- Flip chart sheets with answers to questions from **Handout 4.4** and **Handout 4.6** already used in Activity 3.
- The trainer will be projecting again, when required, the relevant slides of the PowerPoint presentation (**Handout 4.2**).

♣ *Alternative:* If more time is available, the trainer can ask all the groups formed during Activity 3 to present their answers.

All the groups can then be asked to pin the flip charts onto a wall, or a board, so they can be seen by the other groups.

### Activity 5. PowerPoint presentation: Introduction to the budget cycle and the security sector (Slides 11 to 16)

This activity continues Activity 2, by completing the PowerPoint presentation. It introduces key principles and tools of modern, results-oriented and performance-based budgeting and their relation to the financial management of security sector institutions. This covers Slides 11 to the end of the presentation and addresses in particular the following concepts:

- definition of the budget cycle
- the budget cycle and its time frame
- how to measure the effectiveness of the budget cycle
- timeline of the budget cycle
- strengthening oversight of the budget cycle

Materials:

- **Handout 4.2** PowerPoint presentation hardcopy: The budget cycle and the security sector
- Computer, projector

### Activity 6. Discussion: Strengthening oversight of the budget cycle process and international budget cycle standards

This session allows the participants to be exposed to real-life examples of the concepts presented in the previous activity, and to work out what may be most relevant to their context and their own work.

While performance-based budgeting is not a simple technique to master within the timeframe of one training session, and a real-life budget cycle process is particularly difficult to simulate, it is important that participants gain at least a 'flavour' of what a real performance-based budget looks like. This session aims to make them start thinking of how results-oriented and performance-based budgeting might look like in their specific strategic environments and work contexts.

The participants are divided into small groups. Each participant receives copies of **Handout 4.7** *Open Budget Survey 2012: Key Documents for Open Budget Index and Country Rankings* and the corresponding worksheet (**Handout 4.8**). The trainer takes the participants through the document, highlighting the relevant documents listed and reading the questions on the worksheet. In small groups, the participants then discuss their answers and try to come up with ideas on how to strengthen oversight in the

budget cycle process in their own work context.

The participants are also asked to identify a few policy objectives for their own work context and to develop a performance-based budget policy statement for one of these objectives. The policy statement could include the selected policy objective, one or two related performance objectives, one or two indicators for measuring progress for achieving these objectives, and estimated costing.

♣ **Alternative:** The session could also take the form of a brainstorming. A volunteer could note on a flipchart, in succinct form, the ideas brought up by the participants. There is no need to refine ideas, but the trainer may well guide the participants when the need arises.

Materials:

- **Handout 4.7** *Open Budget Index 2012: Key Documents for Open Budget Index and Country Rankings*
- **Handout 4.8** Worksheet on the *Open Budget Report 2012*
- Flip-chart sheets

### Activity 7. Wrap-up of the session

The participants go back to the pre-test (**Handout 4.1**) filled in at the beginning of the session. The trainer either distributes **Handout 4.9** to the participants or orally reviews the correct, or most appropriate, answers and answers potential questions from the participants.

Material:

- **Trainer Resources 4.1** Answers to the pre-test.



# Handout 4.1

## Pre-Session Test: The budget cycle and the security sector

The purpose of this pre-test is to assess your existing knowledge and understanding of the budget cycle in relation to the security sector.

We will discuss the answers to the test at the end of this training session. This will help you better assess what you have learned in the course of the training.

- Suppose a financial officer in a security force says: "Budgeting is only about costing the inputs that are required for my organisation to do its work (salaries, equipment, travel, stocks of ammunitions and components, etc.). The objectives of this work are not relevant to the budget". True or false?
  - True
  - False
- You are the chief financial officer of the Police. You find out that fines for traffic violations are not reported to you. What do you think? *(Choose the best option from a financial management point of view)*
  - You tell your colleagues that this revenue is to be reported and handed over to you. You cannot write a proper Police budget if you do not take account of this revenue. Of course, this money will still be available for use by the Police, according to the law.
  - Why bother, the law does allow revenue from fines to be used by the Police for its operational necessities.
  - You tell your colleagues that this revenue is to be reported and handed over to you, although it is not supposed to be part of the Police budget. However, it does have to be accounted for in separate books. Of course, this money will still be available for use by the Police, according to the law.
- You assist the Chief of Police in the elaboration of a performance monitoring system for road safety, which will help the Police review next year's budget proposal. Tick as appropriate.

Performance indicator	Input	Output	Outcome	Impact
Average number of hours of speed limit enforcement ensured by the Police in a month				
Average number of staff required to enforce speed limit in a month				
Average number of casualties in a month as a result of road accidents				
Percentage of vehicles exceeding the speed limit in a month on the total estimated number of vehicles circulating				

4. Again on the example above. Which indicator would be directly used to evaluate the funding required by the Road Traffic Department in the Police?
  - a) The number of hours
  - b) The number of staff
  - c) The number of casualties
  - d) The number of vehicles
5. You are the adviser to the Permanent Secretary on budget and finance of a Ministry. (S)he asks you what is the deadline to submit the budget proposal of your Ministry to the Ministry of Finance. The fiscal year is January to December. What is the best answer?
  - a) February
  - b) March
  - c) May
  - d) October



## Handout 4.2

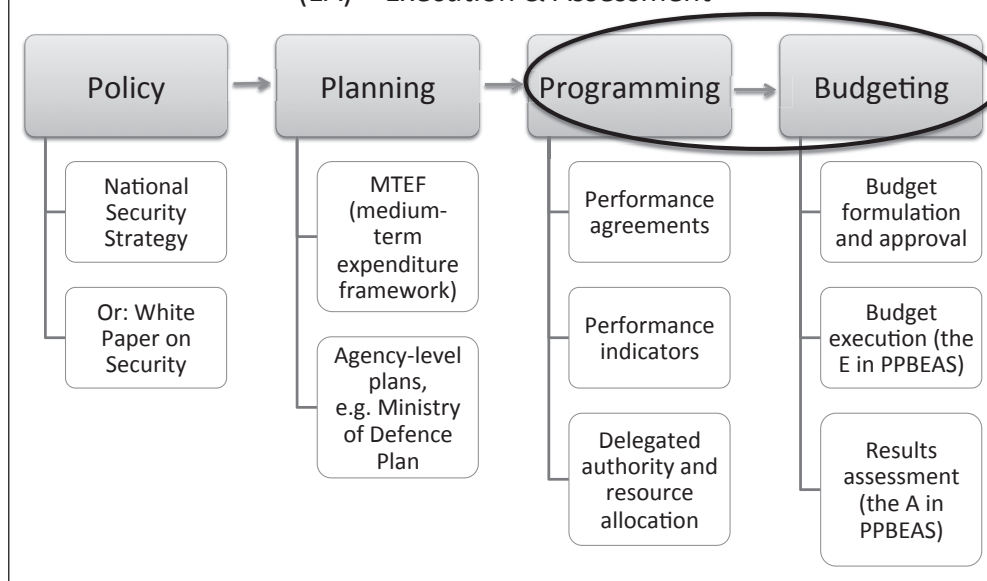
### PowerPoint Presentation Hardcopy: The Budget Cycle and the Security Sector

# The Budget Cycle and the Security Sector

Tool 4

## The PPB(EA)S Flow

PPB = Planning, Programming & Budgeting  
(EA) = Execution & Assessment





## Definitions

- **Programming** = Translation of plans into actual multi-year programmes.  
In a results-oriented and performance-based budget, a programme has 3 key components:
  - 1) A performance agreement between the political authority and the top management;
  - 2) A set of performance indicators that help keep track of how the goals of public expenditure are being achieved;
  - 3) A delegation of powers from the political level to the management, together with an appropriate resource allocation.
- **Budgeting** = Implementation of the programmes on an annual basis. This contains the actual budget cycle, consisting of preparation and approval, execution and assessment of the budget.

## What is a Public Sector Budget?

---

The Government's key **policy document**

(not only a *line-item costing document*), it outlines what funds are spent

---

**Annual**

(unlike plans or programmes that can be multi-annual)

---

Based on macroeconomic assumptions (fiscal risk)

(How much tax and non-tax income will be available to the public sector?)

---

Encompassing all government revenue and expenditure

(no item, not even confidential items, should appear in a separate document)

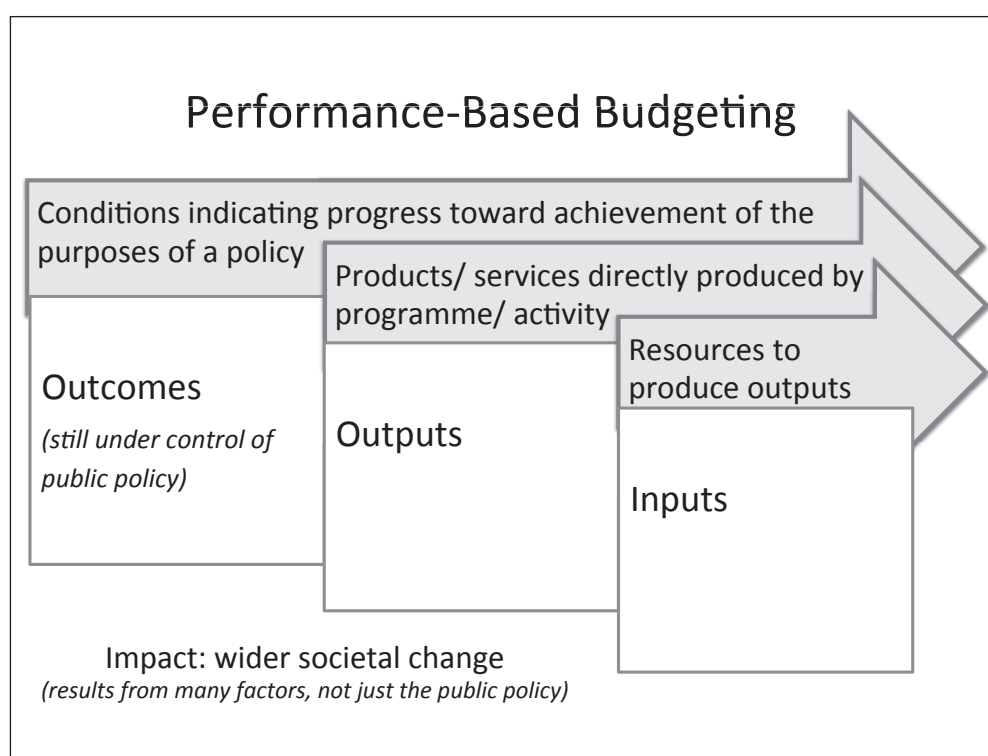
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Classified by agreed criteria

---

Each government programme is accounted for on the basis of  
non-financial performance elements, i.e. achievement of policy goals  
(as opposed to financial compliance)

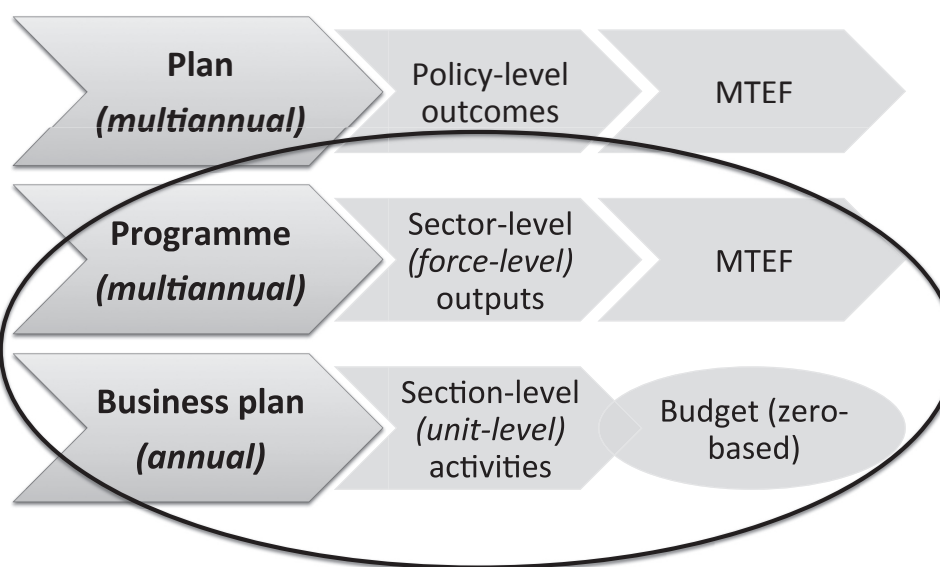




## Differences and Complementarity of Programming and Budgeting

- 1) First, there must be a **plan over a few years**, stating the desired outcomes of a public policy. Generally, this is a whole-of-Government plan, for instance *at the Cabinet level*.
- 2) Second, there must be **programmes over a few years**, often *at the sector level* (e.g. air force, infantry, navy, customs etc.), that state how each sector is going to achieve the policy goals.
- 3) Third, a **programme must be costed every year**, ideally starting again from zero (i.e. not merely repeating past expenditures), in terms of which inputs are needed at the unit level to achieve the programme. This costing of inputs is actually the budget.

## From Programming to Budgeting

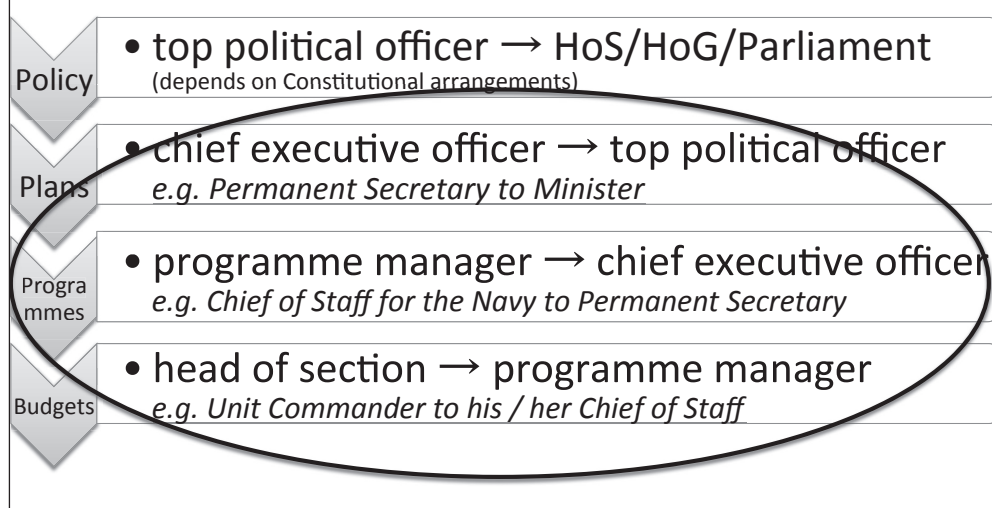


## Budget Cycle Actors in Public Sector Organisations

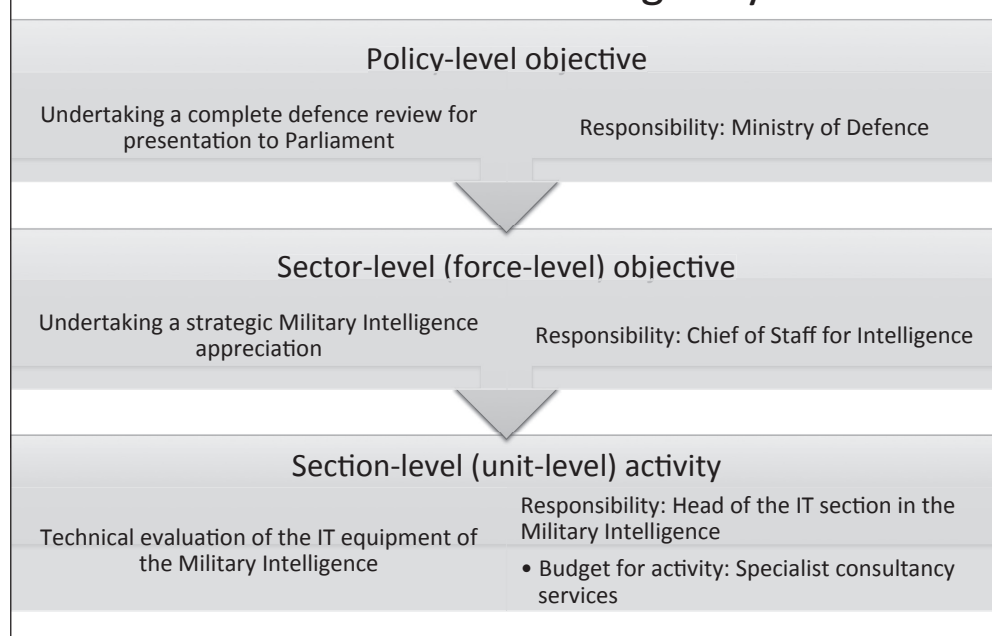
- The next slide is devoted to the budget cycle actors in large organisations of the public sector, as security sector agencies typically are:
  - Policy is set by Government and Parliament, depending on the prevailing Constitutional arrangements;
  - Plans are set by the chief executive officer under the responsibility of the top political officer;
  - Programmes are identified by programme managers under the authority of the chief executive officer,
  - Budgets (business plans) are written by the programme manager.

## Budget Cycle Actors in Public Sector Organisations *(continued)*

-> means **ACCOUNTABLE TO**



## Illustration of the Role of Budget Cycle Actors



## Definition of the Budget Cycle

The Budget Cycle

- Process by which private sector enterprises, but most typically governments, allocate their resources over a specified period, typically one year.

4 Primary Phases

- 1. Preparation and requests
- 2. legislative approval
- 3. Implementation and execution
- 4. Audit and review

## Budget Cycle – Division of Responsibilities



## Good Practices in the Budget Cycle

- Good practices allow measuring effectiveness (*next slide*).
- Good practice requirements include:
  - regular review of Government priorities,
  - clarity in the budgetary ceilings,
  - bottom-up budgeting process within each department,
  - transparent trade-offs between Government departments under the political orientation of the Head of Government,
  - adequate information of Parliament,
  - delegation of authority and resources to the top management during budget execution.

## Measuring Budget Cycle Effectiveness

1. Does the budget cycle allow time for a review and adjustment of the Government's strategies or policies?
2. Does the budget cycle allow time for a review and adjustment of the agency-level plans?
3. Does the Ministry of Finance set annual budget ceilings and does the Ministry communicate them to the departments?
4. Does the budget cycle within a department allow time to consolidate unit-level costing of inputs into a number of programme budgets with their own performance indicators?
5. Is the review of departmental budgets done in a transparent way, based on the overall Government priorities and steered by the Cabinet?
6. Does the Executive submit its Budget Proposal sufficiently early to Parliament and with enough information to allow for an in-depth discussion of the proposal?
7. Is the budget execution based on performance agreements between the political level and the top management in each public sector department?

## Example of a Security Sector Budget Cycle

(Y=beginning of the fiscal year) – Slide 1 of 2

Time frame	Action	Responsibility
Ongoing	Review of national security strategy	Government / Parliament
Y-11	Review of Defence Plan / Policing Plan / Intelligence Plan, etc.	Chief executive officer
Y-11 to Y-10	Drafting of top-level performance agreements	Chief executive officer
Y-9	Communication of annual budget ceilings to the Ministry	Minister of Finance
Y-9 to Y-8	Preparation of lower-level business plans	Programme manager
Y-8	Full costing of the business plans	Heads of unit
Y-8 to Y-7	Submission of unit-level business plans to Programme Managers for consolidation into one single budget per programme	Heads of unit / Programme manager
Y-7 to Y-6	Consolidation of budgets per programme into one budget for the Ministry	Chief executive officer / Programme managers / Budget board

## Example of a Security Sector Budget Cycle

(Y=beginning of the fiscal year) – Slide 2 of 2

Time frame	Action	Responsibility
Y-6	Submission of the Ministry budget to the Finance Ministry	Minister
Y-6 to Y-3	Evaluation of the Ministry's budget against Government guidelines, priorities and available funds, and identification of required amendments	Ministry of Finance staff
Y-3	Submission to Parliament of the final budget proposal (appropriations bill)	Prime Minister / Finance Minister
Y-3 to Y	Budget proposal examination, amendments and approval of the appropriations law (budget law)	Parliament's specialised Committees / Parliament's House
Y	Finalisation of the performance agreements	Programme Managers
Y to Y+11	Budget execution	All concerned Ministries



## Handout 4.3

### Extract of European Commission document on *Mobility, Transport and Road Safety: Performance, Outcome and Output Measures*<sup>1</sup>

#### Performance, outcome and output measures

Police organizations have their own administrative recording system for policing activities. These days, increasing pressure is put upon police managers to justify the use of policing resources. Ideally, the monitoring system of policing activities provides data and arguments for this. For traffic enforcement and speed enforcement, a monitoring system should be aimed at showing relationships between policing resources (performance), effects on traffic behaviour, speed, (outcome) and, ultimately, effects on road safety (outcome).

We can distinguish between performance measures and outcome measures.<sup>2</sup> Performance measures define what the police actually do on the streets, i.e.: how often, for how long and on which locations do they check speeding behaviour? Outcome measures should reflect the effects of enforcement on behaviour and on the consequences of behaviour, in the case of traffic enforcement, such as traffic crashes.

A further distinction can be made between outcome and output measures (Footnote; Swadley & McInerney do not make this distinction and list a number of infringements as an outcome measure).

- Outcome measures refer to intended outcomes, i.e. safer behaviour.
- 'Output' measures refer to administrative outcomes generated by policing activities such as for instance the number of tickets or the number of court cases that are a result of policing activities, but are not the main aim of these activities.

Goldenbeld<sup>3</sup> argues that output measures such as the number of speed fines cannot be seen as a good indicator of the effectiveness or quality of police enforcement. Although there may be good administrative reasons to keep track of these data, the data is not very informative as to the quality of speed enforcement. Tables 2 and 3 provide the performance measures for speed cameras and non-camera operations as proposed by Swadley and McInerney.<sup>4</sup>

<sup>1</sup> Source: [http://ec.europa.eu/transport/road\\_safety/specialist/knowledge/speed\\_enforcement/organization\\_of\\_speed\\_enforcement/performance\\_outcome\\_and\\_output\\_measures\\_en.htm](http://ec.europa.eu/transport/road_safety/specialist/knowledge/speed_enforcement/organization_of_speed_enforcement/performance_outcome_and_output_measures_en.htm) (accessed on 8 November 2013)

<sup>2</sup> Swadling, D. & McInerney, R. (1999) *Consistent performance and outcome measures for speed enforcement: The road to reduced road trauma*. In: Proceedings of the 1999 Insurance Commission of Western Australia Conference on Road Safety, 26 November 1999, Perth, Australia. Perth: Insurance Commission of Western Australia, 1, 46-64.

<sup>3</sup> Goldenbeld, Ch. (1997) *Politietoezicht in verkeer: garantie voor meer veiligheid?* Report D-97-5. Institute for Road Safety Research SWOV, Leidschendam.

<sup>4</sup> Swadling, D. & McInerney, R. (1999) *Consistent performance and outcome measures for speed enforcement: The road to reduced road trauma*. In: Proceedings of the 1999 Insurance Commission of Western Australia Conference on Road Safety, 26 November 1999, Perth, Australia. Perth: Insurance Commission of Western Australia, 1, 46-64.

**Table Speed camera performance measures**

(Source: Swadley & McInerney, 1999)

Speed camera activity	Exposure measure
Number of vehicles checked	<ul style="list-style-type: none"> <li>- Per 10.000 registered vehicles</li> <li>- Per 100.000 population in the area</li> <li>- Per 100 million vehicle kilometres travelled</li> <li>- Per traffic count data at location</li> </ul>
Total hours of enforcement	<ul style="list-style-type: none"> <li>- Per 10.000 registered vehicles</li> <li>- Per 100.000 population in the area</li> <li>- Per 100 million vehicle kilometres travelled</li> </ul>
Percentage of vehicles exceeding the speed limit or the enforcement limit	<ul style="list-style-type: none"> <li>- Against traffic count data at location</li> <li>- Against speed monitor data for location</li> </ul>
The number of separate speed checks (note: a speed check refers to camera operation for a certain time on a certain location; during one speed check several vehicles are checked)	<ul style="list-style-type: none"> <li>- Per 10.000 registered vehicles</li> <li>- Per 100.000 population in the area</li> <li>- Per 100 million vehicle kilometres travelled</li> </ul>
The number of locations for speed checks	<ul style="list-style-type: none"> <li>- Per 10.000 registered vehicles</li> <li>- Per 100.000 population in the area</li> <li>- Per 100 million vehicle kilometres travelled</li> </ul>
Hours per camera and total hours all cameras	160

**Table Non-speed camera performance measures**

(Source: Swadley & McInerney, 1999)

Non-camera activity	Exposure measure
The number of personnel and hours of general traffic duty (including speed enforcement)	<ul style="list-style-type: none"> <li>- Per 10.000 registered vehicles</li> <li>- Per 100.000 population in the area</li> <li>- Per 100 million vehicle kilometres travelled</li> <li>- Per traffic count data at location</li> </ul>
Kilometres travelled by marked police vehicles	<ul style="list-style-type: none"> <li>- Per 10.000 registered vehicles</li> <li>- Per 100.000 population in the area</li> <li>- Per 100 million vehicle kilometres travelled</li> </ul>
Kilometres travelled by unmarked police vehicles engaged in speeding enforcement activity	<ul style="list-style-type: none"> <li>- Per 10.000 registered vehicles</li> <li>- Per 100.000 population in the area</li> <li>- Per 100 million vehicle kilometres travelled</li> </ul>



The most direct form of outcome measurement is speed itself. Data from speed cameras is of limited use to evaluate effects on speed behaviour since it can be assumed that drivers will become familiar with camera sites and will alter their normal speed behaviour. Covert speed monitoring which is not connected with enforcement activities is necessary to obtain true and valid data on speed behaviour when enforcement activities are not present.

The SafetyNet report Safety Performance Indicators Theory provides further detail on the method to set up reliable speed measurement: *Rule 8: Speed enforcement operations gain in effectiveness if they have specified objectives and success criteria, and are monitored in terms of both process and product.*



## Handout 4.4

### Worksheet on European Commission document on *Performance, Output and Outcome Measures*

Worksheet: Analyse the document in **Handout 4.3** *Extract of European Commission Document on Mobility, Transport and Road Safety: Performance, Outcome and Output Measures* in your group and write down your group's answers to the questions listed below.

The answers to questions 2, 3 and 4 should be noted on one or more flip chart sheets, in order to be pinned onto the wall and be available to the other participants at the end of this session.

1. As a first step, let us identify, and duly distinguish, the input, output, outcome and impact indicators that appear in the document. We have already filled in the following table to help you focus on the contents of each indicator, but you are welcome to refer back to the document for more in-depth understanding:

Input indicators	Output indicators	Outcome indicators	Impact indicators
<ul style="list-style-type: none"><li>• number of police officers on traffic duty</li><li>• kilometres travelled by marked traffic police vehicles</li><li>• kilometres travelled by unmarked traffic police vehicles</li></ul>	<ul style="list-style-type: none"><li>• total hours of speed enforcement by the traffic police</li><li>• hours of speed check camera activity</li><li>• number of separate camera speed checks</li><li>• number of locations of camera speed checks</li><li>• number of vehicles checked by the traffic police</li><li>• number of speed fines (tickets) given by traffic police officers</li><li>• number of court cases resulting from road policing activities</li></ul>	<ul style="list-style-type: none"><li>• percentage of vehicles exceeding the speed limit</li></ul>	<ul style="list-style-type: none"><li>• number of traffic crashes</li></ul>

2. In the real-life context of your own work, what are the easiest indicators to measure? Are they input, output or outcome indicators?

3. What would be the ideal outcome indicators for your area of work in this country and what might be needed to measure them that is currently not available?
  
4. To achieve the outcomes proposed under point 3, which inputs should be needed to be made available and how would they be costed?



## Handout 4.5

### Extract of US Government document: *Examples of Performance Measures in the Departments of the Interior and Justice*<sup>5</sup>

#### Examples of Performance Measures of the Departments of the Interior and Justice

Table 1: Department of the Interior

Program	Performance measure	Explanation
National Park Service (NPS): Facility Management	OUTCOME  Facilities Condition: Condition of priority NPS buildings as measured by the Facilities Condition Index (FCI)	<p>The purpose of the program is to maintain facilities, roads and trails so that Americans now and into the future can enjoy the National Park System. This measure is based on an existing industry standard for tracking facility conditions.</p> <p>FCI is the ratio of the cost of deferred maintenance over the current replacement value for an asset. The lower the ratio, the better the condition of the asset. Each category of assets (e.g., buildings, roads, trails) will have different benchmarks for what FCI level represents good, fair, or poor condition.</p> <p>The measure is exemplary because it is easy to understand, reproducible, and can be applied to many types of assets at many levels of aggregation. It focuses on an important issue – the maintenance of park assets – and can be used over time to track changes in condition. For buildings and certain other asset types, results can be compared to existing benchmarks in the private sector.</p>

<sup>5</sup> Source: US Government: *Expect More Programme: Examples of Performance Measures: Department of the Interior and Department of Justice*, pp. 18-19.

**Table 2: Department of Justice (DOJ)**

Program	Performance measure	Explanation
State Marshals Service – Fugitive Apprehension Program	<p>OUTCOME</p> <p>Percent of total Federal fugitives apprehended or cleared</p>	<p>The primary mission of the United States Marshals Service is to protect the Federal courts and ensure the effective operation of the judicial system.</p> <p>The fugitive apprehension program works to locate and apprehend fugitives as quickly and safely as possible in order to maintain the integrity of the judicial system and enhance public safety by ensuring that the public is not exposed to further risk of crime from these individuals.</p> <p>This measure includes: physical arrest, directed arrest, surrender, dismissal, arrest by other agency, or when a detainment order is lodged and the fugitive is taken into custody.</p> <p>Data from this measure is obtained from Warrant Information Network (WIN) and verified through the National Crime Information Center (NCIC). Information is accessible by all 94 districts and continuously updated.</p>
Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF): Firearms Programs – Integrated Violence Reduction Strategy	<p>OUTCOME</p> <p>Percent of high-crime cities nationwide with a reduction in violent firearms crime</p>	<p>The purpose of the program is to address violent firearms crime by using ATF's statutory jurisdiction and expertise to remove violent offenders from communities around the country and prevent prohibited persons from possessing firearms.</p> <p>The key indicator of program effectiveness is whether or not violent firearms crimes are reduced in the cities with the highest crime levels per capita in which ATF has a presence.</p> <p>Further analysis is used to understand the link between changes in the incidence of violent crime and ATF measures taken utilizing their Integrated Violence Reduction Strategy Program.</p> <p>Data for this measure is obtained from the FBI's Uniform Crime Reports database, and is collected annually, with a 2-year delay.</p>



## Handout 4.6

### Worksheet on US Government Document Containing Examples of Performance Measures in the Departments of the Interior and Justice

Worksheet: Analyse the document in **Handout 4.5** *Extract of US Government document Containing Examples of Performance Measures in the Departments of the Interior and Justice* in your group and write down your group's answers to the questions below.

The answers to questions 2, 3 and 4 should be noted on one or more flip chart sheets, in order to be pinned onto the wall and be available to the other participants at the end of the session.

1. As a first step, let us identify the outcome indicators that appear in the document and the source of each indicator, which allows it to be continuously tracked. We have already filled in the following table to help you focus on the contents of each indicator, but you are welcome to refer back to the document for more in-depth understanding.

