

United Nations Development Programme

Internal Control Framework for UNDP offices

Bureau of Management
Office of Finance and Administration
Comptroller's Division

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Introduction

The purpose of this document is to help UNDP offices implement effective internal controls. The scope includes many components of internal control including planning, monitoring, communication, segregation of duties, individual authorities and accountabilities. While the scope of this document is comprehensive it does not, at this time, address all components of a complete internal control framework. (Refer to Annex C for a definition of an internal control framework.)

The internal controls described in this document apply to all UNDP offices – both headquarters units and country offices. However, not all functions are applicable to every unit, such as recording contributions from donors. Also, while some of the terminology is generally associated with country offices it can usually be extended to headquarters units. For example, there are references to operations managers and deputy resident representatives.

While this framework describes certain minimum internal control standards that must be observed, nevertheless, offices have considerable scope in designing an internal control system that makes sense for their office. The head of the office has overall responsibility for ensuring that the office's internal control procedures are documented. To assist the office in designing an appropriate system this framework includes a number of suggestions or "best practices". While offices are not required to comply with these suggestions, nevertheless, where offices choose not to comply the reasons should be documented.

The framework describes, as precisely as possible, the accountabilities of individual staff members. Rule 102.02 from UNDP's Financial Regulations and Rules states "All personnel of UNDP are responsible to the Administrator for the regularity of actions taken by them in the course of their official duties. Any personnel who take any action contrary to these Financial Rules or the instructions which may be issued in connection therewith may be held personally responsible and financially liable for the consequence of such action".

Staff member accountabilities are described with reference to their "role" in the office. In the interest of simplicity, this document describes only nine roles -- those that are considered the most significant from an internal control perspective. These roles include head of the office, project manager, approving manager, programme officer, position administrator, human resource administrator, operations manager, finance/treasury staff, and buyer.

An understanding of these roles is essential to understanding the internal control framework described in this document. The section below describes these roles and the relationship between these roles and the related Atlas user profiles.

Definition of roles

Introduction

The internal control framework is structured around eight of the nine roles noted above. The authorities, responsibilities, and accountabilities of each role are described in this document.

Three of the roles – project manager, approving manager, and operations manager – also exercise an authority for UNDP expenditure transactions. The requirement for three authorities is considered especially important from an internal control perspective.

An overview of the three authorities follows.

- The first authority is the person with primary responsibility for managing the resources being spent. This person is referred to as the “project manager”. The project manager approves requisitions (for PO transactions) and requests for nonPO payments (for nonPO transactions).
- The second authority, referred to in this document as the “approving manager”, approves POs (for PO transactions) and nonPO payment vouchers (for nonPO transactions).
- The third authority, referred to as the “operations manager”, approves the pending disbursements.

One person may exercise up to two (but not all three) of the authorities on any one transaction.

Note: Adjustments to these authorities are necessary where the office performs transactions at the request of another UN organisation or at the request of an executing agency (government or NGO). For more information refer to the section *Transactions at the request of a UN organisation* and *Transactions at the request of an executing agency (government or NGO)*.

Head of the office

“Head of the office” refers to the head of either a headquarters office or a country office. The Atlas user profile of the head of the office is typically “senior manager”. The primary function of the “Head of office” is the designation of roles but other managers can also hold the role of “senior manager”.

Project manager

“Project manager” refers to the person with primary responsibility for managing resources and achieving results. In UNDP all budgets and expenditures must be attached to an Atlas project

and so the “project manager” is the person with primary responsibility for managing the project and achieving results.

Presently, not all UNDP projects have a defined project manager, especially for management projects. However, to enhance accountability for results the head of the office should formally designate a project manager for each project.

For management projects, project managers could be RRs, DRRs, ARRs, OM or IT managers. For NEX projects the project managers are typically government staff – i.e. the National Project Director or the National Project Coordinator.

The project manager is the “first authority” for transactions charged to the project. As the first authority, the project manager approves all purchase requisitions (for PO transactions) and all requests for nonPO payments. The project manager is also responsible for documenting satisfactory receipt of goods/services, though the project manager may choose to delegate this function to other project staff.

Many project managers do not yet have access to Atlas and, therefore, documentation of their approval is done outside Atlas. For those project managers with access to Atlas their profile is “General User”.

Programme Officer

“Programme officers” by virtue of their responsibility, provide oversight to the role of the project manager. In circumstances where the project manager does not have access to ATLAS or is positioned outside of UNDP, the programme officer may be given the role, normally exercised by the project manager, of clearing the requisition before the purchase order is created.

Approving manager

“Approving manager” refers to the person who independently reviews the authority exercised by the project manager. For both PO and nonPO transactions approving managers are the “second authority”.

The head of the office formally designates selected staff members as approving managers. While he/she has considerable discretion in selecting approving managers the decision should be made carefully given the importance of the role.

Where a staff member who is a project manager is also designated as an approving manager, he/she must **not** act as the second authority for transactions charged to his/her project. (Note: As described later the same person may act as the first and second authority for low value payments. This is possible only where the head of the office has approved a policy in this regard.)

The head of the office is automatically an approving manager and has the Atlas user profile “senior manager”. With the “senior manager” profile the head of the office can approve all POs and nonPO payments charged to his/her office, regardless of the amount.

The other staff members designated as approving managers have the Atlas user profile of either “Manager Level 2” or a “Manager Level 1”. With these user profiles approving managers can approve POs and nonPO payments charged to their office, up to certain thresholds. (Note: For back-up purposes the head of the office may wish to give one of the approving managers the Atlas profile of “senior manager”.)

Finance/treasury staff

“Finance/treasury staff” refers to staff members in the finance unit. The Atlas user profile of finance/treasury staff is “Finance/Treasury”.

This framework assumes that the finance/treasury unit includes the programme support unit (PSU). While offices are not required to combine these two units, arguably greater synergies are achieved by combining PSU with finance.

Buyer

“Buyer” refers to staff members who do procurement, recruitment (SSAs and service contracts only) and/or arrange travel. The Atlas user profile of buyers is “buyer”.

Position administrator

“Position administrator” refers to staff members who are responsible for position budgeting and management within the office. The Atlas user profile is “Position administrator”.

Human resource administrator

“Human resource administrator” refers to staff members who are responsible for human resources administration. The Atlas user profile is “HR Administrator”.

Operations manager

“Operations manager” refers to the staff member in the office who has been designated as the operations manager. The procurement, finance, and administration units should report to the operations manager. (Note: In offices without an operations manager this person is generally the DRR/Operations. It can also be the ARR/O where he or she has been assigned the role. For headquarters offices this person could be the deputy or the executive officer.)

Operations managers are the “third authority” for expenditure transactions. This authority is exercised by approving the list of pending disbursements. (Note: For headquarters offices this authority is with BOM/Treasury.)

In many offices the staff member who is the operations manager may also, at times, perform the role of project manager and approving manager. There is nothing wrong with this as long as

he/she does not exercise all three authorities on any one transaction. For example, where he/she acts as the first authority then someone else must act as the second authority.

Segregation of duties

There must be a reasonable segregation of duties to minimise the risk of fraud and to promptly detect fraud. Therefore, offices are strongly encouraged to comply with the recommendations below. Where this is not possible -- for example, in a very small office -- this must be documented so that oversight units are aware of the increased risk.

Staff members should have only one Atlas profile, which is consistent with their role

Each staff member should have only one Atlas profile (i.e. one of general user, finance/treasury, buyer, manager level 1, manager level 2, or senior manager). This will enforce, through Atlas, the following segregation of duties.

- Staff who approve nonPO payment vouchers (approving managers) cannot create nonPO payment vouchers (finance/treasury).
- Staff who create POs (buyers) cannot approve POs (approving managers)

Restrict the Atlas profile “senior manager”

Staff with the Atlas profile “senior manager” can approve transactions over \$30,000 and perform virtually all other Atlas functions. Therefore, this profile should be restricted to the head of the office and to other staff members at the appropriate level for backup as necessary.

