



1.0 SCOPE OF THIS SOP

Section:

- A. UNDP Transactional Definition Overview
- B. Responsibilities
- C. UNDP Financial Authorization
- D. Service Clearing Account (SCA) Advance and Reconciliation
- E. Quality Assurance Requirements

2.0 REFERENCES IN CONJUNCTION WITH THIS SOP

Financial Regulations and Rules of the UN

ST/SGB/2013/4, 1 July 2013

Umoja UNDP Job Aid Guide

BFMS Procedures Manual

3.0 ROLES INVOLVED IN THIS SOP

External clients (Initiating office of the UN Entity)

Accounts Payable Data Entry Agent (Umoja FA.02) - the person who manually processes the accounts payable parked documents

Accounts Payable, Approving Officer (Umoja FA.07) - the person who approves the manually processed AP Documents.

General Ledger, Data Entry Agent (Umoja FA.01) - the person who manually processes the General Ledger documents

General Ledger, Approving Officer (Umoja FA.06) - the person who approves the manually processed General Ledger Documents.

Financial Cable Approver (Umoja FA.21) – The person who sends the Financial Authorization to UNDP

Section A: UNDP Transactional Definition Overview

1. UNDP is being used as a service provider by:
 - providing procurement services,



- issuing Staff and consultancy contracts,
- payrolling staff on UNDP contracts, and
- Issuing payments on behalf of the requesting UN Entity.

Section B: Responsibilities

2. The substantive office from the UN entity requiring the UNDP service will initiate the process by raising a commitment document in Umoja.
3. The respective approving officers will approve the commitment.
4. The Financial Cable Approver will approve and issued the Financial Authorization.
5. UNON Accounts Section will receive the monthly SCA from UNDP, load and reconcile in Umoja.
6. Substantive offices are responsible for ensuring that funding and cash is available for the charges received from UNDP.

Section C: UNDP Financial Authorization

7. The various types of Documents that can be created in Umoja and sent as Financial Authorizations are:
 - a. Funds Commitment.
 - b. Purchase Orders.
 - c. Travel Requests.
 - d. Accounts Payable (AP) documents.

Note: For items a-c Refer to Annex A for guidelines on when to use which type of commitment document in Umoja. Accounts Payable Scenario is used when UNDP is only going to be paying on behalf of the UN. In other words, UNDP is a “pay agent” only and should pay the exact amount of the AP document.

8. The Financial Authorization (FA) form is only generated on approval of the document in Umoja. After digital signature in Umoja, the form is automatically sent via email directly from Umoja to HQ UNDP (umoja.request@undp.org) and copied to FA creators and approvers.
9. Following receipt, HQ UNDP distributes the FAs to the respective UNDP Country Offices (UNDP CO) for action.



Note: Even if FAs are created in Nairobi, the FA will be sent from a generic email address (Umoja-SCA@un.org) and UNDP Offices will only act on FAs received electronically from that address. When FA is issued, the email notification to UNDP is automatically copied to the creator and the approver of the Umoja document that was the basis for the FA.

Section D: SCA Advance and Reconciliation

10. All UNDP transactions are handled in the Service Clearing Account in UNDPs system. UNDP has setup SCA for UNEP (donor code 00041) and UN-Habitat (donor code 00023).
11. Funding of the SCA should be advanced at the beginning of every month, as UNDP COs will not be able to take any action, if there is not sufficient funding in the account for the UN Entity. There may be a requirement to issue an additional advance during the month (UNON Accounts Section is notified by UNDP HQ when balances in SCA account fall below \$1 million). UNON Accounts Section will prepare and issue payment to UNDP based on details provided by UNEP and UN-Habitat.
12. To assist UNEP and Habitat in identifying what amount should be advanced from which grant, a BI report has been developed:

The screenshot shows a Windows Explorer window with a menu bar (View, New, Organize, Send, More Actions) and a 'Details' pane. The left pane shows a folder tree under 'My Documents' with 'Public Folders' expanded to show 'Umoja BI' and 'Finance', with 'Accounts Payable' selected under 'Finance'. The right pane shows a table with two columns: 'Title' and 'Type'.

Title ^	Type
ZZAP_CP02_R0001 - UNDP Financial Authorizations	Analysis Workspace
ZZAP_M01_R0001 - Accounts Payable Line Items	Analysis Workspace

13. When UNDP receives Financial Authorization, the action is taken and, based on this, the cost and a service charge as per their Universal Price List (UPL) will be recorded in their ATLAS against the SCA for the respective UN Entity ,with reference to the FA document number.
14. UNDP SCA report is received by UNON Accounts monthly from UNDP. The file will be reviewed and named as per specifications in the Umoja Job Aid before it can be loaded into Umoja.



15. Once successfully loaded, the charges from UNDP will be posted to the respective commitments as per the FA issued. Some will require manual additional actions; for more details refer to the Umoja Job aid and desktop procedures.
16. Should there be any charges that the UN Entity do not agree to or are unable to accept based on the provided information, it should be rejected within 60 days of receipt of the charge and rejection report is to be submitted to UNDP monthly.

Section E: Quality Assurance


17. The key Quality Assurance (QA) Requirements for UNDP FAs are as follows:
 - a. The Certifying Officer is responsible for ensuring that all requests are made according to UN Financial Regulations and Rules.
 - b. Certifying Officers must ensure the appropriate use of either Commitment or Payment Document as basis for the FA.
 - c. OC ASU, BFMS, UNON is to ensure that Procedures Manuals, Job Aids and Desktop Instructions are regularly reviewed and updated as necessary and that all relevant changes are brought to the attention of users.
 - d. Certifying Officers, Headquarters Offices and BFMS, UNON are to ensure that effective monitoring and checking systems are in place to minimize the risks of fraud, theft or misuse of United Nations funds.
 - e. Certifying Officers are required to ensure there is effective monitoring of UNDP IOV charges against the issued FAs.

Annex:

- A. Recommendation for use of fund commitment in Umoja.

to: Chris Kirkcaldy
A: Deputy Director, Division of
Administrative Services, UNON

DATE: 27th November 2015


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

RÉFÉRENCE: Funds commitment

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

Please find 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 lumpsum 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
Dawit Adefris, Chief ASU

Approved



Recommendation for use of commitment type in umoja.

Introduction:

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.

Commitment types in umoja:

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

A.Travel commitment (TR):

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 Agree	UNDP recruiting staff and consultants on our behalf	No
55	Travel Autho. Entitlement Travel	Should only be used upon authorization given by UNHQ	No