Name of the programme	Outcome indicators	Source of the indicators
National Park Service Facility Management	Condition of priority National Park Service facilities (lodges, roads and trails in the American national parks), as measured by the Facilities Condition Index (FCI)	FCI is the ratio of the cost of deferred maintenance over the current replacement value for an asset. The lower the ratio, the better the condition of the asset. It is an American industry standard.
Fugitive Apprehension Program	Percentage of total Federal fugitives, i.e. offenders under the US federal law who escaped from prison or court	Warrant Information Network (WIN) and verified through the National Crime Information Center (NCIC)
Firearms Programs - Integrated Violence Reduction Strategy	Percentage of high-crime cities nationwide with a reduction in violent firearms crime	FBI's Uniform Crime Report database

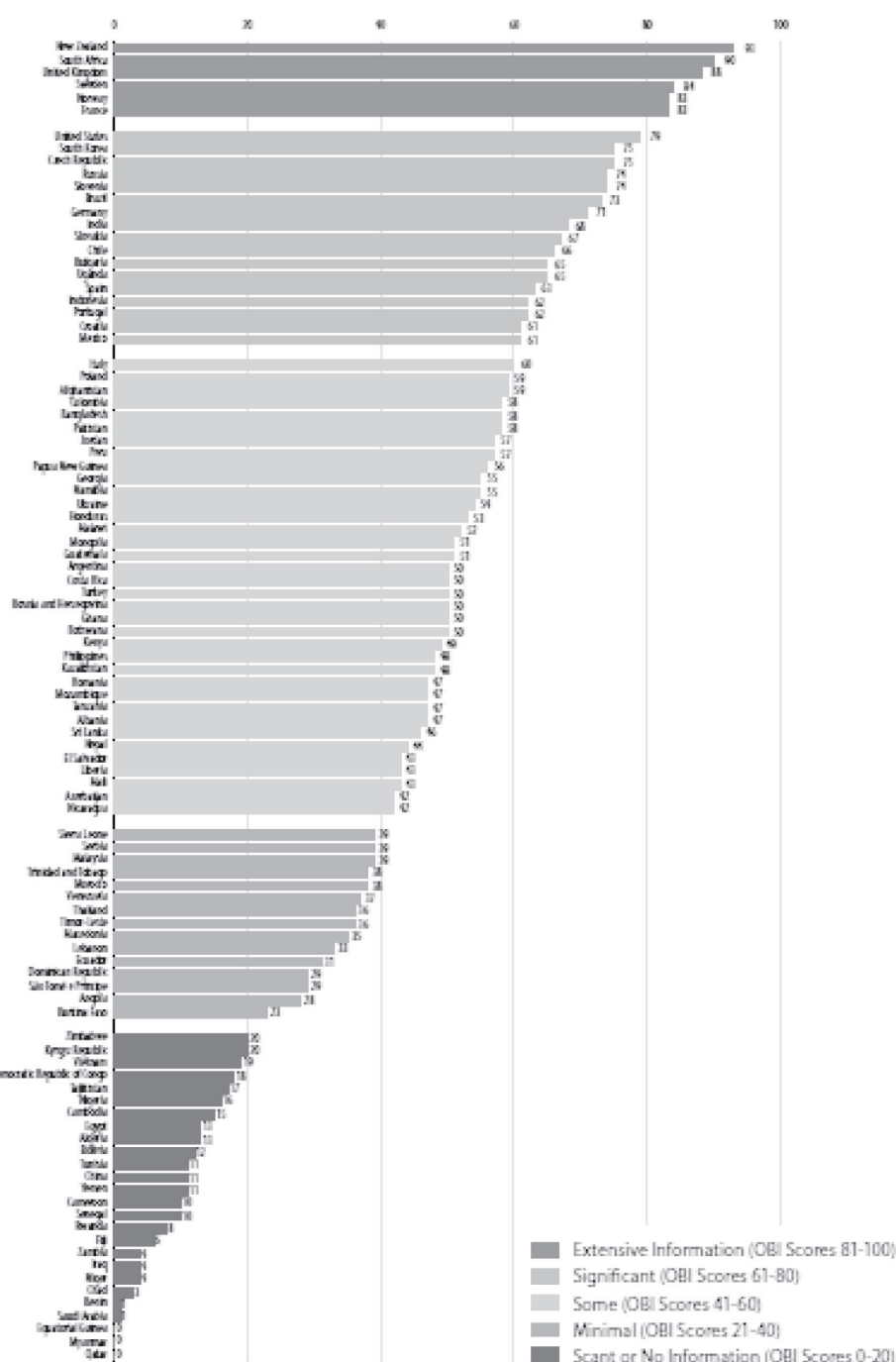
2. In the real-life context of your own work, what are the programmes where outcome indicators are the easiest indicators to identify?
3. What would be the source to track and document the outcome indicators you have found in the previous question? What other information system or database might be needed to measure them if none is currently available?
4. To achieve the outcomes proposed under point 3, which inputs should be needed to be made available and how would they be costed?



## Handout 4.7

### Open Budget Survey 2012: Key Documents for the Open Budget Index and Country Rankings<sup>6</sup>

#### Open Budget Index 2012



<sup>6</sup> International Budget Partnership. *Open Budget Survey 2012*. Washington: International Budget Partnership, 2012, pp.7, 14-15 and 48: <http://internationalbudget.org/wp-content/uploads/OBI2012-Report-English.pdf> (accessed on 13 February 2015).

### “Many Key Documents Are Not Released At All”

International standards and practices identify eight key documents that all governments should publish at different moments of the budget cycle. The OBI measures whether governments make these documents available to the public in a timely way and assesses the level of detail in the information in each document.

During the *budget formulation* stage, governments should publish:

- a **Pre-Budget Statement**, which includes the assumptions used to develop the budget, such as total expected revenue, expenditure, and debt levels, and broad sector allocations; and
- the **Executive’s Budget Proposal**, which presents the government’s detailed plans, in terms of policy priorities and budgets for each ministry and agency, for the coming budget year.

During the *budget approval* stage, the government should publish:

- the **Enacted Budget**, which is the legal document that authorizes the executive to implement the policy measures the budget contains. The Enacted Budget is issued by the legislature after it approves (sometimes with amendments) the budget proposal presented to it by the executive.

During the *budget execution* stage, the government should publish:

- **In-Year Reports**, which include information on revenues collected, actual expenditures made, and debt incurred at a given point in time, generally through monthly or quarterly publications;
- a **Mid-Year Review**, which summarizes the actual budget data for the first six months of the year (revenues, expenditures, and debt), reassesses the economic assumptions upon which the budget was initially drafted, and adjusts the budget figures for the remaining six months accordingly; and
- an **End-Year Report**, which shows the situation of the government’s accounts at the end of the fiscal year and ideally includes an evaluation of the progress made toward achieving the policy goals spelled out in the Enacted Budget.

During the *audit* stage, governments should publish:

- an **Audit Report**, in which the supreme audit institution evaluates the financial performance of the government in the previous budget year; audits can also cover specific agencies and nonfinancial aspects of the executive’s performance.

In addition to these documents, governments should publish a **Citizens Budget**, a simplified version of a budget document that uses nontechnical language and accessible formats in order to facilitate citizens’ understanding of, and engagement with, the government’s plans and actions during the budget year. While this document has been produced mostly in relation to the Executive’s Budget Proposal or the Enacted Budget, accessible nontechnical versions should be produced for any or all of the above-mentioned documents.

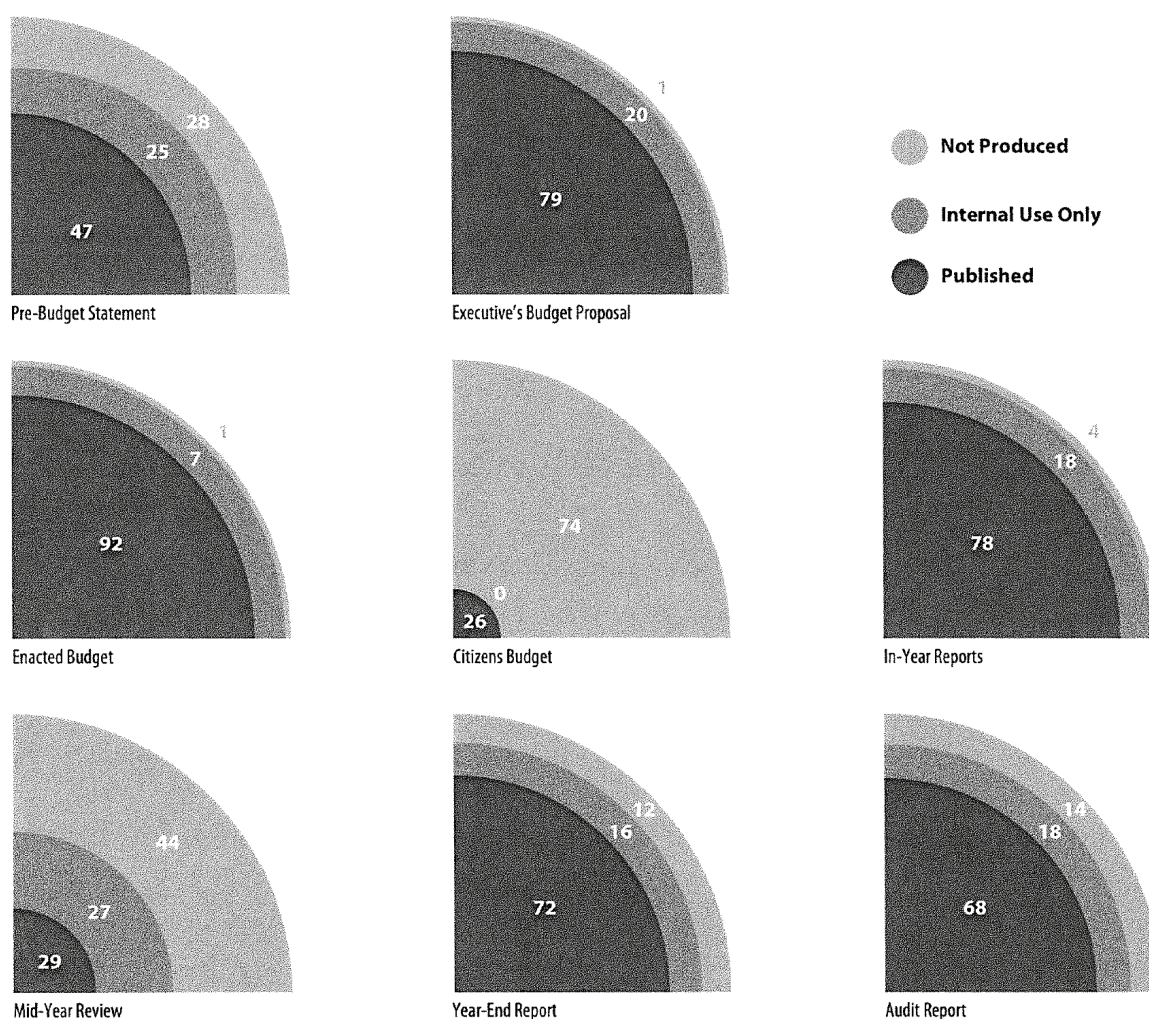
The good news emerging from the Open Budget Survey 2012 is that more than two-thirds of governments publish five of the eight key budget documents. These include the most essential document, the Executive’s Budget Proposal, which was published in 79 of the 100 countries examined. They also include the Enacted Budget (92 countries), In-Year Reports (78 countries), a Year-End Report (72 countries), and the Audit Report (68 countries). Although most countries release

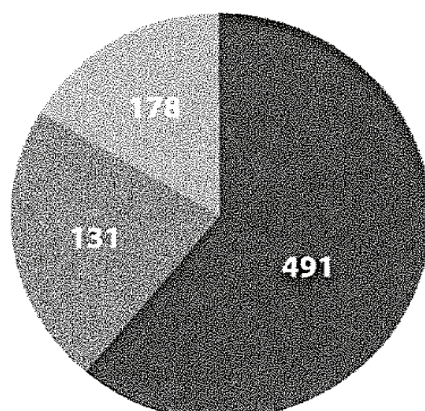


these documents, it is essential to remember that all countries should. This is particularly true for the Executive's Budget Proposal, which 21 countries still fail to publish.

Less than half of the countries surveyed publish the other three key documents – the Pre-Budget Statement (47 countries), Mid-Year Review (29 countries), and Citizens Budget (26 countries). The most critical impact of this is that citizens in most countries are blocked from understanding certain of their government's budget policy intentions and actions, such as those related to mid-year corrections.

**Table 2. Many budget documents are not published by countries even though a significant number of these documents are produced for internal use**





All Eight Budget Documents in the 100 Countries Surveyed

**Table: The Open Budget Index Measures the Timely Release of Information throughout the Budget Process**

Budget Document	Release Deadlines for "Publicly Available" Documents
<b>Pre-Budget Statement (PBS)</b>	Must be released at least one month before the Executive's Budget Proposal is submitted to the legislature for consideration.
<b>Executive's Budget Proposal (EBP)</b>	Ideally should be released at the same time as it is presented to the legislature. At a minimum, it must be released while the legislature is still considering it and before it is approved. In no case would a proposal released after the legislature has approved it be considered "publicly available."
<b>Supporting document for the EBP</b>	Must be released at or about the same time as the Executive's Budget Proposal (see above).
<b>Enacted Budget (EB)</b>	Must be released no later than three months after the budget is approved by the legislature.
<b>Citizens Budget (CB)</b>	If it is a simplified version of the Executive's Budget Proposal, it must be released at the same time as a "publicly available" Executive's Budget Proposal. If it is a simplified version of the Enacted Budget, it must be released at the same time as a "publicly available" Enacted Budget.
<b>In-Year Reports (IYRs)</b>	Must be released no later than three months after the reporting period ends.
<b>Mid-Year Review (MYR)</b>	Must be released no later than three months after the reporting period ends.
<b>Year-End Report (YER)</b>	Must be released no later than two years after the end of the fiscal year (the reporting period).
<b>Audit Report (AR)</b>	Must be released no later than two years after the end of the fiscal year (the reporting period).



## Handout 4.8

### Worksheet on the Open Budget Survey 2012

Look at the Open Budget Index table in **Handout 4.7** *Open Budget Survey 2012: Key Documents for Open Budget Index and Country Rankings* contained at the end of the handout. This table contains the documents that the government **should make public**, according to international standards on budget transparency and oversight.

Consider each of the documents listed in the table, if necessary referring back to the first two pages of the handout for a definition of the documents. Discuss with the other members of your group whether these documents are prepared and released in your current work context:

- Who is responsible for preparing and releasing them?
- Are the deadlines proposed in the document met in your context?
- If these documents do not exist, what would be required to prepare them?
- And in their absence, what can be done in the meantime to increase public oversight of the budget cycle?
- How well would your country score in the Open Budget initiative?

Publicly available budget document	Recommended release deadline	Does the document exist in your current context?	If it does exist, what is the deadline for its release?  If it does not exist, what could be done alternatively to increase public oversight on the budget cycle?
Pre-budget statement	One month before submission of the executive's budget proposal to the legislature		
Executive's budget proposal	Released to the public at the same time as it is submitted to Parliament		
Supporting documents for the executive's budget proposal	At or about the same time as the Executive's budget proposal		
Enacted budget	At the latest, three months after legislative approval		

#### Tool 4. The budget cycle and the security sector

Citizens' budget	The citizens' budget is a simplified version of the Executive's budget proposal or the Enacted budget, for ease of consultation by the population. Released at the same time as the main document it is supposed to summarize.		
In-year reports	At the latest three months after the end of the reporting period.		
Mid-year review	At the latest three months after the end of the reporting period.		
Year-end report	At the latest, two years after the end of the fiscal year.		
Audit report	At the latest, two years after the end of the fiscal year.		



# Trainer Resource 4.1

## Answers to the test: The budget cycle and the security sector

1. *"Budgeting is only about costing the inputs that are required for my organisation to do its work (salaries, equipment, travel, stocks of ammunitions and components, etc.). The objectives of this work are not relevant to the budget". True or false?*

- a. True
- b. False

The correct answer is 'b'. False indeed. A budget is a key policy document, which expresses trade-offs between competing political priorities in a context of (usually) scarce resources. It is not only an accounting device. As a result, the objectives of public sector action are substantial foundations of the process of drawing up a Government budget.

2. *You are the chief financial officer of the Police. You find out that fines for traffic violations are not reported to you. What do you think? (Choose the best option from a financial management point of view)*

- a) *You tell your colleagues that this revenue is to be reported and handed over to you. You cannot write a proper Police budget if you do not take account of this revenue. Of course, this money will still be available for use by the Police, according to the law.*
- b) *Why bother, the law does allow revenue from fines to be used by the Police for its operational necessities.*
- c) *You tell your colleagues that this revenue is to be reported and handed over to you, although it is not supposed to be part of the Police budget. However, it does have to be accounted for in separate books. Of course, this money will still be available for use by the Police, according to the law.*

The correct answer is 'a'. A budget is a comprehensive document, which encompasses all revenue and all expenditure, including the revenue that is raised by a department and then used by the same department. Failure to mention this revenue in a budget would be an accountability failure: approval and oversight authorities, like Parliament or a Court of Auditors, would be led to believe, wrongly, that a department could perform its work with less funding than it actually had. Some countries do have budget annexes or special accounts separate from the budget, but which are accounted for together with the main budget. It is better to avoid this practice as it is either a relic of history or likely to be conducive to abuse. We will see in a future session how to deal with issues for which secrecy matters, but even in such cases the use of separate budgets or off-budget accounts is not recommended.

3. *You assist the Chief of Police in the elaboration of a performance monitoring system for road safety, which will help the Police review next year's budget proposal. Tick as appropriate.*

Performance indicator	Input	Output	Outcome	Impact
Average number of hours of speed limit enforcement ensured by the Police in a month		√		
Average number of staff required to enforce speed limit in a month	√			



## Tool 4. The budget cycle and the security sector

Average number of casualties in a month as a result of road accidents				√
Percentage of vehicles exceeding the speed limit in a month on the total estimated number of vehicles circulating			√	

4. Again on the example above. Which indicator would be directly used to evaluate the funding required by the Road Traffic Department in the Police?

- a) The number of hours
- b) The number of staff
- c) The number of casualties
- d) The number of vehicles

The correct answer is 'b', i.e. the number of staff (input). The envisioned outcome, in terms of reducing infringements on the speed limit by a given percentage, would be part of a policy document, such as a road safety strategy. The output required to achieve that rate of reduction, for instance in terms of hours of police presence on the roads, would be in a multi-annual road-policing plan. Every year, the number of police staff required to ensure the desired number of hours is determined, and its costing is made, for instance in terms of salaries, means of transport, speed cameras and other equipment, stationery to write the fines, etc.

5. You are the adviser to the Permanent Secretary on budget and finance in a Ministry. (S)he asks you what is the deadline to submit the budget proposal of your Ministry to the Ministry of Finance. The fiscal year is January to December. What is the best answer?

- a) February
- b) March
- c) May
- d) October

The best choice is 'd' October, as this would be the deadline for the Government to table the appropriations bill in Parliament. February and March are early months in the current year's budget execution, and the new budget proposal presented to Parliament must contain at least a tentative evaluation of how the current year's budget is being executed.



## Additional resources

- Andersson, Lena, Nicolas Masson and Mohammad Salah Aldin, *Guidebook: Strengthening Financial Oversight in the Security Sector*. Geneva: DCAF, 2011, Section 2.
- Ball, Nicole, and Dylan Hendrickson. *Off-Budget Military Expenditure and Revenue*, London: King's College, January 2002
- Le Roux (Gen), Len. "The Military Budgeting Process. An Overview." Paper presented at the SIPRI/ADSR Workshop on the Military Expenditure Budgeting Process, Accra, Ghana, 25-26 February 2002
- NATO PA-DCAF. *Building Integrity and Reducing Corruption in Defence. A Compendium of Best Practices*. Brussels & Geneva: NATO PA-DCAF, 2010, Part II, Chapter 6 and Part III, Chapter 17.
- OECD. *Best Practices for Budget Transparency*. OECD Publishing, Paris, 2002.
- Rose, Aidan. *Results-Orientated Budget Practice in OECD Countries, Working Paper 209*. London: Overseas Development Institute, 2003.
- UNDP. *Public Oversight of the Security Sector*. 2008, Part II, chapter 8
- The World Bank. *Public Expenditure Management Handbook*. June 1998, Chapters 1-3

## Annex A. Tool 4.

# The budget cycle and the security sector: The local training session

### Introduction

The following objectives, suggested content, example activities and suggested sources are designed to give suggestions and examples of how materials can be developed by the trainer to suit their own particular local context.

### Learning objectives

Participants will be able to:

- Analyze the budget cycle steps in the local context
- Learn how the budget of the security sector is implemented in the local context

### Suggested content to be covered

- Budget in the security sector in the local context
- Application of the general budget in the local context

- Basics of the general budget
- Budget and the local context's financial system
- Control of the budget in the local context
- Spending in the security sector in the local context

### Focus questions

- What is the security sector budget in the local context?
- What are the basic steps of the budget cycle and how is it applied in the local context?
- How does the budget relate to the local context's financial system?
- Who has control of the budget in the local context and how is spending allocated in the security sector?

### Overview

**Handout L.4.1** Set of statements to guide the discussion

**Trainer Resource L4.1** PowerPoint: The budget cycle in the Palestinian Security Sector





## Description of example activities

The following example activities are taken from the localised content that was created for use in trainings conducted in the occupied Palestinian territories. They are given here as a model or example for the trainer to adapt if desired.

### **Activity 1. Discussion: Examining the cost analysis and revenue analysis of the local budget**

**Time** 50 min

The trainer divides the participants into two working group(s). Both groups look at different aspects of the most recently available budget. The first group examines the cost analysis for the budget. The second group examines the revenue analysis for the budget. Each group selects a spokesperson to give feedback to the whole group. The PowerPoint in **Trainer Resource L.4.1** is an example taken from the Palestinian training and can be used for the trainer's own awareness, as a template for developing a PowerPoint in the trainer's own context.

Materials

- **Handout L.4.1** Set of statements to guide the discussion
- **Trainer Resource L.4.1** PowerPoint: The budget cycle in the Palestinian Security Sector

### **Activity 2. Case-based open discussion**

**Time** 50 min

Following on from the previous exercise, the two groups bring their findings to the plenary. The trainer guides them through a discussion around the following two questions:

1. To what extent are the four aspects that you discussed in the two groups previously implemented in your context? The four aspects are:
  - a. centralised financial planning for the security sector;
  - b. transparent organisational structure of the Ministry of Defence and/or the Ministry of Interior;
  - c. Existence of a security sector strategy or a policy paper for the sector; and
  - d. Presentation of periodic financial reports to the competent management and oversight bodies.
2. Do you support more transparency and accountability in budgeting for the security sector in your local context? Can you propose two practical measures (each participant in the discussion is asked to make two suggestions in his/her intervention) how this could be achieved?



## Handout L.4.1

### Set of statements to guide discussion

The following statements are used to guide the two groups to analyse the most recent security sector budget of the local context either from a cost analysis point of view or from a revenue analysis perspective:

*The following steps, if undertaken in an inclusive and participatory manner, can help achieve more transparency and accountability in the administrative and financial performance of the security sector:*

1. Organising the administrative and financial aspects of the security sector, all its branches and components according to centralised financial planning; and respecting different competences in a comprehensive manner.
2. Interconnecting all district offices, directorates, branches and departments of the Ministry of Defence/ Ministry of Interior in a transparent way that warrants a unified and clear reference for all the agencies of the security sector, both administratively and financially.
3. Developing a policy paper for the security sector and a sectoral strategy that includes all existing and necessary programmes and projects of this sector.
4. Preparing periodical financial reports and making such reports available to internal and external oversight bodies.

As a reference, and in order to avoid conflict between transparency and confidentiality, security costs can be classified into two groups as follows:

- First group to include public costs allocated to the security sector which are submitted to the parliament and other competent bodies in a fully transparent manner.
- Second group to include classified appropriations which can be reviewed by a security-specialized subcommittee.



## Trainer resources

### Trainer resource L4.1 PowerPoint: The budget cycle in the Palestinian Security Sector

# The Budget of the Palestinian Security Sector

Dr. Nasser Abdelkarim

*March 2014*

## 1. Particularities of the Palestinian Case

- ✓ Palestine allocates a large part of its budget to the security sector.
- ✓ Palestine is in a unique situation as it is subject to an ongoing occupation.
- ✓ The Palestinian experience in formal security expenditure is still recent and not yet fully developed.

## **2. The legal and institutional framework governing the finances of the Palestinian security sector**

- Before 2005, there was no legal basis to regulate the powers of the security forces, except for the Civil Defence.
- After 2005, three statutory laws containing provisions on financial matters were promulgated:
  - Law of Service in the Palestinian Security Forces No. 8 of 2005,
  - General Intelligence Law No. 17 of 2005,
  - Decree Law of 2007 Concerning the Preventive Security.
- Since 2005, a number of laws and regulations have been adopted to regulate financial affairs in the Palestinian security sector both directly and indirectly, including:

### **Relevant legislation adopted since 2005:**

- Decision No. 4 of 2007 Concerning the Promulgation of the Regulation on Supplies and Purchase of the General Intelligence.
- Decision No. 5 of 2007 Concerning the Promulgation of the Financial Regulation of the General Intelligence.
- Cabinet Decision No. 11 of 2007 on the separation of the Financial General Directorate of the Ministry of Interior from the Financial Central Directorate of the National Security Forces.
- Decree No. 33 of 2007 on the Reorganization of the Finances and Paychecks of Security Forces Personnel.
- The Palestinian Financial Bylaw of 2005 and its 2010 amendments, which concern also the security sector.



### 3. Expenditure of the Palestinian Security Sector

- Spending of the Palestinian security sector saw a significant increase in the year 2007 (from 24% of the total budget in 2005 to 39% in 2007). This share remained in the following years equivalent to roughly 1/3 of the budget.
- The Palestinian security sector lacks a detailed, officially announced and approved budget for the security forces.
- As a result of this, the heads of security agencies spend by means of periodical payments. Incidental expenses amount to 50% of all non-labor cost expenses.
  - ❖ Directors of these agencies have the power to spend without any restrictions and in the absence of clearly defined terms of reference that would warrant accountability and oversight.

### 4. Preparing the Palestinian security sector budget

1. The Ministry of Finance sends the budget notice to the Ministry of Interior which then forwards it to the security agencies.
2. The security sector strategic plan is drafted at the same time as the mid-term financial framework. The Ministry of Interior approves the strategic plan.
3. Each security agency develops a preliminary budget draft and submits it to the General Budget Department of the Central Financial Administration.
4. The General Budget Department in the Central Financial Administration conducts consultations with each budget director of the security agencies.

5. The budget department of Central Financial Administration submits an overall budget of all security agencies to the head of the budget team, for review, audit and consultation.
6. Approval of budget by the Director-General of the Central Financial Administration.
7. Approval of the budget by the Minister of Interior.
8. Submission of completed budget forms to the Ministries of Finance and Planning.
9. Approval of draft current and capital budgets by the Cabinet.
10. Submission of draft budget to Parliament (PLC) and then to the president for approval and promulgation.

### **5. Implementation of the Security Sector Budget**

- ✓ The budget department of the Military Central Financial Administration uses checks as a spending tools => this allows for more accountability than cash spending.
- ✓ Other operational expenses (daily expenses) are spent by the Military Central Financial Administration directly, based on specific payment requests.



## 6. Financial Oversight in the Palestinian Security Sector

### I. Internal Financial Oversight through:

- a. The Ministry of Finance's oversight and audit directorate;
- b. The internal financial audit unit of each agency;
- c. The Directorate-General of Military Financial Oversight was established as the financial oversight and audit body to be responsible for overseeing the accounts of all security agencies.

### II. External Oversight

**A. The State Audit and Administrative Control Bureau (SAACB)** is the supreme external oversight and audit body established under the Law of the Bureau of Financial and Administrative Control No. 15 of 2004.

❖ SAACB seeks to ensure effective and efficient use of public funds. It does so through applying international audit standards, such as the standards of the International Organisation of Supreme Audit Institutions (INTOSAI).

**B. Legislative Oversight:** There are two types of parliamentary oversight according to the Law of the Organisation of the General Budget and Public Finances No.7 of 1998:

- 1) Oversight exercised by Parliament (the PLC) while implementing the budget through reviewing and analysing quarterly reports which should be produced and disseminated by the Ministry of Finance in accordance with applicable laws.
- 2) Post-implementation oversight: discussion and approval of the final statement of account of the Palestinian National Authority.

*Observations:*

- ✓ Palestinian parliamentary oversight of the security budget or other budgets is weak.
- ✓ Reasons for that include:
  - ✓ Insufficient information available to the finance and budget committee on security expenditure;
  - ✓ A lack of sufficient specialised expertise of the members of this or other committees to review the available financial information even if scarce.





## Suggested resources

1. Lienert, Ian. "Role of the Legislature in Budget Processes". *International Monetary Fund Technical Notes and Manuals* 10/04 (April 2010), p.5. <http://www.imf.org/external/pubs/ft/tnm/2010/tnm1004.pdf> (accessed 13 February 2015).
2. Nasser Abdel Karim, and Sanaa Alfuqha. *Financial Management in the Security Sector in Palestine*. Ramallah: University of Birzeit's Institute of Law, 2010
3. Palestinian Ministry of Local Government & UNDP Programme of Assistance to the Palestinian People (PAPP). *The Unified Budgeting and Accounting System for Local Governments*, Ramallah: Ministry of Local Government & UNDP-PAPP, 2005.

# Auditing and Integrity in the Security Sector



**DCAF**

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development and  
the rule of law

**Tool 5**

# **Tool 5**

## **Auditing and Integrity in the Security Sector**

Domenico Polloni



**DCAF**

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## About DCAF

The Geneva Centre for the Democratic Control of Armed Forces (DCAF) promotes good governance and reform of the security sector. The Centre conducts research on good practices, encourages the development of appropriate norms at the national and international levels, makes policy recommendations and provides in-country advice and assistance programmes. DCAF's partners include governments, parliaments, civil society, international organisations and the core security and justice providers such as police, judiciary, intelligence agencies, border security services and the military.

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- Palestinian Legislative Council
- Office of the President
- Council of Ministers
- Ministry of Finance
- Ministry of Interior
- Central Military Financial Administration
- Palestinian Anti-Corruption Commission
- Palestinian National Security Forces



# Introduction

## Why is financial oversight in the security sector important?

Financial oversight in the security sector is a key instrument for ensuring that public funds allocated by the state for the security of the people are spent in a transparent effective and accountable manner.

However, the financial management of security sector institutions is often characterised by opacity rather than transparency. Even in established democracies, the budgets and financial operations of law-enforcement, military and intelligence organisations are often concealed from public scrutiny and sometimes even from formal external oversight by parliament or audit institutions. Furthermore, in many developing countries, disproportionate security expenditures prevent the use of public funds for socio-economic development.

## Why this Toolkit?

Building the conceptual and technical capacities of specialised practitioners is a crucial step towards strengthening financial oversight in the security sector. This Toolkit is designed for financial oversight practitioners who wish to:

- Gain access to best international practice in financial oversight of the security sector
- Improve their professional ability to financially oversee security sector institutions
- Acquire a more proactive attitude toward conducting thorough financial oversight activities of security sector institutions
- Assert their authority in scrutinising budgets and financial operations conducted by security sector institutions.

## How was this Toolkit developed?

The tools included in this Toolkit were developed based on four needs assessment meetings with financial oversight employees and two trainings of financial oversight practitioners in the Palestinian Territories in 2013-2014. The Geneva Centre for the Democratic Control of Armed Forces (DCAF) conducted the trainings in cooperation with DCAF international experts and with the financial support of the European Union.

The tools that are part of this training manual contain a generic component that can be used in virtually any country where financial oversight practitioners in the security sector require capacity building. The tools also contain a locally adapted component, which offers examples from the Palestinian training course and suggestions for how to adapt activities and materials to suit the trainer's own context.

## Other DCAF publications on financial oversight in the security sector

In addition to this Toolkit, DCAF has published other reference material on financial oversight in the security sector. These publications include:

1. Guidebook: Strengthening Financial Oversight in the Security Sector, 2012.
2. A Palestinian Legal Collection: Financial and Administrative Oversight in the Security Sector, 2013 [English edition forthcoming]
3. Financial Oversight in the Security Sector: A Compilation of International Standards, 2014.

