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INTERNATIONAL BOARD OF AUDITORS FOR NATO (IBAN)

STRATEGIC PLAN

2025 - 2029

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IBAN on the World Wide Web:
<http://www.nato.int/issues/iban>

1. IBAN AT A GLANCE

1.1 The International Board of Auditors for NATO (IBAN) is the independent, external audit body of NATO. The North Atlantic Council (Council) chartered the forerunners of IBAN in 1953, which consisted of two separate audit boards: one responsible for the audit of NATO financial accounts and one for the audit of NATO investment programme funds. Council merged the two boards in 1967 to create the IBAN. Our primary mandate is to provide independent assurance and advice to the Council and the governments of member states that:

- the financial statements of the NATO bodies and reporting entities present fairly their financial position, financial performance, and cash flows, and that the funds have been properly used for the settlement of authorised expenditure and are in compliance with the regulations in force;
- the activities of the NATO bodies, operations, and programmes have been carried out with efficiency, effectiveness and economy; and
- the expenditures incurred by member states (Host Nations) or NATO bodies in respect of the NSIP have been carried out in compliance with the regulations in force.

1.2 IBAN is composed of six independent Board Members appointed by the Council from among candidates nominated by the member states. The IBAN and its individual Board Members are responsible for their work only to the Council. Board Members serve for a non-renewable four-year term and are fully paid for by their respective national administrations. The Chair of IBAN is elected from among the Board Members and is appointed by Council for a fixed two-year term. The Board Members are supported by a common funded staff of one Principal Auditor, two Senior Auditors, twenty-eight auditors, and six administrative support personnel.

1.3 To execute its mandate from Council, the IBAN conducts financial statements audits, performance audits, and audits of NATO Security and Investment Programme (NSIP) expenditures. Financial statements audits include NATO bodies (established pursuant to the North Atlantic Treaty, subject to the provisions of either the 1951 Ottawa Agreement or the 1952 Paris Protocol), such as Military Commands, the International Staff, International Military Staff, and NATO Production Logistics and Service Organisations (NPLSOs), and other NATO Reporting Entities, such as benefit schemes, specific budgets, or activities. Council has also extended our financial statements audit mandate to some non-NATO multi-nationally funded or sponsored entities in which the Alliance has a particular interest or close cooperative links.

1.4 We conduct our financial statements audits in accordance with the principles of the auditing standards of the International Organisation of Supreme Audit Institutions (INTOSAI) as per Article 15 of the IBAN Charter. For each financial audit we conduct, IBAN issues a report to Council (or to the governing body of a non-NATO multi-nationally funded or sponsored entity). The audit report includes audit opinions on the financial

statements and on compliance, any audit observations and recommendations, and any formal comments received by the audited body.

1.5 IBAN provides independent analysis and recommendations to the Council on the effectiveness, efficiency and economy of specific NATO bodies, operations, programmes and projects through our performance audit reports.

1.6 IBAN also audits the NSIP expenditures incurred by member states or NATO bodies and issues an audit report to Council, by delegation to the Investment Committee, with an audit opinion on whether the expenditures incurred were carried out in compliance with NSIP regulations in force.

1.7 The Board may also at any time issue a special report to the Council on any relevant matter it considers to be worthy of attention.

2. IBAN OVERVIEW

Vision

2.1 Our vision is a constant effort to make IBAN the respected voice of transparency and accountability across NATO. In line with our core values, we strive to constructively support governance in the delivery of effective, efficient, and economical operations. IBAN should be perceived as an innovative and proactive body providing the Council with the highest quality service in all three areas of its mandate, thereby contributing to strengthening accountability and improving corporate governance within NATO.

Mission

2.2 Through its audits, IBAN provides the Council and the governments of NATO member states with independent assurance that financial statements are true and fair and funds have been properly used for the settlement of authorised expenditure and comply with the regulations in force. In addition, IBAN reviews the activities of NATO bodies, operations, and programmes to determine if they are being carried out effectively, efficiently and economically. Lastly, IBAN provides independent assurance that NSIP expenditures incurred by member states or NATO entities (Host Nations) are carried out in compliance with the regulations in force.