If an office believes that additional “senior managers” are necessary the reasons must be documented by the head of the office.

Segregate the right to approve vendors in Atlas

The right to approve vendors in Atlas should be restricted to as few staff as possible because users with this right *could* make unauthorised changes to sensitive vendor data – such as payee name, address, and banking information.

The Head of Finance will be designated the approval authority for payments. To achieve segregation of duties, the office should designate a senior member of the finance team who has not been assigned the authority to approve payments with the responsibility for approving vendors. At least one other staff member, normally the operations manager, should also have the right to approve vendors as a back-up. (Note: At headquarters only staff in Comptrollers can approve vendors.)

Segregate the approval of pending disbursements

Pending disbursements refers to disbursements that are signed (by bank signatories) and are ready for release. They include three categories: cheques, bank transfers, and EFT (Electronic Funds Transfer files).

To ensure that unauthorised modifications to pending disbursements are detected the operations manager, as the third authority, must review and approve the pending disbursements. This is done by comparing the list of Atlas disbursements to the actual pending disbursements (e.g. cheques). Depending on the operations manager's assessment of the risk of unauthorised disbursements, this review will include spot checks against supporting documentation.

In large offices the operations manager may delegate this authority to another staff member, as long as it is done in writing and with the permission of the head of the office.

Restrict access to blank cheques, cheque writing software, EFT files

Only staff in the finance unit should have access to blank cheques, cheque writing software, and EFT files.

Segregate the bank reconciliation function

Bank reconciliations are an extremely important internal control and must be done on a regular basis in order to promptly detect fraud and/or accounting errors. Bank reconciliations also deter fraud because people are less likely to attempt a fraud if they know that it will be detected.

Bank reconciliations should be done by a staff member with no other payment (creating and approving of payments), banking or treasury related responsibilities. However, if the only staff with the competency to do the bank reconciliations are staff in the Finance unit, then the staff member responsible for the reconciliation should, as much as possible, not have any other payment, banking or treasury related responsibilities.

The head of the office must designate a staff member to approve the bank reconciliations and the reconciliations should be printed and reviewed and signed off monthly by the Operations Manager.

Authorities, responsibilities and accountabilities of each role

Head of the office (Resident Representative)

Ensure annual work plans for the office are prepared

An essential component of an effective internal control system is planning. The head of the office is responsible for ensuring that an annual work plan for the office is prepared, which is linked to corporate priorities and communicated to all staff. (Refer to the MYFF for 2004-2007 for more information about the corporate priorities.)

Ensure an effective monitoring system

The head of the office must have a monitoring system to provide assurance that office is making progress on its annual work plans and that the system of internal controls is functioning. While there are a number of ways this could be achieved, the “best practice”, as described below, is a structured monthly meeting of the office management.

At the monthly meeting management should review and discuss management reports, mostly from Atlas but possibly other sources as well. (Note. A list of Atlas management reports will be provided in a later version of this framework.)

This list of reports that could be discussed during the meeting include:

- a list of purchase orders issued during the previous month (procurement, SSA, SC), paying special attention to any waiver cases
- a list of payments issued during the previous month sorted by amount and possibly by vendor
- for each project, a list of the activities, expenditures, and results achieved during the previous month as compared to the work plan.
- a list of donor agreements signed, donor receivables, donor reports pending
- the overall resource situation for the office, including TRAC, cost-sharing, extra-budgetary, etc.
- exception reports such as a list of payments without POs that exceed \$2500.
- a list of changes to human resources data and the impact on payroll
- exception reports to highlight any cases of staff members performing Atlas functions outside their usual authority

The meeting should include a discussion of:

- whether the project work plans (and budgets) need to be revised
- planned recruitment (including review of draft TORs)
- significant planned procurement

Staff from finance/treasury, human resources, travel, and procurement should participate in the meeting to provide explanations as necessary and so that these staff are aware of upcoming procurement and recruitment activities.

Minutes should be kept and, in particular, should document the planned procurement and recruitment activities. The minutes should also document any “lessons learned” that arose from management’s review of the projects. If possible, the minutes should be shared with all staff in the interest of transparency (although where confidential matters are discussed this may not be possible).

Depending on the size of the office the monthly meeting might be split in a number of meetings taking place at different levels within the office, culminating in one comprehensive meeting of senior management.

While the monthly meeting might be seen as “extra work”, it will be offset by reduced work in other areas. For example, as offices move toward electronic banking management no longer needs to sign individual cheques and bank transfers. And even for those offices that continue to use cheques and bank transfers there is no longer a need for management to review supporting documentation at the time of signature. Also, the monthly meeting may reduce the amount of supporting documentation that approving managers need to review at the time they approve the PO or nonPO payment.

Sign contracts/agreements, create posts, and assign Atlas profiles

The authority to the head of the office to sign certain contracts and agreements is described in the UNDP Programming Manual, Procurement Manual, Finance Manual, Personnel Manual and other circulars. When the head of the office is away, he/she must formally delegate these authorities to another staff member – i.e. the officer in charge. This delegation, which must be in writing and to an individual, may be done once by the head of the office and then referred to each time the officer in charge is appointed.

Note: Special considerations apply where the head of the office also acts as the representative of other UN agencies¹ and signs contracts/agreements or approves requisitions (in Atlas) on behalf of these organisations. Where the head of the office signs a contract on behalf of another organisation the contract/agreement should not refer to UNDP and the head of the office should sign in his/her capacity as a representative of the other organisation.

The authorities of the head of the office are briefly described below.

Sign Memorandum of Understanding. MOUs generally apply to agreements between UNDP and other UN organizations and in the case of DEX execution, with government institutions. They are used in the partnership area (not procurement area) to indicate that we want to work with

¹ It has been noted that this is not the current practice in many country offices and further consultation will be undertaken with other UN agencies and detailed instructions will be issued by OLPS.

another entity in areas of mutual interest. MOUs should not be used in place of a regular contract when the purchase of a service or good is the essence of the relationship.

Any proposed MOUs must be referred to BOM/OLPS for clearance prior to signature by the head of the office.

Sign cost-sharing agreements. Resident representatives have the authority to sign cost-sharing agreements as long as the agreement does not depart from the standard format. If the donor insists on a “non standard” agreement the resident representative must seek clearance from BOM/OLPS. Note: Resident representatives do not have authority to sign trust fund agreements, which must be sent to BRSP for clearance and then signature by the Associate Administrator.

Sign project documents and project budget revisions (for development projects). The authority to sign on behalf of UNDP is delegated to the resident representative, who is accountable for ensuring that the requirements of the Programming Manual are complied with – for example, that a PAC meeting took place and that the project document was revised to address the PAC comments.

Create posts (ALDs and 100 series). Resident representatives were recently given the authority to create 100 series posts funded from non-core resources. Also, as per the ALD handbook they have the authority to approve ALD posts. (Note: Only BOM can approve new core funded 100 series posts.)

Sign 100 series and ALD contracts. Authority is delegated to the head of the office, who is accountable for ensuring that requirements of the Personnel Manual, OHR circulars, and ALD Handbook are complied with. In line with the ALD Handbook, authority can be delegated to the Head of the Office by OHR (refer to the OHR website for more information).

Sign SSAs and service contracts. Authority is delegated to the head of the office, who is accountable for ensuring that requirements of the SSA guidelines and the service contract handbook are complied with. In line with the Service Contracts Guidelines, authority can be delegated to the Head of the Office by OHR.

Sign purchase orders/contracts for services. Authority is delegated to the head of the office, who is accountable for ensuring that the requirements of the Procurement Manual are complied with. For example, beyond certain thresholds the head of the office must submit the proposed contract to the Advisory Committee on Procurement (ACP).

Authorise travel. Authority is delegated to the head of the office, who is accountable for ensuring that the requirements of the Manual on Operations Management (MOM) are complied with. (Note: With the introduction of Atlas the old TA form is replaced with the Atlas purchase requisition.)

