

G8/Budfin

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On 23 September 2002, by signing the Memorandum of Understanding (MOU), all contributing Nations established formally the NRDC-IT in Solbiate Olona and only two months later, G8/BUDFIN had to forward a Budget for 2003 to the Contributing Nations.

The approval of this Budget has provided the HQ with the necessary funding to cover all the financial commitments eligible for multinational funding. There are 4 levels of funding available to the Headquarters, which are:

- **NATO Common Funding**
- **Multinational Funding**
- **National Funding**
- **Framework Nation Funding**

NATO Common Funding, an Activation Warning Order (ACTWARN) from SHAPE and an employment not below a Land Component Command level is required.

Multinational Funding is the provision set up by the MOU and covers the yearly Budget approved by the Contributing Nations through the Senior Resources Committee (SRC) in October/November. Of the Multinational Budget approximately 66 % covers the costs for Exercises (travel, communications, administrative and hire costs) and Travel of the multinational Staff of the HQ. The remaining 34 % is represented by some small investments (equipment for Media and some minor CIS assets) not deliverable by the Framework Nation (FN) and General Administrative Operation and Maintenance (of multinational property) costs.

National Funding covers the specific requirements (set up of National Support Element's, other specific



G8 Staff on working

equipment required to meet national needs etc.) of the Nations that have joined the HQ and any expenditure related to personnel assigned to the HQs (salary, allowances, per diem etc).

Framework Nation Funding is the most relevant part to this Headquarters and covers all remaining costs associated with running a Corps level HQ (infrastructure, vehicles, equipment, services etc).

The first stage from a BUDFIN perspective in running the HQs is the Budgeting process, in which the main role is played by the **Budget Section** which has two requirements:

- Translation into figures of the Commanders intent/plan;
- Obtaining the SRC's approval on the Budget itself.

Preparation of the Budget not only involves the Budget section but a key role in preparing it is played by the **Fund Managers** of the different Branches, especially by the Fund Manager of the Training/Exercise Planning Staff (Trg/Eps) Branch. He is required to cost all exercises for the following years.

All areas of the budget have a Fund Manager involvement, and they are responsible for forwarding to BUDFIN all requests with the required Statement of Requirements/works. These are then processed by **Fiscal section** that ensure that proposed commitments are within funding levels and that they're adequately justified, or have received prior SRC approval. Fiscal section must maintain proper accounting records for all commitments and payments.

Procurement and Contract (P&C) Staff is in charge for acquisition of goods and services. All personnel ful-

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filling the P&C role must be trained and warranted by SHAPE. Only these Staff is entitled to enter into financial liability with contractors and it is vital that all related paperwork is carried out accurately. The **Analysis and Statistic Section** covers internal auditing, liaison with International Board of auditors and SHAPE auditors, and any other Headquarters data analysis. A **Disbursing Office** with an Internet Banking capability completes the Branch. With a direct Internet Connection available, the Disbursing Officer is able to make payments from wherever.

All BUDFIN Staff are directed by the **Financial Controller** (Chief Budfin) who is the principal management advisor to the Commander and is personally responsible for the correct application of all multinational appropriated funds. He has direct access to the Commander and to the Chairman of the Senior Resources Committee.

All accounting is carried out using FoxPro software and is likely to be replaced by a specific system developed and produced by SHAPE.

Funds made available to the HQ are subject to audit by the International Board of auditors for NATO (IBAN), or as requested by the SRC.

As all major exercises of this HQ implies costs for the Framework nation Budget, the National Budgets of the participating Nations and the Shared Budget, it is essential that there is a well developed management process in place in order to allow a proper planning of financial resources coming from different sources and with different planning cycles and procedures.

Running a Budget following ACE directives enables G8 STAFF to be familiar with NATO procedures and



all Staff will be able to switch from Multinational Funding to NATO common funding at short notice without the need for further training without any shortfall. At the moment there are differences between Italian Financial Procedures and the one in use in NATO HQ such as this. The co-ordination between Framework Nation Budget and Shared Funded Budget could therefore become a potential problem. The Italian Budget operates with a different cycle and timelines to the shared funded Budget.

With Italy as Framework Nation, the budget obligation it therefore has and the way NATO works, gives opportunity for the Italian administration system to become self aware on the necessity to amend some national rules in order to support timely and properly this HQ in peacetime and on operations.



G8 personnel dealing with contractors