IBAN Core Values

Independence

2.3 The IBAN and its individual members are responsible for their work only to the Council. Board Members shall neither seek nor receive instruction from any authorities other than Council.

Integrity

2.4 IBAN conducts its work in a fair, objective, balanced, and politically neutral manner. We use all relevant evidence in our analyses and formulations of audit opinions.

Professionalism

2.5 IBAN plans, executes and reports its audit work in accordance with the international auditing principles, standards, and guidelines of INTOSAI. Board Members and auditors have the necessary competencies and qualifications to perform their work to the highest professional quality.

3. IBAN'S STRATEGIC PRIORITIES 2025 – 2029

3.1 IBAN continues to refine and continuously improve its audit methodologies for financial statements audit, performance audit, and NSIP audit to enhance our ability to meet our core mandate and also to promote and strengthen transparency, accountability, and corporate governance within NATO. In addition, as NATO is implementing the NATO 2030 initiative (<https://www.nato.int/nato2030/>), IBAN assessed the potential resource implications of this ambitious new initiative on our ability to execute our audit mandate and requested nine new auditor posts, which were approved by Council as of 01 January 2023.

3.2 The NATO 2030 initiative plans for additional investment in NATO common funding to support more joint training and exercises, stronger cyber defences, new capabilities, and more capacity-building for NATO partners. This may create new NATO Financial Reporting Entities and more NSIP expenditure for IBAN to audit. IBAN will be ready to provide independent audit and analysis of this initiative to assist Council and other NATO governance structures in their future decision making activities.

3.3 In accordance with IBAN Rules of Procedure, the IBAN Chair convenes an Annual Strategic Planning Meeting, focused especially on long-term strategic matters and topics affecting the future strategic direction of IBAN.

Financial Statements Audit

3.4 From a financial statements audit perspective, IBAN considers the increased level of maturity in financial reporting and intends to place more focus on the audit of compliance, including regularity and propriety, in accordance with INTOSAI Principles as per our Charter, and standards consistent with the International Standards of Supreme Audit Institutions (ISSAI) during the period covered by this Strategic Plan. This includes more resources used for compliance audit part and the audit of Information Technology (IT) systems and controls.

3.5 IBAN will also continue issuing a report to Council on the main findings from the financial statements audits of NATO Reporting Entities on an annual basis. In addition, IBAN will contribute towards NATO establishing a fit-for-purpose Financial Reporting and Accounting Framework based on NATO's three legal entities and separate financial reporting and budgetary accountabilities.

Performance Audit

3.6 IBAN is maintaining its resources dedicated to performance audit to meet the Council mandated requirement to have at least 25% of our audit staff devoted to performance audit. In addition, IBAN briefs the Nations directly on our annual performance audit planning and actively responds to requests from the Council on specific performance audit topics. During the period covered by this Strategic Plan the IBAN will continue to develop additional audit approaches for performance audit, such as the use of data analytics, surveys, and more follow-up work of prior audits. Further, IBAN intends to implement additional performance audits of NSIP project and programme management, efficiency and effectiveness.

NSIP Audit

3.7 IBAN will continue the implementation and refinement of its new NSIP audit approach, introduced in 2020. More audit requests from host nations are expected due to the backlog of old NSIP projects not yet financially closed and discharged. IBAN will focus on auditing these projects in order to assist Council in reducing the backlog.

IBAN as an Innovative and Proactive Organisation

3.8 IBAN strives to be innovative and proactive to fulfil its unique role in independently auditing NATO and providing assurance to governance and relevant external stakeholders. In particular, IBAN aims to ensure that it executes its mandate in the most effective, efficient, and economic manner possible.

3.9 A key element in this process is the effective management of IBAN's human resources. To achieve this IBAN has a programme of continuous professional development of staff and actively seeks to recruit qualified audit staff from the public and private sectors with the right skills and knowledge to carry out their duties and contribute to the enhancement of IBAN's audit processes and methodology. In addition, IBAN may seek to augment its resource capacity by using Voluntary National Contribution staff from member states to assist in our audit work when appropriate.

Strategic Plan 2025-2029

3.10 This strategic plan covers a five-year period and includes IBAN's vision, mission statement, and three core values that guide how IBAN performs its work: Independence, Integrity, and Professionalism. The plan includes four strategic goals with specific objectives to achieve them.