Assign Atlas user profiles to staff. The head of the office must sign the Atlas request form and submit to the Atlas security administrator who will create/modify the Atlas user. The head of the office must also confirm that the profiles are revised/deleted as circumstances require (e.g. a staff member's duties are revised or a staff member resigns).

Further delegate the “three authorities” for UNDP expenditures

The head of the office automatically has the authority to (1) approve requisitions or requests for nonPO payments (2) approve POs and nonPO payments and (3) approve pending disbursements. He/she must formally delegate these authorities to office staff and, at the same time, ensure the staff have the correct Atlas profile.

Where the head of the office has decided that, for payments under \$2500, the approving manager may exercise both the first and second authorities on a transaction, this must be documented in the delegation.

Project managers. The head of the office must formally designate a project manager for each project. The designation should describe the responsibilities of a project manager and the authorities of the project manager – i.e. the project manager has the authority to initiate/approve requisitions and requests for nonPO payments. Where appropriate, the designation could refer to the staff member’s TOR or post description.

Approving managers. The head of the office must formally designate a number of approving managers for the office. The designation should describe the responsibilities of an approving manager and the authorities – i.e. the approving manager has the authority to approve POs and nonPO payments, up to certain thresholds. **Note: This designation automatically gives approving managers the authority to commit/contract on behalf of UNDP – in other words, to sign purchase orders, service contracts, SSAs, and travel authorisations. Therefore, the designation should describe, precisely, the types of contract and thresholds for each staff member.**

Operations manager. The head of the office must formally designate an operations manager. The designation should describe the responsibilities of an operations manager (or refer to the operations manager post description) and the authority – i.e. the operations manager has the authority to approve pending disbursements.

Define a budget override policy

The head of the office is responsible for approving a formal budget override policy for the office. Depending on the circumstances of each office, some heads may decide no budget override and others may choose to document the circumstances under which budget override is appropriate, including who will authorize the override how the override will be documented.

Define a supporting documentation policy

In line with the UNDP prescriptive content on records management, the head of the office must ensure that adequate supporting documentation is maintained in order to document the office’s compliance with UNDP procedures. This supporting documentation may be maintained in electronic format, as long as this is done in compliance with UNDP e-document policy. (Refer to Annex B.)

The head of the office must also ensure that approving managers have adequate guidance regarding the supporting documentation that they must review prior to their approval of POs and nonPO payments.

Project managers

The broad responsibilities of project managers include:

- preparing annual budgets and workplans for approval by office management
- reviewing budgets and workplans on a monthly basis and bringing to the attention of senior management any proposed changes
- reviewing receivables in Atlas for their projects
- regularly reviewing Atlas project expenditure reports and ensuring the expenditures are complete and accurate (Note: This review is **essential** because Atlas does not enforce the rule that all POs and nonPO payment vouchers *must* be approved by approving managers within the office.)
- achieving the outputs described in the workplan
- carrying out activities in compliance with UNDP rules.

Project managers do not always have access to Atlas. Therefore, the transaction level responsibilities, described below, do not assume Atlas access.

a) approve purchase requisitions and requests for nonPO payments as the “first authority”

Project managers are the “first authority”. They are responsible for approving Atlas requisitions (e.g. for procurement, recruitment of an SSA, travel, etc.) and requests for nonPO payments (e.g. payment of a training workshop, under \$2500).

The concept of “first authority” applies only to those expenditures that are directly managed by UNDP, which includes expenditures in management projects, direct execution projects, and national execution/NGO projects where the office provides support to the project. It does not apply to national execution/NGO projects which are managed by the government/NGO, either through the advance modality or the direct payment modality. Refer to the section *Transactions at the request of an executing agency (government/NGO)* for more information on the office’s responsibilities for projects managed by the government/NGO.

In UNDP any Atlas user can create an approved requisition. Therefore, the documentation of the project manager’s approval must take place outside Atlas. This documentation could take different forms depending on the circumstances – for example, the procurement plan attached to the project document or a signed copy of the purchase requisition.

Project managers approve the requisition after confirming the following:

- activities financed are within mandate
- requisitions are properly prepared
- requisition are consistent with workplan

- the requisition specifies the items to be purchased (specifications), and how it will be paid for.

Project managers approve the request for nonPO payment after ensuring the following:

- activities financed are within mandate
- payment is in compliance with the procurement manual (i.e. under \$2500) or other applicable guidelines
- goods were received and services were performed.

Note: Following the project manager's approval, some offices require another staff member to "clear" requisitions prior to initiating the procurement/recruitment, especially where the project managers are within the government/NGO. While this may be appropriate in certain offices it is not a mandatory requirement.

b) receipt of goods/services

Project managers are responsible for verifying satisfactory receipt of goods/services. Depending on the size of the project and the volumes, project managers may delegate this function to other project staff. Where the volumes are significant, this delegation should be in writing and should be copied to the operations manager, so that the Finance unit is aware of the delegation.

The office has two options:

1. The project manager (or his/her designate) documents receipt on the invoice and/or goods received note, and forwards the invoice/note to the Finance unit to record, in Atlas, receipt of goods/services and the related payment voucher.
2. Project manager (or his/her designate) directly records receipt of goods/services in Atlas.

In many offices the initial confirmation of receipt of goods is done by the staff member who physically receives the goods. This initial confirmation must be forwarded to the project manager for approval prior to recording in Atlas.

Buyers (includes POs for goods/services, SSA, SCs, and travel)

a) create purchase order

A buyer must be designated for every purchase order. The name of the buyer is attached to the purchase order in Atlas.

Typically the human resources unit is the "buyer" for SSAs and SCs, the travel unit is the "buyer" for travel (air tickets, DSA, terminal, etc.), and the procurement unit is the "buyer" for goods and professional services.

The responsibilities of a buyer include:

- undertake procurement only on the basis of an approved requisition
- conduct the procurement and contracting process in accordance with UNDP regulations and rules (specifically the Procurement Manual, the Manual of Operations Management (MOM), the SSA guidelines, and the SC handbook)
- where the procurement process did **not** comply with UNDP rules, then the buyer must obtain a written justification from the project manager and must bring the exception to the attention of the approving manager, prior to his/her approval of the PO
- maintain the supporting documentation for audit purposes (e.g. the approved requisitions including the terms of reference/goods specifications, advertisements, process for shortlisting, scoring of the vendors/candidates, CAP minutes, exceptions to the procurement rules, etc.)
- decide whether receiving is required, in Atlas, for the PO (e.g. for POs for DSA receiving is not required).

After creating the PO the buyer notifies the approver that the PO is ready for approval. In most offices this is done using email notification. The buyer also forwards any necessary supporting documentation (either electronically or hard copy) that the approver needs in order to approve the PO. After approval the buyer usually also does the budget check.

Note: Based on feedback received, there are three categories of POs for which receipt, in Atlas, is not required. These are DSA, SSAs, and service contracts. However, for the DSA POs offices must nevertheless ensure that travel claims are filed. For service contract POs offices must ensure that time sheets are completed. For SSA POs offices must document satisfactory performance of services, which could be a time sheet and/or a deliverable (e.g. a report), depending on the circumstances.

b) create vendor

After completing the procurement process the buyer creates (but does not approve) a vendor in Atlas where the vendor does not already exist. For more information on creating vendors refer to the message from Comptrollers.

Note: All Atlas users in UNDP and UNOPS can create vendors in any business unit whereas Atlas users in UNFPA must have the “buyer” profile.

c) complete processing of approved POs

Buyers should forward signed POs to the Finance unit for filing. Depending on the policy of the office, the documentation supporting the procurement process could remain with the buyer (in the procurement, travel, or HR units) or could be forwarded to the Finance unit.

Approving manager

Approving managers approve POs and nonPO payments in Atlas. Therefore, approving managers **must** have access to Atlas. Managers are defined at three levels: level 1 <\$5000, level 2 <\$30,000 and senior managers >\$30,000.

Approving managers, as the second authority, must be independent of the project manager, the first authority. Therefore, where a staff member is both a project manager and an approving manager, he/she should not approve POs and nonPO payments for his/her projects.