To download these or other publications please visit: [www.dcaf.ch/publications](http://www.dcaf.ch/publications)

# Using the Training Toolkit

## Overview

The training toolkit has been designed to be used as a whole training course, which covers six different topics relevant to financial oversight and security sector governance. The six topics may also be used individually as 'stand-alone' training sessions.

## What does the Toolkit include?

The training Toolkit includes one introductory tool (Tool 1) and six training tools. Each tool has a three-hour generic component. The generic material is applicable internationally and can be used without adaptation in any training context. In addition, there are suggestions and example activities for adapting material to a particular context. They are designed to be amended by the trainer to engage with local issues specific to the trainer's own context. It is envisaged that the localised session would take two hours, but it can be as long as the trainer deems necessary.

The Toolkit contains the following seven tools (including this one):

Tool 1. Using the Toolkit and Acquiring Trainings Skills

Tool 2. Concepts and Main Actors of Financial Oversight in the Security Sector

Tool 3. Medium-term Strategic Financial Planning for Security Sector Institutions: Tools and Techniques

Tool 4. The Budget Cycle and the Security Sector

Tool 5. Auditing and Integrity in the Security Sector

Tool 6. Handling Legal Gaps while Practicing Financial Oversight in the Security Sector

Tool 7. Financial Oversight of Intelligence Agencies

These tools may be used for individual training workshops on each topic or as a comprehensive training course.

## The toolkit user

The training sessions in the Toolkit are intended to be read and used by trainers with expertise in financial oversight and security sector governance and reform.

## The target audience

The target audience for the training course outlined in the Toolkit is mainly practitioners involved in financial oversight of public institutions, including security sector organisations. These practitioners include specifically, but not exclusively:

- Parliamentarians and their staffers who are involved in financial oversight and budget control activities
- Members of Supreme Audit Institutions (SAIs) who provide expertise and support in financial oversight activities
- Strategic-level members of security and defence institutions in charge of preparing and executing budgets
- Representatives of executive authorities, including ministries who oversee the preparation and execution of security and defence budgets
- Officers and auditors working in core security and justice institutions whose role is to perform internal controls and audits.

The ideal number of participants for the course is around 15 people. However, the course may be used with more participants.

## Using the toolkit in the trainer's own context

As mentioned above, the tools in this Toolkit consist of generic training sessions and locally adapted training sessions. The generic training sessions included in the toolkit have been developed to be used in any context. However, if possible, the trainer should conduct some form of needs assessment in his/her own context. Based on the results of the analysis, the trainer can understand which training sessions to use, which to prioritise, and which to adapt. The localised training sessions give examples and offer suggested objectives for use in the trainer's own context.

When choosing which of the sessions in the toolkit to use, the trainer can choose to use only part of a session or to rearrange the order of the activities if desired. However, the trainer should be aware that some of the activities in a session follow each other, and one activity may often build on a previous activity.

## The structure of a generic training session

A generic training session consists of the following six elements:

1. **The introduction** lists the learning objectives and focus questions for the session. It also gives an overview, which lists the handouts and trainer resources that are used in the session.
2. **The session plan** gives a full overview of the training session. It is a guide for the trainer to get a quick understanding of the session. It is also used as a quick reference to help the trainer keep track of activities and timing during the training.
3. **The description of activities** explains in more detail how to carry out the activities listed in the session plan.
4. **The handouts** are given to the participants during the activities in the sessions. They are easily photocopied and can include:

- Worksheets with tasks for the participants to complete
- Hardcopies of PowerPoint presentations
- Summaries of key information
- Extracts of, or references to, publications

5. **The trainer resources** provide supporting information for the trainer. They can include:

- Summaries of international best practices
- Answer sheets

6. **The suggested resources** contain references relevant to the activities.

## Types of activities

The types of activities in the sessions are designed to involve and engage the participants. They are expected to build their own understanding of concepts and issues presented. Often, this means encouraging participants to work and provide feedback in groups rather than 'teaching' topics in a non-participative way.

Trainers might nevertheless be advised to make PowerPoint presentations. The training tools do include handouts with PowerPoint presentations, which may be adapted by the trainer as required. However, the trainers are encouraged to use a minimum number of slides. It is also recommended that they use images or other types of documents that are likely to trigger participants' attention and active participation. The trainer may provide the participants with a hardcopy of the presentation before or after it is shown. The trainer may also ask the participants to discuss a question in pairs before asking for feedback.

## The structure of a local training session

A local training session contains example materials and objectives for the local sessions to cover. It is given as an example for the trainer to draw on in his or her own context when devising his or her own localised sessions and materials.

The structure of a local training session is similar to that of the generic training session (see above).

Suggested example activities are given instead of a full session plan.

A local training session consists of the following five elements:

- 1. Introduction:** This consists of learning objectives and focus questions that are relevant to the trainer's own context. An overview of handouts and trainer resources is also given.
- 2. Example activities:** These are example activities of suggested content to be covered. This content can be adapted by the trainer to fit his or her own context. It includes a description of the activity, timing, etc.
- 3. Example handouts:** The handouts are given to the participants during the activities in the sessions. They are easily photocopied.
- 4. Example trainer resources:** These provide supporting information for the trainer.
- 5. Suggested resources:** The suggested resources are references for the trainer to use when adapting these example activities.

# Auditing and integrity in the security sector: the training session

## Introduction

## Learning objectives

This session aims to give working knowledge of the concept of Building Integrity and the role of the audit function in the security sector.

The specific learning objectives include:

- Gaining knowledge of what integrity means in the context of security sector governance
- Becoming aware of the importance of the audit function
- Understanding the conceptual and practical difference between internal and external audit
- Understanding basic concepts and requirements of performance audits

- Sharing experiences of field practices and developing solutions to apply in the participants' work practices

## Focus questions

The following questions are addressed through the activities in this session:

- What is integrity and Integrity Building in the security sector?
- On which areas do Building Integrity initiatives focus?
- What are the elements of and tools for Building Integrity?
- What is the audit function?
- Who carries out audits and how?
- What is the objective of an audit? Why is it important? And which results/ effects can be expected?

## Overview

**Session Plan** *Auditing and Integrity in the Security Sector*

### **Description of Activities**

**Handout 5.1** *PowerPoint hardcopy: Auditing and Integrity in the Security Sector*

**Handout 5.2** *Exercise on the three basic components of performance audit*

**Handout 5.3** *Excerpt from India's Comptroller and Auditor General Report on the performance of medical establishments in the Defence Services*

**Handout 5.4** *Worksheet: A worksheet with instructions*

**Handout 5.5** *PowerPoint: A PowerPoint presentation summarising the answers to the questions asked in Activity 6*

**Handout 5.6** *Test on building integrity in the security sector*

**Trainer resource 5.1** *A question sheet providing the answers to the questions asked in Activity 3*

**Trainer resource 5.2** *Answers to the case studies in Activity 6 (Handout 5.3 Worksheet)*

# Session plan

Auditing and Integrity in the Security Sector				
Learning objectives	Participants will be able to: <ol style="list-style-type: none"> <li>1. Gain knowledge of what integrity means in the context of security sector governance</li> <li>2. Become aware of the role of the audit function</li> <li>3. Understand the conceptual and practical difference between internal and external audit</li> <li>4. Understand the types of audit performed by audit institutions</li> <li>5. Develop an understanding of the basic concepts and requirements of performance audit</li> <li>6. Share experiences of field practices and develop solutions to apply in the participants' work practices</li> </ol>			
Content to be covered	<ul style="list-style-type: none"> <li>• The concept of integrity in security sector organisations</li> <li>• The audit function in organisations</li> <li>• Internal and external audit in organisations</li> <li>• Legal and regulatory audit</li> <li>• Value-for-money audit</li> </ul>			
Time	180 minutes			
Activity	Time	Description of activity	Grouping and materials	Session objectives
1.	5 min	Introduction and	Trainer to whole group	-
2.	30 min	PowerPoint presentation: <i>Auditing and Integrity in the Security Sector (slides 1 to 14)</i>	Trainer to whole group <b>Handout 5.1</b> PowerPoint presentation <i>hardcopy: Auditing and Integrity in the Security Sector</i>	Obj's. 1, 2, 3, 4, 5
3.	25 min	Case study and discussion: <i>Internal audit in practice: Application of the CRIME framework</i>	Trainer to whole group then work in breakout groups (small groups) <b>Handout 5.2</b> Exercise on the three basic components of performance audit	Obj's. 2, 3, 5
				<p>The trainer briefly introduces the learning objectives of the session.</p> <p>The trainer introduces the concept of integrity, the role of the audit function (as a method to examine budgetary procedures within a security agency) and types of audit in a power point presentation. The trainer explains also the three components of a value-for-money audit ('three E's'): economy, efficiency and effectiveness.</p> <p>The trainer briefly introduces the case study. The participants break out into groups and they work on applying the internal controls framework in practice.</p>

Activity	Time	Description of activity	Grouping and materials	Session objectives	Comments
4.	10 min	Feedback and brief discussion	Whole group discussion <b>Trainer resource 5.1.</b> A question sheet providing the answers to the questions asked in Activity 3	Obj. 4,5	The trainer presents the proposed answers in a worksheet and invites participants to make comments and ask questions.
5.	20 min	PowerPoint presentation: Auditing and Integrity in the Security Sector (slides 15 to 18)	Trainer to whole group <b>Handout 5.1</b> PowerPoint presentation hardcopy: <i>Auditing and Integrity in the Security Sector</i>	Objective 2, 4, 5	Based on the power point presentation, the trainer presents the different types of audits: financial, legality and performance auditing. The trainer then discusses the attributes and qualities of a good performance audit .
6.	60 min	Case study and discussion: Applying key concepts of performance auditing in practice	Small groups <b>Handout 5.3</b> Excerpt from India's Comptroller and Auditor General report on the performance of medical establishments in the Defence Services <b>Handout 5.4 Worksheet:</b> A worksheet with instructions	Obj. 4, 5,6	The trainer briefly introduces the case study. The participants break out into small groups and they work on applying the concepts of value-for-money auditing in practice. <b>Handout 5.4 Worksheet</b> provides the participants with guiding questions to approach the case study in <b>Handout 5.3</b> and to analyse the role of an auditor and how integrity is undertaken while auditing a security agency.
7.	20 min	Feedback and discussion on performance auditing	Whole group discussion <b>Handout 5.5 PowerPoint:</b> A PowerPoint presentation summarizing the answers to the questions asked in Activity 6	Obj. 4, 5,6	The trainer presents the proposed answers in a power-point presentation and invites comments and questions.
8.	10 min	Wrap-up of the session	Trainer to whole group <b>Handout 5.6</b> Test on building integrity in the security sector	Obj 1.	The trainer wraps up the session handing out a short test that should both consolidate the knowledge acquired by the participants and prepare them for the next session on handling legal gaps while practicing financial oversight in the security sector.





## Description of activities

This section describes in more detail the activities listed above in the Session Plan. It also provides alternatives to several activities.

### Activity 1. Introduction

The trainer explains to the whole group the relation between the audit function of an organisation and integrity building principles, and which integrity values are applicable to public institutions. The trainer describes why an awareness of modern auditing principles and tools is relevant to the participants, i.e. to them as stakeholders in the security sector who are, at the same time, actors of financial oversight and managerial accountability processes. Next, the trainer gives an overview of the kind of activities the participants will be doing and the timing of the training session.

### Activity 2. PowerPoint presentation: Auditing and Integrity in the Security Sector

This activity consists of slides one to 14 of the PowerPoint presentation that introduces key principles and tools of auditing and integrity building in the security sector.

These include:

- The concept of integrity and integrity building, particularly as applied to security sector agencies
- The importance of the audit function in security sector organisations
- Internal and external audits
- Different types of external audits in the public sector, and particularly security sector organisations
- Two basic approaches to performance audit, and

- The three components of value for money ('three E's'): economy, efficiency and effectiveness.

The trainer may choose to distribute **Handout 5.1** to the participants at the beginning or at the end of the presentation.

Materials:

- **Handout 5.1** PowerPoint presentation hardcopy: Auditing and Integrity in the Security Sector
- Computer, projector

### Activity 3. Case study and discussion: Performance audit in practice: Understanding the three E's

This session allows the participants to acquire a practical grasp of the basic building blocks of performance auditing, which are the notions of economy, efficiency and effectiveness.

Participants are divided into small groups. Each group receives copies of **Handout 5.2**. The group's task is to categorize the information contained in the handout according to the classification grid proposed:

- Whether the issue proposed in the audit question is one of economy, efficiency or effectiveness?
- Whether the audit approach implied by the audit question is an audit of actual performance or an audit of the control systems of the organisation?

The participants may be asked to note the results of their work in a flip chart sheet for it to remain available after the end of the activity. **Handout 5.1** ought to remain available for the participants to refer back to and the relevant slides should also be on display to facilitate the participants' work.

♣ *Alternative:* Similar documents from other countries may be proposed instead of **Handout 5.2**, as long as they allow the participants to focus on the performance audit approaches and the three E's.

Materials:

- **Handout 5.2:** Audit questions to be categorized
- Flip-chart sheets
- Normal sheets of paper
- **Trainer resource 5.1**

### Activity 4. Feedback and short discussion

This activity allows participants to exchange views on their understanding of the concepts introduced and to ask the trainer, if they so wish, for more information or resources to deepen their knowledge.

The trainer presents the proposed answers in **Trainer resource 5.1** and invites comments and questions from the participants.

Materials:

- **Handouts 5.2** (already used in Activity 3).
- The trainer will be distributing **Trainer resource 5.1** with the proposed answers to the questions asked in Activity 3.

♣ *Alternative:* If more time is available, the trainer can ask all the groups formed during Activity 3 to present the results of their work, and to answer questions from the other groups.

All the groups can be asked to pin the flip charts onto a wall, or a board, for them to be seen by the other groups.

### Activity 5. PowerPoint presentation of Auditing and Integrity in the Security Sector, slides 14 to 18

This activity continues Activity 2. It covers slides 14 – 18 and discusses the following concepts:

- Financial, legality and performance auditing
- Auditing techniques in the different types of audit
- The qualities of a good performance audit (the 'SMARTest' approach)

Materials:

- **Handout 5.1:** PowerPoint presentation hardcopy: Auditing and Integrity in the Security Sector
- Computer, projector

### Activity 6. Case study and discussion: Applying key concepts of performance auditing in practice

This session allows the participants to be exposed to real-life examples of the concepts presented in the previous activity, and to consolidate their practical understanding by using an analytical framework based on these concepts.

Participants are divided into small groups. Each group receives copies of the worksheet in **Handout 5.4. Worksheet** They also receive a case study that is presented in **Handout 5.3**.

Given the limited time available, the trainer will explain that preference is being given to the quality of the final product, rather than the breadth of coverage. The trainer will ask each group to read the document and to answer two to three questions related to the case study, making sure that the distribution of tasks covers the whole spectrum of questions asked.

The trainer will take the participants briefly through the questions, namely:

- On whose initiative is the performance audit being carried out?
- What are the stated objectives of the audit? Is the audit indeed a performance audit?
- What are the concerns expressed by the auditor and related to the three value-

for-money components: economy, efficiency and effectiveness?

- What techniques are used by the auditor to substantiate each of the concerns expressed?

♣ *Alternative:* Similar documents from other countries may be proposed, as long as they allow the participants to focus on the key areas of interest for performance auditing (value-for-money auditing) in the security sector, in particular the assessment of economy, efficiency and effectiveness of public sector action.

Materials:

- **Handout 5.3** Excerpt from India's Comptroller and Auditor General report on the performance of medical establishments in the defence services
- **Handout 5.3 Worksheet:** A worksheet with instructions
- Flip-chart sheets

### Activity 7. Feedback and short discussion

This activity allows participants to exchange views on their understanding of the key principles and concepts of performance-based budgeting, and to ask the trainer, if they so wish, for more information or resources to deepen their knowledge.

The trainer presents a few slides with the proposed answers to the questions asked in Activity 6 and invites comments and questions from the participants.

♣ *Alternative:* Given more time available, each of the groups presents the result of their activities and receives questions or remarks from the other groups.

Materials:

- **Handout 5.4 Worksheet** already used in Activity 6

- (The trainer will use the PowerPoint presentation contained in **Handout 5.5 PowerPoint**)

All the groups may then be asked to pin the flip charts onto a wall, or a board, so that they can be seen by the other groups.

### Activity 8. Wrap-up of the session

The trainer distributes a short test (**Handout 5.6 Test**) taking stock of the ground covered so far, not only in this session, but in the previous ones as well. The aim of the test is to both consolidate the knowledge acquired by the participants and prepare them for the next session on handling legal gaps while practicing financial oversight in the security sector.

The participants will be invited to answer the test questions and keep their copy until the next session. The test will be discussed at the beginning of the session on handling legal gaps.

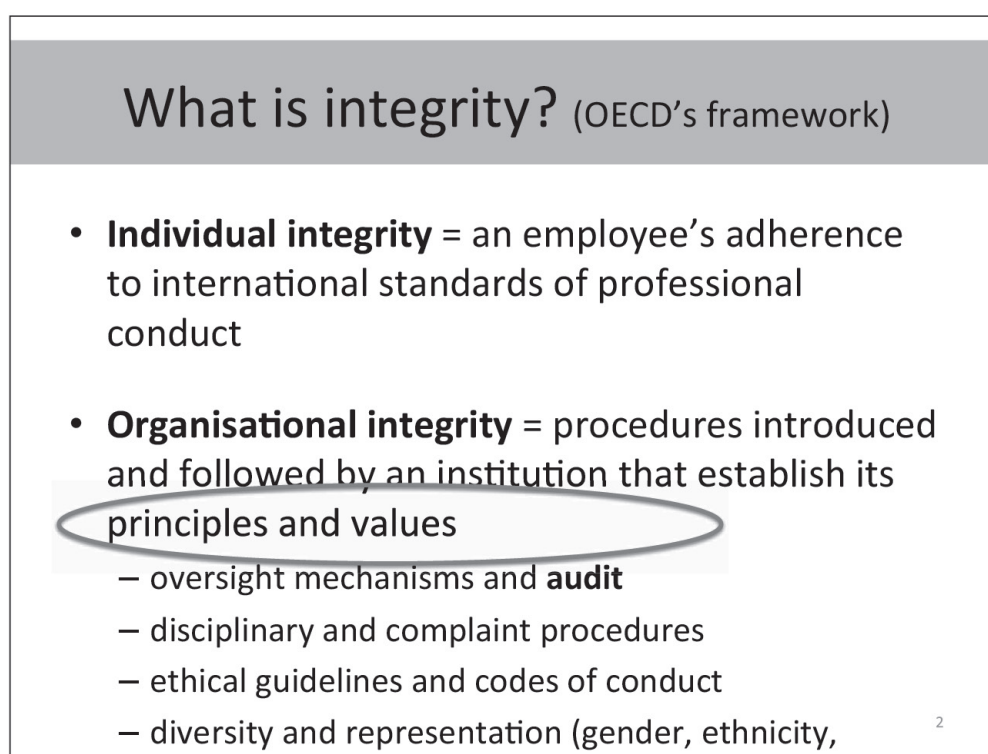
Materials:

- **Handout 5.6 Test:** Test on building integrity in the security sector.



## Handout 5.1

PowerPoint presentation hardcopy: Auditing and Integrity in the Security Sector



## Building Integrity efforts should focus on:

- Personnel management
- Defence budgeting and financial management
- Operations and maintenance
- Procurement and construction
- Offset arrangements
- Outsourcing, privatisation and public-private partnerships

## Key elements of Integrity Building:

- Norms of individual and collective behaviour
- Clearly established and respected codes of conduct
- Leadership by example
- Legislation and regulations
- Effective training and regular reinforcement
- Assurance and enforcement

3

## Building Integrity Tools: (1) Codes of conduct

- Single, easily accessible code of conduct for all personnel, firmly rooted in ethics and values
- Clear guidance on accountability
- Regulations on bribery, gratifications, gifts and hospitality, conflicts of interest, etc.
- Regular ethics training
- Periodic updating of the code

Source: Transparency International (2011), *Building Integrity and Countering Corruption in Defence and Security*.

4

## Building Integrity Tools: (2) Principles of sound budgeting

- Sound legal framework
- Public access to defence budget information
- Strong role of the Parliament in the budget process (debate on budget proposal in the Parliament)
- Parliamentary Committee that has access to defence budget
- Civil society organisations and the public monitor the budgeting process
- Regular reports on budget execution and transparency
- **Internal and external audits** (results are publicly available)
- Independent oversight agency

Source: Ibid

5

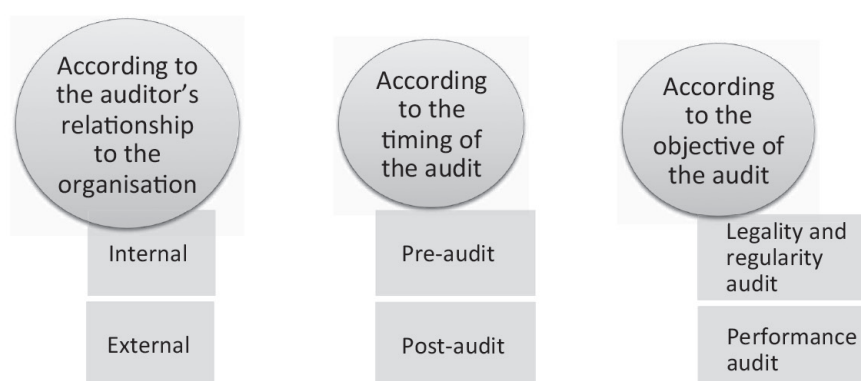
## What is the audit function in an organisation?

- a **systematic and independent examination** of data, statements, records, operations and performances (financial or otherwise) of any given organisation for a **stated purpose**

**IMPORTANT:** audit is only a **method**; it must be given an **objective** to be effective.

6

## Types of audits



7

## Internal and external audit

- **Internal audit** (Institute of Internal Auditors' definition)  
= **independent** assurance activity designed to **improve an organisation's operations**, especially the effectiveness of risk management, control and governance processes  
– it is a **service to, and within**, the organisation
- **External audit**  
= a **third-party review** of an organisation's financial or business operations  
– conducted **from outside the organisation**, e.g., by a public accounting firm, certified public accountant (CPA), compliance agency etc.

8



## Types of audit by purpose

(private and public entities)

Audit of financial statements

(public and often private entities)

Legality and regulatory audit

(public entities)

Performance audit (value-for-money audit)

9

## Performance audit: two approaches

Direct performance auditing

- Focus on inputs, outputs, results and impacts

Auditing the control systems of an organisation

- Focus on policies and procedures implemented by managers for promoting, monitoring and evaluating performance

10

## Performance auditing: basic questions

### Economy

- Are we minimising the cost of resources used with a due regard to quality?
- Techniques: analysis of human, financial and material resources, analysis of applicable regulations, analysis of management activities, etc.

### Efficiency

- Are we getting the best possible output – in terms of quantity and quality – from our inputs and actions?
- Techniques: checking against planning documents, outputs of similar activities, a standard that had been adopted; comparison with outputs of other time periods, similar countries, best practices, etc.

### Effectiveness

- Are the stipulated aims being achieved? Are the outcomes observed really the result of the policy rather than of any other circumstances?
- Techniques: measurement before and after policy implementation (with a control group), comparison of observed outcomes and stated goals, study of side effects and unintended effects, etc.

## The first one of three E's: Economy

### When do issues of economy arise?

When an entity or activity could reduce the costs of inputs significantly for a given level of outputs or results

### Risks in the area of economy

waste  
overpaying  
gold plating (incorporation of costly and unnecessary features or refinements into a product or structure to justify large budgets)

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## The second E: Efficiency

### When do issues of efficiency arise?

When an entity or intervention could increase the amount or quality of outputs or results without increasing the use of resources

### Risks in the area of efficiency

leakages  
non-optimal input-output ratio, e.g. low labour productivity or high unit cost  
slow implementation  
failure to identify and control externalities, i.e., costs imposed on external entities or individuals

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## The third E: Effectiveness

### When do issues of effectiveness arise?

when an entity or intervention does not produce the expected outputs, results or impacts

### Risks in the area of effectiveness

inadequate assessment of needs  
unclear or incoherent objectives of the intervention  
poor design of implementation  
adequate objectives but failure to meet them  
poor management of the implementation phase

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## Financial audit

### Objective of the audit:

to provide reasonable assurance that the financial statements are presented fairly, in all material respects, and/or give a true and fair view in accordance with the financial reporting framework



### Outcomes of the audit:

- 1) Increase user confidence in the financial statement,
- 2) Reduce investor's risks



### Audit techniques:

Assessing internal controls, check of the postings, check of the casting, bank reconciliation, vouching, re-count, etc.

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## Legality and regulatory audit

### Objective of the audit:

to confirm compliance with standards, whether they are set by law or regulations or codes of conduct



### Outcomes of the audit:

- 1) Increase management's and clients' trust in the organisation
- 2) Satisfy legal or regulatory accountability requirements

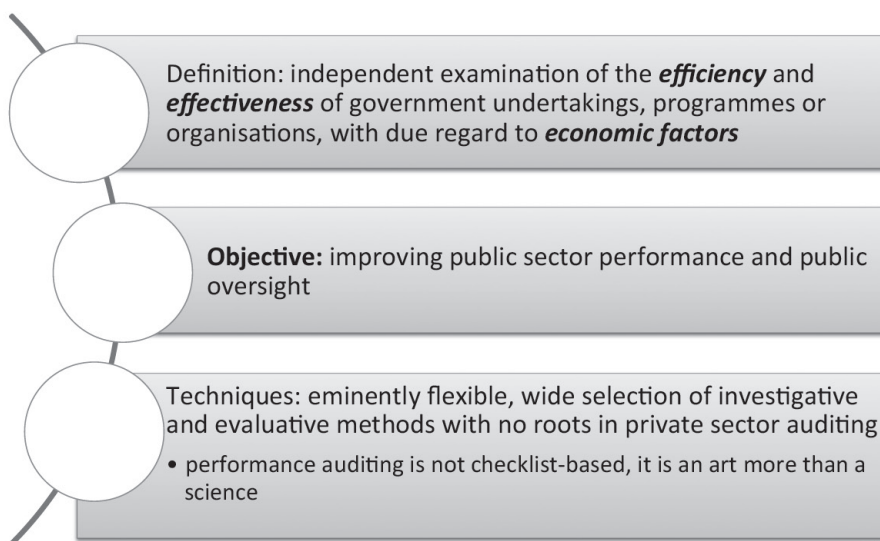


### Types of regulatory audits:

- quality audits, safety audits, information system audits
- in the public sector, most financial audits are legality audits

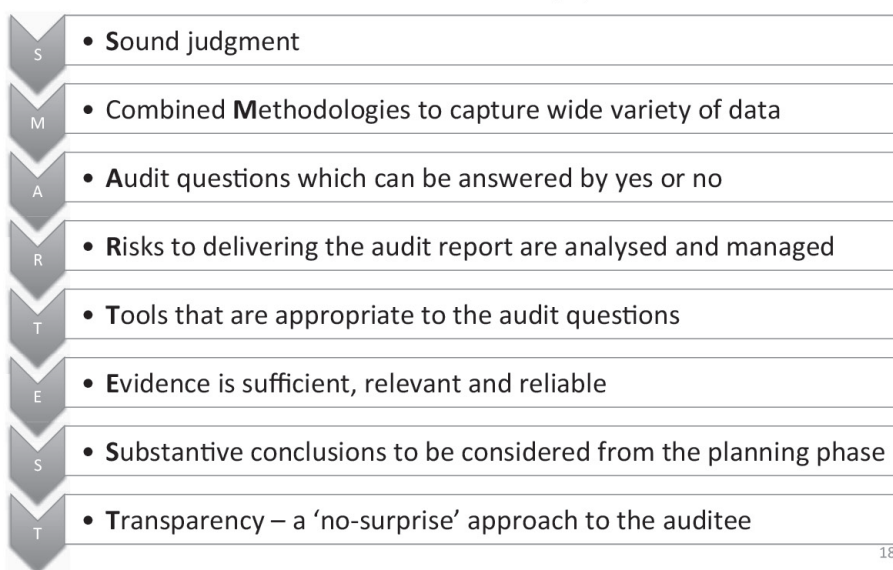
16

## Performance audit (value-for-money audit)



17

## Qualities of a good performance audit: the SMARTTEST approach



18



## Handout 5.2

### Understanding the basic concepts of performance audit

(adapted from actual cases of the European Court of Auditors)

The first column contains a selection of audit questions that have been asked in real-life performance audits.

In your group, you should:

- 1) Read the audit question
- 2) Discuss and decide whether the audit question is part of a direct performance audit (Column A: Auditing performance directly) or of an audit that focuses on assessing the control systems of the organisation (Column B: Auditing the control systems of the organisation).
- 3) Then, discuss and decide whether the issue raised by the audit question is related to an economic risk, an efficiency risk or an effectiveness risk

Audit question	A: Auditing performance directly	B: Auditing the control systems of the organisation
1. Have best prices been obtained for consultancy services for an IT upgrade in the Communications Unit?	<ul style="list-style-type: none"> <li>o Economy</li> <li>o Efficiency</li> <li>o Effectiveness</li> </ul>	<ul style="list-style-type: none"> <li>o Economy</li> <li>o Efficiency</li> <li>o Effectiveness</li> </ul>
2. How much additional carbon dioxide is released into the atmosphere by the Government's support scheme to the industrial drying of cattle fodder?	<ul style="list-style-type: none"> <li>o Economy</li> <li>o Efficiency</li> <li>o Effectiveness</li> </ul>	<ul style="list-style-type: none"> <li>o Economy</li> <li>o Efficiency</li> <li>o Effectiveness</li> </ul>
3. Are there adequate procedures to prioritise and select procurement of equipment for the police force to ensure maximum impact of the expenditure? Are the criteria used appropriate and are they being implemented as intended?	<ul style="list-style-type: none"> <li>o Economy</li> <li>o Efficiency</li> <li>o Effectiveness</li> </ul>	<ul style="list-style-type: none"> <li>o Economy</li> <li>o Efficiency</li> <li>o Effectiveness</li> </ul>
4. Are there procedures in place to ensure that the transport costs of a security sector department are the lowest available and compare favourably with costs incurred by other departments? Are these procedures adequate and being properly applied?	<ul style="list-style-type: none"> <li>o Economy</li> <li>o Efficiency</li> <li>o Effectiveness</li> </ul>	<ul style="list-style-type: none"> <li>o Economy</li> <li>o Efficiency</li> <li>o Effectiveness</li> </ul>
5. How does the cost per trainee incurred in the intelligence recruits' training programme compare with similar unit costs per training in other security sector agencies?	<ul style="list-style-type: none"> <li>o Economy</li> <li>o Efficiency</li> <li>o Effectiveness</li> </ul>	<ul style="list-style-type: none"> <li>o Economy</li> <li>o Efficiency</li> <li>o Effectiveness</li> </ul>
6. Have the new road infrastructure projects contributed to increasing traffic flow while reducing journey durations and improving road safety?	<ul style="list-style-type: none"> <li>o Economy</li> <li>o Efficiency</li> <li>o Effectiveness</li> </ul>	<ul style="list-style-type: none"> <li>o Economy</li> <li>o Efficiency</li> <li>o Effectiveness</li> </ul>



Audit question	A: Auditing performance directly	B: Auditing the control systems of the organisation
7. Does the Corrections department have and consistently use adequate key management information about the size, condition, utilisation and cost of their facilities for decision making?	<ul style="list-style-type: none"> <li>o Economy</li> <li>o Efficiency</li> <li>o Effectiveness</li> </ul>	<ul style="list-style-type: none"> <li>o Economy</li> <li>o Efficiency</li> <li>o Effectiveness</li> </ul>
8. Is there potential for equitably reducing the cost of sick leaves in the police force	<ul style="list-style-type: none"> <li>o Economy</li> <li>o Efficiency</li> <li>o Effectiveness</li> </ul>	<ul style="list-style-type: none"> <li>o Economy</li> <li>o Efficiency</li> <li>o Effectiveness</li> </ul>
9. Has the management carried out an adequate assessment of needs and possible benefits arising from the Early School Leavers skills training programme to support the funding decision?	<ul style="list-style-type: none"> <li>o Economy</li> <li>o Efficiency</li> <li>o Effectiveness</li> </ul>	<ul style="list-style-type: none"> <li>o Economy</li> <li>o Efficiency</li> <li>o Effectiveness</li> </ul>
10. Could the projects have been implemented in a different manner which would have resulted in improved timeliness and quality?	<ul style="list-style-type: none"> <li>o Economy</li> <li>o Efficiency</li> <li>o Effectiveness</li> </ul>	<ul style="list-style-type: none"> <li>o Economy</li> <li>o Efficiency</li> <li>o Effectiveness</li> </ul>
11. When an employee is no longer able to carry out his or her duties on account of invalidity, are alternative solutions to invalidity pension being studied, such as a change of position?	<ul style="list-style-type: none"> <li>o Economy</li> <li>o Efficiency</li> <li>o Effectiveness</li> </ul>	<ul style="list-style-type: none"> <li>o Economy</li> <li>o Efficiency</li> <li>o Effectiveness</li> </ul>



## Handout 5.3

### Excerpt from India's Comptroller and Auditor General Report on the performance of medical establishments in the Defence Services<sup>1</sup>

*"Performance of Medical Establishments in Defence Services. Report No. 18. 2012-13.*

#### Executive Summary

##### 1. Why did we do this performance audit?

Armed Forces Medical Services (AFMS) is one of the critical logistics arms of Defence Services both in war and in peace. The objective of the AFMS is to preserve and promote the health of the Armed Forces personnel and their families by prevention of diseases and care and treatment of the sick and wounded among them.

