**2015 ANNUAL FINANCIAL REPORTING
AND THE UNDG REPORTING CATEGORIES**

1. INTRODUCTION

Consolidation of financial and narrative reports is a central role of the UNDP Multi-Partner Trust Fund Office (MPTF Office) when UNDP acts as an Administrative Agent (AA) for Multi-Partner Trust Funds (MPTF) and/or Joint Programmes (JPs) established by the UN system. The AA consolidates the financial and narrative reports provided by the Participating Organizations and reports the consolidated figures to the Steering Committees and donors.

On 10 December 2008, the UNDG Working Group on Joint Funding, Finance and Audit Issues (JFFAI), endorsed the "2008 Financial Reporting Specifications for Participating UN Organizations". This led to the MPTF Office automation of the financial reporting process by using the UNEX web-interface for electronic uploading and processing of the financial data.

The Finance and Budget Network (F&BN) working group on Financial Reporting submitted a proposal to revise the current 6 expenditure reporting categories to 8 categories for inter-agency reporting. The proposal to take effect on 1 January 2012 was approved by F&BN at its 12th session (1-2 September 2010) in decision 54. This decision was further confirmed by the HLCM and CEB in 20th session (27-28 September 2010). At the 24 April 2012 meeting, the Fiduciary Management and Oversight Group (FMOG) acknowledged that changes in reporting had been approved by CEB, and confirmed that it applied to Administrative Agents for MPTFs and Joint Programmes.

Copied below are the old and new harmonized reporting categories.

UNDG Six Categories	Revised Harmonized Eight Categories
1. Personnel (staff, consultants, travel and training) 2. Supplies, commodities, equipment and transport 3. Training of counterparts 4. Contracts 5. Other direct costs 6. Indirect Support Costs	1. Staff and other personnel costs 2. Supplies, Commodities, Materials 3. Equipment, Vehicles and Furniture including Depreciation 4. Contractual Services 5. Travel 6. Transfers and Grants Counterparts 7. General Operating and Other Direct Costs 8. Indirect support costs

The detailed descriptions of the Revised Harmonized Expense Categories as per the F&BN WG paper that form part of the approved decision are listed below:

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 which cannot be mapped to other expense categories.

Indirect Support Costs: (No definition provided)

Based on the above decisions, the MPTF Office updated the specifications of UNEX to allow UN Agencies to report 2012 expenditure in the new 8 approved categories.

2. REPORTING TIMELINE

In accordance with the standard Memorandum of Understanding (MOU), all Participating UN Organizations are required to submit annual financial reports no later than **30 April**. This implies that the Participating Organizations must have uploaded the single spread-sheet, ensured that all reports are cleared of rejections, and have the Schedule A[1] signed and submitted to the MPTF Office by this date (scanned versions are acceptable).

To allow sufficient time to complete the annual financial reporting exercise:

- The MPTF Office will open UNEX on **1 March 2016**;
- Participating Organizations are requested to complete their **first** upload by **11 April 2016;**
- Participating Organizations are strongly encouraged to complete their **final upload** by **22 April 2016**.

Please address finance-related queries to louise.moretta@undp.org and technical UNEX queries to farnaz.shemirani@undp.org.

3. UNEX DESCRIBED

There is no change in the high-level business process, of which the UNEX upload of data forms the last step, as summarized in Chart 1. The process starts with a donor committing funding for an MPTF and the Steering Committee approving the use of this funding for a specific programme[2], and requesting the MPTF Office to transfer funding to Participating Organizations. In step 4 of the process, the MPTF Office transfers funds for the programme to Participating Organizations and provides them with the MPTF Office project number that must be used as the reference number throughout the life cycle of the programme for reporting back to the MPTF Office.

