



March 2, 2017

To: Participating Organizations' Comptrollers/Chief Financial Officers
cc: Finance focal points at Headquarters

Dear Colleagues,

Subject: 2016 Annual Financial Progress Reporting and Final Project Closure for the Multi-Partner Trust Fund Office (MPTF Office)

I am writing to you regarding the 2016 annual reporting cycle and on final project closure for the various Multi-Donor Trust Funds (MDTFs) and Joint Programmes (JPs) administered by MPTF Office, and to notify your organization of two key changes this year.

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 decision on allocations to Agencies and resource mobilization with donors.

1. 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 is not delayed unnecessarily. The UN Board of Auditors has issued a recommendation that financial closure on overdue projects needs to be expedited and will be continuing to look at 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.

Therefore for 2016 Annual Reporting we are 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. This [link to our annual reporting guidance](#) 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

2. New financial reporting tool and information sessions

For 2016 annual reporting, all agencies will use a re-designed reporting tool (housed inside our corporate PeopleSoft ERP “Atlas”) that replaces UNEX. The MPTF Office will be holding information sessions on accessing and using the new tool, between 6-10 March 2017. These sessions are designed for the HQ staff of Participating Organisations that are responsible for the upload of financial data to MPTFO. The Chief of Finance, MPTFO will provide additional communication on these sessions shortly.

Reporting timeline

- 6 – 10 March: Information sessions held and access credentials finalized
- 15 March: New UNEX2.0 system opened
- 7 April: First upload of financial information to adapt to the new system and identification of 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 to the above.

Sincerely yours,



Jennifer Topping
Executive Coordinator - MPTF Office