AFMS is an inter-services organisation headed by Director General Armed Forces Medical Services (DGAFMS) who functions directly under the Ministry of Defence. DGAFMS at the apex level is assisted by the Directors General Medical Service for the Army, Navy and Air Force who are responsible for overseeing the functioning of the hospitals of the respective Services.

There are 133 Military Hospitals (Army-111, Navy-10 & Air Force-12) of varying bed strengths spread throughout the country in addition to 90 Field Hospitals in field areas.

AFMS, in April 2003, assumed the responsibility for treatment of Ex-servicemen and their families as and when referred by the Ex-servicemen Contributory Health Scheme (ECHS) polyclinics.

Considering the pivotal role of the organisation to keep the Armed Forces personnel healthy, we undertook this performance audit to assess how well the organisation is equipped and also the extent to which it was performing the assigned role, keeping efficiency, effectiveness and economy in mind.

##### 2. What does this performance audit cover?

We took up the performance audit to obtain reasonable assurance that:

- There existed a sound budgetary formulation, control and expenditure management system conforming to the General Financial Rules;
- Hospitals are adequately manned with doctors, nurses and paramedical staff and are equipped with modern medical equipment;
- Sound practices existed for ensuring economy in procurement, inspection and timely supply of drugs to hospitals/ patients;
- Hospital administration including bio medical waste management was effective; and
- The nascent organisation of ECHS has been provided with necessary infrastructure, medical equipment, drugs and human resources.

<sup>1</sup> This is an excerpt of the following document, prepared by DCAF for the purposes of this Toolkit : India's Comptroller and Auditor General Report on the performance of medical establishments in the Defence Services: *Performance of Medical Establishments in Defence Services. Report No. 18, 2012-13. pp 4-11.*

### 3. Our audit findings:

#### ***Increasing trend in local procurement of drugs***

During the period from 2006-07 to 2010-11, the allotment of funds for local purchase (LP) of drugs increased significantly from ₹ 157.73 crore to ₹ 371.34 crore, an increase of 135 per cent, against a marginal increase (11 per cent) in allotment for central purchase (CP). As LP is intended to meet requirements of ad hoc and urgent nature, the major shift in the trend of allocating budget in favour of LP was contrary to the obvious advantages of centralised procurement in terms of quality and cost.

(Paragraph 2.2)

#### ***Disconnect between Annual Acquisition Plan and Budget allotment***

Annual acquisition plans reflect the plan for procurement of items for modernisation of AFMS covering both revenue and capital items. There was a huge backlog of ₹943.41 crore, as of March 2011, against the approved Annual Acquisition Plan (AAP), making the plans largely irrelevant as far as procurement of capital items is concerned. The huge cumulative backlog of the AAP shows that the implementation has been rather slow and tardy due to processing delays.

(Paragraph 2.4)

#### ***Critical shortage of Medical officers in hospitals***

Manpower in medical services is a critical component having a direct bearing on patient care. There was an overall shortage of 12 per cent Medical Officers (MO) in hospitals. Barring the Tertiary care hospitals (CH & Spl centers), deficiency existed in the chain of medical care of Army at Field Hospitals (36 per cent), Peripheral (6 per cent), Mid Zonal (19 per cent) and Zonal hospitals (nine per cent). Even among the Command and Specialist hospitals the posted strength varied from (-) 25 per cent in Udhampur to (+) 93 per cent in R&R Hospital Delhi. The cumulative deficiencies in Field, Peripheral, Mid Zonal and Zonal hospitals with surpluses in Tertiary care units is indicative of non-rationalisation in posting of the MOs against authorization.

(Paragraph 3.1)

#### ***Recruitment through Armed Forces Medical College (AFMC)***

Medical cadets passing out of AFMC are liable to serve the Services. During the years 2007 to 2010, 73 of the 508 successful cadets opted out of service liability by paying the bond money of ₹ 15 lakh as fixed by the Ministry in September 1998. Obviously, the bond money of ₹ 15 lakh was not a sufficient deterrent in arresting the exodus.

(Paragraph 3.2)

#### ***Shortage of specialists***

MBBS doctors acquiring appropriate qualifications are graded as specialists/ super specialists. As of March 2011, the specialists/super specialists held were 1919 against the authorisation of 2217 (2295 minus the reserve of 78) indicating a deficiency of 298 (14 per cent).

#### ***Attrition of specialists***

During 2006-10, 190 specialists had left the service on grounds of supersession in service. Maximum attrition of specialists had taken place in those disciplines where deficiencies already existed.

(Paragraph 3.3)

### ***Deployment of nursing staff and paramedical staff***

As in the case of medical officers, there was disparity in the deployment of nurses and paramedical staff across various hospitals. In CH SC Pune, CH WC Chandimandir, AH R&R, BH Delhi Cantt and MH Jaipur, nursing staff was short by 39 per cent, 30 per cent, 21 per cent, 3 per cent and 25 per cent. At CH WC Chandimandir, BH Delhi Cantt and MH Jaipur paramedical staff was in excess by 4 per cent, 15 per cent and 8 per cent respectively, whereas it was short by 15 per cent and 23 per cent at CH SC Pune and AH R&R.

(Paragraphs 3.4 & 3.5)

### ***Huge shortage of scaled electro-medical equipment***

As of December 2010, there was deficiency of at least 22,108 equipment in different hospitals, with reference to the authorised scales for which no procurement was made to make up the projected deficiencies.

### ***Alarming deficiency of critical equipment***

We examined the holding of 20 equipment vis-à-vis the authorization at 28 hospitals. Most of the hospitals were alarmingly deficient in equipment such as portable multi-channel ECG, bedside monitor heart rate display, DC defibrillator, Nebuliser electric, Portable ultrasound unit, etc.

(Paragraph 4.2)

### ***Downtime of medical equipment***

The downtime of 51 medical equipment in 10 hospitals valuing ` 16.35 crore, ranged from 01 month to 12 months due to delay in repair by the Command Repair Cells and AFMSD Pune.

(Paragraph 4.7)

### ***Vendor registration***

The system of vendor registration was flawed as the hospitals registered even those firms which had made a false declaration; or/and did not produce certificate of Good Manufacturing Practice (GMP) issued by the State or Central authorities, Dealer licence and valid drug licence at the time of registration.

(Paragraph 5.4)

### ***Central procurements through Rate Contracts***

Normally Rate Contracts (RC) are executed to enable procurement officers to procure indented items with economy of scale. However, as of March 2011, RCs were in force only in respect of 44 items (6 per cent of total items) which resulted in local purchase at higher cost.

### ***Local procurement of items available under RC***

Even where DGAFMS had concluded RCs, our test check showed that six hospitals procured drugs from other than RC firms at higher rates. Similarly, Command Hospital, Pune, AFMSDs Delhi, Mumbai and Lucknow procured goods locally at rates higher than the DGS&D RC rate.

(Paragraph 5.5)

### **Local procurement of drugs at inexplicably varying rates**

Inexplicable wide variation in the rates of procurement by different hospitals in respect of common drugs was prevalent. For example for Oral Rehydration Powder (PVMS-011688) the rate varied from `1.58 {CH (AF) Bengaluru} to `12.93 (INHS Ashwini) and for Voveran Gel (PVMS-012920) it varied from `6.98 (MH Ambala) to `59.17 (INHS Jeevanthi). In respect of Digene (170 ml bottle) local purchase rates varied from `9.50 per bottle (AH R&R) to `41.50 (178 MH). Similarly the procurement rate of Inj Dextrose varied from `12.8 (CH WC) to `150 (MH Kirkee).

The fact that there are huge price variations in local procurements of drugs across various hospitals ranging up to even 100 times implies one of the following two possibilities:

- Drugs are being procured locally at exorbitant prices; and
- Drugs are being supplied at freakishly low prices, calling into question their quality, given the fact that supplies in local procurements are accepted in hospitals based on only visual inspection by a board of officers.

(Paragraph 5.7)

### **Overstocking of drugs**

AFMSD Delhi was holding 210 drugs valuing `3.80 crore in excess of the requirement. Out of the 210 drugs the quantity held in respect of 96 drugs, constituting 46 per cent, would be sufficient for more than two years, by which time their life would have expired. In the case of some of the medicines, overstocking was so huge that it covered the requirement of 6 to 109 years based on the average monthly maintenance figure. Similarly, AFMSD Mumbai was holding 460 drugs in excess, of which the stock of 197 drugs (constituting 43 per cent) would be sufficient for a period of more than two years, by which time the life would have expired.

(Paragraph 5.9)

### **Procurement of drugs with less than prescribed shelf life**

The stocking policy laid down by DGAFMS requires the AFMSDs to accept expendable stores with residual life of at least five-sixth of their normal life. Test check for the month of December in 2008, 2009 and 2010 at AFMSD Lucknow revealed that 22 items valuing `46.64 lakh having shelf-life less than prescribed were accepted. The position was even worse in AFMSD Delhi where 52 such items valuing `2.00 crore were accepted. AFMSD Mumbai had accepted 20 such items valuing `23.07 lakh.

(Paragraph 5.10)

### **Quality inspection**

The Director General of Quality Assurance (DGQA) is mandated to carry out inspection of all purchases against the RC and local purchases where the order value exceeds `1.5 lakh. However, we noticed that the DGQA authorities designated for the inspection were underequipped for conducting such tests, which compromised the quality of inspection. We also observed that in a large number of cases drugs were accepted by the CH WC, AH (R&R), CH SC, AFMSD Mumbai without the Inspection Note. Acceptance of drugs without Inspection Note carries the risk of acceptance of substandard drugs.

(Paragraph 5.14)

### **Deficiency in storage accommodation**

Cool room and cold storage accommodation in hospitals are intended to preserve the life as well as the quality of medical stores. We noticed that in the test checked hospitals across the country deficiency in cool room ranged from 11 to 100 per cent, that of cold storage from 10 to 100 per cent and of overall medical storage accommodation from 5 to 100 per cent.

### **Deficiency in ambulances**

During July 2008 to July 2011, the deficiency of four stretcher ambulances increased from 48 per cent to 57 per cent. Of the 23 hospitals reviewed during the performance audit, where the holding of ambulances against the authorisation was examined, only nine hospitals had ambulances as authorised, one was holding surplus while deficiency was there in 13 hospitals. The deficiency was the highest at MH Jaipur (50 per cent) followed by MH Ambala (46 per cent), MH Jabalpur (40 per cent), MH Jodhpur (36 per cent), MH Gaya (33 per cent) and CH SC (29 per cent).

*(Paragraph 6.2)*

### **Bio-Medical Waste**

Under the Bio-Medical Waste (Management & Handling) Rules 1998 all Health Care Establishments (HCEs) generating bio-medical waste are required to apply to the prescribed authority for authorization for management and handling of bio-medical wastes. Of the 280 HCEs in the Army, 241 (87 per cent) were not holding valid authorisation as of March 2011. In Air Force, 99 HCEs out of 162 (61 per cent) and in Navy, 2 HCEs out of 10 (20 per cent) did not renew their authorisation as of March 2011. As valid authorisation under the rules is not available to a large number of HCEs, their capacity to handle bio medical waste in accordance with these rules is suspect.

*(Paragraph 6.4)*

### **Creation of infrastructure**

As per the scheme sanctioned in December 2002, the infrastructure was to be created within four years in 104 polyclinics at military stations and in 123 polyclinics at non- military stations within five years. While the scheme had nearly met the objective of creating infrastructure in military stations, in respect of non- military stations the infrastructure was established in only 15 per cent of the polyclinics as of February 2011.

*(Paragraph 7.2)*

### **Deficiency in manpower**

Deficiency of Medical Specialists and Gynecologists in ECHS was as high as 27 per cent and 31 per cent respectively as of March 2011. The deficiency in respect of all categories of medical officers was more in the polyclinics located in non-military stations than in the military stations, adversely affecting patient care by the former.

*(Paragraph 7.3)*

### **Equipment**

Even as X-ray machines were provisioned to all the 227 polyclinics, radiographers to operate them have not been sanctioned for 79 military polyclinics. As a result, at many places, the X-ray

machines were not utilised and therefore were either transferred to military hospitals or were lying idle.

***Downtime and non-functioning of medical equipment***

Thirty six equipment remained intermittently un-serviceable at 18 polyclinics during 2008-10 for periods ranging from one month to 36 months. As of March 2011, 18 equipment (seven X-ray machines, nine Dental chairs and two Semi auto analysers) at 17 polyclinics located at non-military stations were nonfunctional since January 2010.

***Low availability of medical stores***

The ECHS Polyclinics are dependent on AFMSDs as well as nearest service hospitals for medical stores. The AFMSD Mumbai did not stock 35 vital and essential drugs (52 per cent), while the stock of nine drugs (13 per cent) was less than the requirement as per the monthly maintenance figure (MMF). The AFMSD Delhi Cantt did not have stock of 10 essential drugs (15 per cent) and for 24 drugs (36 per cent) the stock was less than MMF. Thus the depots were unable to provide the vital and essential drugs to ECHS polyclinics.

*(Paragraph 7.4)*

***Inadequacy of empanelled hospitals***

In the non-military stations the beneficiaries have to solely rely on the empanelled hospital for treatment. No empanelled hospital was available to ECHS beneficiaries at 15 non-military stations (20 per cent) and at an equal number of military stations (21 per cent). Thus, in the absence of empanelled hospitals the beneficiaries in those non-military stations were deprived of hospital care.

*(Paragraph 7.5)”<sup>2</sup>*

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<sup>2</sup> Ibid.





## Handout 5.4

### Worksheet: A worksheet with instructions

Read the document (**Handout 5.3**) and reply succinctly to those of the following questions the trainer has asked you to work on.

1. Who took the decision to carry out the audit? Did the auditor act on his or her own initiative or on somebody else's request?
2. How does the auditor state the objectives of the audit?
3. Identify and state **at least three** of the auditor's concerns related to economy and the technique or methodology used to substantiate them.
4. Identify and state **at least three** of the auditor's concerns related to efficiency and the technique or methodology used to substantiate them.
5. Identify and state **at least three** of the auditor's concerns related to effectiveness and the technique or methodology used to substantiate them.

*(Some of the concerns expressed by the Auditor might be related to more than one area)*



## Handout 5.5

**PowerPoint:** PowerPoint presentation summarizing the answers to the questions asked in Activity 6

### **Performance-based auditing: medical establishments of India's Defence Services**

Tool 5, Feedback on Activity 6  
Handout 5.3 *POWERPOINT*

#### **Initiative of the audit**

- not explicitly clarified
- most likely on the initiative of the Comptroller and Auditor General, in the exercise of the prerogatives conferred upon her or him by the Constitution of India
- no mention of any Parliament or Government request to undertake such an audit

## Expected objectives of the audit

- To assess how well the Armed Forces Medical Service (AFMS) is equipped and the extent to which it is performing the role assigned to it = **performance audit**.
- To obtain reasonable assurance that there exists in the AFMS a sound budgetary formulation, control and expenditure management system conforming to the General Financial Rules of the Government of India = **legality audit**

## Concerns related to economy

Concerns related to economy	Technique applied to substantiate this concern
Drugs are being increasingly procured locally, at a larger cost than via centralised procurement.	Analysis of financial records
Flawed vendor registration	Analysis of financial records
Limited use of centralised Rate Contracts, with larger costs as a result	Analysis of financial records
Procurement of drugs with less than required residual shelf life	Analysis of stocks records

## Some concerns related to efficiency

Concerns related to efficiency	Technique applied to substantiate this concern
Underspent resources from the approved Annual Acquisition Plan	Comparison between the planning documents and the actual expenditure records.
Shortage of medical officers in several hospitals despite authorisation to hire	Apparently, comparison between human resource plan and actual personnel files
Waste of human resources trained by the Armed Forces Medical College	Comparison between human resources trained and liable to serve and human resources that opted out of service; assessment of the deterrent effect of the bond money
Shortage of specialists	Comparison human resource plan vs actual personnel files
Attrition of specialists	Analysis of human resources
Flawed deployment of nursing and paramedical staff	Comparison human resource plan vs actual personnel files
Shortage of electro-medical equipment	Comparison procurement plan vs actual financial records
Dearth of other critical equipment	Comparison procurement plan vs actual financial records
Long periods of non-usability of medical equipment due to lack of repair	Analysis of equipment inventories
Wide variability of prices for drugs paid in different hospitals	Comparison between unit costs across hospitals
Oversupply of drugs	Comparison stocks vs estimated rate of stock depletion
Flawed drug quality inspection process	Comparison between available human resources and estimated workload
Deficiencies in storage facilities	Comparison between material resources available and standards for preserving medical supplies

## Concerns related to effectiveness

Concerns related to effectiveness	Technique applied to substantiate this concern
Shortage of medical officers in several hospitals despite authorisation to hire them	See point 4. It is also a concern regarding effectiveness, since shortage of medical officers is said to have an adverse impact on patient care
Dearth of critical equipment	See point 4. It is also a concern regarding effectiveness, since it can have an adverse impact on the quality of care
Long periods of non-usability of medical equipment due to lack of repair	See point 4. It is also a concern regarding effectiveness, since it can have an adverse impact on the quality of care
Low quality of drug inspection	See point 4. It is also a concern regarding effectiveness, since it can have an adverse impact on the quality of care
Deficiencies in storage facilities	See point 4. It is also a concern regarding effectiveness, since it can have an adverse impact on the quality of care
Poor ability to manage medical waste	Lack of proper authorization to manage biological waste can raise fears that effectiveness in managing the waste is poor
Lack of vital medical stores	See point 4. It is also a concern regarding effectiveness, since there is a risk that essential services may not be provided



## Handout 5.6

### Test: Test on building integrity in the security sector

#### Test: Auditing and Integrity in the Security Sector

In Activity 10, the participants receive a test on building integrity of security and defence institutions and the audit function which they should answer on their own before the last session, handling legal gaps while practicing financial oversight in the security sector. The test will be discussed again at the beginning of that session.

1. Oversight in a public sector agency is an essentially financial concept, a matter for the accounting department to deal with.
  - a. True
  - b. False
2. 'The only audit that concerns my organisation is carried out by an inspector directly reporting to the Minister. To my knowledge nobody else carries out any other audit in this country'. Would this be good practice?
  - a. Yes
  - b. No
3. You are the chief executive of a security sector agency. In order to suppress criminal activity in a specific area, a security contractor has proposed to you the purchase of a sophisticated surveillance system that would require 75% of your budget for this year. The President has told you dealing with criminals in that region is politically essential. Choose the least appropriate answer.
  - a. It costs way too much, there must be a less expensive way. Let me inquire with another contractor.
  - b. It is a priority for the President, that is the end of it. I must have that equipment, whatever the cost.
  - c. It sounds a good idea but it is expensive. Let me consult with the Prime Minister.
4. You are the chief executive of a security sector agency. A vitriolic article has appeared on the most widely read newspaper in the country, lambasting what it believes has been the inconsiderate procurement of costly armament without competitive tender. The Auditor General of your country wants you to send him all the documents concerning that procurement. This is highly classified information, but the Constitution stipulates that the Auditor General shall have access to all records and documents relating to financial management. Choose **the least** appropriate answer.
  - a. The Auditor General has no business with this matter, I will not answer.
  - b. I will answer telling him that he cannot have access to classified documents.
  - c. I will answer telling him that he cannot have access to classified documents, but I will provide as detailed information as possible on the circumstances surrounding this procurement.
  - d. I have to see with the Prime Minister how to proceed.
5. Intelligence officials are never supposed to talk to the media. What do you think of this statement? Give arguments to substantiate your view. (*This is not a true/false question*).



## Trainer resource 5.1

### Answers to the case study in Activity 3 (Handout 5.2)

<i>Audit question</i>	<i>Auditing performance directly</i>	<i>Auditing the control systems of the organisation</i>
1. Have best prices been obtained for consultancy services for an IT upgrade in the Communications Unit?	o Economy o Efficiency o Effectiveness	√Economy o Efficiency o Effectiveness
2. How much additional carbon dioxide is released into the atmosphere by the Government's support scheme to the industrial drying of cattle fodder?	o Economy o Efficiency o Effectiveness	o Economy o Efficiency √ Effectiveness
3. Are there adequate procedures to prioritise and select procurement of equipment for the police force to ensure the maximum impact from the expenditure? Are the criteria used appropriate and are they being implemented as intended?	o Economy o Efficiency o Effectiveness	o Economy √ Efficiency o Effectiveness
4. Are there procedures in place to ensure that the transport costs of a security sector department are the lowest available and compare favourably with costs incurred by other departments? Are these procedures adequate and being properly applied?	o Economy o Efficiency o Effectiveness	o Economy √ Efficiency o Effectiveness
5. How does the cost per trainee incurred in the intelligence recruits' training programme compare with similar unit costs per training in other security sector agencies?	o Economy √ Efficiency o Effectiveness	o Economy o Efficiency o Effectiveness
6. Have the new road infrastructure projects contributed to increasing traffic flow while reducing journey durations and improving road safety?	o Economy o Efficiency √ Effectiveness	o Economy o Efficiency o Effectiveness
7. Does the Corrections department have and consistently use adequate key management information about the size, condition, utilisation and cost of their facilities for decision making?	o Economy o Efficiency o Effectiveness	o Economy √ Efficiency o Effectiveness
8. Is there potential for equitably reducing the cost of sick leaves in the police force?	√ Economy o Efficiency o Effectiveness	o Economy o Efficiency o Effectiveness

9. Has the management carried out an adequate assessment of needs and possible benefits arising from the Early School Leavers skills training programme to support the funding decision?	<input type="radio"/> Economy <input type="radio"/> Efficiency <input type="radio"/> Effectiveness	<input type="radio"/> Economy <input type="radio"/> Efficiency <input checked="" type="radio"/> Effectiveness
10. Could the projects have been implemented in a different manner which would have resulted in improved timeliness and quality?	<input type="radio"/> Economy <input checked="" type="radio"/> Efficiency <input type="radio"/> Effectiveness	<input type="radio"/> Economy <input type="radio"/> Efficiency <input type="radio"/> Effectiveness
11. When an employee is no longer able to carry out his or her duties on account of invalidity, are alternative solutions to invalidity pension being studied, such as a change of post?	<input type="radio"/> Economy <input type="radio"/> Efficiency <input type="radio"/> Effectiveness	<input checked="" type="radio"/> Economy <input type="radio"/> Efficiency <input type="radio"/> Effectiveness





## Trainer resource 5.2

### Answers to the case study in Activity 6 (Handout 5.4 Worksheet)

#### Case study: Performance of medical establishments in India's Defence Services (report no. 18 of 2012-2013 of the Comptroller and Auditor General of India)

1. *Who took the decision to carry out the audit? Did the auditor act on his or her own initiative or on somebody else's request?*

There is no mention of any Parliament or Government request to undertake such an audit. It was doubtless carried out on the initiative of the Comptroller and Auditor General, in the exercise of the prerogatives conferred upon her or him by the Constitution of India. It is possible, though by no means stated in the report, that the Comptroller and Auditor General may have acted as a result of critical press reports, or citizens' complaints about the low quality of service in medical facilities run by the Armed Forces Medical Service (AFMS).

2. *How does the auditor state the objectives of the audit?*

- To assess how well the Armed Forces Medical Service (AFMS) is equipped and the extent to which it is performing the role assigned to it. It is clearly a **performance audit**.
- However, there is also a financial audit component (**legality audit**), for the Comptroller and Auditor General wishes to obtain reasonable assurance that there exists in the AFMS a sound budgetary formulation, control and expenditure management system conforming to the General Financial Rules of the Government of India.

3. *Identify and state the auditor's concerns related to economy and the technique or methodology used to substantiate them.*

Concerns related to economy	Technique applied to substantiate this concern
Drugs are being increasingly procured locally, at a larger cost than via centralised procurement.	Analysis of financial records
Flawed vendor registration	Analysis of financial records
Limited use of centralised Rate Contracts, with larger costs as a result	Analysis of financial records
Procurement of drugs with less than required residual shelf life	Analysis of stocks records

4. *Identify and state the auditor's concerns related to efficiency and the technique or methodology used to substantiate them.*

Concerns related to efficiency	Technique applied to substantiate this concern
Underspent resources from the approved Annual Acquisition Plan	Comparison between the planning documents and the actual expenditure records

## Tool 5. Auditing and Integrity in the Security Sector

Shortage of medical officers in several hospitals despite authorisation to hire them	Apparently, comparison between human resource plan and actual personnel files
Waste of human resources trained by the Armed Forces Medical College	Comparison between human resources trained and liable to serve and human resources that opted out of service; assessment of the deterrent effect of the bond money
Shortage of specialists	Comparison between human resource plan and actual personnel files
Attrition of specialists	Analysis of human resources
Flawed deployment of nursing and paramedical staff	Comparison between human resource plan and actual personnel files
Shortage of electro-medical equipment	Comparison between procurement plan and actual financial records
Dearth of other critical equipment	Comparison between procurement plan and actual financial records
Long periods of non-usability of medical equipment due to lack of repair	Analysis of equipment inventories
Wide variability in prices paid for drugs in different hospitals	Comparison between unit costs across hospitals
Oversupply of drugs	Comparison between stocks and estimated rate of stock consumption
Flawed drug quality inspection process	Comparison between human resources available and estimated workload
Deficiencies in storage facilities	Comparison between material resources available and standards for preserving medical supplies
Deficiency in ambulances	Comparison between procurement plan and material resources available
Poor use of X-ray machines due to shortages of technicians	Comparison between equipment and human resources available
Lack of vital and essential drugs	Comparison between stocks and good practice/legal requirements for medical facilities

5. *Identify and state the auditor's concerns related to effectiveness and the technique or methodology used to substantiate them.*

Concerns related to effectiveness	Technique applied to substantiate this concern
Shortage of medical officers in several hospitals despite authorisation to hire them	See point 4. It is also a concern regarding effectiveness, since shortage of medical officers is said to have an adverse impact on patient care

Dearth of critical equipment	See point 4. It is also a concern regarding effectiveness, since it can have an adverse impact on the quality of care
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Poor ability to manage medical waste	Lack of proper authorization to manage biological waste can raise fears that effectiveness in managing the waste is poor
Lack of vital medical stores	See point 4. It is also a concern regarding effectiveness, since there is a risk that essential services may not be provided

All in all, the Comptroller and Auditor General of India seems to be mostly concerned with economy and efficiency issues. Most of the concerns related to efficiency do raise doubts about the effectiveness of the programmes run by the AFMS, but the report does not explicitly address the extent to which policy and programme objectives are being compromised by the lack of economy and efficiency in the use of resources. As a result, the question as to the extent to which the AFMS is performing the role assigned to it by the Government of India is not fully answered by the audit, though there are hints that it may not be performing.



## Additional resources

### Key resources

- Eriksen, Sven and Cardona, Francisco. *Criteria for good governance in the defence sector: International standards and principles*. Oslo: Centre for Integrity in the Defence Sector (CIDS), 2015.  
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- Andersson, Lena, Masson, Nicolas and Salah Aldin, Mohammad. *Guidebook: Strengthening Financial Oversight in the Security Sector*. Geneva: DCAF, 2011, Section 4.  
<http://www.dcaf.ch/Publications/Guidebook-Strengthening-Financial-Oversight-in-the-Security-Sector>
- Buckland, Benjamin S. and McDermott, William. *Ombuds Institutions for the Armed Forces: a Handbook*. Geneva: DCAF, 2012.  
<http://www.dcaf.ch/Publications/Ombuds-Institutions-for-the-Armed-Forces-A-Handbook>
- International Organisation of Supreme Audit Institutions (INTOSAI). *The Lima Declaration*. Vienna: International Organisation of Supreme Audit Institutions (INTOSAI) 1998.  
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<http://www.intosai.org/issai-executive-summaries/view/article/issai-3000-implementation-guidelines-for-performance-auditingstandards-and-guidelines-for-perf.html>
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<https://na.theiia.org/standards-guidance/Public%20Documents/IPPF%202013%20English.pdf>
- Tagarev, Todor. *Building Integrity and Reducing Corruption in Defence: A Compendium of Best Practices*. NATO-DCAF, 2010, Part III, Chapters 18 and 19.  
<http://www.dcaf.ch/Publications/Building-Integrity-and-Reducing-Corruption-in-Defence>



## Extra resources

- Cardona, Francisco and Eriksen, Sven. *Guides to Good Governance (No. 1): Professionalism and Integrity in the Public Service*. Oslo: Centre for Integrity in the Defence Sector (CIDS), 2015.  
[http://cids.no/?page\\_id=4596](http://cids.no/?page_id=4596)
- Cardona, Francisco. *Guides to Good Governance (No. 2): Tackling Conflicts of Interest in the Public Sector*. Oslo: Centre for Integrity in the Defence Sector (CIDS), 2015  
[http://cids.no/?page\\_id=4596](http://cids.no/?page_id=4596)
- DCAF-UNDP. *Public Oversight of the Security Sector. A Handbook for Civil society organizations*. Geneva: DCAF-UNDP, 2008.  
<http://www.dcaf.ch/Publications/Public-Oversight-of-the-Security-Sector>
- DCAF. *Parliamentary Brief: Building Integrity in Defence*. Geneva: DCAF, 2015.  
<http://www.dcaf.ch/Publications/DCAF-Parliamentary-Brief-Building-Integrity-in-Defence>
- DCAF. *Ombuds-Institutions for Armed Forces*. Geneva: DCAF, 2014. List of relevant publications available here:  
[http://www.dcaf.ch/Project/Ombuds-Institutions-for-Armed-Forces/\(show\)/publications](http://www.dcaf.ch/Project/Ombuds-Institutions-for-Armed-Forces/(show)/publications)
- International Monetary Fund (IMF). *Code of Good Practices on Fiscal Transparency*. IMF, 2007.  
<http://www.imf.org/external/np/pp/2007/eng/051507c.pdf>
- NATO. *Building Integrity Programme. Strengthening Transparency, Accountability and Integrity and Reducing the Risk of Corruption in the Defence and Security Sector 2012-2014*. NATO, 2012.  
[http://www.nato.int/cps/en/natohq/official\\_texts\\_93045.htm?selectedLocale=en](http://www.nato.int/cps/en/natohq/official_texts_93045.htm?selectedLocale=en)
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[http://www.nato.int/nato\\_static\\_fl2014/assets/pdf/pdf\\_topics/20150305\\_150302-BI\\_Integrity\\_Programme\\_MNE.pdf](http://www.nato.int/nato_static_fl2014/assets/pdf/pdf_topics/20150305_150302-BI_Integrity_Programme_MNE.pdf)
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<http://www.oecd.org/gov/budgeting/best-practices-budget-transparency.htm>
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[http://www.transparency.org/whatwedo/publication/2012\\_handbook\\_building\\_integrity\\_english](http://www.transparency.org/whatwedo/publication/2012_handbook_building_integrity_english)
- Kinzelbach, Katrin and Cole, Eden. *Monitoring and Investigating the Security Sector*. UNDP-DCAF, 2007.  
<http://www.dcaf.ch/Publications/Monitoring-and-Investigating-the-Security-Sector>

## Annex A:

# Auditing and integrity in the security sector: the local training session

### Introduction

The following objectives, suggested content, example activities and suggested sources are designed to give suggestions and examples of how materials can be developed by the trainer to suit their own particular local context.