Chart 1: High-level Business Process

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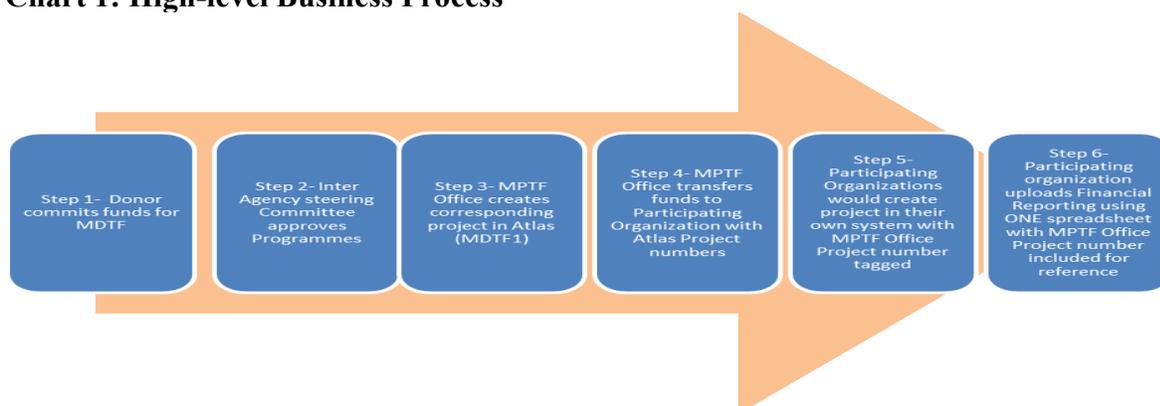
[1] Figures reported on the "Schedule A" represent the cumulative status of funds received and spent including refunds and interest earnings for each project from inception to the end of the current period and will be issued per cluster/thematic area per fund.

[2] The term "programme" is used for programmes, joint programmes and projects.

The MPTF office project number can be found at any time by going to the [MPTF Office GATEWAY](#), selecting your Participating Organization and then selecting report by Project.

To achieve a seamless reporting process, it is recommended that Participating Organizations ensure that an extract from their organization's financial/ERP system for up-loading to UNEX can be easily made by:

- Establishing a one-to-one Project code relationship as step 5 of the business process: for each MPTF Office project number (MDTF1 Atlas reference number) there should ideally be one corresponding Programme set up in the Participating Organization's own system.

- Storing the MPTF Office project number in a reference field on the Participating Organization's own financial / ERP system so it can easily be matched and reported on.

- Having in place an account code cross-walk from their own accounts to the 2012 UNDG harmonized budget and expense codes.

- Making sure that relevant finance staff has an authorized user account in UNEX. This would be relevant if there are personnel changes from the previous year.

- **Ensuring that any omissions or reports not submitted in a previous year are included in the current fiscal year reporting**.

Where an organisation has received monies from the MPTF Office for fund allocations approved by the Fund Steering Committee, the organisation should upload their expenditure data through UNEX using the [link provided on the MPTF Office GATEWAY](#). Each organization is required to nominate staff that is authorized to upload the data into UNEX. Any changes to the list of authorized staff should be communicated to the MTPF Office by sending an email to farnaz.shemirani@undp.org. Each authorized staff member will be set up by the MPTF Office on the UNEX system by creating a user account (personal login and password), henceforth called "finance users". The finance user will log on via the GATEWAY, and upload the expenditure data spread sheet as if "attaching" a document to an e-mail. The user clicks OK and the data file is transferred to UNEX. The upload process is designed to be very user friendly, i.e. quick and simple. The uploading of financial data onto UNEX will be in an "Excel File" (or through directly key imputing data on a screen).

UNEX will accept only <u>one</u> file per Participating Organization per reporting cycle. Hence, each Participating Organization will submit/upload only <u>one</u> spread-sheet per reporting cycle containing information pertaining to pass-through funds received from the MPTF Office, regardless of the number of programmes it is reporting on.

The files must follow the naming convention:

      ORGANIZATION_MDTF_YYYYMM.

      Example: UNICEF_MDTF_201012.

4. UNEX FILE FORMAT

The layout of the excel file to be uploaded by Participating Organizations contains four columns as follows:

Number (1)	Participating Organization's Programme Reference (2)	UNDG Harmonized Expense Category (3)	2011 Expenditure US$ (4)
########	########	#	$$$

Column 1: MPTF Office Project Number: This is the eight digit numeric code provided by the MPTF Office to the Participating Organization when funds were transferred from MPTF Office for a specific Programme approved by the relevant Steering Committee.

Column 2:   Participating Organization's Programme Reference.   The Participating Organization's own programme/project, allocation or reference number should be indicated in this column. This will allow users from that organization to perform searches on the GATEWAY using their own reference numbering.

Column 3: Expense Category. The expense category must conform to the financial reporting in eight categories approved by HLCM and CEB in 20th session and by FMOG in April 2012.

Each organisation should report actual expenses made in the current year (i.e. between 1 January and 31 December) against each MPTF Office project. Cumulative prior year expenditures should not be reported.

The following eight expense categories should be used by all agencies as well as three additional lines to report the following: (9) Total Received Funds for this Programme during current year, (10) Agency Earned Interest Income, (11) Refunds (end project); as relevant.