There are two possible exceptions to the above paragraph. The first is where the project manager is also the head of the office. In this situation it may not be realistic to expect an approving manager, who reports to the head of the office, to act as an independent check. The second is where the payment is less than \$2500. The head of the office may decide to allow, for payments under \$2500, the same person to approve the request for nonPO payment as well as approve, in Atlas, the nonPO payment voucher.

a) approve POs and nonPO payments, in Atlas, as the second authority

Responsibilities of the approving manager include:

- confirm that the commitment/payment is in line with the UNDP mandate. (This should already have been done by the project manager but the approving manager, as the second authority, is responsible for independently confirming this.)
- confirm that the commitment/payment is consistent with the project workplan. (This should already have been done by the project manager but the approving manager, as the second authority, is responsible for independently confirming this.)
- review the accuracy of the chartfield and the accuracy of the amount
- if not satisfied with the above, discuss concerns with the project manager and/or buyer and requesting the supporting documentation.

Additional responsibilities when approving POs include:

- confirm that the purchase requisition was properly approved
- confirm that the procurement rules (including SSA, service contract, and travel) were followed and that value for money was achieved
- confirm the appropriateness of exceptions brought to his/her attention by the buyer.

Additional responsibilities for nonPO payments include:

- confirm that the request for payment was approved by the project manager (first authority)
- confirm that the nonPO payment complies with procurement rules
- confirm the appropriateness of exceptions brought to his/her attention by the finance staff
- confirm there is no reason not to make the payment.

In order to fulfill the responsibilities described above, the approving manager will need to review supporting documentation (in either electronic or hard copy format). The list of documents will vary depending on the nature of the transaction, the approving manager's familiarity with the

transactions and his/her assessment of the risk, and the local environment. Therefore, the head of the office must provide some guidance on this matter.

For POs, the supporting documentation reviewed by the approving manager could include the following:

- approved purchase requisition
- approved work-plan
- terms of reference (“services”) or specifications (“goods”)
- list of shortlisted suppliers/candidates
- quotes for procurement between \$2,500 and \$5,000
- CVs of shortlisted SSA/service contract candidates
- CAP minutes and/or ACP minutes
- detailed evaluation sheets
- the unapproved purchase order/contract

For nonPO payments the supporting documentation reviewed by the manager could include the following:

- approved request for payment
- original invoice, receipt or other supporting documentation
- if applicable, verification from the project manager of satisfactory receipt of goods/services.

If the approving manager is already familiar with the procurement/payment then he/she may feel that a review of supporting documentation is not necessary in order to fulfill the responsibilities described above. But the approving manager always reserves the right to examine the supporting documentation prior to approval.

With respect to travel, UNDP rules require that all travel must be authorized by the traveler’s supervisor. So where the traveler is also an approving manager he/she must not approve the PO for his/her own travel. Similarly, approving managers must not approve payments to themselves.

b) sign contracts/purchase orders

The staff member who approves the Atlas PO is committing UNDP and is accountable for compliance with UNDP procedures. Therefore, UNDP does not require a separate signature on the hard copy PO. However, most vendors require a signed PO as evidence that UNDP has authorised the commitment, so the staff member who approved the PO in Atlas should also sign the hard copy PO.

Programme officers

Programme officers generally have a portfolio of projects (usually development projects) for which they are responsible. While programme officers have many responsibilities, at a minimum programme officers are responsible for ensuring that development projects are prepared and monitored in accordance with the UNDP Programming Manual, UNDP Finance

manual and the UNDP Financial Regulations and Rules. This responsibility applies regardless of the executing agency for the project.

While in many country offices the programme officers must “clear” project transactions (such as purchase requisitions), this is not a mandatory requirement.

Responsibilities of programme officers include:

- create proposal in ATLAS (note: data entry may be delegated)
- prepare/clear the project’s annual work plan (inputs, activities, outputs)
- ensure that projects are planned and approved in accordance with Programming Manual
- monitor whether project activities and expenditures are in line with the project’s annual work plan, including progress toward outputs and outcomes.

Position administrator

The position administrator is a relatively senior staff member within the HR unit. While this staff member will have a number of important responsibilities, from an Atlas perspective the most important is position management, as described below.

a) position management

Position management refers to creating and maintaining positions in Atlas. The staff member who undertakes this function must have the profile of “position administrator” in Atlas.

Atlas positions must be created for national 100 series posts and all ALD posts. Business process flows (refer to OnDemand training materials) provide detailed guidance on all steps, within and outside Atlas.

Position administrators create positions and associate them, using the position distribution page, against a chartfield. For the most part position administrators use only chartfields that belong to his/her office, however, there may be exceptions where positions are charged to more than one chartfield.

The responsibilities of position administrator include:

- for UNDP posts (charged to a UNDP chartfield) ensure that the request was properly approved by the head of the office and that it is **not** funded from regular resources
- for nonUNDP/UNFPA/UNOPS posts (charged to the UN organization) ensure that the request was properly approved by the UN agency
- review the level of the post to ensure that it is consistent with the post description (Note: Any concerns must be brought to the attention of the operations manager or the head of the office.)
- receive confirmation from the Finance unit that funds are available for the post. (Note: This confirmation is necessary because Atlas does not record encumbrances for personnel contracts. Also, in ATLAS the absence of funds, or expiration of funding against a position does not stop payroll.)

Supporting documents required prior to creating the position include:

- The approval, by the head of the office, of the request for the position
(Note: With the exception of posts that must be approved by the Executive Board the authority to create posts has been delegated to the head of the office.)
- Head count ceiling (HQ only)
- Job description (with expected duration and start date)
- Confirmation of funds availability from the Finance unit.

For a complete list of the documentation necessary for creating posts refer to the Personnel Manual and ALD Handbook.

Note: Effective September 2004, designated Atlas users (senior managers in country offices and super users at headquarters) receive email notification every time new data is entered or updated on positions (and hires and terminations which are described below). Data entry is reviewed by superusers and where corrections are required, action is requested from the country office user or taken immediately on their behalf. In all cases, the users are informed by return email. This process allows superusers to troubleshoot immediately thereby reducing the usage of reports and queries to identify errors.

Human resources staff

Staff in the human resources unit are also responsible for the Atlas processes of (1) hire and termination, (2) assignments and (3) life events. As with position management the approval/authorisation generally takes place outside of Atlas. Therefore, human resources staff needs to ensure that, prior to taking action in Atlas, all the necessary approvals have been obtained. Human resources staff performing these functions require the Atlas profile HR Administrator.

Business process flows (refer to OnDemand training materials) provide detailed guidance on all steps, within and outside Atlas.

a) hire and termination

In Atlas recruitment is referred to as “hire”. Hire applies also to re-hires (including retirees), contract conversions and transfers and secondments to/from other UN agencies into UNDP.

The responsibility of the human resources staff is to confirm that the recruitment process and contract was done in compliance with UNDP procedures. Any concerns must be brought to the attention of the operations manager or the head of the office.

The human resource staff must ensure, at a minimum, the following supporting documentation is available prior to hire in Atlas:

- interview report signed by head of the office
- job announcement/description (with expected duration and start date);

- job offer signed by head of the office
- confirmation that length of contract does not exceed restrictions (ALD contract)
- APB or APP endorsement (100 series).

For terminations the documentation will vary depending on whether the termination is due to resignation, contract termination, or dismissal. Note: The head of the office does **not** have the authority to dismiss staff members.

For a complete list of the documentation necessary for hire and termination refer to the Personnel Manual and ALD Handbook.

As noted above, effective September 2004, designated Atlas users (senior managers in country offices and super users at headquarters) receive email notification every time new data is entered or updated on hires and terminations.

b) assignments

These refer to organizational events that take place in the course of a career with the United Nations. By their nature, assignments are always triggered by management decisions (e.g. reassignment or promotion), organizational changes (e.g. salary increases and hazard pay) or the application of standard agreements (e.g. secondments, loans and transfers). Some of these assignments have a large financial impact such as reassignments and special leave with full pay. Others have a significant secular impact such as promotions, application of disciplinary measures and suspensions. In all cases, assignments are an off shoot of an earlier agreement with the employee, obtained at the time of hire and related specifically to contract type and employment expectations. As such, assignments are implicitly obligated at the time of hire.