3.11 The four strategic goals are the following:

- 1) Contribute to the strengthening of accountability and corporate governance within NATO.
- 2) Contribute to the improvement of the NSIP management and accountability.
- 3) Contribute to the improvement of the effectiveness, efficiency, and economy of NATO activities.
- 4) Develop IBAN as an innovative and proactive audit organisation.

3.12 Each year, IBAN evaluates the degree of achievement of key performance indicators and present the outcomes in the Annual Activity Report. In addition, IBAN will update and revise this strategic plan as necessary.

3.13 The successful implementation of the goals and objectives in this strategic plan will have an associated resource cost. The allocation of specific financial and human resources to audits is carried out in the IBAN's annual planning process. Resources are

assigned to audits based upon a risk analysis and the need to prioritise audits to meet mandatory reporting milestones.

Peer review

3.14 With regard to the time that has passed since the last peer review (2014), IBAN shall ask relevant institutions in the field of audit for a peer review in the following period. This peer review would be conducted in accordance with ISSAI 5600 and focused, along with the three audit mandates, on organizational arrangements, distribution of roles and overall performance. In relation to the strategic plan, it could check the relevance and fulfilment of strategic objectives and bring new impulses for our strategic planning.

STRATEGIC GOALS

4. GOAL 1: CONTRIBUTE TO THE STRENGTHENING OF ACCOUNTABILITY AND CORPORATE GOVERNANCE WITHIN NATO

The IBAN contributes to the strengthening of accountability and corporate governance within NATO in a number of ways, including through its financial audits and specific reviews of matters closely related to accountability and corporate governance, such as internal control. While financial audits are generally performed on an annual or multi-annual basis, specific reviews are performed on more of an ad-hoc basis.

IBAN carries out its audit mandate in accordance with the principles of the auditing standards of INTOSAI.

Objective 1: Provide independent assurance that the financial statements present fairly the financial position, financial performance, and cash flows, of the entity and that the funds were properly used for the settlement of authorised expenditure in compliance with the regulations in force.

- We will continue to improve the quality, user friendliness and timeliness of our financial audit reports. We aim to make relevant audit recommendations that strengthen accountability and provide support to governance in NATO, and monitor their implementation.

Objective 2: Improve the quality of financial audit services provided to the Council.

- The quality of internal procedures and methodological consistency remain our highest priorities. This goal can be achieved by the functional professional specialisation of our staff, therefore we will hire and involve in our audit practices a specialist and methodologist for financial audits (comprising financial audit quality assurance) and an auditor for Communications and Information Systems (CIS). We will adopt and gradually implement the requirements of the Auditor Competency Framework based on the international standard ISSAI 150 in the IBAN environment.

Objective 3: Contribute to the development of a sound and consistent financial reporting environment in NATO.

- Make a continual assessment of the implementation of the NATO Accounting Framework and NATO Financial Regulations and provide recommendations to improve compliance. Provide coordinated advice in order to achieve a consistent application of the NATO Accounting Framework and NATO Financial Regulations across NATO. Advocate for the simplification of NATO's Financial Reporting and Accounting Framework to improve the quality of financial information in support of decision-making by governance and the accountability needs of relevant external stakeholders.

- IBAN aims to continue providing annual cross-cutting overviews on the main findings from the financial statements audits and to intensify its efforts to produce special reports on strategic issues.

Objective 4: Enhance relationships with key NATO stakeholders.

- We seek to develop and maintain transparency and relationships with our key NATO stakeholders and auditees through regular consultations to better determine their needs and expectations. We liaise with committee chairpersons and other relevant stakeholders to offer IBAN's expertise and assistance in the area of accountability and governance.

The associated performance measures and targets to be used to evaluate the achievement of the objectives are shown in the table below.

#	<i>Key Performance Indicator</i>	<i>Target</i>
1	% of final audit reports on the financial statements of NATO Reporting Entities submitted to Council by 31 August.	95%
2	Issue the Annual Activity Report to the Council by the end of April.	Y/N
3	Issue the Report to Council on Main Findings from the Financial Statements Audits no later than three months after the last audit report on the financial statements of a particular financial year is submitted to Council.	Y/N
4	Number of audits of non-NATO multi-nationally funded bodies.	3+

5. GOAL 2: CONTRIBUTE TO THE IMPROVEMENT OF THE EFFECTIVENESS, EFFICIENCY, AND ECONOMY OF NATO ACTIVITIES

IBAN's audit mandate includes performance auditing of the activities of NATO bodies, operations, programmes and projects.

