

MULTI-PARTNER TRUST FUND OFFICE

Efficiency. Accountability. Innovation.



13 February 2018

*To: Participating Organization Comptrollers/Chief Financial Officers
cc: Finance focal points at Headquarters*

Subject: 2017 Annual Financial Progress Reporting and Final Project Closure for the Multi-Partner Trust Fund Office

Dear Colleagues,

I am writing to you regarding the 2017 annual reporting cycle and on final project closure for the various Multi-Donor Trust Funds (MDTFs) and Joint Programmes (JPs) administered by the MPTF Office, and to highlight key points.

Under the standard MOU for each MDTF/JP, each Participating Organisation is required to report at least annually by 30 April each year. These reports are used to prepare the Fund-level consolidated narrative and financial reports that will be submitted to relevant Steering Committees, contributing partners and other stakeholders, which contribute to decisions on allocations to Agencies and resource mobilization with donors.

Quality financial reporting and timely final refunds and financial project closure

In this context good quality financial reporting provides timely, credible information to stakeholders, which supports effective decision-making and resource mobilisation. Conversely, poor quality financial reporting increases the reputation risk for both individual UN agencies and for the UN system pooled financing instruments. This has the potential to create the perception that financial management of funds entrusted to the UN system for UN multi-agency programmatic purposes are not well managed, or do not perform well on development effectiveness criteria; this also impacts future resource mobilisation.

Furthermore, quality financial reporting along with timely refunds of remaining project balances (in excess of \$250 per project) ensures project financial closure does not experience unnecessary delays. The UN Board of Auditors has issued a recommendation that financial closure on overdue projects needs to be expedited, and will continue to monitor agency level project closure rates within pooled funding. We therefore urge each Agency to review their pooled funding portfolio and expedite any reporting corrections, final reporting, refunds and financial closure.

For the 2017 Annual Reporting we are also requesting each UN agency to complete a data quality financial reporting review prior to the final reporting upload and to ensure all projects more than 12 months past operational closure are financially closed. The [financial reporting overview and guidance \(link\)](#) expands on the top five issues in project financial reporting that we have observed over the past decade:

1. Incomplete or no expenses are reported
2. Over-expenses reported
3. Excessive indirect costs reported
4. Final refunds are not made and Projects are not financially closed on time
5. Over-expenses reported against budget lines or missing reporting for European Commission-funded projects

Reporting timeline

- 1 March: The financial reporting tool (UNEX2.0) open for uploading expenditures
- 6 April: First upload recommended for identification of any reporting issues for quality reporting
- 30 April: The final error-free version required
- 30 June: Final financial reports required for all outstanding financially closed projects

I thank you for your usual kind cooperation with the above.

Sincerely,



Jennifer Topping
Executive Coordinator

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