Human resource staff must ensure that supporting documentation is obtained prior to taking action in Atlas. Some authorizations are implicit e.g. salary increases posted on the ISCS website and application of benefits and allowances, others are explicit, approval of decisions by management, boards and committees. Human resource staff will need to receive and store authorizations electronically or in hardcopy files.

c) life events

These refer to personal life events that take place in the course of a career with the United Nations. By their nature, life events are always triggered by family status changes (e.g. birth of a new child/dependent, registration of a new spouse), application of allowances to employees (e.g. language allowance and driving bonuses) or the application of entitlements (e.g. home leave travel, education grant, repatriation grant). Some of these life events have a large financial impact such as removal expenses and repatriation grant. Others have a significant secular impact such as sick leave, paternity leave and overtime. Life events are implicitly obligated at the time of hire.

Human resource staff must ensure that supporting documentation is obtained prior to taking action in Atlas. (e.g. a birth certificate to as evidence for dependency allowance) or authorization triggers (e.g. doctor's certificate authorizing extended sick leave).

Finance (including PSU)

Finance staff generally have the Atlas profile of "Finance/Treasury user" although, as indicated in the section on Segregation of Duties, offices may wish to limit the number of staff who have the right to approve vendors in Atlas.

a) generate award in Atlas

Prior to generating the award in Atlas, finance staff must ensure that:

- the project has completed the PAC review
- the project document is signed
- the PAC minutes and project document are attached to the proposal in Atlas
- the core funding is confirmed and/or the noncore funding is anticipated.

b) send project budget to commitment control (KK)

Prior to sending to commitment control in Atlas, finance staff must ensure:

- the activities and inputs have been correctly entered. (The annual work plan should be printed to review the project outputs, activities, and inputs and make necessary corrections.)
- for activities with non-core resources that the contribution has been received. (If the project must commence immediately and if core resources are sufficient to kick-start the activities, then the portion with core funding can be sent to KK first. When the non-core contribution is received a budget revision can be made and sent to KK.)

Note: Atlas permits sending activities funded from non-core resources to commitment control even where the contribution has not been received. But it will not permit offices to make commitments (i.e. approve POs) unless the contribution has been received.

Note: Presently only staff members with the profile "senior manager" can send budgets to KK, but the feedback of several offices is that this is not practical and not necessary, and that finance staff should be able to send budgets to KK as long as they do it on the basis of signed project documents and project budgets. If the office decides to take this approach, it will also be necessary to ensure that management budgets as well as development budgets are approved outside of Atlas. Finance is responsible for ensuring that the Atlas project budget matches the approved hard copy project budget.

c) record trust fund and cost-sharing receivables

Finance staff should record all closed trust fund and cost-sharing receivables in Atlas. (In Atlas these are referred to as “pending items”.) The information should be entered, promptly, on the basis of signed cost-sharing and trust fund agreements and, in the case of government cost-sharing, signed project documents.

Pending items should be updated every time the schedule of payments is amended or evidence of a new tranche of funding is obtained by the office.

Note: Where the contributions are sent directly to a headquarters bank account, Contributions Unit (at headquarters) cannot record the receipt of the contribution until the pending item is created. Until the receipt is recorded spending cannot take place.

Note: In some offices recording of the pending items is the responsibility of programme officers/programme associates, which is acceptable from an internal control perspective.

Open trust funds, thematic trust funds and SIDA trust funds are funded through ASL (authorized funding limits). These allotments will be created by the fund manager.

d) create payment vouchers

Finance staff receive invoices or requests for payment. Before creating the voucher finance staff must:

- review the accuracy of the payment amount (e.g. review the calculation of the travel advance)
- ensure that the payment modality is correct (i.e. EFT or cheque)
- ensure the chartfield is correct
- confirm that payment has not already been paid
- verify vendor banking details (i.e. compare the banking details on the invoice to the vendor)
- ensure credit notes received will be offset against the amount paid
- ensure payments are entered into the system with the correct due date, so that payment can be scheduled in accordance with the agreed upon payment terms.

In addition, for PO payment vouchers finance staff must:

- ensure that the terms and conditions of payment are consistent with the PO or contract document
- verify that if the PO requires three way matching, that the project manager (or his/her designate) has recorded satisfactory receipt of goods/services in Atlas
- verify that if the PO requires only two way matching that satisfactory receipt of goods/services has been documented outside of Atlas.
- bring any exceptions to the attention of the approving manager who approved the PO.

In addition, for nonPO payment vouchers finance staff must:

- verify that the request for nonPO payment is approved by the project manager (including, if applicable, verifying of satisfactory receipt of goods/services)
- verify that the payment does not require a PO (i.e. that it is under \$2500)
- verify that the payment is in compliance with UNDP procedures

- obtain explanations for any exceptions from the project manager and bring these to the attention of the approving manager, prior to his/her approval of the nonPO payment.

e) oversee Atlas matching (applicable only to PO payments)

Once a day Atlas runs the automated 3-way matching processes. If the matching process is successful, the payment is automatically approved and posted to update the accounting entries. Exceptions occur when there is a difference between the invoice and the corresponding PO vendor, account number, amount, and unit price.

If the invoice amount is greater than the amount of the purchase order but within the tolerances then the voucher is automatically approved. Otherwise finance staff must resolve exceptions with project managers and approving managers. Corrections must be made by project managers. (Tolerance is 10% or \$1000, whichever is lower.)

Note: Some offices have suggested that the 3-way matching should be run twice a day.

f) route the nonPO voucher to a manager for approval

After creating the nonPO payment voucher finance staff notify an approving manager that the nonPO voucher is ready for approval. In most offices this is done using email notification. Finance staff also forward any necessary supporting documentation that the approver needs in order to approve the nonPO voucher.

Note: UNDP procedures require that staff do not approve payments to themselves. Therefore, where the payee is an approving manager then another approving manager must approve the nonPO voucher.

g) file supporting documentation

After creating vouchers (both nonPO and PO) finance staff are responsible for filing the supporting documentation (e.g. invoices, travel claims, financial reports, etc.).

As a suggestion, the office may wish to consider maintaining one set of files by purchase order number (for PO payments) and another set by voucher number (for nonPO payments). The purchase order files should include the signed purchase order and all invoices related to the purchase order. Alternatively, the files could all be organised by voucher numbers.

h) approve vendors

As indicated previously, the right to approve vendors in Atlas must be restricted – preferably only the senior finance assistant and the operations manager.

Prior to approval finance staff must ensure that the vendor is authentic. Therefore finance must obtain supporting documentation indicating a bona fide business relationship between UNDP

and the vendor (such as the cover page of a UNDP offer of appointment or SSA contract, a company letterhead for service agreement or a proforma invoice).

Key supporting documents include originals or certified copies showing the complete name, address and banking details of the vendor and duly signed by an authorized company official as appropriate. Should such a signature not be available, prior to approval, the approving officer must otherwise obtain satisfactory evidence that the details are authentic. Furthermore, if the vendor is unable to provide a letterhead, a certification of bank account details from the vendor's bank is required.

i) monthly reviews

Finance staff should periodically review the financial status of the office. This review should include:

- overdue cost-sharing and any potential shortages of resources.
- the cash status of non-core projects against expenditures and ensure that these portions have at all times available cash to continue with expenditures. If at any time it is determined that cash is not available, or planned expenditures will exceed available cash, then a revision of the cash schedule of the cost sharing agreement should be made.
- Atlas purchase orders in Atlas to ensure they are complete/closed.
- the forecast of projected extra-budgetary income and expenditures
- open purchase orders to determine whether they should be closed
- the funds availability for each project to ensure that there are sufficient funds to cover the duration of existing ALD or 100 series posts. (Atlas does not do this automatically.)

