1.0 SCOPE OF THIS SOP

Sections:

A. Request for approval of Funds Commitment
B. Selection of Documentation Type
C. UNDP-Related Special Requirements
D. Attachments Required
E. Funds Commitment Approval Process
F. Changing an Approved FC
G. Completion Indicator Process (Liquidation)
H. Quality Assurance Requirements

2.0 REFERENCES IN CONJUNCTION WITH THIS SOP

Financial Regulations and Rules for the UN

Umoja Job Aid Guide -Umoja Funds Management-Earmarked Funds

Umoja Job Aid Earmarked fund changes and workflow

Umoja Job Aid - How to attach documents.

Umoja Job Aid – UNDP-Financial Authorization

BFMS Procedures Manual

Chart of Accounts

3.0 ROLES INVOLVED IN THIS SOP

Funds Commitment Creator (TEA) (Umoja FM.03)

Funds Document Certifier (Umoja FM.06)

Funds Commitment Approver (Umoja FM.06)

Section A: Request for approval of Funds Commitment.

1. Funds Commitments (FC) do not facilitate IPSAS-compliance and should therefore only be used when it is absolutely impossible to use other types of commitment documents in UMOJA. However, Exceptional Authorization to use FC can be given by Chief Accounts Section, UNON upon submission of written request with full justification.

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2. Offices requiring Funds Commitment approval send the FCs through Umoja workflow. Appropriate supporting documentation, fully justifying the use of FC, should be attached.

3. It is the responsibility of the substantive office to ensure that the FCs are properly completed before submission, to avoid rejections and subsequent delays.

4. All incomplete documents will be rejected and returned back into the workflow for corrections.

Section B: Selection of Documentation Type

5. Document type indicates the type of commitment created; appropriate document type should be selected in line with the nature of expense.   Different workflows apply to different document types.   Additionally, to ease identification and reporting by documentation type (e.g. travel requests), the correct Document Type must be used. A full list of documents is available in the Job Aids, but the commonly-used document types are:

    - 30 General
    - 31 UNDP General
    - 45 Travel
    - 50 Consultants/CICs

    Note: The Approving Officer will review the FC to ensure all the entries are correctly entered and selection of wrong document type will lead to rejection of the document.

Section C: UNDP-Related Special Requirements

6. The Fund Commitment scenario should only be used for:

    a. Payroll of CICs, local staff and UNVs recruited by UNDP.

    b. Events which do not give the rights to any travel entitlements.

7. In all other scenarios where UNDP procures some goods or services, the Purchase Order scenario should be used.

    Note: Refer to guidelines issued at Annex A and BFMS SOP 111 - UNDP PROCEDURES

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8. The following mandatory actions are required:

   a. The FC must identify the country office (BP in vendor field).

   b. To enable generation of the UNDP Fax Authorization (UNDP FA), specific, detailed wording is required for the 'Service Instructions' in the long text of the line item.   If there are multiple line items on the FC, details are to be entered on the last line.

   c. Document Header Text should always be started with 'UNDP (country office)'.

   d. Do NOT add a line for service fees on the FC document but budget must be reserved to enable later allocation of charges against same coding block.

      Note: Details on above can be found in Umoja Job Aid – UNDP-Financial Authorization

Section D: Attachments Required

9. It is the responsibility of the Certifying Officer to ensure proper supporting documentation is attached to the FC.   FCs without proper attachment will be rejected by the Approving Officer and returned into Umoja workflow.

10. Specifically, the following guidelines should be observed:

    a. In all cases, the supporting documents should fully justify the use of the FC (i.e. have proper authorization, citing valid reason for use of the FC).   This should include authorizing memos, emails and signed agreements/contracts.

    b. Where appropriate, invoices should always be attached.

    c. For Consultant payments, including subsequent payments, a copy of the contract must be attached.

    d. Where Exceptional Authorization for use of an FC has been granted, written approval from the Chief of Accounts Section should be attached.

    e. Where documents are in a language other than English a brief translation should be attached, pointing out key elements in the original document.

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Section E: Funds Commitment Approval Process

11. After reviewing the FC and the supporting documentation, the Approver will select from a choice of three options: Approve; Reject for Revision/Modification or Reject for Reversal;

    a. **Approve**: The Approver is in agreement with the FC and the document is moved to the succeeding steps of the workflow. Umoja performs budget availability check at this stage and document status is posted. Only documents with posted status consume budget.

    b. **Reject for Revision/Modification**: The document will be rerouted back to the creator's group inbox (not necessarily to the original document creator).   The document is in parked status and shows in the inbox with three options; Process, Change or Cancel.