### Learning objectives

Participants will be able to:

- Gain knowledge of what integrity, transparency and accountability mean in the context of security sector governance in Palestine
- Become aware of the role of the audit function in Palestine
- Understand the conceptual and practical difference between internal and external audit

### Suggested content to be covered

- The concept of integrity in security sector organisations
- The audit function in organisations
- Internal and external audit in organisations
- Legal and regulatory audit

### Focus questions

- What does integrity, transparency and accountability mean in the local security sector context?
- What is the role of the audit function in the local context?
- What are the differences between internal and external audits?

### Overview

#### **Description of example activities**

**Handout L.5.1** Answer sheet: SAACB's Commitment to Law Provisions

**Trainer Resource L5.1** PowerPoint: Building integrity of Palestinian security and defence institutions and the role of audit institutions

#### **Suggested resources**



## Description of example activities

The following example activities are taken from the two hours of localised content that was created for use in trainings conducted in the occupied Palestinian territories (oPt). They are given here as a model or example for the trainer to adapt if desired.

### **Activity 1. PowerPoint presentation: Building integrity of Palestinian security and defence institutions and the role of audit institutions**

**Time** 30 min

The trainer presents the PowerPoint (**Trainer Resource L.5.1**) and asks and answers questions of the participants.

Materials

- **Trainer Resource L.5.1** PowerPoint presentation: Building integrity of Palestinian security and defence institutions and the role of audit institutions

### **Activity 2. Test questionnaire: Integrity, transparency and accountability and the State Audit and Administrative Control Bureau (SAACB)**

**Time** 30 min.

The test questionnaire addresses how integrity, transparency and accountability are performed by the State Audit and Administrative Control Bureau (SAACB) while practicing financial oversight in the security sector. It also addresses SAACB's relationships with the local security agencies. The trainer gives a copy of this questionnaire to each participant. Once the questionnaire is completed, each question is discussed and explained among the whole group (approximately 30 minutes). (It is advisable for the trainer to prepare their own

answers before giving the test. However, the test can also serve as a stimulus for discussion and participants could complete any unanswered areas as homework to then share with the group.)

Materials

- **Handout L.5.1** SAACB's Commitment to Law Provisions (This test questionnaire was used in oPt. It may also apply as is for use in the trainer's own local context.)





## Handout L.5.1

### Answer sheet: SAACB's Commitment to Law Provisions

Question 1: Does an audit undertaken by SAACB cover all aspects (compliance, financial, administrative performance)

1. Yes .....
2. Not all but some aspects
  - Legal provision .....
  - Implementation .....

Question 2: Does SAACB produce and publically publish periodical reports on security sector audit results?

1. Yes .....
2. No
  - Legal provision .....
  - Implementation .....

Question 3: Are there laws or bylaws/regulations (public / private) on the basis of which SAACB initiates an audit? (oversight on compliance)

1. Laws .....
2. Bylaws / regulations .....

Question 4: Are there laws (public / private) by virtue of which SAACB initiates financial oversight on the budgets of security agencies?

1. Laws .....

2. Bylaws / regulations .....

.....

Question 5: Does SAACB have any remarks regarding security agencies' commitment to the budget law, financial affairs and applicable financial regulations?

1. Regulations .....

.....

2. Remarks .....

.....

Question 6: Are there laws or procedures (public / private) that regulate security agencies' procurements?

1. Laws .....

.....

2. Procedures .....

.....

Question 7: Are there any regulations (public / private) on acquisition, management and use of assets in security agencies with respect to procurement?

1. Asset organisation law .....

2. Asset acquisition .....

3. Inventory management .....

4. Procurement management .....

5. Management of weapons (public), vehicles, uniforms .....

Question 8: What are the key observations regarding asset management and their use in security agencies concerning security agencies procurement and asset management?

1. Observations regarding the legal framework .....

.....

.....

2. Observations regarding regulations .....

.....

.....

Question 9: Is there any law or regulation (public / private) on human resource management?

1. Laws .....

.....

2. Regulations .....

.....

Question 10: Is there any regulation on appointments, promotions, evaluation, accountability, commissioning and organisational structures?

1. Organisational structure .....

2. Identification of human resource needs .....

3. Appointments in security agencies (laws and regulations) .....

4. Promotions in security agencies (laws and regulations) .....

5. Commissioning in security agencies (laws and regulations) .....

6. Accountability in security agencies (laws and regulations) .....

Question 11: What are the key observations regarding human resource management in security agencies? (organisational structure, identification of human resource needs, appointments, promotions, commissioning, accountability)

.....

.....

.....

.....



## Trainer resource L5.1

**PowerPoint: Building integrity of Palestinian security and defence institutions and the role of audit institutions.**

# Building integrity of Palestinian security and defence institutions and the role of audit institutions

## Good Governance

- How countries administer public resources to promote development
- A measurement tool to establish comparisons between advanced countries and countries that encounter repeated failures in running their public affairs.

## Good Governance Standards

- Rule of Law
- Involvement
- Accountability and Transparency
- Efficiency and Effectiveness

### **Role of the State Audit and Administrative Control Bureau (SAACB) in Strengthening Oversight**

- Transparency, integrity and clarity in public performance guaranteed.
- Credibility and trust in PNA financial, administrative and economic policies promoted.

**How can the SAACB, in keeping with its mission and legal mandate, contribute to upholding integrity?**

### **Integrity in the Security Sector**

- National Integrity System

The conditions in the security sector are closely linked to the state of integrity and good governance in any country.

This sector is a key component of the state.

## Measuring the Presence of an Integrity System

### ■ Capacities

1. Resources (law and practice)
2. Independence (law and practice)

### ■ Governance

1. Transparency (law and practice)
2. Accountability (law and practice)
3. Integrity (law and practice)

### ■ Role

1. Prosecuting corruption cases

## Capacities: Resources and Independence

- Are financial, human and infrastructure resources for security agencies available to perform their duties in an effective manner?
- Are security agencies independent under the law?
- Are security agencies independent in practice?

## Transparency

- **Transparency:** planning and activities performed by the state are public and known by the public
- Are the legal provisions available to ensure public access to the required information on decision-making activities and processes in security agencies?
- Are decision-making activities and processes transparent in security agencies?

## Accountability

**Accountability: Holding individuals to account for the tasks they are in charge to perform in an effective and efficient manner.**

- Are legal provisions available to guarantee accountability of security agencies for their acts and behaviors?
- To what extent, in practice, are security agencies subject to accountability for their acts and behaviors?



## Integrity

- To what extent are laws applied with integrity mechanisms to ensure the integrity of security agencies?
- To what extent is the integrity of security personnel guaranteed in practice?



## Suggested resources

- DCAF. Palestinian Legal Collections: Financial and Administrative Oversight in the Security Sector. Geneva and Ramallah: DCAF, 2013.  
<http://www.dcaf.ch/Publications/Palestinian-Legal-Collections-Financial-and-Administrative-Oversight-in-the-Security-Sector>
- Andersson, Lena, Masson, Nicolas and Mohammad Salah Aldin. *Guidebook: Strengthening Financial Oversight in the Security Sector*. Geneva: DCAF, 2011.  
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- Friedrich, Roland, Luethold, Arnold and Firas Milhem. *The Security Sector Legislation of the Palestinian National Authority*. Geneva and Ramallah: DCAF, 2008.  
<http://www.dcaf.ch/Publications/The-Security-Sector-Legislation-of-the-Palestinian-National-Authority>
- The Coalition for Accountability and Integrity (AMAN). *Integrity and Accountability to Confront Corruption*. In Arabic. Available from  
<http://www.aman-palestine.org/data/uploads/files/aman-Menhaj%20to%20print%20sp.pdf>
- Palestinian State Audit and Administrative Control Bureau. *Standards of Oversight and Audit in Palestine*. 2010. Ramallah: State Audit and Administrative Control Bureau. In Arabic. Available from:  
[http://www.saacb.ps/E\\_Saacb/LIBaltawil 2012/703/634758662711297936.pdf](http://www.saacb.ps/E_Saacb/LIBaltawil%202012/703/634758662711297936.pdf)
- The Coalition for Accountability and Integrity (AMAN). *Transparency Palestine*. Publications and reports available from:  
<http://www.aman-palestine.org/en/reports-and-studies>

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# Handling Legal Gaps While Practicing Financial Oversight in the Security Sector



**DCAF**

a centre for security,  
development and  
the rule of law

**Tool**

**6**

# **Tool 6**

## **Handling Legal Gaps While Practicing Financial Oversight in the Security Sector**

Domenico Polloni



**DCAF**

a centre for security,  
development and  
the rule of law

## About DCAF

The Geneva Centre for the Democratic Control of Armed Forces (DCAF) promotes good governance and reform of the security sector. The Centre conducts research on good practices, encourages the development of appropriate norms at the national and international levels, makes policy recommendations and provides in-country advice and assistance programmes. DCAF's partners include governments, parliaments, civil society, international organisations and the core security and justice providers such as police, judiciary, intelligence agencies, border security services and the military.

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- Ministry of Finance
- Ministry of Interior
- Central Military Financial Administration
- Palestinian Anti-Corruption Commission
- Palestinian National Security Forces

# Introduction

## Why is financial oversight in the security sector important?

Financial oversight in the security sector is a key instrument for ensuring that public funds allocated by the state for the security of the people are spent in a transparent and accountable manner.

However, the financial management of security sector institutions is often characterised by opacity rather than transparency. Even in established democracies, the budgets and financial operations of law-enforcement, military and intelligence organisations are often concealed from public scrutiny and sometimes even from formal external oversight by parliament or audit institutions. Furthermore, in many developing countries, disproportionate security expenditures prevent the use of public funds for socio-economic development.

## Why this Toolkit?

Building the conceptual and technical capacities of specialised practitioners is a crucial step towards strengthening financial oversight in the security sector. This Toolkit is designed for financial oversight practitioners who wish to:

- Gain access to best international practice in financial oversight of the security sector
- Improve their professional ability to financially oversee security sector institutions
- Acquire a more proactive attitude toward conducting thorough financial oversight activities of security sector institutions
- Assert their authority in scrutinising budgets and financial operations conducted by security sector institutions.

## How was this Toolkit developed?

The exercises and training material included in this Toolkit were developed in the framework of the Geneva Centre for the Democratic Control of Armed Forces (DCAF)'s work in the occupied Palestinian territory in 2013-2014 to promote strengthening of financial oversight in the security sector. In 2013, DCAF facilitated a training needs assessment of financial oversight practitioners, followed by a training course in 2014 for employees from key financial oversight institutions in the occupied Palestinian Territory. DCAF developed this training material in cooperation with international experts and with the financial support of the European Union.

The tools that are part of this training manual contain a generic component to be used in virtually any country where financial oversight practitioners in the security sector require capacity building. The tools also contain a locally adapted component, which offers examples from the Palestinian training course and suggestions for how to adapt activities and materials to suit the trainer's own context.

## Other DCAF publications on financial oversight in the security sector

In addition to this Toolkit, DCAF has published other reference material on financial oversight in the security sector. These publications include:

1. Guidebook: Strengthening Financial Oversight in the Security Sector, 2012.
2. A Palestinian Legal Collection: Financial and Administrative Oversight in the Security Sector, 2013.
3. Financial Oversight in the Security Sector: A Compilation of International Standards, 2015.

To download these or other publications please visit: [www.dcaf.ch/publications](http://www.dcaf.ch/publications)

# Using the Training Toolkit

## Overview

The training toolkit has been designed to be used as a whole training course, which covers six different topics relevant to financial oversight and security sector governance. The six topics may also be used individually as 'stand-alone' training sessions.

## What does the Toolkit include?

The training Toolkit includes one introductory tool (Tool 1) and six training tools on financial oversight in the security sector. Each tool has a three-hour generic component. The generic material is internationally applicable and can be used without adaptation in any training context. In addition, there are suggestions and example activities for further localised material. This material is designed to be adapted by the trainer to engage with local issues specific to the trainer's own context. It is envisaged that the localised session would take two hours, but the session can be as long as the trainer deems necessary.

The toolkit contains the following seven tools (including this one):

Tool 1. Using the Toolkit and Acquiring Trainings Skills

Tool 2. Concepts and Main Actors of Financial Oversight in the Security Sector

Tool 3. Medium-term Strategic Financial Planning for Security Sector Institutions: Tools and Techniques

Tool 4. The Budget Cycle and the Security Sector

Tool 5. Building Integrity of Security and Defence Institutions and the Audit Function

Tool 6. Handling Legal Gaps while Practicing Financial Oversight in the Security Sector

Tool 7. Financial Oversight of Intelligence Agencies

These tools may be used for individual training workshops on each topic or as a comprehensive training course.

## The toolkit user

The training sessions in the Toolkit are intended to be read and used by trainers with expertise in financial oversight and security sector governance and reform.

## The target audience

The target audience for the training course outlined in the Toolkit is mainly practitioners involved in financial oversight of public institutions, including security sector organisations. These practitioners include specifically, but not exclusively:

- Parliamentarians and their staffers who are involved in financial oversight and budget control activities
- Members of Supreme Audit Institutions (SAIs) who provide expertise and support in financial oversight activities
- Strategic-level members of security and defence institutions in charge of preparing and executing budgets
- Representatives of executive authorities, including ministries who oversee the preparation and execution of security and defence budgets
- Officers and auditors working in core security and justice institutions whose role is to perform internal controls and audits.

The ideal number of participants for the course is around 15 participants. However, the course may be used with more participants.

## Using the toolkit in the trainer's own context

As mentioned above, the tools in this toolkit consist of generic training sessions and locally adapted training sessions. The generic training sessions included in the toolkit have been developed to be used in any context. However, if possible, the trainer should conduct some form of needs assessment in his/her own context. Based on the results of the analysis, the trainer can understand which training sessions to use, which to prioritise, and which to adapt. The localised training sessions also give examples and offer suggested objectives for use in the trainer's own context.

When choosing which of the sessions in the toolkit to use, the trainer can choose to use only part of a session or to rearrange the order of the activities if desired. However, the trainer should be aware that some of the activities in a session follow each other, and one activity may often build on a previous activity.

## The structure of a generic training session

A generic training session consists of the following six elements:

1. **The introduction** lists the learning objectives and focus questions for the session. It also gives an overview, which lists the handouts and trainer resources that are used in the session.
2. **The session plan** gives a full overview of the training session. It is a guide for the trainer to get a quick understanding of the session. It is also used as a quick reference to help the trainer to keep track of activities and of timing during the training.
3. **The description of activities** explains in more detail how to carry out the activities listed in the session plan individually.
4. **The handouts** are given to the participants during the activities in the sessions. They are easily photocopied and can include:
  - Worksheets with tasks for the participants to complete

- Hardcopies of PowerPoint presentations
- Summaries of key information
- Extracts of, or references to, publications

5. **The trainer resources** provide supporting information for the trainer. They can include:

- Summaries of international best practices
- Answer sheets

(There are no trainer resources supplied for this Tool's generic training session as the handouts contain the necessary information.)

6. **The suggested resources** contain references relevant to the activities.

## Types of activities

The types of activities in the sessions are designed to involve and engage the participants. The participants are expected to build their own understanding of the concepts and issues presented. Often this means encouraging participants to work and provide feedback in groups rather than 'teaching' them topics in a non-participative way.

Trainers might nevertheless be advised to make PowerPoint presentations. The training tools do include handouts with PowerPoint presentations, which may be adapted by the trainer as required. However, the trainers are encouraged to use a minimum number of slides. It is also recommended that they use images or other types of documents that are likely to trigger participants' attention and active participation. The trainer may provide the participants with a hardcopy of the presentation before or after it is shown. The trainer may also ask the participants to discuss a question in pairs before asking for feedback.

## The structure of a local training session

A local training session contains example materials and objectives for the local sessions to cover. It is given as an example for the trainer to draw on in his or her own context when devising his or her own localised sessions and materials.

The structure of a local training session is similar to that of the generic training session (see above). Suggested example activities are given instead of a full session plan. A local training session consists of the following five elements:

1. **Introduction:** This consists of learning objectives and focus questions that are relevant to the trainer's own context. An overview of handouts and trainer resources is also given.
2. **Example activities:** These are example activities of the suggested content to be covered. This content can be adapted by the trainer to fit his or her own context. It includes a description of the activity, timing, and.
3. **Example handouts:** The handouts are given to the participants during the activities in the sessions. They are easily photocopied.
4. **Example trainer resources:** These provide supporting information for the trainer.
5. **Suggested resources:** The suggested resources are references for the trainer to use when adapting these example activities.

# Handling legal gaps while practicing financial oversight in the security sector: the training session

## Introduction

### Learning objectives

This session aims to give participants a working knowledge of the legal framework of the security sector and how to deal with areas that are not covered by specific legislation or if covered not sufficiently detailed when practicing financial oversight. The session allows participants to understand their role in addressing such legal gaps in their own financial oversight work in the security sector. The specific learning objectives include:

- Understanding the concept of 'right to access information' and recognising common exceptions to this right
- Becoming aware of the challenge of finding the right balance between full access to information through a freedom of information law and secrecy requirements related to national security matters
- Sharing experiences on how gaps in the existing national legislation can be practically addressed or overcome
- Getting introduced to the frameworks of various countries with regards to parliamentary oversight of the security sector
- Sharing experiences of field practices and developing solutions to be applied in the participants' work practices.

### Focus questions

The following questions are addressed through the activities in this session:

- What is the concept of 'right to access information'?
- How can needs for access to information be balanced with national security, and what is the role of the freedom of information law?
- What are different countries' approaches to parliamentary oversight of the security sector?
- How can gaps in existing national legislation be overcome, and how can solutions be applied in participants' workplaces?

## Overview

**Session Plan** Handling legal gaps while practicing financial oversight in the security sector

### Description of Activities

**Handout 6.1** PowerPoint Presentation Hardcopy: Handling legal gaps while practicing financial oversight in the security sector

**Handouts 6.2 and 6.3** Two successive versions of South Africa's Protection of Information Bill (2010 and 2013)

**Handout 6.4** Excerpts from the Italian Code of Public Procurement

**Handouts 6.5 and 6.6** Two Financial Times articles on a public parliamentary hearing of the United Kingdom's intelligence agencies

**Handout 6.7** Excerpt of the 2012-2013 report of the Intelligence and Security Committee of the British Parliament



# Session plan

Handling legal gaps while practicing financial oversight in the security sector					
Learning objectives	Participants will be able to: <ol style="list-style-type: none"> <li>Understand the concept of the right to access information and the common restrictions of this right</li> <li>Become aware of the importance of finding a balance between full access to information/ full transparency and secrecy/ confidentiality requirements related to national security</li> <li>Gather ideas of how to address gaps in the existing national legislation (for example, absence of an access to information law)</li> <li>Learn from other countries' experiences about how Parliament can handle legal gaps when practicing financial oversight in the security sector</li> <li>Share experiences of field practices and develop solutions to be applied in the participants' contexts</li> </ol>				
Content to be covered	<ul style="list-style-type: none"> <li>Public right to information</li> <li>Oversight role of Parliament with regards to the work of security sector agencies</li> <li>Transparency of security and defence budgets and the confidentiality requirements</li> <li>Some exceptions to normal rules</li> <li>Urgency requirements of financial operations related to security and defence</li> <li>'Whistleblower' protection</li> <li>Codes of conduct, values, behaviour</li> </ul>				
Time	180 minutes				
Activity	Time	Description of activity	Grouping and materials	Session objectives	Comments
1.	5 min	Introduction	Trainer to whole group	-	The trainer briefly introduces the learning objectives of the session.
2.	20 min	PowerPoint Presentation: Introduction to Handling legal gaps while practicing financial oversight in the security sector (slides 1 to 6)	Whole group discussion Handout 6.1: PowerPoint Presentation Hardcopy: Handling legal gaps while practicing financial oversight in the security sector	Objs.1,2,3 and 4	The trainer introduces the concept of right of access to information and its importance for practitioners (Handout 6.1 slides 2 to 4). The trainer discusses the value of having a robust legal framework that allows for a sound budgetary oversight of security agencies and presents practical steps to conduct procurement oversight (Handout 6.1 slide 5). The trainer also presents the role of the Parliament in practising oversight of security and defence institutions (Handout 6.1 slide 6).

Activity	Time	Description of activity	Grouping and materials	Session objectives	Comments
3.	40 min	Worksheet and discussion: Handling legal gaps in the definition of secrecy and protection of information	Whole group discussion  Highlights of the discussion on a flipchart sheet  <i>Handouts 6.2 and 6.3: Two successive versions of South Africa's Protection of Information Bill (2010 and 2013)</i>	Objs. 1,2,3, 4 and 5	<p>The trainer moderates a discussion on how to handle legal gaps in the definition of secrecy and protection of information. This activity is based on a practical example from South Africa. The trainer distributes <b>Handout 6.2</b> and <b>Handout 6.3</b> for the debate. The activity focuses on the definition and scope of 'sensitive' information in two successive drafts of the South African Protection of Information Bill. The trainer introduces the history of this bill and then asks the participants to read and compare the two texts with the following four guiding questions in mind:</p> <ul style="list-style-type: none"> <li>• Does the draft enshrine a general right of access to state information (art. 6 in the first draft, art. 4 in the second)?</li> <li>• If it does, what are the general exceptions to the right of access (art. 6 in the first draft, art. 4 in the second)?</li> <li>• What is the rationale that allows state information to be classified (arts. 11 and 12 in the first draft, art. 8 in the second draft)?</li> <li>• Specifically, what are the criteria to decide whether state information must be classified (arts. 11 and 12 in the first draft, art. 8 in the second draft)?</li> </ul> <p>The participants discuss how confidential information/ state information is defined in their contexts and discuss what lessons can be learned from the South African example. The participants write down in a flipchart sheet their conclusions.</p>
4.	35 min	Worksheet and discussion: Handling legal gaps in the exceptions to normal financial oversight rules due to secrecy requirements	Whole group discussion  Highlights of the discussion on a flipchart sheet  <i>Handout 6.4: Excerpts from the Italian code of public procurement</i>	Objs. 2,4 and 5	<p>The trainer moderates a discussion on handling legal gaps in the exceptions to normal financial oversight rules due to secrecy requirements. This activity is based on an example from Italy and follows the same format as Activity 3. The debate focuses on the strict limits to the use of exceptional financial procedures due to special security requirements. The trainer asks the participants to read the excerpt of the Italian code of public procurement (<b>Handout 6.4</b>) and analyse the text with the following guiding questions in mind:</p> <ul style="list-style-type: none"> <li>• Exactly which contracts are exempted from the usual procurement rules in this Italian legislation? Does such an exception apply systematically?</li> <li>• Who decides which procurement contracts are concerned by special security requirements?</li> <li>• Is a procurement contract under special security requirements always a sole source procurement contract?</li> <li>• Are all firms allowed to work as suppliers for contracts under special security requirements?</li> <li>• Are procurement contracts under special security requirements no longer subject to audit?</li> <li>• How does the Italian Parliament oversee public procurement under special security requirements?</li> </ul> <p>The participants reflect on how their contexts look like and compare it with the Italian example. The participants write down in a flipchart sheet their conclusions.</p>

Activity	Time	Description of activity	Grouping and materials	Session objectives	Comments
5	75 min	Worksheet and discussion: <i>Handling legal gaps in the balance between access to information and secrecy requirements related to national security</i>	Whole group discussion Highlights of the discussion on a flipchart sheet <b>Handouts 6.5 and 6.6:</b> <i>Two Financial Times articles on a public Parliamentary hearing of the United Kingdom's intelligence agencies</i> <b>Handout 6.7:</b> <i>Excerpt of the 2012-2013 report of the Intelligence and Security Committee of the British Parliament</i>	Objectives 1, 2, 4 and 5	<p>The trainer moderates a discussion on transparency and secrecy requirements related to national security, taking as an example the relations of security agencies with Parliament. The activity follows the same format as activities 3 and 4 but with two parts.</p> <p>The first part makes use of two newspaper articles about the situation in the United Kingdom to focus the discussion on the role of the Parliament while practising financial oversight in the security agencies and access to information of the public. The trainer distributes the two Financial Times articles (<b>Handout 6.5</b> and <b>Handout 6.6</b>) and proposes the following guiding questions:</p> <ul style="list-style-type: none"> <li>• Who is responsible in the UK Parliament for security sector oversight?</li> <li>• What do the articles say about the current powers of the UK Parliament in relation to intelligence agencies, and possible future reforms?</li> <li>• What used to be made public of the functioning of intelligence agencies, and what has become public of late? As a result of what has there been more openness?</li> <li>• Does the UK intelligence ever provide evidence to Parliament, and if so in what form?</li> <li>• What did the UK Parliament want to know from intelligence services during this live TV session? Was all the information required by the British MPs asked during the public session?</li> <li>• What are according to the journalists the constraints to the effective oversight of intelligence by the UK Parliament?</li> </ul> <p>The second part of the exercise is based on the 2012-2013 annual report of the Intelligence and Security Committee (ISC). The trainer distributes Handout 6.7. to the participants and proposes the following guiding questions for the debate:</p> <ul style="list-style-type: none"> <li>• What are the functions of the ISC?</li> <li>• What kind of intelligence material does the ISC have access to?</li> <li>• Is all information processed by the ISC made public?</li> <li>• Is the aggregate amount of money spent by intelligence agencies known to the public? And the amount spent by each of them?</li> <li>• Does the public get an idea of what the main items of expenditure of intelligence agencies are?</li> <li>• Are the agencies' accounts subject to external audit?</li> <li>• What are the financial management areas British MPs have been most sensitive to?</li> <li>• What was the reason why Parliament did not publish its earlier findings on the failure of a major IT programme?</li> </ul> <p>The participants reflect on how their contexts look like and compare it with the British example.</p>
6.	5 min	<i>Conclusion and re-cap</i>	Trainer to whole group	-	The trainer summarises the main points of the session and shares them with the participants.



## Description of activities

This section describes in more detail the activities listed above in the Session Plan. It also provides alternatives to several activities.

### Activity 1: Introduction

The trainer overviews the learning objectives of this session and explains that best practice with regards to the topic under discussion is still in the process of being defined. For this reason, to maximise the learning experience, sharing experiences and discussions will be even more important in this session than they were in previous sessions.

### Activity 2. PowerPoint Presentation: Handling legal gaps while practicing financial oversight in the security sector

The trainer presents an introduction to the topic of how oversight actors can handle legal gaps that they encounter when practicing financial oversight in the security sector (**Handout 6.1**). The short presentation provides a summary of the key topics that will be covered in this session, namely:

- Access to information as an international standard
- Practical ways of protecting sensitive information in the security sector without compromising accountability
- The use of exceptional financial procedures for matters with specific security requirements
- Practicing parliamentary oversight in the absence of an access to information law, with a particular focus on the work of security and defence committees

Materials:

- **Handout 6.1** PowerPoint Presentation  
Hardcopy: Handling legal gaps while

practicing financial oversight in the security sector

### Activity 3. Guided discussion on how to handle the absence of a clear legal definition of information that needs to be protected

This activity aims to involve the participants in a discussion about which information should be protected and how such a protection should be enshrined in the law. Most countries have chosen one of the three following options:

1. No legal definition => problem of wide legal gap.
2. Defined most information to be confidential except if mentioned otherwise.
3. Defined all information to be public except if it falls under clearly defined categories of confidential information.

There is no standard way of dealing with legal gaps in the definition of confidential information. Therefore, the trainer should focus on ideas coming from the participants and encourage a discussion.

Looking at experiences from other countries can be an efficient way to identify issues for reflection and analysis in the participants' own work context. Before diving into the example of South Africa, the trainer asks a volunteer to note on a flip-chart sheet the issues that participants mention in a brainstorming as being the most relevant in their contexts.

The trainer briefly outlines the history behind the definition and scope of 'sensitive' information in two successive drafts of the South African protection of information bill.

The first draft was tabled in 2010 (**Handout 6.2**) and drew nearly unanimous criticism from

South African and international civil society organisations for its extremely loose and extensive definition of information to protect.

The latest version of the bill, amended several times in the South African legislative process (**Handout 6.3**), was still met with widespread concern inside South Africa. The President eventually bowed to public pressure by refusing to sign it into law, despite the text having been approved by the National Assembly in March 2013.

The trainer invites the participants to take 15 minutes to read and compare the two texts before the discussion.

The discussion may take as point of departure some or all of the following points:

- Does the draft enshrine a general right of access to information held by public entities/ the state (art. 6 in the first draft, art. 4 in the second)?
- If it does, what are the general exceptions to the right of access (art. 6 in the first draft, art. 4 in the second)?
- What is the rationale that allows state information to be classified (arts. 11 and 12 in the first draft, art. 8 in the second draft)?
- Specifically, what are the criteria to decide whether state information is to be classified or not (arts. 11 and 12 in the first draft, art. 8 in the second draft)?

♣ *Alternative:* Small groups: The trainer could first take the participants through the questions and then ask them to work on each question in small groups prior to the whole-group feedback. In this case, the trainer gives each group the set of questions shown above or presents them on a PowerPoint slide.

Materials:

- **Handouts 6.2 and 6.3** Two successive drafts of South Africa's Protection of Information Bill (2010 and 2013)
- Flip chart sheet

### Activity 4. Handling legal gaps in the exceptions to normal financial oversight rules due to secrecy requirements

This activity consists of a discussion about how to handle legal gaps concerning special financial oversight rules due to secrecy requirements.

This activity follows the same format as the activity above (Activity 3.). It focuses on the strict limits to the use of exceptional financial procedures due to special security requirements.

It could take as a starting point a practical exercise on an excerpt of the Italian legislation on public procurement, itself an application of a European Union directive. The trainer will need to allow participants some time (10 minutes) to read the text beforehand (**Handout 6.4**).

The discussion may be guided by some or all of the following questions:

- Which contracts exactly are exempted from the usual procurement rules in this Italian law? Does such an exemption apply systematically?
- Who decides which procurement contracts are concerned by special security requirements?
- Is a procurement contract under special security requirements always a sole source procurement contract?
- Are all firms allowed to work as suppliers for contracts under special security requirements? If not, what are the criteria for participation in a tender?
- Are procurement contracts under special security requirements no longer subject to audit?
- How does the Italian Parliament oversee public procurement under special security requirements?

♣ *Alternative:* Small groups: The trainer could first take the participants through the questions and then ask them to work on each question in small groups prior to the whole-group feedback. In this case, the trainer gives each group the set



of questions shown above or presents them on a PowerPoint slide.

Materials:

- **Handouts 6.4** Excerpt of the Italian Code of Public Procurement
- Flip chart sheet

### Activity 5. Guided discussion on how to find the right balance between access to information and secrecy requirements related to national security

This activity consists of a discussion on how to find a balance between full access to information and secrecy requirements related to national security. To make it more concrete, the discussion focuses on the relations between security agencies and Parliament.

This activity follows the same format as activities 3 and 4, but is divided into two.

#### Part 1:

The trainer distributes two newspaper articles, reporting on a recent case from the United Kingdom. The participants take 15 minutes to read the articles. The trainer asks them to already think about some of the following topics while reading the articles. He/she then guides the discussion.