Category	Description	Definition of figures to be reflected
1	Staff and other personnel costs	For the reporting year
2	Supplies, Commodities, Materials	For the reporting year
3	Equipment, Vehicles and Furniture including Depreciation	For the reporting year
4	Contractual Services	For the reporting year
5	Travel	For the reporting year
6	Transfers and Grants Counterparts	For the reporting year
7	General Operating and Other Direct Costs	For the reporting year
8	Indirect support costs	For the reporting year

| 9	Total Received funds	For the reporting year
10	Agency Earned Interest Income	For the reporting year
11	Refunds (end project)	For the reporting year, NOT including interest refunds

Column 4: Expenses. The expenses should be recorded as defined in the individual Participating Organization Financial Regulations and Rules**. In those cases in which a Participating Organization did not report (part of) prior year expenses to the MPTF Office, these expenses should be included and uploaded via UNEX along with the current year expenses.**

Information regarding each programme shall occupy a total of 11 rows in the spread sheet i.e. one row for each of the eight categories of expenses plus the three additional ones for total received funds, earned interest and refunds. All 11 lines must always be reported. Lines cannot be omitted. When zero, zero should be indicated rather than leaving the cell blank.

The reporting is done at SUMMARY level for each expense category. i.e., each project would occupy eleven rows in the spread sheet. If a Participating Organization has received funding for 100 active programme the spread-sheet would contain 1100 rows.

Participating Organizations will have the option of recording their financial data manually through a data input screen. For this, a data entry screen is available in UNEX. This screen performs the same set of validations applied to the uploaded excel files.

The screenshot below shows quarterly options available when uploading financial reports, and for uploading the annual year-end financial report, month "12" should be selected.
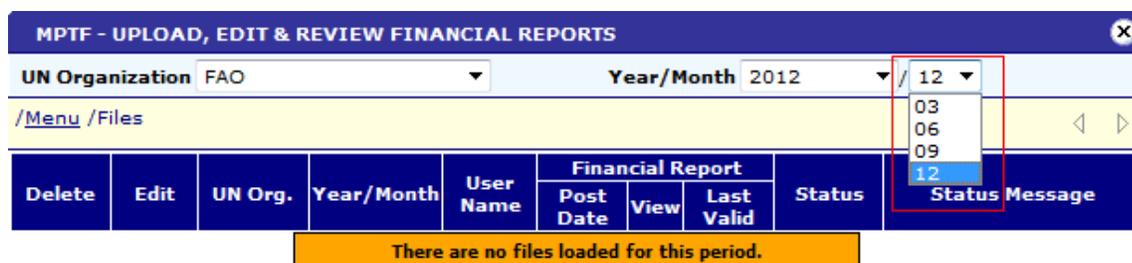
5. UNEX VALIDATION

Once the data is uploaded by the Participating Organization, UNEX will perform a number of validation checks, e.g. ensure that the data conforms to the UNDG 2006 harmonized expenditure categories and has a valid MPTF Project number. Once validated (and found correct) the uploading of valid data onto UNEX would take approximately 5 minutes depending on the size of the data file.

If UNEX rejects the data for one of the Participating Organisation's programme during the upload process, e.g. due to an incorrect MPTF Project number, the finance user would need to redo the process with a corrected spreadsheet. Valid (uploaded) Programme Financial Reports will be marked with the symbol ✔ while rejected Programme Financial Reports will be marked with the symbol ✗ and the error description will be displayed. In case of rejections, the Organizations should take action to correct the Financial Reports and upload the entire file again.

Once the Participating Organization has corrected the Excel file, it should delete the previous one submitted and upload the corrected one again in UNEX. When an Organization deletes the earlier file, all Programme Financial Reports contained in it (even those already validated) will be deleted from the UNEX database and replaced by the contents of the new file uploaded. Therefore, Participating Organizations must ensure that they are not uploading "partial" or "complementary" Financial Reports files.

UNEX will firstly check against the prescribed layout for MPTF Financial Reports. If the excel file does not conform to the format (e.g. columns are not in the prescribed order, or, a workbook and not a worksheet is being submitted for uploading) the file will be rejected and UNEX will display the message *"Input File is empty or Invalid".* In this case the user will have to review the format of the excel file and upload it again.