        (i)   Process – Returned back to the Approver via workflow
        (ii)   Change – Creator changes data and resubmits for Approval.
        (iii)   Cancel - Selecting this option will lock the document in the approver's inbox, unless the *Replace* icon is selected to free up the document, making the document available to alternate approvers.

    c. **Reject for Reversal**: The FC is rejected and funds are automatically returned to budget. The work flow will be completed with posted status but a notification should be sent to the creator via email.

Section F: Changing an Approved FC

12. Some modifications to an approved FC can be made by the creators but any such changes will normally require the FC to be reapproved via workflow. Other changes, e.g. currency, will require cancellation (completion) of the FC and submission of a new request.

Section G: Completion Indicator Process (Liquidation)

13. It is the responsibility of the Certifying Officer to regularly review FC balances for validity and, if no longer valid or required, FCs should be closed (closure will release unspent allocations back to budget).

14. FCs can be completed on all lines at once (Header Completion) , or by single or multiple lines (Line Item Completion).

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Section H: Quality Assurance Requirements

15. The key Quality Assurance Requirements for the Funds Commitment Approval Process are:

   a. BFMS, UNON is to ensure that any changes in the Procedure Manuals, Job Aids and Desktop Instructions are brought to the attention of the users and implementation is properly supervised.

   b. Certifying Officers are responsible for ensuring that all FCs are properly-funded and that regular review of open FCs is undertaken to ensure all FCs no longer required are properly closed in Umoja and any unspent cash is returned to budget.

   c. As well as producing regular and ad hoc reports for financial reporting purposes, a Monthly summary of position is to be produced for submission to Accounts Section Chief and senior Client Managers.

   d. Benchmarks are to be agreed for processing data in respect of FCs and performance against that benchmark is to be reported in management reports.

   e. ASU UNON to review the financial entries at regular intervals to ensure the correct Funds and GLs have been used.

Annex:

A. Guidelines for use of FCs.

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INTEROFFICE

MEMORANDUM   MÉMORANDUM INTÉRIEUR

TO: Chris Kirkcaldy   DATE: 27th November 2015
À: Deputy Director, Division of
Administrative Services, UNON

FROM: Annette Waweru   RÉFÉRENCE: Funds commitment
DE: Chief, Accounts Section,
BFMS/UNON

SUBJECT:
OBJET: **Recommendation for use of fund commitment in umoja**

Please fine attached summary and guideline on the use of
commitment types in umoja.

After having used umoja for about 5 months, we have found some
areas, where we believe the use of commitment type needs to be
streamlined.

With the implementation of using PO for service in relation to
UNDP financial authorization we have found a number of issues:

> While the PO for service is being raised with several
> lines, in the financial authorization it come as one
> lumpssum line 1, hence wrong amount against line 1 of PO
> which will also have only one GL and no proper details in
> the FA to UNDP

- IOV charges received relating to PO requires the
  substantive office to raise SES for confirmation /
  acceptance of delivery, which is not normal practice for
  service delivered by UNDP. This is hugely delaying the
  IOV recording

Please find attached for your approval a proposal document with
recommendation for use of commitment type and with indication
of exceptional use of fund commitment

CC: Keval Vora, OIC of BFMS   Approved
    Dawit Adefris, Chief ASU

                                                                    30/11/15

A-1

Recommendation for use of commitment type in umoja.

<u>Introduction:</u>

While the use of Fund Commitment (FC) should be used exceptionally, the first 5 months use of umoja has given us more insight and understanding for the various types of transactions and it has been noticed that there are some issues in relation to the use of POs both in relation to IPSAS compliance but also in relation to issuance of Financial Authorization (FA) to UNDP (PO for service cannot accommodate several lines) and recording of IOV charges from UNDP (requirement of SES delay the process). Therefore the following is a proposal of where each type of commitment would be relevant and appropriate to use.

<u>Commitment types in umoja:</u>

PO – Purchase order (for Implementing partner and End beneficiary agreements, goods, services, HR/consultants), which is raised in SRM. There are different types of POs to be used for different transactions.

FC – Fund commitments, which are raised in ECC. There are different types of FCs to be used depending on the type of expenditures.