- Who in the UK Parliament is responsible for financial oversight of the security sector? – [What is the equivalent organ in their own country/countries?]
- What do the articles say about the current powers of the UK Parliament in relation to intelligence agencies, and possible future reforms?
- In past, what information was made public about the functioning of intelligence agencies? Recently, what additional information was made public? As a result of what has there been a change in making more information publicly accessible?

- Does the UK intelligence community ever provide evidence to Parliament, and if so in what form?
- What did the UK Parliament want to know from intelligence services during this session which was broadcast on live TV?
- According to the journalists, what are the constraints to the effective oversight of the intelligence services by the UK Parliament?



**Alternative:** Small groups: The trainer could first take the participants through the questions and then ask them to work on each question in small groups prior to the whole-group feedback. In this case, the trainer gives each group the set of questions shown above or presents them on a PowerPoint slide.

#### Part 2:

The Parliament hearing covered by the Financial Times was rather exceptional both in its format (a live TV hearing) and the participation of all heads of intelligence agencies in one hearing.

The trainer will now explain to the participants the regular financial oversight work of the British Parliament on intelligence agencies. A short excerpt from the 2012-2013 annual report of the Intelligence and Security Committee (ISC) of Parliament, chaired by a former UK Foreign Secretary, Malcolm Rifkind, can provide some useful ideas for discussion. The trainer will remind participants that this is a **public** document, widely available on the internet.

The trainer will give participants some time (max 10 min.) to read the text and start the discussion at the end. Some or all of the following topics may be addressed in the discussion:

- What are the functions of the Intelligence and Security Committee (ISC)?
- What kind of intelligence material does the ISC have access to?
- Is all information processed by the ISC made public?

## Tool 6. Handling Legal Gaps While Practicing Financial Oversight in the Security Sector

- Is the aggregate amount of money spent by intelligence agencies known to the public? And what about the amount spent by each of them?
- Does the public get an idea of what the main items of expenditure of intelligence agencies are?
- Are the agencies' accounts subject to external audit?
- What are the financial management areas British MPs have been most sensitive to?
- What was the reason why Parliament did not publish its earlier findings on the failure of a major IT programme?

♣ *Alternative:* Small groups: The trainer could first take the participants through the questions and then ask them to work on each question in small groups prior to the whole-group feedback. In this case, the trainer gives each group the set of questions shown above or presents them on a PowerPoint slide.

Materials:

- **Handouts 6.5 and 6.6** Two Financial Times articles on a public Parliamentary hearing of the UK intelligence agencies
- **Handout 6.7** Excerpt of the 2012-2013 report of the Intelligence and Security Committee of the British Parliament
- Flip chart sheet

### Activity 6. Wrap-up of the session

The trainer summarises the main points of the session and shares them with the participants.





## Handout 6.1

**Power-point presentation hardcopy: Handling legal gaps while practicing financial oversight in the security sector**

### Handling legal gaps while practicing financial oversight in the security sector

Tool 6

### Overall Considerations

- Legal gaps should be addressed to avoid leaving too much room for executive decisions that lack a legal basis.
- Nowadays, to make information held by public entities available to the public tends to be regarded as a basic human right.
- The executive must explain and substantiate the need for special protection of certain types of information.
- Financial oversight procedures remain by default the normal ones. Any exception must be based on relevant legislation.

2

## Practicalities: Protection of Information

- A culture of secrecy can become a breeding ground for corruption in defence and security agencies.
- Therefore, secrecy and protection of information requirements should be defined by law as restrictively as possible:
  - Sweeping references to ‘national interests’ ought to be avoided
  - Internal review mechanisms should be established, e.g., a committee reporting to the President or Prime Minister
  - Protection of whistleblowers should be ensured

3

## Practicalities: Budgetary Oversight

- Creating a sound legal framework for budgetary oversight is a must.
- The Ministry of Finance should be included as much as possible in the programming and budgeting work.
- Keeping secret intelligence budgets as small as possible ---> **No extrabudgetary expenditures!**
- The defence budget should be divided into categories of differing secrecy, such as:
  - Items presented for discussion to Parliament in aggregated form; and
  - Items presented to members of a parliamentary committee with the required clearance in a more disaggregated and detailed form

4

## Practicalities: Procurement Oversight

- The executive should present its defence and procurement plans and organise roundtable debates.
- The executive and legislative should ensure to strictly limit special confidentiality conditions in defence and security procurement. This includes avoiding confidentiality markings for the purchase of boots, uniforms, transport vehicles, office facilities and even patrol vessels.
- Defence agencies should build internal specialist procurement skills and centralise the most important purchases in order to minimize undue hierarchical influence in the decision-making.
- Defence agencies should submit tender specifications to an independent technical review
- Sole source arrangements should be avoided as much as possible: while restricted, some sort of competition should still apply ---> e.g. hearings behind closed doors.
- Key procurement decisions of defence agencies should be made or reviewed by a tender board with external participation.

5

## Practicalities: Parliamentary Oversight

- **Security and defence committees:**
  - drafting **legislation**
  - reviewing security **policies**
  - expenditure **oversight**
  - monitoring of **procurement**, especially large-scale ones -> need for parliamentary approval
  - consulting on **international agreements**
  - reviewing senior **appointments**
- **Requirements:**
  - **authority** delineated in legislation
  - **capacity** and qualifications
  - **non-partisan** attitude

6



## Handout 6.2

### Extract from the First draft of the South African Protection of Information Bill, as introduced to Parliament on 5 March 2010

Source: Website of the South African Parliament [accessed April 2015]: <http://pmg-assets.s3-website-eu-west-1.amazonaws.com/bills/b6-10.pdf>

#### REPUBLIC OF SOUTH AFRICA

#### Protection of Information Bill

(As introduced in the National Assembly (proposed section 75); explanatory summary of Bill published in Government Gazette No. 32999 of 5 March 2010)

(The English text is the official text of the Bill)

[B 6—2010] ISBN 978-1-77037-630-4

No. of copies printed ..... 1 800

(4 March 2010)

#### BILL

To provide for the protection of certain information from destruction, loss or unlawful disclosure; to regulate the manner in which information may be protected; to repeal the Protection of Information Act, 1982; and to provide for matters connected therewith.

#### PREAMBLE

RECOGNISING the importance of information to the national security, territorial integrity and well-being of the Republic;

ACKNOWLEDGING the harm of excessive secrecy;

AFFIRMING the constitutional framework for the protection and regulation of access to information;

DESIRING to put the protection of information within a transparent and sustainable legislative framework;

AIMING to promote the free flow of information within an open and democratic society without compromising the security of the Republic,

BE IT THEREFORE ENACTED by the Parliament of the Republic of South Africa,

as follows:—

[...]

## CHAPTER 2

### GENERAL PRINCIPLES OF STATE INFORMATION

#### **State information**

4. State information may, in terms of this Act, be protected against unlawful disclosure, destruction, alteration or loss.

#### **Protected information**

5. (1) State information which requires protection against unlawful alteration, destruction or loss, is referred to as “valuable information”.  
(2) State information in material or documented form which requires protection against unlawful disclosure may be protected by way of classification and access to such information may be restricted to certain individuals who carry a commensurate security clearance.

#### **General principles of State information**

6. The following principles underpin this Act and inform its implementation and interpretation:
  - (a) Unless restricted by law or by justifiable public or private considerations, State information should be available and accessible to all persons;
  - (b) information that is accessible to all is the basis of a transparent, open and democratic society;
  - (c) access to information is a basic human right and promotes human dignity, freedom and the achievement of equality;
  - (d) the free flow of information promotes openness, responsiveness, informed debate, accountability and good governance;
  - (e) the free flow of information can promote safety and security;
  - (f) accessible information builds knowledge and understanding and promotes creativity, education, research, the exchange of ideas and economic growth;
  - (g) some confidentiality and secrecy is, however, vital to save lives, to enhance and to protect the freedom and security of persons, to bring criminals to justice, to protect the national security and to engage in effective government and diplomacy;
  - (h) measures to protect State information should not infringe unduly on personal rights and liberties or make the rights and liberties of citizens unduly dependent on administrative decisions; and
  - (i) measures taken in terms of this Act must—
    - (i) have regard to the freedom of expression, the right of access to information and the other rights and freedoms enshrined in the Bill of Rights; and
    - (ii) be consistent with article 19 of the International Covenant on Civil and Political Rights and have regard to South Africa’s international obligations;
  - (j) paragraphs (a) to (i) are subject to the security of the Republic, in that the national security of the Republic may not be compromised.

[...]

## CHAPTER 5

### INFORMATION WHICH REQUIRES PROTECTION AGAINST DISCLOSURE

#### Part A

#### Sensitive Information

#### *National interest of Republic*

11. (1) The national interest of the Republic includes, but is not limited to—
- (a) all matters relating to the advancement of the public good; and
  - (b) all matters relating to the protection and preservation of all things owned or maintained for the public by the State.
- (2) The national interest is multi-faceted and includes—
- (a) the survival and security of the State and the people of South Africa; and
  - (b) the pursuit of justice, democracy, economic growth, free trade, a stable monetary system and sound international relations.
- (3) Matters in the national interest include—
- (a) security from all forms of crime;
  - (b) protection against attacks or incursions on the Republic or acts of foreign interference;
  - (c) defence and security plans and operations;
  - (d) details of criminal investigations and police and law enforcement methods;
  - (e) significant political and economic relations with international organisations and foreign governments;
  - (f) economic, scientific or technological matters vital to the Republic's stability, security, integrity and development; and
  - (g) all matters that are subject to mandatory protection in terms of sections 34 to 42 of the Promotion of Access to Information Act, whether in classified form or not.
- (4) The determination of what is in the national interest of the Republic must at all times be guided by the values referred to in section 1 of the Constitution.

#### Part B

#### Commercial information

#### *Nature of commercial information*

12. (1) Commercial information becomes the subject matter of possible protection from disclosure under the following circumstances:
- (a) Commercial information of an organ of state or information which has been given by an organisation, firm or individual to an organ of state or an official representing the State, on request or invitation or in terms of a statutory or regulatory provision, the disclosure

- of which would prejudice the commercial, business, financial or industrial interests of the organ of state, organisation or individual concerned;
  - (b) information that could endanger the national interest of the Republic.
- (2) Commercial information which may prejudice the commercial, business or industrial interests of an organisation or individual, if disclosed, includes—
- (a) commercial information that is not in the public domain, which if released publicly would cause financial loss or competitive or reputational injury to the organisation or individual concerned;
  - (b) trade secrets, including all confidential processes, operations, styles of work, apparatus, and the identity, amount or source of income, profits, losses or expenditures of any person, firm, partnership, corporation or association.
- (3) Only commercial information which the State is not otherwise authorised by law to release may be protected against disclosure.
- (4) Government-prepared reports should be protected from disclosure to the extent they restate classified commercial information.





## Handout 6.3

**Final Draft of the South African Protection of State Information Bill, as adopted by Parliament on 23 April 2013 and submitted to the President who sent it back to Parliament on 12 September 2013 for re-consideration**

Source: Website of the South African Parliament [accessed April 2015]: <http://pmg-assets.s3-website-eu-west-1.amazonaws.com/131016b6f-2010.pdf>

### REPUBLIC OF SOUTH AFRICA

#### Protection of State Information Bill

(As amended by Ad Hoc Committee on Protection of State Information Bill (National Assembly))

(introduced as Protection of Information Bill [B 6—2010])

(The English text is the official text of the Bill)

(MINISTER OF STATE SECURITY)

[B 6F—2010]

ISBN 978-1-77597-083-5

No. of copies printed ..... 1800

(24 April 2013)

#### BILL

To provide for the protection of sensitive state information; to provide for a system of classification, reclassification and declassification of state information; to provide for the protection of certain valuable state information against alteration, destruction or loss or unlawful disclosure; to regulate the manner in which state information may be protected; to repeal the Protection of Information Act, 1982 (Act No. 84 of 1982); and to provide for matters connected therewith.

#### PREAMBLE

RECOGNISING that national security is subject to the authority of Parliament and the national executive, as contemplated in section 198 of the Constitution;

MINDFUL of the right of access to any information held by the State provided for in section 32 of the Constitution;

ACCEPTING that the right of access to information is a cornerstone of our democracy

ACKNOWLEDGING in accordance with section 36 of the Constitution that the right of access to any information held by the State may be restricted when necessary for reasons of national security;

RECOGNISING the harm caused by excessive secrecy;

DESIRING to put the protection of state information within a transparent and sustainable legislative framework; and

AIMING to promote the free flow of information within an open and democratic society without compromising the national security of the Republic,

BE IT THEREFORE ENACTED by the Parliament of the Republic of South Africa, as follows:—

[...]

## CHAPTER 2

### GENERAL PRINCIPLES OF STATE INFORMATION

#### *General principles of state information*

4. (1) The following principles underpin this Act and inform its implementation and interpretation:
- (a) Unless restricted by law that clearly sets out reasonable and objectively justified public or private considerations, state information should be available and accessible to all persons;
  - (b) state information that is accessible to all is the basis of a transparent, open and democratic society;
  - (c) access to state information is a basic human right and promotes human dignity, freedom and the achievement of equality;
  - (d) the free flow of state information promotes openness, responsiveness, informed debate, accountability and good governance;
  - (e) the free flow of state information can promote safety and security;
  - (f) accessible state information builds knowledge and understanding and promotes creativity, education, research, the exchange of ideas and economic growth;
  - (g) the protection and classification of certain state information is however vital to save lives, to enhance and to protect the freedom and security of persons, bring criminals to justice, protect the national security and to engage in effective government and diplomacy;
  - (h) measures to protect state information should not infringe unduly on personal rights and liberties or make the rights and liberties of citizens unduly dependent on administrative decisions;
  - (i) measures taken in terms of this Act must—
    - (i) have regard to the freedom of expression, the right of access to information and the other rights and freedoms enshrined in the Bill of Rights;
    - (ii) promote and support the functions and effectiveness of the Constitutional Institutions Supporting Democracy; and
    - (iii) be consistent with article 19 of the International Covenant on Civil and Political Rights and have regard to South Africa's international obligations; and
  - (j) in balancing the legitimate interests referred to in paragraphs (a) to (i) The relevant Minister, relevant official or a court must have due regard to the security of the Republic, in that the national security of the Republic may not be compromised.
- (2) Certain state information may, in terms of this Act, be protected against unlawful disclosure, alteration, destruction or loss.
- (3) State information in material or documented form which requires protection against unlawful disclosure may be protected by way of classification and access to such information may be restricted to the Cabinet, institutions referred to in section 181 of the Constitution and certain individuals who carry a commensurate security clearance.

[...]

## CHAPTER 5

### SYSTEM OF CLASSIFICATION, RECLASSIFICATION AND

### DECLASSIFICATION OF STATE INFORMATION

#### *Conditions for classification, reclassification and declassification*

8. (1) The decision to classify information must be based solely on the conditions set out in this Act.
- (2) (a) Classification of state information is justifiable only when it is necessary to protect national security.
- (b) Classification of state information may not under any circumstances be used to—
- (i) conceal breaches of the Prevention and Combating of Corrupt Activities Act, 2004 (Act No. 12 of 2004) or any other unlawful act or omission, incompetence, inefficiency or administrative error;
  - (ii) restrict access to state information in order to limit scrutiny and thereby avoid criticism;
  - (iii) prevent embarrassment to a person, organisation, or organ of state or agency;
  - (iv) unlawfully restrain or lessen competition; or
  - (v) prevent, delay or obstruct the release of state information that does not require protection under this Act.
- (c) The classification of state information is an exceptional measure and should be conducted strictly in accordance with section 11.
- (d) State information is classified only when there is—
- (i) a clear, justifiable and legitimate need to do so; and
  - (ii) a demonstrable need to protect the state information in the interest of the national security.
- (e) If there is significant doubt as to whether state information requires protection, the matter must be referred to the relevant Minister for a decision.
- (f) The decision to classify may not be based on any extraneous or irrelevant reason.
- (g) Classification decisions must balance the right to access to state information against the need to classify state information in terms of this Act.
- (h) Scientific and research information not clearly related to the national security may not be classified.
- (i) State information may not be reclassified after it has been declassified and released to the public under proper authority.
- (j) Classification must be in place only for as long as the protection is actually necessary.
- (k) Where there is still a need for classification it may be that the state information in question no longer requires a high classification level and should be downgraded.

- (3) Specific considerations with regard to the decision whether to classify state information must include whether the disclosure may—
  - (a) expose the identity of a confidential source, or reveal information about the application of an intelligence or police source when the unlawful disclosure of that source would clearly and demonstrably damage the national security of the Republic or the interests of the source or his or her family;
  - (b) clearly and demonstrably impair the ability of government to protect officials or persons for whom protection services, in the interest of the national security, are authorised;
  - (c) seriously and substantially impair the national security, defence or intelligence systems, plans or activities;
  - (d) seriously and demonstrably impair relations between South Africa and a foreign government, or seriously and demonstrably undermine ongoing diplomatic activities of the Republic;
  - (e) violate a statute, treaty, or international agreement, including an agreement between South African government and another government or international institution;
  - (f) cause life threatening or other physical harm to a person or persons; or
  - (g) cause demonstrable, irreparable or exceptionally grave harm to the national security of the Republic.
- (4) The application of the classification conditions may not in any way inhibit or prevent officials from informing authorised officials of such information in order to fulfil law enforcement or intelligence functions authorised or prescribed by law.
- (5) When the conditions for classification contemplated in this section no longer exist classified information must be declassified.

***Nature of classified information***

- 9. Classified information—
  - (a) is sensitive state information which is in material or record form;
  - (b) must be protected from unlawful disclosure and against alteration, destruction or loss as prescribed;
  - (c) must be safeguarded according to the degree of harm that could result from its unlawful disclosure;
  - (d) may be made accessible only to those holding an appropriate security clearance and who have a legitimate need to access the state information in order to fulfil their official duties or contractual responsibilities; and
  - (e) must be classified in terms of section 11.



## Handout 6.4

**Extract from the Italian Republic's Legislative Decree 12 April 2006, n. 163 ("Code of Public Procurement, in conformity with the European Union's Directives 2004/17/CE and 2004/18/CE")**

### **Title II – Contracts wholly or partially excluded from the scope of the present Code**

#### **Art. 16: Contracts related to the production or commerce of armament, ammunition and other war equipment**

1. Subordinate to art. 296 of the Treaty establishing the European Community, the present code does not apply to contracts in the field of defence, related to the production and commerce of armament, ammunitions and other war equipment that serves specifically military purposes, as spelled out in the list established by the Council of the European Community.
2. This article is without prejudice to the prevailing provisions arising from international agreements, or regulations of the Defence Ministry.

#### **Art. 17: Secret contracts or contracts requiring special security measures**

1. Whenever special security or confidentiality requirements apply – either in conformity with prevailing legislative, normative or administrative measures, or whenever so required by the protection of essential national security interests – works, services and supplies affected to the activity of the Bank of Italy [i.e. the Central Bank], the armed forces, the police for the sake of the Nation's defence, or for institutional tasks, or to the activity of contracting authorities mentioned in Part III, may be carried out regardless of the provisions stipulating the publicity of public procurement, and in conformity with the procedures established in this article.
2. The ministries and agencies identify in a decree, duly motivating their decision, the works, services and supplies to be considered 'secret'... or 'to be executed under special security measures'.
3. Such contracts are performed by private firms possessing, in addition to the requirements spelled out in the Civil Code, a security clearance.
4. Adjudication of the contracts declared 'secret', or 'to be executed under special security measures' takes place following an informal call for proposals, to which at least five private firms are invited, inasmuch as such number of qualified firms exists in relation to the objectives of the procurement, and as long as a negotiation with more than one firm is compatible with the requirements for secrecy.
5. [...]
6. Those responsible for planning, project management and testing, if they are outside the agency concerned, must possess a valid security clearance.
7. Under this article, contracts entered into by state agencies are only subject to an audit ex-post by the Court of Accounts, which makes an appraisal on the regularity, integrity and effectiveness of management. Activities under this paragraph are reported to Parliament on a yearly basis before 30 June.



## Handout 6.5

### Financial Times Article 'Top UK Spies Accept Need for More Openness'

#### Top UK spies accept need for more openness

By Kiran Stacey and John Aglionby

Last updated: November 7, 2013 4:40 pm

<http://www.ft.com/cms/s/0/981300f8-47c0-11e3-9398-00144feabdc0.html#axzz3bv6NaQgg> [last accessed April 2015]

Britain's top spies have said they are considering making more of their tactics public amid anger about apparent mass surveillance techniques, but warned that recent revelations have made the UK less safe.

The heads of MI5, MI6 and GCHQ were facing public questioning for the first time in an open hearing of parliament's intelligence and security committee.

Sir Iain Lobban, head of GCHQ, the communications intelligence service, said recent revelations in the Guardian newspaper and elsewhere had added to an already "active debate" within the intelligence service over what they should make public.

But he added that the publication of British spies' methods, mostly based on leaks by Edward Snowden, a former US National Security Agency contractor, was a "gift to the terrorists" and had led to an "inexorable darkening" of intelligence available to them as hostile groups change the way they communicate.

Sir Iain told MPs: "What we have seen over the last five months is near daily discussion by some of our targets... on how to avoid what they now perceive to be vulnerable communications methods."

He added: "The cumulative effect of the media coverage, the global media coverage, will make the job we have far, far harder for years to come."

Sir John Sawers, head of MI6, said the leaks had been "very damaging".

"It's clear that our adversaries are rubbing their hands in glee, al-Qaeda is lapping this up... and western security has suffered as a consequence."

Guardian News & Media, which has insisted that its articles on Mr Snowden's revelations were only published after consultation with officials, said it was "only the involvement of global newspapers that prevented this information from spilling out across the web and genuinely causing a catastrophic leak".

"We understand that the agencies will always warn that any form of disclosure has a damaging impact on their work – but this cannot mean the end of all questioning and debate," it said.

Mark Field, one of the committee members, said the committee had not been aware of all the "intricacies" of the spying revealed by the Guardian and others. He asked Sir Iain for a "comprehensive update" of links with foreign agencies in a closed session, a request to which the GCHQ chief agreed.

Sir Iain insisted his staff did not listen to everyone's communications. He said the systems were designed only to gather the pertinent "needles or fragments of needles" of the "haystacks" of information that are gathered.

"We do not spend our time listening to the telephone calls or reading the emails of the majority, the vast majority. That would not be proportionate. It would not be legal," he said. "We do not do it."

GCHQ staff would "walk out of the building" if they were asked to snoop on innocent people.

When asked about the extent of UK spying operations overseas, Sir John said MI6 had operations in only a few countries, without being specific. "Everything we do is authorised by ministers," he added.

Both Sir John and Andrew Parker, the head of MI5, said they would never ask a foreign agency to question someone if they thought that might result in torture.

Mr Parker said the security agencies had disrupted 34 plots since 2005, the year of the 7/7 attack on London, including one or two major ones each year.

He said the number of people who had travelled from Britain to Syria and returned, possibly radicalised, was in the "low hundreds". There were "several thousand" people in Britain that MI5 thought posed a potential terrorist threat.

Critics accused MPs of being too soft on the security chiefs. Lord Foulkes, the Labour peer, said the committee's oversight of UK intelligence had been "inadequate".

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## Handout 6.6

### Financial Times Article 'Britain's Spymasters Step Out Of Shadows'

#### Britain's spymasters step out of shadows

By James Blitz, Defence and Diplomatic Editor

November 6, 2013 6:36 pm

<http://www.ft.com/intl/cms/s/0/449667da-4707-11e3-bdd2-00144feabdc0.html#axzz3bv6NaQgg>  
[last accessed April 2015]

The heads of the UK security services have long been the most secretive officials in the British state, people who almost never make a public appearance. But at 2pm on Thursday, history will be made when they step out of the shadows and appear live on TV before parliament's Intelligence and Security Committee.

It was only in 1992 that the name of the head of MI5 was made public. It was only two years later that the UK government officially acknowledged that MI6 existed. Since then, the service chiefs have regularly give evidence to parliament – but strictly in private.

Today, however, the three heads – Sir John Sawers, the chief of MI6; Sir Iain Lobban, the head of GCHQ; and Andrew Parker of MI5 – will appear before the ISC in a 90-minute open session.

"I am not sure the heads of the services are going to find this an easy experience," says one MP on the ISC, which is made up of MPs, peers and former civil servants. "These people didn't take on their jobs to do live speeches and hearings. Indeed, until very recently, we didn't admit these people existed."

The decision to hold the open hearing is part of the beefing-up of the ISC's remit and independence, says Sir Malcolm Rifkind, the committee's chairman and a former foreign secretary.

Sir Malcolm says the ISC now has significant new powers, in particular the right to send its staff into the intelligence services' headquarters and examine any material they wish. "The idea that the agencies are allowing outsiders into their premises like this is remarkable," he says.

However, the timing of Thursday's hearing is also important. It comes as the secret world reels from allegations over the work of GCHQ and the role it plays alongside the US National Security Agency in Hoovering up huge quantities of personal data on the internet.

As a result, there is certain to be a strong focus by the ISC on Sir Iain Lobban, a reclusive figure whose Cheltenham-based agency is by far the most reticent of the three in its dealings with MPs and journalists.

The ISC may want to know how much damage Sir Iain believes the revelations by Edward Snowden, the former NSA contractor, have done to UK intelligence.

They may well ask whether Sir Iain agrees with the assessment by his predecessor, Sir David Omand, that the Snowden revelations are "the most catastrophic loss to British intelligence ever, much worse than Burgess and MacLean in the 1950s."

But the ISC will also want to know whether Sir Iain accepts legislation is now needed to give better ministerial and parliamentary oversight of GCHQ activities. One ISC member says there has been "vigorous debate within the committee" on these issues as it prepares to make recommendations.

For the other two heads of service, there will be less pressure. Mr Parker's agency, MI5, is widely seen as having had considerable success in preventing jihadist bomb plots across the UK in recent years.

MI6 was for a long time living under the shadow of its flawed 2002 assessment that Iraq possessed weapons of mass destruction. On Thursday, questioning of Sir John Sawers is likely to be on current issues, in particular how he sees the evolving jihadist threats arising out of Syria and the Maghreb.

Some commentators believe the hearing will test the ISC as well as the intelligence chiefs. This is because some believe it is unable to hold the services to account, despite its new powers.

Alan Rusbridger, editor of the Guardian, which has published much of the Snowden leaks, said in a recent article that the committee chairman was not "to put it mildly, a child of the digital age". He says Sir Malcolm, like his counterparts in the US Congress, "would have struggled to understand" some of the documents on GCHQ activity leaked by Mr Snowden.

But Sir Malcolm is confident that the ISC is becoming a robust interrogator of the security services. "Thursday's hearing is not going to be some kind of scripted event," he says. "There will be time for follow-up questions. The agency heads are not going to know those questions in advance."

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## **Heads of the intelligence services**

### **Sir John Sawers, chief of MI6, the foreign intelligence service**

At 57, Sir John will be the most comfortable of the three service chiefs when they appear before the ISC on Thursday. After a lengthy diplomatic career, which took him to some of the highest posts in the Foreign Office, he is well used to engaging with politicians and appearing at high profile events. Sir John's four-year tenure at MI6 has been troubled, partly because he ended up having to manage legal challenges against the agency arising out of its previous work in Iraq and Libya. He is respected in Downing Street and is seen as the leading UK government figure on Iran policy.

### **Andrew Parker, director-general of MI5, the domestic security service**

After just six months in the job, Mr Parker triggered controversy last month with a toughly worded speech that effectively attacked The Guardian for publishing documents relating to GCHQ's operations. In that speech, he said the leaks by NSA contractor Edward Snowden had caused "enormous damage" to UK national security. Mr Parker, 51, has a quietly spoken manner which colleagues say exudes a tough inner streak. He was director of counter terrorism at MI5 on the day al-Qaeda murdered 52 people in London on 7 July, 2005. MI5 has won considerable credit in Whitehall for the way it has contained jihadist threats since 2005.

### **Sir Iain Lobban, director of GCHQ, the cyber-intelligence service**

Sir Iain has headed GCHQ since 2008. He is the most reclusive of the three heads of service and the only one who is completely unknown to the British media. Yet he is also the agency chief with most questions to answer about the way his organisation functions. GCHQ is at the centre of a huge political controversy because of the Snowden leaks. It is collaborating with the US National Security Agency in hoovering up huge quantities of personal data on the internet.



## Handout 6.7

Short excerpt of the 2012-2013 Report of the Intelligence and Security Committee of the British Parliament.



### Intelligence and Security Committee of Parliament

#### Annual Report 2012–2013

Chairman:

The Rt. Hon. Sir Malcolm Rifkind, MP

Presented to Parliament pursuant to section 3 of the Justice and Security Act 2013

Ordered by the House of Commons to be printed on 10 July 2013

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## THE INTELLIGENCE AND SECURITY COMMITTEE OF PARLIAMENT

*The Rt. Hon. Sir Malcolm Rifkind, MP (Chairman)*

*The Rt. Hon. Hazel Blears, MP*

*The Rt. Hon. Paul Goggins, MP*

*The Rt. Hon. Lord Butler KG GCB CVO*

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*The Rt. Hon. Sir Menzies Campbell CH CBE QC, MP*

*Dr Julian Lewis, MP*

*Mr Mark Field, MP*

*Lord Lothian QC PC*

The Intelligence and Security Committee of Parliament (ISC) is a statutory committee of Parliament that has responsibility for oversight of the UK intelligence community. The Committee was originally established by the Intelligence Services Act 1994, and has recently been reformed by the Justice and Security Act 2013.

The Committee oversees the intelligence and security activities of the UK, including the policies, expenditure, administration and operations of the Security Service (MI5), the Secret Intelligence Service (MI6) and the Government Communications Headquarters (GCHQ). The Committee also scrutinises the work of other parts of the UK intelligence community, including the Joint Intelligence Organisation and the National Security Secretariat in the Cabinet Office; Defence Intelligence in the Ministry of Defence; and the Office for Security and Counter-Terrorism in the Home Office.

The Committee consists of nine Members drawn from both Houses of Parliament. The Chair is elected by its Members. The Members of the Committee are subject to Section 1(1)(b) of the Official Secrets Act 1989 and are routinely given access to highly classified material in carrying out their duties.

The Committee sets its own agenda and work programme. It takes evidence from Government Ministers, the Heads of the intelligence and security Agencies, officials from the intelligence community, and other witnesses as required. The Committee is supported in its work by an independent Secretariat and an Investigator. It also has access to legal and financial expertise where necessary.

The Committee produces an Annual Report on the discharge of its functions. The Committee may also produce Reports on specific investigations. Prior to the Committee publishing its Reports, sensitive material that would damage national security is blanked out ('redacted'). This is indicated by \*\*\* in the text. The intelligence and security Agencies may request the redaction of sensitive material in the Report which would damage their work, for example by revealing their targets, methods, sources or operational capabilities. The Committee considers these requests for redaction in considerable detail. The Agencies have to demonstrate clearly how publication of the material in question would be damaging before the Committee agrees to redact it. The Committee aims to ensure that only the bare minimum of text is redacted from the Report. The Committee believes that it is important that Parliament and the public should be able to see where information had to be redacted, rather than keeping this secret. This means that the Report that is published is the same as the classified version sent to the Prime Minister (albeit with redactions): there is no 'secret' report.

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## SECTION 9: AGENCY EXPENDITURE

101. In 2011/12, the Single Intelligence Account (SIA) was approximately £2 billion.<sup>107</sup>

	2011/12	2012/13	2013/14	2014/15
Single Intelligence Account (£m) <sup>108</sup>	1,928	1,991	1,908	1,883
Cyber Security funding and Critical Capability Pool Funding (£m) <sup>109</sup>	70	95	171	123

Each Agency's actual expenditure in 2011/12 was as follows:

- GCHQ spent £\*\*\*m (within 0.3% of its budget);
- the Security Service spent £\*\*\*m (within 0.9% of its budget); and
- SIS spent £\*\*\*m (within 0.8% of its budget).