Possible problems should be brought to the attention of senior management during the monthly meeting.

j) bank reconciliations

Regular bank reconciliations are an essential internal control. In most offices, finance staff are responsible for the bank reconciliation. However, as noted in the section on *Segregation of Duties* the office should ensure, as far as possible, that the staff with responsibility for bank reconciliations have no payment, banking or treasury responsibilities.

k) record receipt of contributions

Finance staff record the receipt of contributions against the accounts receivable (pending item), provided that the following documents are available:

- Notification of deposit into UNDP bank account (from the bank)
- Receipt of a cheque

Cheques should be marked "for deposit to UNDP" as soon as they are received and deposited in the bank within one day.

Where the deposit is not clearly identified as to the purpose, the Finance user should refer to the Operations Manager to liaise with the Programme Officer in determining where the deposit should be applied. In such cases the Operations manager should sign the bank advice.

l) record cash income

Finance staff record miscellaneous cash income that may result from sales of used equipment or reimbursement for the cost of personal telephone calls.

m) run pay cycle (system cheques/EFT)

When pay cycle is run, Atlas generates payments in batches for all vouchers for which payment is due [as indicated by the payment due date – which takes into account the agreed upon vendor payment terms].

Finance staff are responsible for ensuring that all disbursements are properly recorded in Atlas. This means verifying that the details of every disbursement (payee, bank information, amount) match the payment details in Atlas. (Note: The operations manager is responsible for approving the list of pending disbursements.)

n) produce manual cheque

Manual cheques are cheques produced outside of Atlas and recorded in Atlas after the fact. They are a major control risk and should only be used in very exceptional circumstances, with the approval of the head of the office.

Where manual cheques are used it means that all Atlas control features (such as budget check) have been circumvented. If not done properly, there is also a risk that manual controls might be circumvented as well.

Operations manager

This framework assumes that staff in the procurement, travel, human resources, and finance units report to the operations manager.

The operations manager must ensure that the staff members (with the role of finance or buyer) have the sufficient capacity to fulfill their responsibilities.

Operations managers should:

- sign the account register in Atlas at the end of the month (refer to the OFA memo dated 22 July 04)
- review the Atlas exception report that compares the PO, invoice and disbursement for inconsistencies such as a variance between the name of the vendor on the AP voucher and the payee's name on the disbursement details.

a) approve pending disbursements as the “third authority”

To ensure that unauthorised modifications to pending disbursements are detected the operations manager, as the third authority, must review and approve the pending disbursements. This is done by comparing the list of Atlas disbursements to the actual pending disbursements (e.g. cheques). Depending on the operations manager’s assessment of the risk of unauthorised disbursements, this review will include spot checks against supporting documentation.

In large offices the operations manager may delegate this authority to another staff member, as long as it is done in writing and with the permission of the head of the office.

Transactions at the request of another office or UN organisation

Disbursements

The concept of authorities does not apply to the disbursing office where the office makes a disbursement at the request of another office/organization (referred to as the requesting office).

a) Atlas offices (UNFPA, UNOPS, UNDP offices)

The requesting office creates/approves the payment voucher and creates/approves the vendor within its own business unit. The requesting office selects the bank account of the disbursing office.

The disbursing office makes the payment as long as it has sufficient funds in its bank account.

NOTE: Annex –5 of the building Block 4, Contract and Procurement Management, on the ATLAS Service Center support website describes various options for one UNDP office requesting another office to conduct a particular transaction on its behalf.

b) Non Atlas offices (UNESCO, FAO, etc.)

The non-Atlas office sends the disbursing office an authorized request (describing the payee, the banking details, the amount, the currency, and the payment due date). The disbursing office makes the payment as long as it has sufficient funds in its bank account and as long as the request is properly authorized. (Note: Comptrollers maintains the list, on its website, of individuals who are authorised to request payments.)

The disbursing office creates and approves the nonPO payment voucher (because the requesting office does not have access to Atlas). The only responsibility of the approving manager is to ensure that the request is authorized.

The disbursing office creates and approves the vendor. The only responsibility of the staff member who approves the vendor is to ensure that the request was properly authorised.

Approving requisitions “on behalf of” UNFPA or UNOPS

Where UNFPA/UNOPS does not have a representative in a country then the UNDP resident representative (acting as the UNFPA or UNOPS representative) must approve the requisition in Atlas.

In the case of a UNFPA requisition he/she must ensure that UNFPA rules are complied with. In the case of UNOPS he/she may follow UNDP rules. (Note: UNDP Resident Representatives serving as UNFPA Representative are required to abide by UNFPA rules, regulations and

procedures as per the memorandum dated 21-06-2004 signed by UNFPA Director, DMS and UNDP Director, BOM/Office of Accounts and Administration.)

Signing contracts “on behalf of” another UN organisation

Similar to the above, where the UNDP resident representative acts as the representative of another UN organisation, then he/she may sign contracts on behalf of these other organisations.

Where the resident representative signs a contract on behalf of another organisation the contract/agreement should not refer to UNDP. Similarly, the contract should not be on UNDP letterhead as this gives the impression that it is a UNDP contract.

Note: These contracts should not be recorded in Atlas (at least not within the UNDP business unit) because these contracts belong to other UN organisations and should be recorded within the own accounting system of the organisations.

Procurement/recruitment/travel services “at the request of” another UN organisation

The concept of authorities applies, to some extent, where the office (the contracting office) enters into a UNDP contract at the request of another office/organization (referred to as the requesting office). This section also applies to requests to arrange travel (ticket and DSA).

a) Atlas offices (UNFPA, UNOPS, UNDP offices)

The requesting office creates and approves the purchase requisition. It acts as the “first authority”.

The contracting office undertakes the procurement process, in accordance with UNDP rules, and an approving manager approves the PO in Atlas. (Note: The approving manager also signs the hard copy UNDP PO.)

b) Non Atlas organization (UNESCO, FAO, etc.)

The requesting office sends an authorized request (fax, mail, email?) to the contracting office.

The contracting offices creates/approves the purchase requisition (on behalf of the requesting office.) The contracting office undertakes the procurement process in accordance with UNDP rules and an approving manager approves the PO in Atlas. (Note: The approving manager also signs the hard copy UNDP PO.)

Transactions at the request of an executing agency (government or NGO)

Direct payments at the request of the executing agency

This section is applicable **only** to the direct payment modality (i.e. where the executing agency is responsible/accountable for the project expenditure). This section does not apply where the UNDP office provides support services to the executing agency.²

Under this modality, the office provides accounting services and banking services to the executing agency.

The direct payment modality is possible only where the office has carried out an assessment of the internal controls of the executing agency and determined that they are adequate. (This is also true of the advance modality.) The office is responsible for monitoring project activities to ensure that any deviations from the project workplan and budget are promptly detected. The office is also responsible for arranging for annual audits of the executing agency to ensure that internal controls are adequate and that UNDP resources are used for the purposes intended. (Refer to OAPR NEX website.)

The executing agency is responsible for maintaining all supporting documentation for the expenditures. (To ensure the records are complete the office should confirm to the executing agency when direct payments are made on its behalf.)

The National Project Director sends the direct payment request to the office. The office makes the payment as long as the request is properly authorized. The disbursing office creates and approves the payment voucher (because the requesting office does not have access to Atlas). The only responsibility of the approver is that the request is authorized.

Optionally, the office *may* require the executing agency to submit supporting documentation for the payment in order for the office to monitor project activities on a transactional basis. But this is not mandatory. In any event, the executing agency should send only copies so that the original documents are available, in the office of the executing agency, for the audit.

If it does not already exist, the disbursing office creates and approves the vendor.

Where offices record, in Atlas, purchase orders signed by the government the implementing agency (in the chartfield) is the government.