TR – Trip / travel commitment, which is raised in the ESS

<u>A.Travel commitment (TR):</u>

The general rule is that for travel (tickets and DSA) the TR should be raised. Exceptions from the use of TRs can only be authorized by OCSS in UNHQ. TR should always be used for staff members, consultants and UNVs (this include staff & consultants under UNOPS or UNDP contracts)

For the following types we recommend the use of FC.

a) *For trips that 1) do not include mode of transport commercial aircraft or train, 2) involve no more than 3 consecutive days of DSA, and 3) do not require an advance; i.e. the submission of a post-facto, stand-alone expense report in Umoja Travel will suffice.*
b) *For travel of non-staff when UNDP arranges the whole event - an all-inclusive package*
c) *Local field meetings/trainings where persons paid are participant and the DSA provided is based on locally reduced rates (some rates are established by the Country Team - Representatives for agencies)* **and** *there is not travel involved.*

B.Purchase Order (PO):

The use of purchase order is important in order to be IPSAS compliant (especially an issue around the year-end) by recognizing delivery and facilitate accrual of expenditures. Furthermore the purchase of goods could result in asset recognition in the IPSAS financial statements. Therefore in general the use of PO is recommended when purchasing goods and services.

Consultants:

For recruitment of consultant a PO should be raised in SRM via HR process. (When payment is due an AP document is raised and if UNDP to pay, the FA will be issued based on the AP document). If UNDP is to recruit the consultant only but payments are not being released by UNDP without the substantive office confirming output delivered, a PO for service should be raised, and AP document raised in umoja on which basis FA to UNDP for payment will be issued).

IP/EB:

For agreement with implementing partner (IP) or end beneficiary (EB) a PO always have to be raised with the BP of the actual partner. (When payment is due an AP document is raised and if UNDP to pay, the FA will be issued based on the AP document).

Goods:

Purchasing of goods should be done via commitment in a PO for goods - also when purchase is via UNDP. The use of PO will also facilitate item is picked from the material master, that has been setup to relevant General Ledgers (GL) to ensure appropriate presentation in the financial statement.

Service:

Purchasing of service should be via PO. However when purchasing service via UNDP, it should be considered if this is a recurrent service or a one off service and if the substantive office is expected to confirm delivery before charge is accepted. If the actual amount is to be charged only upon confirmation of deliver there is requirement of Service entry sheet (SES), hence PO should be used. If there is an expectation that UNDP will just charge the cost monthly/regularly, without the need for the substantive office to confirm the delivery use of Fund commitment could be considered.

For the following types we recommend the use of FC.

a) *If UNDP is requested to recruit a consultant on behalf of the organization, unless the consultancy payment is linked to specific outputs, where the substantive office will have to confirm delivery before payment is released*
b) *If the service is provided by UNDP, and the charge from UNDP is set (i.e. not negotiable or based on acceptance by the substantive office on individual basis). This would enable the IOV charge to be immediately uploaded and charged in umoja,*

upon receipt of the monthly SCA report from UNDP Examples could be office rent, utilities and phone bills.

C.Fund Commitment (FC):

As mentioned in the introduction in general the use of FC should be exceptional. But further to the above recommendations, FC is also used when UNDP authorized to recruit staff members.

When service is provided by other UN organization in umoja (not for travel) i.e. share of office cost, phone cost, cleaning etc, FC should be raised, which will facilitate the other UN office to charge directly in umoja, as it is assumed that the other UN office would have used the relevant PO document for purchasing the service from external providers. However if there is an expectation that the substantive office is to confirm delivery of the service before charges accepted, then PO for service should be used to enable substantive office update SES.

Any other use of FC should be explained and justified. Pre-authorization should be sought from the Chief of Accounts Section, and such email printed to pdf and attached to the FC in umoja before submission of FC for approval.

ANNEX I – COMMITMENT DOCUMENT TYPES TO BE USED

Doc Type	Doc ID start with	Text	Recommended for	Require pre-com (SC)
ZMGS	22	PO for goods and service	Purchase of goods and/or service	Yes
ZVLP	23	Direct PO - Low value	Limit of USD 4,000	No
ZGPT	27	PO for Implementing partner (IP)	Agreement with IP, BP to be the IPs BP	Pgrant if for GM fund
ZGEB	28	PO for End Beneficiary (EB	Agreement with EB, BP to be the EBs BP	Pgrant if for GM fund

Note: ZMOU (ID start with 26) is purely intended for DFS, HQ and **should not be used by UNON, UNEP and Habitat.**

Fund commitment document type recommended in reference to the exceptions outlined above.

Doc Type	Text	Recommended for	Require pre-com
30	Miscellaneous Obligation (MOD)	Actions not falling in other groups, but not for UNDP FA	Yes
31	Letter of Authorization	For UNDP authorization only, for actions not falling in other groups	No
45	Travel Authorization Official	For travel in reference to exceptions listed above	No
50	Consultant/Contractor/ALD Agre	UNDP recruiting staff and consultants on our behalf	No
55	Travel Autho. Entitlement Travel	Should only be used upon authorization given by UNHQ	No