102. This is the third year of the 2010 Spending Review (SR10) settlement. In our 2010–2011 Annual Report<sup>110</sup> we expressed concerns that the real-terms cut of approximately 11.3% in the SIA might have an impact on the ability of all three Agencies to maintain coverage of the threat. We noted that factors such as public sector pay constraints and procurement savings meant that, despite inflation, front-line capabilities were being protected.

103. The 2011/12 resource accounts for all three Agencies were certified by the Comptroller and Auditor General in June 2012. The National Audit Office's (NAO's) audits raised a number of financial management and accounting issues which needed to be addressed. The majority of these relate to adherence to accounting standards, but other issues of note raised by the auditors included:

- an SIS payment of several million pounds relating to an operation with a foreign intelligence service which was not adequately documented;
- spending in excess of Treasury limits on advertising and marketing (SIS exceeded these limits in one of their external recruitment campaigns, although retrospective approval was eventually obtained); and
- incorrect treatment of ongoing liabilities relating to agent payments (Security Service).

Work is under way to address these issues, and all three Agencies continue to make improvements to their financial systems and management, with the assistance of the NAO.

<sup>107</sup> In addition to the Agencies' budgets, the SIA also includes funding for the National Cyber Security Programme, elements of the Critical Capability Pool Funding and funding for a small part of the National Security Secretariat in the Cabinet Office. Since SR10 there have been changes to the SIA settlement to take account of transfers between departments; there have also been reductions to the settlement following the Chancellor's Autumn and Main Budget Statement.

<sup>108</sup> SIA settlement – 'near-cash' (Resource DEL plus Capital DEL, excluding depreciation, Annually Managed Expenditure and ring-fenced funding for cyber security).

<sup>109</sup> Resource DEL plus Capital DEL.

<sup>110</sup> Cm 8403.

### ***Major projects***

104. The Agencies continue to spend a significant proportion of their overall budgets on capital projects. These projects primarily relate to improvements to IT systems, communications equipment and accommodation. This year the NAO has assisted the Committee in scrutinising the Agencies' finances and administration, including undertaking a detailed review of each Agency's biggest capital projects.<sup>111</sup>

105. In general terms, and across all three Agencies, most capital projects are on track to deliver their main objectives within budget and on time. In their latest formal reviews<sup>112</sup> nearly all projects have been assessed as 'Green' (on target to succeed) or 'Amber' (some changes or improvements required). The following summarises the key findings of the NAO's review:<sup>113</sup>

- In GCHQ, most projects are delivering the required business benefits.<sup>114</sup> While forecast costs can sometimes vary substantially from initial plans (often due to changing mission requirements during the course of projects), taken as a whole there is a net underspend.
- SIS has a number of major IT, communications and infrastructure projects under way. Of their seven largest projects, two have been assessed as 'Amber' in formal gateway reviews. While there have been minor delays and some issues with the other projects they are, in general terms, making satisfactory progress.
- The Security Service has eight major projects under way, with half reviewed as 'Amber'. These ratings largely reflect projects running behind schedule: in several instances this is because projects were postponed to allow the Service to focus on the Olympics. In cost terms the projects, as a whole, are running to budget (with one project considerably over budget balanced by one considerably under budget).

106. The ISC has, for a number of years, taken a close interest in the SCOPE IT programme, led by the Cabinet Office. The programme sought to provide a secure IT system and connectivity between a number of government departments and agencies and was to be delivered in two phases. While the first of these was successfully delivered at the end of 2007, Phase 2 was beset by problems and eventually abandoned by the Cabinet Office in July 2008. While the Committee investigated this failure in some detail, we did not publish our findings whilst the parties involved were engaged in arbitration. These negotiations have now concluded and a settlement has been reached. We are therefore able to report on our findings, which are included at Annex B.

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<sup>111</sup> This review was based on data provided by the Agencies.

<sup>112</sup> Gateway Reviews are carried out as a series of assurance 'gates' where projects are independently assessed before key project milestones are met.

<sup>113</sup> This review was based on data provided by the Agencies.

<sup>114</sup> The Desktop project continues to face difficulties. This is an issue that we will return to in due course.





## Additional resources

- Andersson, Lena and Salah Aldin, Mohammad. *Guidebook: Strengthening Financial Oversight in the Security Sector*. Geneva: DCAF, 2011, Sections 3 & 5.
- *Building Integrity and Reducing Corruption in Defence: A Compendium of Best Practices*. Ed. Todor Tagarev. Geneva: NATO-DCAF, 2010, Part I, Part III, Part IV & Chapter 18.
- *Le Principe de Transparence en Suisse et dans le Monde*. Ed. Pasquier, Martial. Lausanne: Presses Polytechniques et Universitaires Romandes, 2013. (Especially: Cottier, Bertil and Nicolas Masson. «Le domaine de la sécurité ou comment concilier confidentialité, **légitime et transparence nécessaire**».)
- Transparency International. *Building Integrity and Countering Corruption in Defence and Security: 20 practical reforms*. London: Transparency International, 2011.
- Transparency International. *Codes of Conduct in Defence Ministries and Armed Forces. What makes a Good Code of Conduct?* London: Transparency International, 2011.
- Hendrickson, Dylan, and Ball, Nicole. *Off-Budget Military Expenditure and Revenue: Issues and Policy Perspectives for Donors*. London, King's College: DFID, 2002.

## Annex A.

# Handling legal gaps while practicing financial oversight in the security sector: the local training session

### Introduction

The following objectives, suggested content, example activities and suggested sources are designed to give suggestions and examples of how materials can be developed by the trainer to suit their own particular local context.

### Learning objectives

Participants will be able to:

1. Understand the role of the State Audit and Administrative Bureau (SAACB) as the supreme external oversight and audit body in the local context
2. Become aware of the legislations governed by the State Audit and Administrative Bureau (SAACB)

### Suggested content to be covered

- General comments of the SAACB and recommendations
- Oversight activities between the law and the implementation: the work of the SAACB with the security agencies

### Focus questions

- What is the role of the State Audit and Administrative Bureau (SAACB) in the local context?
- What legislations are governed by the State Audit and Administrative Bureau (SAACB)?

### Overview

**Handout L.6.1** Questionnaire: 'Legal gaps in the State Audit and Administrative Control Bureau'

**Trainer Resource L6.1** PowerPoint Presentation Hardcopy: Legal Gaps of Audit State Audit and Administrative Control Bureau (SAACB)



## Description of example activities

The following example activities are taken from the two hours of localised content that was created for use in trainings conducted in the occupied Palestinian territory. They are given here as a model or example for the trainer to adapt if desired.

### **Activity 1. Questionnaire: 'Legal gaps in the State Audit and Administrative Control Bureau'**

**Time** 30 min

The trainer gives a copy of the multiple-choice questionnaire to each participant. The questionnaire contains questions on the role of the State Audit and Administrative Control Bureau (SAACB). It also asks about the relation between SAACB and the Palestinian security agencies. Once the questionnaire is completed, each question is discussed and explained among the whole group (30 minutes).

*Materials*

- **Handout L.6.1** Questionnaire: 'Legal gaps in the State Audit and Administrative Control Bureau'

### **Activity 2. PowerPoint presentation: Legal Gaps of Audit State Audit and Administrative Control Bureau (SAACB)**

**Time** 30 min

The trainer presents the PowerPoint (**Trainer Resource L.6.1**) and asks and answers questions of the participants.

*Materials*

- Trainer Resource L6.1 PowerPoint: Legal Gaps of Audit State Audit and Administrative Control Bureau (SAACB)



## Handout L.6.1

### Questionnaire: 'Legal gaps in the State Audit and Administrative Control Bureau'

**Question 1:** Does the constitution authorize a particular agency to perform the function of a public auditor for the state?

1. There is a constitutional provision
2. There isn't a constitutional provision
3. By legal delegation only

**Question 2:** Are security agencies subject to oversight by SAACB?

1. Security agencies are subject to SAACB oversight
2. Security agencies are not subject to SAACB oversight

**Question 3:** Are all security agencies subject to oversight by SAACB?

1. All security agencies are subject to SAACB oversight
2. Not all security agencies are subject to SAACB oversight
3. Specify exceptions in the law or the implementation:
  - Law
  - implementation

**Question 4:** Does the law offer sufficient guarantees for SAACB to perform its work impartially as far as security agencies are concerned? (independence and impartiality of oversight bodies)

1. Yes
2. No

**Question 5:** Does the law provide immunity to SAACB when performing its work as far as security agencies are concerned? (Immunity of SAACB personnel)

1. Yes
2. No

**Question 6:** Does SAACB have special procedures when auditing the security sector?

1. Yes
2. No

**Question 7:** Are there confidentiality-related measures to which SAACB is committed and which include planning, implementation and publication?

1. Yes
2. No
  - Law (planning, implementation and publication)
  - Implementation (planning, implementation and publication)



## Trainer Resource L6.1

**PowerPoint: Legal Gaps of Audit State Audit and Administrative Control Bureau (SAACB)**

### Legal Gaps of the State Audit and Administrative Control Bureau (SAACB)

#### Mission

- ▶ Ensuring the soundness of work, financial and administrative stability and appropriate procedures to detect financial and administrative mistakes.
- ▶ Ensuring that public performance is in conformity with the law, best practice and cost-efficiency.

## Mandate

- ▶ Monitoring Palestinian National Authority expenditures, revenues, loans, advances, warehouses and inventories.
- ▶ Exploring and investigating the causes of underperformance.
- ▶ Detecting legal, administrative and financial irregularities.
- ▶ Auditing revenues, expenditures.
- ▶ Auditing trust accounts, advances and loans.

## Authority

- ▶ Audit and requests for information.
- ▶ Access to information
- ▶ Right to information and reservation.

## Obligations

### Obligations of the SAACB:

- ▶ Submitting an annual report
- ▶ Submitting quarterly reports

### Obligations of the executive authorities:

- ▶ Reporting on the status of the general budget.
- ▶ Providing preliminary consolidated accounts.
- ▶ Notifying financial regularities in spending.
- ▶ Following up debts through data and information.
- ▶ Following up debts with copies of contracts and agreements.

## Outcomes of SAACB Activities

### SAACB Reports

### Law and Practice



## Security Agencies

- ❖ Subordination.
- ❖ Organisational charts.
- ❖ Budget.
- ❖ Financial affairs (expenditures/ revenues).
- ❖ Procurements (1998 Public Procurement Law No. 9).
- ❖ Procurement stages (planning, bidding, evaluation, awarding, referral, reception).
- ❖ Oversight of procurements.

## Administrative Affairs

- ▶ Law of Service in the Palestinian Security Forces.
- ▶ Appointment.
- ▶ Promotion.
- ▶ Accountability.
- ▶ Disciplinary penalties, corrective penalties, military courts penalties.

## Performance

- Providing security and safety for the citizens and the state.
- Building a professional security agency.
- Integration between justice and security sectors.
- Delivering services effectively, efficiently and fairly.



## Suggested resources

1. Andersson, Lena, Masson, Nicolas and Salah Aldin, Mohammad. *Guidebook: Strengthening Financial Oversight in the Security Sector*. Geneva: DCAF, 2011, Sections 3 & 4.
2. *The Security Sector Legislation of the Palestinian National Authority*. Geneva: DCAF, 2008, pages 77-91, pages 91-98.
3. *A Palestinian Legal Collection: Financial and Administrative Oversight in the Security Sector*. Geneva: DCAF, 2012, pages 16-23 (in Arabic language).
4. State of Palestine, State Audit and Administrative Control Bureau. *Laws and Regulations related to Financial Audit in Palestine*, 22 September 2014.  
<http://saacb.ps/SaacbLaws.aspx>

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# Financial Oversight of Intelligence Agencies



**DCAF**

a centre for security,  
development and  
the rule of law

**Tool**

**7**

# **Tool 7**

## **Financial Oversight of Intelligence Agencies**

Nicolas Masson



**DCAF**

a centre for security,  
development and  
the rule of law

## About DCAF

The Geneva Centre for the Democratic Control of Armed Forces (DCAF) promotes good governance and reform of the security sector. The Centre conducts research on good practices, encourages the development of appropriate norms at the national and international levels, makes policy recommendations and provides in-country advice and assistance programmes. DCAF's partners include governments, parliaments, civil society, international organisations and the core security and justice providers such as police, judiciary, intelligence agencies, border security services and the military.

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- State Audit and Administrative Control Bureau
- Palestinian Legislative Council
- Office of the President
- Council of Ministers
- Ministry of Finance
- Ministry of Interior
- Central Military Financial Administration
- Palestinian National Security Forces
- Palestinian Anti-Corruption Commission

# Introduction

## Why is financial oversight in the security sector important?

Financial oversight in the security sector is a key instrument for ensuring that public funds allocated by the state for the security of the people are spent in a transparent and accountable manner.

However, the financial management of security sector institutions is often characterised by opacity rather than transparency. Even in established democracies, the budgets and financial operations of law-enforcement, military and intelligence organisations are often concealed from public scrutiny and sometimes even from formal external oversight by parliament or audit institutions. Furthermore, in many developing countries, disproportionate security expenditures prevent the use of public funds for socio-economic development.

## Why this Toolkit?

Building the conceptual and technical capacities of specialised practitioners is a crucial step towards strengthening financial oversight in the security sector. This Toolkit is designed for financial oversight practitioners who wish to:

- Gain access to best international practice in financial oversight of the security sector
- Improve their professional ability to financially oversee security sector institutions
- Acquire a more proactive attitude toward conducting thorough financial oversight activities of security sector institutions
- Assert their authority in scrutinising budgets and financial operations conducted by security sector institutions.

## How was this Toolkit developed?

The exercises and training material included in this Toolkit were developed based on four needs assessment meetings with financial oversight employees and two trainings of financial oversight practitioners in the Palestinian territories in 2013-2014. The Geneva Centre for the Democratic Control of Armed Forces (DCAF) conducted the trainings in cooperation with DCAF international experts and with the financial support of the European Union.

The tools that are part of this training manual contain a generic component that can be used in virtually any country where financial oversight practitioners in the security sector require capacity building. The tools also contain a locally adapted component, which offers examples from the Palestinian training course and suggestions for how to adapt activities and materials to suit the trainer's own context.

## Other DCAF publications on financial oversight in the security sector

In addition to this Toolkit, DCAF has published other reference material on financial oversight in the security sector. These publications include:

1. Guidebook: Strengthening Financial Oversight in the Security Sector, 2012.
2. A Palestinian Legal Collection: Financial and Administrative Oversight in the Security Sector, 2013 [English edition forthcoming]
3. Financial Oversight in the Security Sector: A Compilation of International Standards, 2014.

To download these or other publications please visit: [www.dcaf.ch/publications](http://www.dcaf.ch/publications)

# Using the Training Toolkit

## Overview

The training toolkit has been designed to be used as a whole training course, which covers six different topics relevant to financial oversight and security sector governance. The six topics may also be used individually as 'stand-alone' training sessions.

## What does the Toolkit include?

The training Toolkit includes one introductory tool (Tool 1) and six training tools. Each tool has a three-hour generic component. The generic material is applicable internationally and can be used without adaptation in any training context. In addition, there are suggestions and example activities for adapting material to a particular context. They are designed to be amended by the trainer to engage with local issues specific to the trainer's own context. It is envisaged that the localised session would take two hours, but it can be as long as the trainer deems necessary.

The Toolkit contains the following seven tools (including this one):

Tool 1. Using the Toolkit and Acquiring Trainings Skills

Tool 2. Concepts and Main Actors of Financial Oversight in the Security Sector

Tool 3. Medium-term Strategic Financial Planning for Security Sector Institutions: Tools and Techniques

Tool 4. The Budget Cycle and the Security Sector

Tool 5. Auditing and Integrity in the Security Sector

Tool 6. Handling Legal Gaps while Practicing Financial Oversight in the Security Sector

Tool 7. Financial Oversight of Intelligence Agencies

These tools may be used for individual training workshops on each topic or as a comprehensive training course.

## The toolkit user

The training sessions in the Toolkit are intended to be read and used by trainers with expertise in financial oversight and security sector governance and reform.

## The target audience

The target audience for the training course outlined in the Toolkit is mainly practitioners involved in financial oversight of public institutions, including security sector organisations. These practitioners include specifically, but not exclusively:

- Parliamentarians and their staffers who are involved in financial oversight and budget control activities
- Members of Supreme Audit Institutions (SAIs) who provide expertise and support in financial oversight activities
- Strategic-level members of security and defence institutions in charge of preparing and executing budgets
- Representatives of executive authorities, including ministries who oversee the preparation and execution of security and defence budgets
- Officers and auditors working in core security and justice institutions whose role is to perform internal controls and audits.

The ideal number of participants for the course is around 15 people. However, the course may be used with more participants.

### Using the toolkit in the trainer's own context

As mentioned above, the tools in this Toolkit consist of generic training sessions and locally adapted training sessions. The generic training sessions included in the toolkit have been developed to be used in any context. However, if possible, the trainer should conduct some form of needs assessment in his/her own context. Based on the results of the analysis, the trainer can understand which training sessions to use, which to prioritise, and which to adapt. The localised training sessions give examples and offer suggested objectives for use in the trainer's own context.

When choosing which of the sessions in the toolkit to use, the trainer can choose to use only part of a session or to rearrange the order of the activities if desired. However, the trainer should be aware that some of the activities in a session follow each other, and one activity may often build on a previous activity.

### The structure of a generic training session

A generic training session consists of the following six elements:

1. **The introduction** lists the learning objectives and focus questions for the session. It also gives an overview that lists the handouts and trainer resources that are used in the session.
2. **The session plan** gives a full overview of the training session. It is a guide for the trainer to get a quick understanding of the session. It is also used as a quick reference to help the trainer keep track of activities and timing during the training.
3. **The description of activities** explains in more detail how to carry out the activities listed in the session plan.
4. **The handouts** are given to the participants during the activities in the sessions. They are easily photocopied and can include:
  - Worksheets with tasks for the participants to complete

- Hardcopies of PowerPoint presentations
- Summaries of key information
- Extracts of, or references to, publications

5. **The trainer resources** provide supporting information for the trainer. They can include:

- Summaries of international best practices
- Answer sheets

6. **The suggested resources** contain references relevant to the activities

### Types of activities

The types of activities in the sessions are designed to involve and engage the participants. They are expected to build their own understanding of the concepts and issues presented. Often this means encouraging participants to work and provide feedback in groups rather than 'teaching' them topics in a non-participative way.

Trainers might nevertheless be advised to make PowerPoint presentations. The training tools do include handouts with PowerPoint presentations, which may be adapted by the trainer as required. However, the trainers are encouraged to use a minimum number of slides. It is also recommended that they use images or other types of documents that are likely to trigger participants' attention and active participation. The trainer may provide the participants with a hardcopy of the presentation before or after it is shown. The trainer may also ask the participants to discuss a question in pairs before asking for feedback.

### The structure of a local training session

A local training session contains example materials and objectives for the local sessions to cover. It is given as an example for the trainer to draw on in his or her own context when devising his or her own localised sessions and materials.

The structure of a local training session is similar to that of the generic training session (see above). Suggested example activities are given instead of a full session plan.

A local training session consists of the following five elements:

1. **Introduction:** This consists of learning objectives and focus questions that are relevant to the trainer's own context. An overview of handouts and trainer resources is also given.
2. **Example activities:** These are example activities of the suggested content to be covered. This content can be adapted by the trainer to fit his or her own context. It includes a description of the activity, timing, and.
3. **Example handouts:** The handouts are given to the participants during the activities in the sessions. They are easily photocopied.
4. **Example trainer resources:** These provide supporting information for the trainer. (None are applicable for this Tool.)
5. **Suggested resources:** The suggested resources are references for the trainer to use when adapting these example activities. are references for the trainer to use when adapting these example activities.



# Financial oversight of intelligence agencies: the training session

## Introduction

## Learning objectives

This session aims to give participants a solid understanding of the importance and the role of financial oversight of intelligence agencies in democratic systems and its contribution to good governance of the security sector overall. The session allows participants to understand their role in intelligence oversight related to financial aspects. The specific learning objectives include:

- Participants develop a solid understanding of international standards applicable to financial oversight of intelligence services.
- They learn about the functions of internal and external financial oversight mechanisms of intelligence services.
- They understand how to find a balance between guaranteeing accountability of intelligence services and respecting their need for secrecy.
- They can apply principles of intelligence budgeting to their own contexts.

- They discuss new methods of financial intelligence oversight to be applied in their work practices.

## Focus questions

The following questions are addressed through the activities in this session:

- What are the international standards applicable to financial oversight of intelligence services?
- What are the functions of internal and external financial oversight mechanisms of intelligence agencies?
- How to find or define an optimal balance between ensuring accountability of intelligence services and respecting their need for secrecy?
- How can principles of intelligence budgeting and new methods of financial intelligence oversight be applied in the participants' work context?

## Overview

**Session Plan** *Financial oversight of intelligence agencies*

### **Description of Activities**

**Handout 7.1** *Test: Financial oversight of intelligence agencies*

**Handout 7.2** *PowerPoint presentation hardcopy: Financial oversight of intelligence agencies*

**Handout 7.3** *Scenarios and Discussion: Parliamentary oversight of the intelligence budget*

**Handout 7.4** *Case study: Reforming financial oversight of intelligence services: the Case of South Africa*

**Trainer Resource 7.1** *Additional information to selected slides of the PowerPoint presentation hardcopy (Handout 7.2)*

**Trainer Resource 7.2** *Parliamentary oversight of the intelligence budget. Elements of answers to Handout 7.3*

# Session plan

Financial oversight of intelligence services				
Learning objectives	<p>Participants will be able to:</p> <ol style="list-style-type: none"> <li>1. Develop their understanding of international standards for financial oversight of intelligence services</li> <li>2. Describe the internal and external mechanisms for financial oversight of intelligence services</li> <li>3. Understand how to guarantee accountability of intelligence services while respecting their need for secrecy</li> <li>4. Apply principles of intelligence budgeting in their own contexts</li> <li>5. Develop new methods to apply in the participants' work practices</li> </ol>			
Content to be covered	<ul style="list-style-type: none"> <li>• The institutional framework for financial oversight of intelligence services at a national level</li> <li>• Best international practice for financial oversight of intelligence services</li> <li>• Intelligence budgeting: tools and processes</li> <li>• Transparency versus secrecy in a democratic system</li> </ul>			
Time	180 min			
Activity	Time	Description of activity	Grouping and materials	Session objectives
1	15 min	Introduction and pre-test	Trainer to whole group <b>Handout 7.1 Test: Financial oversight of intelligence services</b>	Obj. 1-5
		<p>In Activity 1, the trainer gives an overview of the session (relevance, focus questions addressed, activities and timing).</p> <p>The trainer then gives each participant <b>Handout 7.1</b>, which is used as a short baseline test. This test assesses the participants pre-existing knowledge of issues related to financial oversight of intelligence agencies and introduces the contents of the session. (This same test will be used again, but as a post-learning assessment tool, at the end of the session, in Activity 5).</p> <p>The trainer collects the tests from the participants without discussing it further. He/she explains that they will receive the same test at the end of the training session and that these questions will be answered through the content of the session.</p> <p>Note: In preparation for this Activity, the trainer completes the pre-test with his/her own answers to be able to correct the participants' answers in Activity 5.</p>		

Activity	Time	Description of activity	Grouping and materials	Session objectives	Comments
2	40 min	PowerPoint presentation: Financial oversight of intelligence services: principles, mechanisms and tools	Trainer to whole group <b>Handout 7.2</b> PowerPoint presentation hardcopy: Financial oversight of intelligence services: principles, mechanisms and tools <b>Trainer Resource 7.1</b> Additional information to selected slides of the PowerPoint presentation hardcopy ( <b>Handout 7.2</b> )	Obj. 1-4	The trainer gives a PowerPoint presentation (Slides 1-18) covering the topic of financial oversight of intelligence services: definition, principles, stages, main oversight actors involved, budgeting, mechanisms and tools ( <b>Handout 7.2</b> ).  During the presentation, the trainer may encourage questions and remarks from the whole group. The trainer can also refer to <b>Trainer Resource 7.1</b> for additional information on the PowerPoint
3	60 min	Scenario and discussion: Parliamentary oversight of the intelligence budget	In three groups: Feedback from selected groups to whole group. <b>Handout 7.3</b> Scenario and discussion: Parliamentary oversight of the intelligence budget <b>Trainer Resource 7.2</b> Parliamentary oversight of the intelligence budget. Elements of answers to <b>Handout 7.3</b>	Obj. 2-3	The participants are divided in three groups. The trainer distributes to each group <b>Handout 7.3</b> , which includes one scenario with three different options. Each group chooses one of the three options. The groups discuss the chosen option and prepare a one-page summary of recommendations, which describes the profile of their ideal candidate they have chosen for joining an ad-hoc parliamentary oversight committee on intelligence oversight.  <b>Handout 7.3</b> includes a checklist with guiding questions for drafting the one-page profile summary. The trainer asks each group's representatives to present their profile to the whole group.  Note: In preparation for this Activity, the trainer uses <b>Trainer Resource 7.2</b> which includes elements of answer to the scenario options. <b>Trainer Resource 7.2</b> also includes elements of best international practice. The trainer can decide to hand out <b>Trainer Resource 7.2</b> to the participants at the end of the Activity.
4	50 min	Reading and Discussion: Strengthening financial oversight of intelligence services	Small groups <b>Handout 7.4</b> Case study: Reforming financial oversight of intelligence services: the Case of South Africa	Obj. 3-5	The participants work in the same three groups as during Activity 4. The trainer distributes to them <b>Handout 7.4</b> , which is an extract from a South African assessment report on the intelligence services' accountability.  The trainer asks each group to read the extract. The trainer then asks the groups to answer the three guiding questions provided on the <b>Handout 7.4</b> . Based on the participants' answers to the questions, the trainer asks them to explain what recommendations they would make in order to strengthen financial oversight of their country's Intelligence service(s).

Activity	Time	Description of activity	Grouping and materials	Session objectives	Comments
5	15 min	Conclusion, re-cap and post-test	Trainer to whole group <b>Handout 7.1</b> Post-Test: Financial oversight of intelligence services	Obj. 1-5	<p>The trainer distributes the same tests that the participants took in Activity 1, <b>Handout 7.1</b>. This time the test functions as a short post-learning assessment test. After the participants have completed the test, the trainer discusses the answers with the participants in the plenary. The participants share whether they have changed their answers from the pre-test ones. (The trainer should have already filled in a copy with his/her correct answers).</p> <p>The trainer then re-caps the activities covered and what key points have been learnt. The trainer may choose to elicit this information from the participants.</p>



## Description of activities

This section describes in more detail the activities listed above in the Session Plan.

### Activity 1. Introduction and pre-test

The trainer gives an overview of the session (relevance, focus questions, activities and timing). The trainer then gives each participant **Handout 7.1** which contains a short baseline test. This test assesses the participants' pre-existing knowledge of issues related to financial oversight of intelligence agencies and introduces them to the contents of the session. (This same test will be used again as a post-learning assessment tool in Activity 5).

The trainer collects the tests from each participant without discussing it further. He/she explains to the participants that the topics addressed by the questions in the test will be discussed during that training session. They will have the opportunity to measure their increased knowledge at the end of the training session when redoing the same test.

**Note:** In preparation for this Activity, the trainer fills in the pre-test with his/her answers to be able to correct the answers selected by the participants. Alternatively, participants can correct their own tests at the end of the session.

Materials:

- **Handout 7.1** Pre-test: Financial oversight of intelligence services

### Activity 2. PowerPoint presentation: Financial oversight of intelligence services: principles, mechanisms and tools

In Activity 2, the trainer gives a PowerPoint presentation covering the following aspects of financial oversight of intelligence services: definition, principles, stages, main oversight

actors involved, mechanisms and tools (**Handout 7.2**).

During the presentation, the trainer may encourage questions and remarks from the whole group. Additional information for the trainer is also provided in **Trainer Resource 7.1**.

Materials:

- **Handout 7.2** PowerPoint presentation hardcopy: Financial oversight of intelligence services: principles, mechanisms and tools
- **Trainer Resource 7.1** Additional information to selected slides of the PowerPoint presentation hardcopy (**Handout 7.2**)

### Activity 3. Scenario and discussion: Parliamentary oversight of the intelligence budget

In Activity 3, the participants are divided in three groups. The trainer distributes to each group **Handout 7.3**, which includes one scenario with three different options.

Each group chooses one of the three options. The groups discuss the chosen option and prepare a one-page profile summary, which describes the profile of a fictional candidate they have chosen for joining a ad-hoc parliamentary oversight committee on intelligence oversight.

**Handout 7.3** includes guiding questions, which should help the group in drafting their one-page profile summary. The trainer asks each group's representatives for feedback to the whole group.

**Note:** In preparation for this Activity, the trainer uses **Trainer Resource 7.2**, which includes elements of answers to the scenario options and elements of best international practice. The

trainer can decide to hand out **Trainer Resource 7.2** to the participants at the end of the Activity.

Also in preparation for this exercise, the trainer could also benefit from reading the DCAF Backgrounder: *Parliamentary oversight of intelligence services*.<sup>1</sup>

Materials:

- **Handout 7.3** Scenario and discussion: Parliamentary oversight of the intelligence budget: practice and standards
- **Trainer Resource 7.2** Parliamentary oversight of the intelligence budget. Elements of response to **Handout 7.3**.

### Activity 4. Case study: Reforming financial oversight of intelligence services: the Case of South Africa

In Activity 4, the participants work in the same three groups as during the previous Activity. The trainer distributes an extract from a South African assessment report on the intelligence services' accountability (**Handout 7.4**).

The trainer asks each group to read the extract. The trainer then asks the groups to answer the three guiding questions provided on the **Handout 7.4**.

Materials:

- **Handout 7.4** Case study: Reforming financial oversight of intelligence services: the Case of South Africa

### Activity 5. Conclusion, re-cap and post-test

The trainer distributes the same tests that the participants took in Activity 1, **Handout 7.1**. This time the test functions as a short post-learning assessment test. After the participants have completed the test, the trainer can provide the correct answers to the plenary and let participants correct their own test copy. Alternatively, she/he can correct the tests and

check if the participants have changed their answers from the pre-test ones and also give the correct answers to the participants.

The trainer then re-caps the activities covered and what key points have been learnt. The trainer may choose to elicit this information from the participants.

Materials:

- **Handout 7.1** Test: Financial oversight of intelligence services

<sup>1</sup> <http://www.dcaf.ch/Publications/Parliamentary-Oversight-of-Intelligence-Services>



# Handout 7.1

## Test: Financial oversight of intelligence services

This pre-test on financial oversight of intelligence services serves as a personal assessment of the participants' pre-existing knowledge on the topic. The test will be submitted again at the end of the session.

