

Financial Reporting to the MPTF Office for Non – UN Organizations (NUNOs)

Under the Project Document and NUNO Agreement signed by each Non-UN Organization (NUNO) for the Peace Building Fund (PBF) NUNOs are required to report uncertified quarterly information, and certified final information to the Multi-Partner Trust Fund Office (MPTFO) as the PBF Fund Administrative Agent (AA). The reporting on fund utilisation and expenses is performed in a way that is intended to be light, un-burdensome and quick, while still providing essential financial information on the stewardship and use of donor resources provided to your organization

In the spirit of transparency, financial information reported to MPTFO is published on the MPTFO Gateway website (<http://mptf.undp.org>) to demonstrate the financial results and utilisation rates being achieved for a particular project and consolidated for a Fund. The results reported are also consolidated into reports for the Peace Building Support Office; and an Annual Report for the Fund, which is available for donors, government counterparts and other stakeholders.

Financial information requirements

Your organization is to report financial utilization results on a quarterly basis, and the MPTFO yearly reporting schedule is listed below. The financial expenditure reporting will commence on the first reporting period following the first transfer under the project, and will continue on a quarterly basis throughout the project life-cycle. A final certified report is to be submitted when the project is financially closed and all financial activities have been completed.

The first financial expenditure report will be made following the first transfer under the project. For example, if the first transfer was made in November, your organization will begin reporting at the next reporting period, which is Q4 (for expenses through December of that year).

Financial Reporting	Report Expenditures covering	Reporting due date
Q1	January through March for the year	April 30 th
Q2	January through June for the year	July 31 st
Q3	January through September for the year	October 31 st
Q4	'Annual reporting' January to December for the year	February 28 th

Reporting content:

The content requirements for financial reporting for multi-donor trust funds (MDTFs) was established by the United Nations Chief Executive Board into eight expense categories noted below.

Your organization will need to provide a breakdown of the expenses incurred in these categories, for each project, which is represented by an *MPTFO project ID*. This mirrors the budget structure approved in the agreed Project Document. An indicative description of the expense categories are presented in Annex 1. The project ID is located on the transfer notification provided to you at the time of the transfer. You can also find this information on the MPTFO Gateway (GW), under your organization's page.

UN Chief Executive Board Harmonized Expense Categories for reporting

1. Staff and other personnel costs
2. Supplies, commodities and materials
3. Equipment, vehicles and furniture, including depreciation
4. Contractual services
5. Travel
6. Transfers and grants to counterparts
7. General operating and other direct costs
8. Indirect support costs

IT system for reporting – information sessions

The financial reporting for MDTF projects is done using a simple excel spreadsheet and uploaded via our web-based online reporting application, the MPTF Office UNEX ("UN Expense") system which is incorporated into our ERP system.

As an organization that is new to reporting through UNEX, our reporting systems specialist, Ms. Farnaz Shemirani will work with you to hold an information and training session on both UNEX and Gateway to familiarize your teams on these systems; how to gain access and use the systems; and the reporting format to use. The UNEX session is designed for the staff of NUNOs that will be responsible for the upload of financial reporting information to MPTFO. The GW session, will be useful to both program and finance staff that are working on the project, or that wish to see the consolidated organization projects funded, transferred and expenses should you receive funding for more than one project.

Key considerations in providing quality financial information

Based on experience gained over more than a decade of financial reporting for MDTFs, below are the top four issues that can occur and which could impact the credibility and reliability of financial reporting. These issues are considered by donors in reviewing utilization of their contributions and allocation decision making bodies.

1. **Low or no utilization rates.** If an organization creates more than one project in their ERP system to map to a single MPTFO project ID, the combined expenses against the MPTFO project ID need to be reported. Otherwise this results in low utilization rates, which may impacts transfer decisions.
2. **Fully expensed up front or over-expenses reported** – expenses are reported in excess of the amount transferred by the MPTF Office for an individual MPTFO project, or are fully expensed at 100% of the transfer immediately on receipt. Typically this occurs as a result of a) expenses attributable to another donor have been reported along with expenses for transfers made by MPTFO; or b) an organization incorrectly mapped or tagged multiple projects in its ERP system to an MPTFO project. Over-expenses are very visible in both the annual reports and on the [MPTF Office GATEWAY](#) and give a clear message to readers and decision makers that the information reported cannot be relied upon. Subject to programmatic requirements, it is preferable to have a one-to-one project mapping whereby one MPTFO project is directly mapped to one organization project.
3. **Excessive indirect costs reported** – indirect costs are reported in excess of the approved amount. If an organization uses an “off-the-top method”, rather than a “pay as you go” method, to charge indirect costs this creates annual reporting where indirect costs appear excessive. This tends to reflect negatively since the legal agreements state the maximum level that the indirect cost can be charged based on the actual programmatic costs spent on the project.
4. **Final refunds are not made and Projects are not financially closed on time.** Projects need to be continually reported on until there is a zero balance (through expenses and/or a refund) and the correct indirect costs are reported. Where project balances are not refunded or projects are not closed timely, this can both substantially increase the workload and cost for all organizations, reflects negatively among donors that are accountable to their constituents on the effective use of tax dollars, and impacts future allocation processes.

ANNEX 1 CEB budget/reporting category descriptions

Overview descriptions of the Expense Categories are listed below. These categories are used to report the breakdown of expenses incurred (plus purchase orders etc.) for funded projects. Please note that expenses reported must be actual expenses incurred or contracted

- Staff and other personnel costs: Includes all related staff and temporary staff costs including base salary, post adjustment and all staff entitlements.
- Supplies, commodities, materials: Includes all direct and indirect costs (e.g. freight, transport, delivery, distribution) associated with procurement of supplies, commodities and materials. Office supplies should be reported as "General Operating".
- Equipment, vehicles and furniture including depreciation: For those reporting assets on UNSAS or modified UNSAS basis (i.e. expense up front) this would relate to all costs to put asset into service. For those who do donor reports according to IPSAS this would equal depreciation for period.
- Contractual services: Services contracted by an organization which follow the normal procurement processes. In IPSAS terminology this would be similar to exchange transactions. This could include contracts given to NGOs if they are more similar to procurement of services than a grant transfer.
- Travel: Includes staff and non-staff travel paid for by the organization directly related to a project.
- Transfers and grants to counterparts: Includes transfers to national counterparts and any other transfers given to an implementing partner (e.g. NGO) which is not similar to a commercial service contract as per above. In IPSAS terms this would be more similar to non-exchange transactions.
- General operating and other direct costs: Includes all general operating costs for running an office. Examples include telecommunication, rents, finance charges and other costs.
- Indirect support costs: General support costs allocated by percentage to the programmable amount to cover general management and administration costs that are not directly attributable to the project.