² Direct payments should not be confused with "country office support services" as there is a very important difference from an accountability perspective. While in both cases the payments are made from the UNDP country office bank account, in the case of "direct payments" the government assumes responsibility for the contracting process, whereas in the case of "country office support services" the country office assumes this responsibility. In other words, under "direct payments" the government does the recruitment or procurement and signs the contract in accordance with its own rules and regulations. In the case of "country office support services", the UNDP country office assumes responsibility for the contracting process in accordance with UNDP rules and regulations. See section 6.3.1 for a description of country office support services and 6.5.4 for a description of direct payments.

Advances to executing agencies

As stated in the Programming Manual, the office must closely monitor advances to executing agencies, which includes ensuring that no new advances are issued before the previous advances have been cleared.

Detailed guidance on how to monitor and clear advances can be found in the following memos issued by the Comptroller (NEX Financial Reports and OFA opening balances in Atlas, 3 September 2004 and NEX advances brought forward, 6 October 2004).

Procurement/recruitment/travel services at the request of the executing agency

This section is applicable only where the office provides support services to the executing agency (i.e. where UNDP is responsible/accountable for the project expenditure).

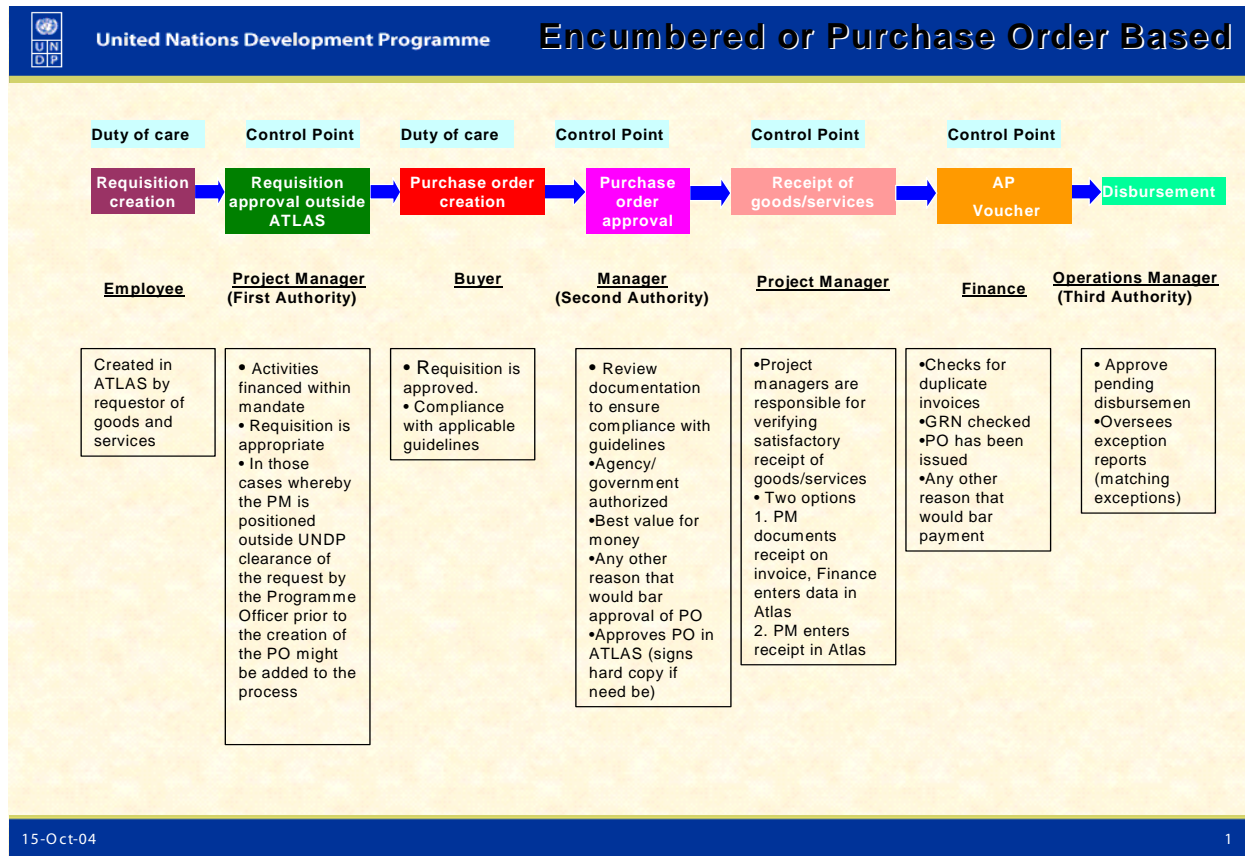
The executing agency sends an authorized request (fax, mail, e-mail*) to the contracting office. The contracting office creates/approves the purchase requisition (on behalf of the requesting office.) The contracting office undertakes the procurement process in accordance with UNDP rules, and approves and signs the PO.

Note: Even where projects are funded by IFIs, such as the World Bank, we still must satisfy our own rules and procedures. Therefore, we should not go to the World Bank for a "no-objection" until our requirements are met.

* Authorizations by e-mail should be a scanned copy attached to the e-mail signed by an authorized party.

Annex A - Overview of major processes

Procurement (includes travel, purchases of goods/services, SCs, SSAs)



For a PO transaction the steps include

- the project manager (first authority) initiates/approves the requisition
- the buyer carries out the procurement process and creates the PO
- the approving manager (second authority) approves the PO
- the project manager verifies satisfactory receipts of goods/services
- the finance staff creates the payment voucher
- the operations manager approves (third authority) the pending disbursement

For a nonPO transaction the steps include

- the project manager (first authority) initiates/approves the request for nonPO payment
- the finance staff creates the nonPO payment voucher
- the approving manager (second authority) approves the nonPO voucher
- the operations manager approves (third authority) the pending disbursement

For a new vendor the steps include

- the buyer (or other Atlas user) creates the vendor

- the finance staff (preferably the senior finance assistant) approves the vendor

Human resources/payroll

Human resource management consists of the following steps:

Full Position Management

(Assigned user role: Position Administrator – Budget Manager)

Creation/amendment of position data for all employees (100/300 series) in the database (active and non-active employees i.e. employees, SLWOPs and retirees). Positions can be funded or non-funded.

Position Distribution

(Assigned user role: Position Administrator – Budget Manager)

Effective dated association of chart fields for all funded positions with ability to split costs between multiple chart field strings with allocation by percentage. Chart field strings set up in Project/Grants module and delivered to the HRMS module in real time.

Position Validation Reports

(Assigned user role: Position Administrator & GP Administrator)

Mandatory check for successful GP-GL Interface. Four position reports that identify positions with no chart fields, positions with incomplete chart fields, chart fields with no budget and chart fields with insufficient budget.

Hire

(Assigned user role: HR Administrator – HR Associate)

Personal data consisting of biographical, citizenship, address, telephone & email, emergency contact, dependent/beneficiary information, household member information, bank account information, employment data, medical clearance data, pension fund information and contract administration.

Job data consisting of effective dated personnel actions (e.g. reassignment, step increase, promotion) position incumbency, full time/part time, pay group (e.g. Georgia monthly or Georgia international), holiday schedule, incumbent salary plan, grade and step, annual and monthly compensation rates.

Benefits (Pension Fund, Medical Insurance & Life Insurance)

(Assigned user role: HR Administrator – HR Associate)

Effective dated pension fund enrollment, deduction begin and end dates, identification of beneficiaries and percent of benefit. Effective dated medical insurance plan, plan type, coverage begin and end dates, enrollment of eligible dependents, relationship to employee. Effective dated life insurance, plan type, coverage begin and end dates, identification of beneficiaries and percent of benefit. Benefits billing for tracking of invoicing and payment of both employee and employer contribution for employees on SLWOP and After Service Health Insurance (ASHI beneficiaries).

Allowances (Dependency, Spousal & Language)

(Assigned user role: HR Administrator – HR Associate)

Effective dated allowances, personal data of dependents and spouses. Identification of language competencies and calculation of eligibility.