**Name:**

**1. In your country, what does the law regulating the work of the main intelligence service say about budget oversight?**

- a) The law states that the budget of the intelligence service(s) should be overseen by the Government/ the President only
- b) The law states that the budget of the intelligence service(s) should be overseen by the Parliament only
- c) The law states that the budget of the intelligence service(s) should be overseen by both the Government/ the President and the Parliament
- d) The law mentions nothing about budget oversight of intelligence agencies

Pre-session answer

Post-session answer

**2. According to international best practices, parliament should approve the budget of the intelligence service(s) ...**

- a) In its detailed, line-item version
- b) As one line only (simple 'yes or no' vote on the total budget figure)
- c) In its detailed version minus the names of intelligence officers (redacted)
- d) In its detailed version minus the names of intelligence officers and operational objectives (redacted)

Pre-session answer

Post-session answer

**3. According to international best practices, parliamentary oversight of the intelligence services' budget should include:**

- a) A discussion in plenary, followed by a plenary vote on the specific intelligence budget
- b) A discussion by selected members, followed by a plenary vote on the specific intelligence budget
- c) A discussion by selected members, followed by a plenary vote on the national budget, which includes only one budget line about the intelligence service
- d) No discussion by Parliament at all

Pre-session answer

Post-session answer



**4. In principle, the Supreme Audit Institution (SAI) has:**

- a) No access at all to the intelligence services
- b) Only limited access to the intelligence services (through hearings conducted outside of the premises of the intelligence services)
- c) Full access to the intelligence service premises, but not the documents
- d) Full access to the Intelligence service premises and its documents

Pre-session answer

Post-session answer

**5. What is a compliance audit of an intelligence service?**

- a) An audit of the service's compliance with international humanitarian law
- b) An audit of the intelligence officers' compliance with internal regulations
- c) An audit of the service's operational consistency with local financial laws and regulations
- d) An audit of the service's compliance with international human rights law

Pre-session answer

Post-session answer

**6. In your country, who is in charge of preparing the intelligence budget and to whom shall he/she submit it?**

- a) The internal accounting officer submits the budget to Parliament
- b) The internal accounting officer submits the budget to the Government/ the President
- c) The Head of Intelligence submits it to the Council of Ministers
- d) The Head of Intelligence submits it to the President
- e) A different body: \_\_\_\_\_

Pre-session answer

Post-session answer

**7. In most democratic countries, parliamentary oversight of the intelligence budget occurs mainly:**

- a) During the preparation phase only
- b) During the approval and assessment phase
- c) During the implementation phase only
- d) During the assessment phase only

Pre-session answer

Post-session answer

**8. In your country, the members of the parliamentary intelligence oversight committee...**

- a) All belong to the same political party
- b) Belong to different political parties, including the main opposition party
- c) Are all independent
- d) There is no intelligence oversight committee in our country.

Pre-session answer

Post-session answer

**9. In 2013, the US intelligence community's budget was...**

- a) Between 1 -3 billion dollars
- b) Between 10 -20 billion dollars
- c) Between 30 -50 billion dollars
- d) Between 50 - 70 billion dollars

Pre-session answer

Post-session answer

**10. In your country, the budget of the main intelligence service (in local currency) is...**

- a) Please provide an estimation to the best of your knowledge:

\_\_\_\_\_

Pre-session answer

Post-session answer



## Handout 7.2

**PowerPoint presentation hardcopy: Financial oversight of intelligence services: principles, mechanisms and tools**

***Handout 7.2 PowerPoint Presentation:***

*Financial oversight of intelligence  
services:  
principles, mechanisms and tools*

1

**Definition: What are  
intelligence services?**

**“Intelligence services are state organizations that collect, analyze, and disseminate information related to threats to national security.”**

Source: Born and Geisler Mesevage, *Introducing Intelligence Oversight*, Geneva: DCAF, 2012

2

## 4 main stages of intelligence work

1. **Management and support:** services define what information should be gathered for what purpose.
2. **Data collection/operations:** interviews, undercover actions, surveillance, etc. It is the most costly phase
3. **Data processing/exploitation:** decoding, translation, interpretation of imagery, etc.
4. **Data analysis:** Generating “finished intelligence” reports

3

## How much does that cost? Example USA

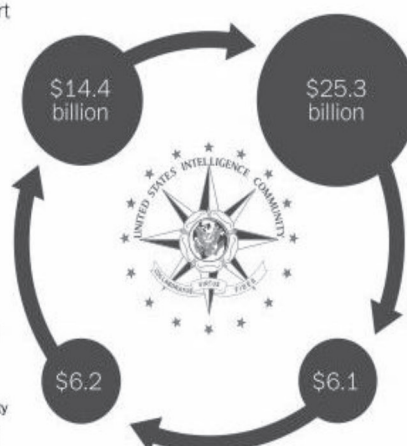
### 1. Management and support

Nearly 28 percent of the 2013 intelligence budget will be used on the first stage of the intelligence cycle. During this phase, intelligence agencies determine what issues or tasks need to be addressed and what information must be gathered.

### 4. Data analysis

About 12 percent of the budget will be spent on analyzing and distilling data into intelligence “products.” Information reviewed and correlated with other sources is called finished intelligence. Finished intelligence is hand-carried to the president and key national security advisers on a daily basis. Policymakers make decisions based on these reports. Finished intelligence may lead to further inquiries, which start the cycle over again.

Note: Data for CIA retirement and disability system not included.



### 2. Data collection

The bulk of spending in 2013 — 49 percent of the budget — is for gathering raw information through activities such as interviews, technical and physical surveillance and human source operations. Information is gathered by various means, such as from open, covert, electronic and satellite sources.

### 3. Data processing and exploitation

The previous stage yields large amounts of unfiltered data, which must be processed into a form analysts can use. Nearly 12 percent of the \$52 billion will be spent on information filtering techniques, such as decoding messages, translating broadcasts, exploiting imagery, preparing information for computer processing, storage and retrieval.

Sources: FY 2013 Congressional Budget Justification, intelligence.gov, Office of the Director of National Intelligence

## Why is financial oversight of intelligence services important?

- **Democratic legitimacy of intelligence services:** to ensure that their use of public funds is scrutinised
- **Transparency:** to encourage public debates on the funding, policies and priorities of intelligence services (the people's *right to know*)
- **Prevention of abuse:** to ensure that public funds are used in a lawful way
- **Intelligence efficiency:** to gain insights into the performance of intelligence services (value for money)

5

## What are the challenges to financial oversight of intelligence services?

1. Some countries (e.g., the USA) exclude the intelligence services from laws regulating the use of public funds
2. Intelligence budgets are sometimes not comprehensive
3. It is difficult to make a clear link between money spent on intelligence work and the results of this work
4. Intelligence money is sometimes managed by a very small group of people, making it difficult to trace back
5. Transactions are often kept confidential, with no record
6. Misuse of secret funds include: paying expensive services or informants; using and keeping assets for personal use; engaging in private business for personal profit

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## What are the six layers of financial oversight of intelligence services?

1. Parliamentary oversight
2. Independent bodies' oversight: (SAIs, Public Accounts Committees, Ombuds institutions, Information commissioners, inquiry commissions, potentially: the independent inspector-general of intelligence)
3. Internal oversight
4. Executive control
5. Judicial review (through trials, review of the administrative decisions, check on constitutionality of the measures)
6. Media and civil society

Adapted from: DCAF backgrounder, *Parliamentary Oversight of Intelligence Services*.

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## What are the parliamentary tools for financial oversight of intelligence services?

### *Parliamentary oversight:*

- It is essential that **parliamentary committees** involved in scrutinizing, amending and/or approving intelligence budgets have **access to all relevant information** including classified sections of the budget. These committees include:
  - Intelligence oversight committees
  - Budget committees
  - Ad-hoc special committees

8

## What are parliamentary intelligence oversight committees (PIOCs)?

- PIOCs can be composed of either parliamentarians or of experts working on behalf of parliaments
- Their members are appointed and confirmed by either the parliament as a whole, or by the executive
- They typically focus on review of intelligence services' activities, including their finances
- In some countries they also participate in the budget approval phase
- Normally, they have access to classified information not available to other members of parliament
- They provide a forum for the discussion of intelligence issues, and deal as knowledge and expertise centres

Source: Wills, *Financial Oversight of Intelligence Services*, p. 161 and DCAF Backgrounder, *Parliamentary Oversight of Intelligence Services*.

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## What type of confidential information do intelligence committees receive?

- The executive's national intelligence priorities
- The executive's intelligence policies and regulations
- The annual reports of the intelligence services
- The security and threat assessments of the services
- The annual intelligence budgets and financial reports
- The SAI's reports on the services
- The activities and findings of expert intelligence oversight bodies (if they exist)

Source: Nathan, *Intelligence Transparency, Secrecy and Oversight in a Democracy*, DCAF, 2012, p.61

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## What determines the effectiveness of intelligence committees?

- **Ability:** The committee's resources, investigative powers, and access to classified information
- **Capacity:** The degree to which committee members have the time, staff, and expertise to carry out their responsibilities
- **Attitude:** The will of the committee members to carry out their responsibilities
- **Authority:** The committee's ability to influence the budgetary process (especially when its role is advisory)

Source: Wills, *Financial Oversight of Intelligence Services*, p. 161 and DCAF Backgrounder, *Parliamentary Oversight of Intelligence Services*.

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## What is the role of independent bodies in financial oversight of intelligence services?

### *Supreme Audit Institutions (SAIs):*

- SAI are usually the **main external bodies** auditing the financial records of intelligence services during the **assessment phase** of the budget cycle
- SAIs perform financial, compliance (legal), and performance (value for money) audits
- Sometimes SAIs provide opinions on draft budgets (approval phase)
- Those special budget lines kept secret from SAI scrutiny should be accessible to parliament

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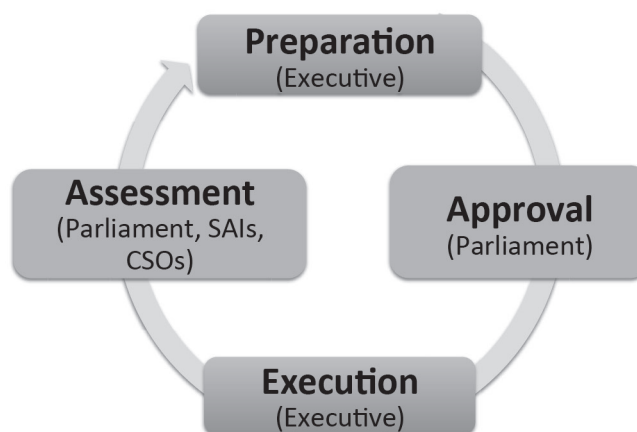
### What is the role of internal accounting officers (controllers)?

- Internal controllers' responsibility is to ensure that the agency keeps orderly, accurate financial records
- They ensure that the agency complies with all applicable regulations
- They are also in charge of preventing and, if necessary, responding to unauthorised, irregular, or wasteful agency expenditures
- They sometimes can make disciplinary decisions against agency officers who engage in financial wrongdoing

Source: Wills, Aidan: *Financial Oversight of Intelligence Services*, p. 158

13

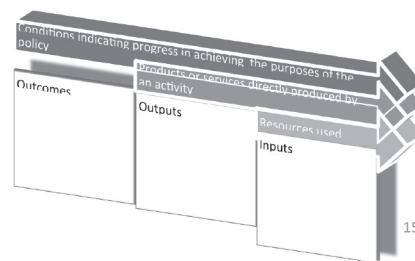
### What are the stages of the intelligence services' budget oversight?



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## Does performance-based budgeting apply to intelligence services?

- When a country clearly states its **intelligence objectives**, assessing the implementation of a budget is made **easier**
- Yet, many consider that making intelligence objectives public will **benefit their adversaries**
- States also try to impose secrecy over the **inputs** (i.e. the **means, methods and sources** used for gathering information)
- Often, the **outputs** of intelligence work are also kept classified



## What are the various approaches to the disclosure of intelligence services' budgets?

1. Only publishing the total amount allocated to the entire intelligence community (UK)
2. Publishing the total amount allocated to each national intelligence agency (Germany)
3. Disclosing the specific amounts allocated for particular purposes, e.g., personnel, operational costs, investments, etc. (France, Australia)
4. Not publishing anything (USA)

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## Transparency vs. secrecy: What information may be disclosed without causing harm?

The following information can be disclosed as it is unlikely to cause harm to individuals or the state as a whole:

- How much money a country spends on its intelligence services comprehensively?
- The spending breakdown per agency
- The spending breakdown on personnel
- The operating costs of each agency
- Capital expenditure

Source: Nathan, *Intelligence Transparency, Secrecy, and Oversight in a Democracy*, Geneva : DCAF, 2012

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## Transparency vs. secrecy: What information may be withheld ?

The following information remains secret as disclosure can cause harm to individuals or the state as a whole:

- the identity of intelligence officers (other than the heads of the intelligence services)
- the identity of intelligence informants
- the technical details of operational methods
- the details of VIP protection
- the current operations and investigations, including targets, outputs, or constraints
- the identity and personal data of individuals who are under surveillance

Source: Nathan, *Intelligence Transparency, Secrecy, and Oversight in a Democracy*, Geneva : DCAF, 2012

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## Handout 7.3

### Scenario and discussion: Parliamentary oversight of the intelligence budget

Participants are divided into three groups. Each group chooses to work on one of the three scenario situations outlined below. The members of each group jointly develop their group's answer to the chosen option.

#### Scenario: Designating three members of parliament for overseeing the intelligence budget

The Speaker of the Parliament wants to conduct hearings with high-level intelligence officers on the intelligence budget. He/she contacts you as independent academic experts on financial oversight. He/she asks you to formulate recommendations for appointing three members of parliament who will join an ad-hoc parliamentary intelligence oversight committee.

The Speaker would like you to consider appointing three members as follows:

- 1) Designating a member of the opposition party as chairman of the ad-hoc intelligence committee (**Group 1**)
- 2) Designating one member of parliament who used to be a member of the intelligence service (**Group 2**)
- 3) Designating one member of parliament who used to hold the position of Minister of the Interior in the previous majority government (**Group 3**)

For each member, the Speaker wishes you to draw up recommendations for the profile of your candidate, explaining why the candidate would be a good choice for the committee.

Each of the three groups should work on the profile for one of the three candidates. The result of each group's work should be a summary (max. one-page) of recommendations addressed to the Speaker of Parliament. The summary presents the group's recommendations for the profile of the chosen candidate and explains why this candidate is a good choice for a member of the ad-hoc committee. The checklist in the next page can be used as guidance.

After preparation in groups, each group presents to the whole group their summary.

## Checklist for summary of recommendations

### Knowledge and Experience:

- Are you going to recommend members who have served a long career as parliamentarians?
- Is there a risk that these members are too closely affiliated with the intelligence agency?
- How do you want to address that risk?

### Expertise and Vetting:

- Are you going to recommend vetting the three members of the committee?
- Are the members going to work with staffers, and will these staffers be vetted too?
- If yes, will the vetting criteria be published?

### Diversity of background:

- What is the political background of the member you are going to choose?
- Specifically, what political profile are you going to recommend for the Chairman of the committee?
- What other considerations of diversity will you take into account?

### Collusion:

- Several MPs are former members of the intelligence services. What speaks for or against designating one of them?
- Two MPs are former ministers (of interior and justice, respectively). What speaks for or against designating one of them?
- You are in touch with the office of the president/prime minister, and they offer you their assistance in choosing the members of the committee. What do you tell them?

### Shortly describe the profile of your chosen fictional candidates:

Candidate: Fictional name, experience, background, political and other affiliations



## Handout 7.4

### Case study: Reforming financial oversight of intelligence services: the Case of South Africa

In your groups, please read the following extract from a South African assessment report on the intelligence services' accountability.

After reading the report, discuss it in your group. Then jointly develop a set of 4-5 recommendations with regards to reforming your country's system of financial oversight of the intelligence services. The following questions may help you formulate your recommendations:

- **Question 1:** After reading the extract below, what common points do you find between the South African and your country's situation?
- **Question 2:** Would you agree with disclosing the spending breakdown on personnel, operating costs and capital expenditure of your country's intelligence services? Justify your choice.
- **Question 3:** Do you agree with the suggestion that the intelligence budget should be discussed in detail by parliament, with only specific elements remaining undisclosed? What external oversight body should have access to these confidential elements?

#### Failure to Publish Intelligence Budgets and Financial Reports in South Africa

"(...) the intelligence services do not have their own budget vote in respect of the funds appropriated to them annually by Parliament. Instead, these funds appear as a single line transfer payment in the budget vote of the National Treasury. As a result (...), the intelligence services are not directly accountable to Parliament for their budgets and spending (...).

One of the fundamental rules of a democratic dispensation is that government can only spend money with the approval of Parliament. Yet our Parliament does not have any direct insight into the budgets and activities of the intelligence services and therefore cannot engage in an informed debate on these matters. These limitations apply equally to the public, whose taxes are used to fund the intelligence services.

Intelligence organisations throughout the world are resistant to revealing their budgets on the grounds that foreign intelligence services would thereby gain an advantage over them. We believe that this argument is overstated. A foreign service would derive no benefit from knowing how much money another country spends on its intelligence services. Nor indeed would any advantage or prejudice arise from disclosing the spending breakdown on personnel, operating costs and capital expenditure. It is only at a higher level of detail – regarding targets, methods, sources and operational outputs and constraints – that security could be undermined through disclosure. (...)

"(...) the intelligence services should have their own vote in respect of monies approved annually by Parliament. The services should present annual budgets and financial reports to Parliament. When doing so, they would not be expected to disclose information that would compromise their operations, methods or sources (...)."

Extract from: Intelligence in a Constitutional Democracy. Final Report to the Minister for Intelligence Services, the Honourable Mr Ronnie Kasrils, MP. Johannesburg, 10 September 2008, available: [www.lse.ac.uk/internationalDevelopment/.../ReviewCommSept08.pdf](http://www.lse.ac.uk/internationalDevelopment/.../ReviewCommSept08.pdf)





## Trainer Resources 7.1

### Additional information to selected slides of the PowerPoint presentation hardcopy (Handout 7.2)

#### Slide 4: How much does that cost? Example USA

- In 2013, the Washington Post released for the first time the budget request of the USA's intelligence community submitted to Congress. The document was leaked by former intelligence officer Edward Snowden.
- It revealed that the total amount of the intelligence budget in the United States was USD 52 billion. The chart on this slide shows that the most costly part of intelligence work (approximately 75% of the budget) are the first two phases, i.e. management/planning and data collection (field operations). The remaining budget is spent on filtering information (phase 3) and analyzing it (phase 4).

#### Slide 6: What are the challenges to financial oversight of intelligence services?

1. Despite recent revelations concerning the operations of intelligence agencies, many countries (e.g., the USA) treat the intelligence budget as a budget apart from other government budgets.
2. 'Not comprehensive' budgets mean that there are, in addition to the published budgets, "secret" or "black" budgets which fall outside the scope of public and/or institutional oversight.
3. The problem of 'intangible results': it is difficult to measure the role intelligence has had in preventing events from happening. It is more common practice to blame intelligence bodies (and the funds allocated to them) for events they failed to prevent.
4. 4, 5, 6: it is important to note that abuses can happen at the operational level (agents) or at the top of the hierarchy (head of agency, ministers, etc.)

#### Slide 7: What are the six layers of financial oversight of intelligence services?

- This session focuses mainly on **1, 2** and **3**. That's why it's useful to say something about **4** and **5** here, in addition to **3**.
- **Point 3:** Internal oversight: Intelligence services have **accountants/finance departments** who hold the financial files and record the day-to-day expenses according to **a set of written guidelines** for the use of funds. These officers/departments also prepare a yearly **financial report** for external oversight bodies.
- **Point 4:** Executive oversight: executive officials/heads of services/ministers are liable for the performance and use of funds by intelligence services.
- **Point 5:** Judicial review: judges/courts sometimes authorise intelligence activities (e.g., eavesdropping) and/or pronounce sentences on alleged violations of the law by intelligence services.

#### Slide 8: What are the parliamentary tools for financial oversight of intelligence services?

- **Intelligence oversight committees** perform the bulk of parliamentary oversight of intelligence services in most democracies. One exception is France, which does not have such a committee. These committees normally have access to classified information (including special budget lines) not accessible to the parliament plenary.

- **Budget committees** might not have the time and expertise to scrutinise intelligence budgets. In that case, they hire specialised staff (rapporteurs) for that. Sometimes they do not have access to classified information.
- **Ad-hoc special committees**, as in the case of Germany, are confidential committees that specifically deal with reviewing intelligence services' records, including budgets. They can also have **investigative powers**.

### Slide 12: What is the role of independent bodies in financial oversight of intelligence services?

- Other independent bodies include **ombuds institutions, information commissioners and ad-hoc inquiry commissions**. They all operate along similar principles:
  - o they are **independent** from the executive;
  - o they look into **specific complaints** by citizens or servicemen;
  - o they have **investigation powers** and can **conduct hearings**;
  - o they are granted **unlimited access to information and premises**;
  - o their advice is formulated in **written reports** and communicated, publicly or confidentially to the executive.
- On the specific role of **Supreme Audit Institutions (SAI)**:
  - o SAs usually perform three types of audits (2nd bullet point):
- The aim of a **financial audit** is to ensure the financial accountability of the audited institutions by having a look at its financial records and transactions.
- The aim of a **compliance audit** assesses whether the agency's activities, financial transactions and expenditures are in line with all prevailing budgetary and financial accountability laws and regulations.
- The aim of a **performance audit** is to ensure whether the agency's resources are consistent with its policy objectives.

### Slide 14: What are the stages of the intelligence services' budget oversight?

- The trainer shall refer to presentation made in tool 3: what is the budget cycle? – The trainer should stress that in the case of intelligence service budget cycle oversight, it could happen that the president/executive replaces some of the traditional parliamentary tasks at the approval phase.
- In most democracies, **parliaments scrutinise, amend, and approve** intelligence budgets prepared by the executive. The intelligence **Budget Approval phase** should take place through a combination of **full scrutiny** by specialised committees and a **plenary vote** of budget approval.
- During the **Budget Execution phase**, parliamentary committees oversee budget implementation by the services. They may also have to make decisions regarding the **allocation of additional funds** (e.g. following terror attacks).
- During the **Budget Assessment phase** (*ex-post* review), parliamentary (budgetary or intelligence or ad-hoc) committees review the finances of the intelligence services, mainly based on the audits performed by SAs or directly based on the intel services' financial records.



## Trainer resource 7.2

### Parliamentary oversight of the intelligence budget. Elements of answers to Handout 7.3

In Activity 3, the participants are divided into three groups, which work on different scenarios. This *Trainer resource* includes elements of answer to the situations and questions provided in the scenarios. This *Trainer resource* should assist the trainer in facilitating the scenario discussions. The trainer may choose to distribute copies of this *Trainer Resource* to the participants once Activity 3 is completed.

#### Scenario: Designating three members of parliament for overseeing the General Intelligence budget - Answers

Note: The following excerpts are taken from the DCAF Backgrounder: Parliamentary oversight of intelligence services, p. 4

#### Concerning the preservation of knowledge and experience:

"This can be facilitated by members serving throughout their legislative careers, though there is a risk that members become too closely affiliated with the intelligence services to properly oversee their activities."

#### Concerning expertise and vetting:

"Parliamentarians should have an experienced, vetted support staff to assist them."

"If members of the Parliamentary Intelligence Oversight Committee (PIOC) are vetted, the vetting criteria should be unclassified and clear, and should include the possibility of appeal."

#### Concerning the diversity of background of members:

"Members of the PIOC should ideally come from backgrounds that reflect the political, ethnic and religious diversity of the country. In some systems, the chairman of the PIOC must be a member of the opposition party."

#### Concerning the risk of collusion:

"Former members of the intelligence community and former responsible ministers do not usually serve with a PIOC for some period of time. The role of the executive in the selection of PIOC members should be limited."

#### Example of one of the members' fictional profile:

Title	Name	Experience	Background	Political affiliation	Other affiliations
Ms	Petra Smith	10 years experience as elected MP. Member of security and interior committee for two years. Worked on revising the armed forces' budget in 2010.	Has a major in economics from London School of Economics. Married to a bank employee.	Member of the independent democratic party (not part of the governing coalition).	Former member of the board of <i>Transparency UK</i> . Never served in Government, nor in armed forces.



## Additional resources

- Andersson, Lena, Masson, Nicolas and Salah Aldin, Mohammed. *Guidebook: Strengthening Financial Oversight in the Security Sector*. Geneva and Ramallah: DCAF, 2011.
- Born, Hans and Geisler, Gabriel. "Tool 1: Introducing Intelligence Oversight." *Overseeing Intelligence Services: A Toolkit*. Ed. Born, Hans and Aidan Wills. Geneva: DCAF, 2012.
- DCAF. *Parliamentary Oversight of Intelligence Services, DCAF Backgrounder*. Geneva: DCAF, 2006.
- DCAF. *Intelligence Services, DCAF Backgrounder*. Geneva: DCAF, 2006.
- Nathan, Laurie. "Tool 3: Intelligence Transparency, Secrecy and Oversight in a Democracy". *Overseeing Intelligence Services: A Toolkit*. Ed. Born, Hans and Aidan Wills. Geneva: DCAF, 2012.
- Wills, Aidan. "Tool 8: Financial Oversight of Intelligence Services." *Overseeing Intelligence Services: A Toolkit*. Ed. Born, Hans and Aidan Wills. Geneva: DCAF, 2012.

## Annex A.

### Tool 7. Financial oversight of intelligence services: the local training session

#### Introduction

The following objectives, suggested content, example activities and suggested sources are designed to give suggestions and examples of how materials can be developed by the trainers to suit their own particular local context.

#### Learning objectives

Participants will be able to:

1. Know the contents of the legal framework for financial oversight of intelligence services in their own local context.
2. Develop solutions to be applied by the participants' own work to improve financial oversight of intelligence agencies.

#### Suggested content to be covered

- Mapping of the national/local legal and institutional framework for financial oversight of intelligence services.

#### Focus questions

- What is the legal framework for financial oversight of intelligence agencies in participants' own contexts?
- How can solutions be developed and applied in participants' own contexts?

#### Overview

*Description of example activities*

**Handout L.7.1** *Test: Financial oversight of intelligence agencies*

**Handout L.7.2** *Mapping the legal and institutional framework for financial oversight of Palestinian intelligence agencies*



## Description of example activities

The following example activities are taken from the localised training session that was created for use in training activities conducted in the occupied Palestinian territories. They are given here as a model or example for the trainer to adapt if desired.

### **Activity 1. Pre-test: Financial oversight of intelligence agencies**

**Time** 10 min

The trainer submits a pre-test on financial oversight of Palestinian intelligence services to the participants (10 minutes). This test assesses the participants pre-existing knowledge of issues related to financial oversight of intelligence agencies. The trainer collects the tests from each participant without discussing it further. The test will be submitted again at the end of the session.

#### **Materials**

- **Handout L.7.1** Test: Financial oversight of intelligence agencies

### **Activity 2. Group exercise on mapping of the Palestinian national framework for financial oversight of intelligence agencies: principles, laws and regulatory bodies**

**Time** 100 min

#### **Materials**

- **Handout L.7.2** Mapping the legal and institutional framework for financial oversight of Palestinian intelligence agencies

The participants work in four groups. Each group receives the following table (**Handout L.7.2**) for mapping the legal and institutional framework for financial oversight of Palestinian intelligence agencies. In addition, each of the group receives

one (1) question (see in the table below) and answers it.

When the groups are ready, the trainer facilitates a discussion on the outcomes of this exercise (100 minutes).

Note: Participants should be given a sufficient number of copies of the Legal Collection 'The Security Sector Legislation of the Palestinian National Authority', Geneva: DCAF, 2008 in Arabic to conduct this exercise. The publication can also be accessed electronically.

### **Activity 3. Post-test and discussion of main learning achievements**

**Time** 40 minutes

The trainer distributes the same test that was used in Activity 1, with the participants' pre-trainer answers. The participants take 10 minutes to read through the questions again and fill in their answers in the post-session box. When all participants are ready, the trainer explains the correct answers and answers questions from the participants if needed (10 minutes). The trainer then asks each participant to share with the group in which field (related to which question in the test) the participant believes to have learned something new in this training session (20 minutes).

#### **Material:**

- **Handout L.7.1** Test: Financial oversight of intelligence agencies



# Handout L.7.1

## Pre-test: Financial oversight of intelligence agencies

Name of participant:

### 1. What does the law of the Palestinian General Intelligence agency mention about budget oversight?

- a) The budget of the General Intelligence should be overseen by the President only
- b) The budget of the General Intelligence should be overseen by President and Legislative Council
- c) The budget of the General Intelligence should not be overseen by the Legislative Council only
- d) The budget of the General Intelligence should not be overseen by anyone

Pre-session answer

Post-session answer

### 2. The budget of the Palestinian General Intelligence should be approved by Parliament...

- a) ... in its full version
- b) ... as one line only
- c) ... in its full version minus the names redacted
- d) ... in its full version minus the names and the objectives redacted

Pre-session answer

Post-session answer

### 3. General Intelligence budget oversight by the Legislative Council includes:

- a) A discussion in plenary, followed by a plenary vote on the specific intelligence budget
- b) A discussion by three members, followed by a plenary vote on the specific intelligence budget
- c) A discussion by three members, followed by a plenary vote on the national budget, which includes only one budget line about the intelligence
- d) No discussion by parliament at all

Pre-session answer

Post-session answer



**4. In principle, the State Audit and Administrative Control Bureau (SAACB) has:**

- a) No access at all to the General Intelligence
- b) Only a limited access to the General Intelligence, through hearings performed outside
- c) Full access to the General Intelligence premises, but not the documents
- d) Full access to the General Intelligence premises and its documents

Pre-session answer

Post-session answer

**5. What is a compliance audit of an intelligence agency?**

- a) An audit of the agency's compliance with international humanitarian law
- b) An audit of the intelligence officers' compliance with internal regulations
- c) An audit of the agency's operational consistency with local financial laws and regulations
- d) An audit of the agency's compliance with international human rights law

Pre-session answer

Post-session answer

**6. Who is in charge of preparing the intelligence budget and to whom shall he/she submit it?**

- a) The internal accounting officer submits the budget to Parliament
- b) The internal accounting officer submits it to the President
- c) The Head of Intelligence submits it to the council of Ministers
- d) The Head of Intelligence submits it to the President

Pre-session answer

Post-session answer

**7. The US intelligence community's budget is...**

- a) Between 1 -3 billion dollars
- b) Between 10 -20 billion dollars
- c) Between 30 -50 billion dollars
- d) Between 50 - 70 billion dollars

Pre-session answer

Post-session answer

**8. In most democratic countries, parliamentary oversight of the intelligence budget occurs mainly:**

- a) During the preparation phase only
- b) During the approval and assessment phase
- c) During the implementation phase only
- d) During the assessment phase only

Pre-session answer

Post-session answer

**9. The guidelines for financial management of the General Intelligence are:**

- a) Integral part of the General Intelligence Law
- b) Confidential bylaws, which are not shared with anyone outside the service
- c) Decisions, which were drafted by the Head of Intelligence and approved by the President
- d) Decisions, which were drafted by civil society organisations

Pre-session answer

Post-session answer

**10. Vetting of the representatives of the intelligence oversight committee...**

- a) Is prohibited by law
- b) Is not mentioned in the General Intelligence Law
- c) Is mentioned in the General Intelligence Law but only concerns staffers
- d) Is mentioned in the General Intelligence Law as a compulsory procedure

Pre-session answer

Post-session answer



## Handout L.7.2

### Mapping the legal and institutional framework for financial oversight of Palestinian intelligence agencies

The legal framework for financial oversight of Palestinian intelligence agencies	The institutional framework for financial oversight of the Palestinian intelligence agencies
<p>1. What are the laws regulating the work, structure and objectives of Palestinian intelligence agencies?</p> <p><input type="radio"/></p> <p><input type="radio"/></p> <p><input type="radio"/></p>	<p>2. What internal and external oversight institutions are mentioned in the Palestinian General Intelligence Law?</p> <p><input type="radio"/></p> <p><input type="radio"/></p> <p><input type="radio"/></p>
<p>3. What are the decisions specifically regulating financial operations of the Palestinian General Intelligence?</p> <p><input type="radio"/></p> <p><input type="radio"/></p> <p><input type="radio"/></p>	<p>4. What other formal and informal institutions may exert financial oversight of the intelligence agencies?</p> <p><input type="radio"/></p> <p><input type="radio"/></p> <p><input type="radio"/></p>



## Suggested resources

1. Andersson, Lena, Masson, Nicolas and Salah Aldin, Mohammed. *Guidebook: Strengthening Financial Oversight in the Security Sector*. Geneva and Ramallah: DCAF, 2011.
2. DCAF. *Palestinian Legal Collection, Financial and Administrative Oversight in the Security Sector*. Geneva and Ramallah: DCAF, 2013.
3. DCAF. *Intelligence Services, DCAF Backgrounder*. Geneva: DCAF, 2006.
4. Friedrich, Roland, Luethold, Arnold and Milhem, Feras. *The Security Sector Legislation of the Palestinian National Authority*. Geneva and Ramallah: DCAF, 2008.
5. Palestinian National Authority. *The Palestinian General Intelligence Law No. 17 of 2005*.



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