As IBAN understands that a major challenge for NATO's future is to enhance the effectiveness, efficiency, and economy of its activities, IBAN refocuses its strategy towards a higher percentage of proactive performance audits, focused on identification of opportunities for cost savings and more effective operations and activities by NATO.

IBAN provides independent analysis and evaluation to the Council on the effectiveness, efficiency and economy of specific NATO bodies, operations, programmes and projects. IBAN makes forward-looking recommendations aimed at process and service improvements and, when possible, optimising value for money while delivering required outputs.

IBAN carries out its audit mandate in accordance with the principles of the auditing standards of INTOSAI as per our Charter, and standards consistent with the International Standards of Supreme Audit Institutions (ISSAI).

Objective 1: Focus on subjects of common interest to the Council and the Nations.

- Together with other selection criteria, we intend to focus on activities and initiatives that are considered to be important to the overall success of the Alliance, including new initiatives and important changes to the Alliance. By reporting directly to the Council, IBAN can contribute to and support high-level decision-makers in improving the performance of NATO.

Objective 2: Conduct audits that contributes to accountability and transparency within NATO.

- NATO faces challenges to implement good governance principles such as accountability and transparency. This has been evident through several recent audits. As we refer to INTOSAI standards, it is relevant also to give priority to these subjects that in many countries are seen as prerequisites for achieving good results in a transparent and accountable way. IBAN aims to organise conferences and seminars to disseminate information on these issues, in order to raise awareness on their importance in the NATO community as well as with external stakeholders. We aim to provide a web-based platform to let the NATO community profit from our releasable documents and increase IBAN's visibility.

Objective 3: Perform cross-cutting audits that contribute to recommendations to be applied NATO-wide.

- In general, cross-cutting audits add more complementary value than audits of individual entities. The ability to recommend good practice across NATO is contributing to better and more unified solutions. Even though cross-cutting audits normally are more cumbersome to conduct than single entity audits, they should be given priority as recommendations based on benchmarking and good practice are applicable NATO-wide and therefore adds more value.

Objective 4: Improve the quality of performance audit services provided to the Council.

- The quality of internal procedures and methodological consistency remain our highest priorities. This goal can be achieved by the functional professional specialization of our staff, therefore we will hire and involve in our audit practices a specialist and methodologist for performance audits and an auditor for Communications and Information Systems (CIS). We will adopt and gradually implement the requirements of the Auditor Competency Framework based on the international standard ISSAI 150 in the IBAN environment.

The associated performance measures and targets to be used to evaluate the achievement of the objectives are shown in the table below.

#	<i>Key Performance Indicator</i>	<i>Target</i>
1	Issue at least 2 performance audits per year.	100%
2	Perform follow-up on prior performance audit reports.	1
3	% of audit staff resources assigned to performance audit.	25%+

6. GOAL 3: CONTRIBUTE TO THE IMPROVEMENT OF THE NSIP MANAGEMENT AND ACCOUNTABILITY

The IBAN provides independent assurance that the expenditures incurred by member states and by NATO entities for the implementation of the NSIP is compliant with the regulations in force. The IBAN also analyses and evaluates the economy, efficiency and effectiveness of programme management, procedures, and specific outputs.

IBAN carries out its audit mandate in accordance with the INTOSAI Principles as per our Charter, and standards consistent with the International Standards of Supreme Audit Institutions (ISSAI).

Objective 1: Provide independent assurance that NSIP expenditures are carried out in compliance with the regulations in force.

- To strengthen accountability and governance of the NSIP, our audit work provides audit opinions on expenditures incurred for individual NSIP projects. We aim to plan and conduct our audits based on audit requests received from Nations and NATO Bodies in order to deliver our audit reports to Council in a timely manner within current available resources.

Objective 2: Improve the quality of NSIP audit services provided to the Council.