One Time & Recurring Earnings & Deductions

(Assigned user role: GP Administrator – Finance Manager of Payroll)

Manual entry of EDER e.g. discretionary & merit increase, local staff association dues, overtime, telephone deduction, UNFCU deduction, funeral allowance, post adjustment, safe driving bonus, special education grant & termination indemnity and salary advance recoveries. One time entries calculated in payroll month and recurring set up to pay/deduct for several months using start and end dates.

Absence Processing

(Assigned user role: Absence Processor – Leave Monitor)

Absence entitlements entered and granted e.g. annual leave, certified sick leave, uncertified sick leave, paternity leave, compensatory time off, travel leave. Absence accumulators adjusted according to absence takes.

Global Payroll (Payroll and Banking)

(Assigned user role: GP Administrator – Finance Manager of Payroll)

Repeated reviews and adjustments of payroll and absence registers to achieve accuracy in final payroll calculation and payment. Resolution where required on retroactivity and segmentation. Troubleshooting of incorrect or incomplete results. Review of payroll recalculations net pay distribution set up and sign off on final monthly or semi monthly payroll. Disbursement of payroll through check, cash or bank transfer.

Project

Project and budget formulation consists of the following key steps from an internal control perspective:

- create proposal in ATLAS
- generate award in ATLAS (done after the project has completed the PAC review and the project document is signed)
- send the project budget to commitment control (KK) (done after the activities and inputs have been entered)

The complete list of steps is very lengthy, and includes steps within and outside of Atlas. (Refer to the OnDemand training materials for more information.)

Annex B – E-documentation and e-signature

The UNDP internal control framework supports both a paper and a paperless environment.

The e-document Management Policy, approved in May 2003, makes it possible for offices to gradually move to a paperless environment, recognizing in particular that:

- The electronic versions of documents become the operational versions for UNDP, provided that criteria for assessing the authenticity and integrity of electronic are met to prevent any alteration to informational content.
- When internal requirements necessitate the signature of a person on a document, these requirements can be met through electronic documents using an electronic signature that satisfies certain criteria of technical reliability. As such the electronic signature shall be functionally equivalent to a handwritten signature.

Note: It should be stressed that the introduction of e-documentation does not imply that offices are no longer required to keep supporting documents, but rather that offices might now opt to keep these documents in electronic form provided that all criteria for creating and storing e-documents have been met. See also the section below on Supporting Documentation.

Management of records

Records are any information, regardless of physical form or characteristic, which originate from or are received by UNDP within the framework of its official activities. Under each business process, Atlas generates its own set of records, ranging from project data down to payments. For each business process, it must be possible to capture the records that provide evidence of the business activities emerging from that process. However, a distinction must be made between transaction records embedded in Atlas (as such becoming system-dependant records) and the records that can exist independently from Atlas, but are related to a business transaction processed in the system.

This distinction implies that the record be managed as a coherent whole, rather than as individual physical units. This is an essential difference between document management and records management – the ability to capture, keep, and make accessible the integrated record rather than a collection of unrelated document parts. The proper management of records, paper **or** electronic, is vital to the accountability of UNDP.

Refer to the Procedures on Management and Preservation of UNDP Records for more information on the creation, management, maintenance, disposal and preservation of electronic and paper records within UNDP.

Supporting Documentation

As key principle, supporting documentation shall be limited to critical information in support of transactions processed in Atlas, enabling the designated Manager to make a decision regarding the approval of a given transaction. Ideally, Atlas should capture or make reference to selected documents related to specific control points. For the time being, it is not yet possible to attach/upload supporting documentation in the PO and AP modules of Atlas. Efforts should therefore be made to avoid fragmentation between an electronic transaction and non-ERP generated records in electronic or paper format. A distinction must be made between documents/records that are required to support a specific control point in Atlas, and the list of records that have to be maintained for audit purpose, as part of UNDP's records retention policy³. The latter is addressed in the Procedures for the Management and Preservation of UNDP Records mentioned earlier.

Refer to the paper on E-documentation and Atlas for more information on supporting documentation and to the Digitization Guidelines for recommendations on documents scanning.

E-signature

To implement its policy on E-Document Management, UNDP is recommending the adoption of specific tools and options on E-Signature, which could be applied to work processes outside Atlas. Such measures will complement the electronic approval mechanisms available in the system, and also facilitate the implementation of the ICF recommendations. In particular, the introduction of e-signature will serve the following purposes:

- Raise the level of confidence in the use of electronic documents in lieu of paper.
- Validate the authenticity and integrity of scanned documents in PDF through the use of digital signatures.
- Reduce/eliminate the need for printing documents that used to be manually signed.
- Reduce significantly risks of tampering or forgery related to the practice of hand-written signatures.
- Allow recipients of electronic messages to determine its origin, through the use of secured email digitally signed, thus minimizing the risks of impersonation.

Modalities and procedures regarding the implementation of these tools will be made available by OIST. In the meantime, please refer to the paper on E-Signature for more information.

³ Ex: the decision of the CAP Committee is required for a PO approval process, while all vendors proposals do not need to be seen at the time of approval, but must be kept as records.

Annex C – Definition of Internal Control Framework

An internal control framework is generally defined as all the policies, procedures, monitoring and communication activities, standards of behavior and other activities that combined inter alia:

- Safeguard assets from inappropriate use and loss from fraud and error;
- Help ensure the quality of internal and external reporting, through the maintenance of proper records and information flows and;
- Facilitate compliance with applicable laws, regulations and internal policies.

For some more info regarding Internal Control Framework follow these URL:

http://www.coso.org/publications/executive_summary_integrated_framework.htm

The URL will lead you to the website of COSO and gives the executive summary on the internal control framework report.

Objectives of the UNDP internal control framework (financial regulation 3.01)

The Administrator shall maintain an internal financial control mechanism which shall provide for an effective current examination and review of financial, management and operational activities, in order to ensure:

- (a) The regularity of the receipt, custody and disposal of all financial resources administered by UNDP;
- (b) The conformity of commitments and expenditures with the allocations, appropriations or other financial provisions decided upon by the Executive Board, with allocations decided upon by the Administrator or with agreements with other United Nations organizations and other entities;
- (c) The effective and efficient management of UNDP and the effective, efficient and economic use of all resources administered by UNDP.

Annex D – Finance-related actions to be taken outside ATLAS

- Review and approval of pending disbursements – Page 10
- Approval of the requisition – Page 16
- Review of supporting documents prior to approval of PO – Page 20
- Approval of receipts of goods and services - Page 17
- Finance staff to review accuracy of payment voucher – Page 25
- Filing of supporting documentation – Page 26
- Produce manual cheques – Page 28
- Signing of the account register in ATLAS by the Operations Manager- Page 28
- Review of the ATLAS exception report by the Operations Manager – Page 28
- Compliance with procurement, HR, NEX and all other applicable guidelines

MAPPING OF THE TERMINOLOGY USED IN THE FINANCIAL REGULATIONS AND RULES TO THE INTERNAL CONTROL FRAMEWORK (ICF) REGARDING COMMITTING AND VERIFYING ROLES

Committing Officer

| | | |
|--|---|---|
| ◦ Activities financed within the mandate | ➡ | Project manager ⁴ |
| ◦ Budget and funds availability | ➡ | See footnote ⁵ |
| ◦ Compliance with procurement, HR or any other applicable guidelines | ➡ | Buyer/Approving manager who approves the PO |
| ◦ Commitment provides best value for money | ➡ | Buyer |
| No other information available that would bar PO | ➡ | Project manager & approving manager |

Verifying Officer

| | | |
|--|---|-------------------------------------|
| ◦ Payment not previously made | ➡ | Project manager/ATLAS checked |
| ◦ Supporting documents indicating goods or services received in accordance with contract terms | ➡ | Project manager |
| ◦ Payment made against a recorded commitment | ➡ | Project manager & approving manager |
| No other information available that would bar payment | ➡ | Project manager & approving manager |

⁴ Same person as below.

⁵ Budget and funds availability is now performed by ATLAS based on maintenance of an accurate ATLAS database by the project manager.