- The quality of internal procedures and methodological consistency remain our highest priorities. This goal can be achieved by the functional professional specialisation of our staff, therefore we will hire and involve in our audit practices a specialist and methodologist for NSIP audits. We will adopt and gradually implement the requirements of the Auditor Competency Framework based on the international standard ISSAI 150 in the IBAN environment.

Objective 3: Contribute to the improvement of NSIP management.

- Make continual assessments of NSIP regulations and provide advice to Nations in order to achieve improved NSIP management and consistent application of regulations across Host Nations.

Objective 4: Enhance relationships with key NSIP stakeholders.

- We seek to maintain transparency and relationship with our key NSIP stakeholders and auditees through regular consultations to better determine their needs and expectations. We liaise with the Investment Committee chairpersons and other relevant stakeholders to offer IBAN's expertise and assistance in the area of accountability and governance.

The associated performance measures and targets to be used to evaluate the achievement of the objectives are shown in the table below.

#	<i>Key Performance Indicator</i>	<i>Target</i>
1	% of acceptable and complete audit requests scheduled within 12 months of their receipt.	90%
2	Number of NSIP audit reports issued.	50
3	Issue the Summary of Results from the NSIP audits to the Council by the end of June.	Y/N

7. GOAL 4: DEVELOP IBAN AS AN INNOVATIVE AND PROACTIVE AUDIT ORGANISATION

In order to achieve the objectives of Goals 1 to 3, IBAN must be an organisation that is innovative and proactive to meet the continuous developments and changes in its dynamic operational environment.

Objective 1: Further promote IBAN's workforce professional development and sharing of corporate knowledge.

- Enhance workforce mentoring of IBAN staff by improving their knowledge of professional standards, best practices, new audit developments, as well as an understanding of NATO's current challenges. We aim to provide an internal web-based platform to ensure the sharing of experience acquired by our auditors and provide professional training to facilitate individual learning.

Objective 2: Increase audit efficiency and effectiveness in order to ensure the timeliness and improve the content of our audit reports.

- Continuously review our audit practices to ensure we deliver financial audit reports of NATO Reporting Entities to Council by 31 August of each year.
- Improve our audit practices by promoting and developing workplace innovation and efficiencies, such as through remote access to auditee IT systems, increased use of IT audit techniques, and remote teleworking for staff. Data analytics techniques can add great value to IBAN audits. Therefore, we aim to introduce a three-step programme for the implementation of data analytics in both financial and performance audits.

Objective 3: Continuously improve IBAN Human Resource practices.

- Maintain a plan for staff succession and attracting qualified individuals from the public and private sector.
- Maintain clear and consistent communication to staff and application of IBAN Human Resource policies.
- Ensure that the post descriptions are in accordance with the needs of IBAN and the tasks actually required.
- Use effective human resource management techniques, including staff satisfaction survey.
- Assist staff transitioning out of IBAN with information, such as career advice and contacts with other audit organisations.

Objective 4: Improve visibility of IBAN with key internal and external stakeholders.

- We regularly attend committee meetings on matters of importance to the IBAN and will aim to present our mandate and activities to the Council and the Secretary General. Our aim is to publicise IBAN's work, including individual audit reports, the annual activity report and strategic plan to raise awareness of IBAN activities both internally and externally. This aim will also be achieved by organising dissemination activities and providing a web-based platform where the NATO community can access our releasable documents.
- We will further develop and maintain professional contacts and cooperation with Supreme Audit Institutions of NATO Nations and with other like-minded international audit organisations, and in particular with the INTOSAI. Individual forms of mutual cooperation can be concretised by bilateral memoranda of understanding.

The associated performance measures and targets to be used to evaluate the achievement of the objectives are shown in the table below.

#	Key Performance Indicator	Target
1	Proactively develop and offer independent analysis and opinion to NATO governing bodies on financial, NSIP, and performance issues.	Y/N
2	Organise meetings with representatives of Supreme Audit Institutions of NATO Nations to discuss IBAN's Annual Activity Report and topics related to the audit of international organisations	Y/N
3	Publish articles on the IBAN internet website on IBAN activities or subjects of interest.	2
4	Number of public events (conferences, seminars, courses, lectures, presentations) with auditees and stakeholders.	2