Secondly, UNEX will validate against naming conventions and file contents. If not validated, one or more of the following error messages may be displayed:

> **"Invalid File Type"** Only Excel files will be accepted
> **"Invalid Year/Month" (yyyymm)** - Check the file name.
> **"Reporting Period is Locked"**– The MPTF Office may "**lock**" a reporting period in order to prevent further file uploads for that period. A period can be "unlocked".
> **"Period Closed for this Report End Date".** Once the Financial data have been processed in Atlas, the MPTF Office will close the period and no further uploads for that period will be accepted in UNEX from any UN Organization.
> **"There Are Financial data Pending to Post to Atlas"**– Financial data from a previous period recorded in UNEX are still pending to be posted to Atlas. MPTF Office will investigate and take action to either amend record or delete the file for the previous quarter.
> **"This file was already loaded. Please delete previous file"** – If the Participating Organization loads the same file again the system will notify the user that a file has been loaded under the same name. Organizations will be allowed to upload new files for the same reporting period, as long as they follow the same naming convention. The previous file (with the same name) must first be deleted.

Thirdly, UNEX will validate the contents of the file, e.g. information at the *Programme* level. There will be two options and messages will be displayed accordingly:

• **"All Financial data in the file are valid"** – for all Programmes contained in the file, data was uploaded in UNEX and no further action is required. The upload function was successfully completed.   By clicking on the File Name it will be possible to drill down to

the list of the Programmes contained in the file. By clicking on the Programme Number it will be possible to drill down to see financial data received for each Programme at the budget category level.

- **"There are invalid Financial Reports"** means that valid Financial data were uploaded in UNEX and invalid data were not uploaded. The errors in the rejected Programme Financial Reports must be solved before they can be uploaded onto UNEX. The user would see the following possible errors messages:

  ➢ **"Project Not Found"** (in Atlas). Wrong MPTF Office Project Number or the Project has not yet been recorded in Atlas, or not sent to Commitment Control or the Participating Organization has recorded a Project number that UNEX is unable to recognize.
  ➢ **"Project Is Not Active"** (in Atlas). This would imply that the Project is operationally inactive. The Project number should be verified with the MPTF Office.
  ➢ **"Invalid Report Entry(ies)".** This message will be displayed when the Financial Report contains Budget Categories other than the eight defined.
  ➢ **"Duplicated Entry".** The Same Budget Category is included more than once in the Financial Report.

Any other error message should be communicated to the MPTF Office that would assist to resolve the issue.

The Exception Report can be easily found on the UNEX Menu. An on-screen report displays all rejections in one single place making it easier to work through and clear issues. As indicated above, all agencies should use this report as a basis for its communication with the MPTF Office, while sorting out possible issues.

In addition, the Transfer/Receipt Reconciliation report will highlight cases where the amount received by the Participating Organization is different from the amount transferred by MPTF Office to allow adjustments of accounts as needed

The content of all UNEX screens, is downloadable in Excel format
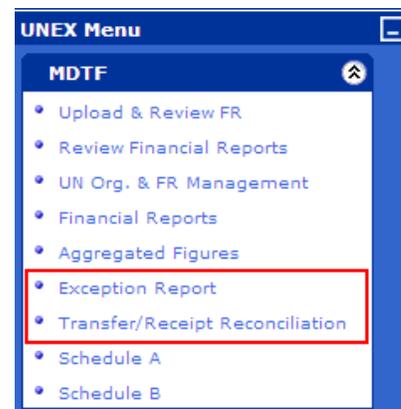
6. *INTEREST EARNED AND REFUNDS OF UNUTILIZED FUNDS*

In the excel file for upload to UNEX , the Participating Organization should indicate under category 10 the earned interest income of the Participating Organization and under category 11 the refunds made at the end of a programme. Please note that all interest earned by the Participating Organizations and unutilized funds should be deposited to the main MPTF bank account for all Funds except for ITF and PBF, using the bank accounts listed below and indicating the MPTF Office Project number, unless the governing body of the particular organization has approved explicit decisions that do not allow for such a refund. In case of the latter, please provide us with a copy of the documentation detailing such decision.

Notification for all transfers of interest earnings and refunds of unutilized funds, including reference to the nature of the refund, amount of refund and project number, should be sent to the following staff at the MPTF Office: louise.moretta@undp.org, aamir.maqsood@undp.org, and relevant finance associate and portfolio manager. Proper notification will ensure the funds are applied in a timely manner.

For the Peacebuilding Fund (PBF):

Name of Account:	Peacebuilding Fund
Account Number:	36349642
Name of Bank:	Citibank, N.A.
Address of Bank:	111 Wall Street
	New York, New York 10043
SWIFT Code:	CITIUS33
ABA:	021000089
Required Reference:	MPTF/PBF/ Project number

For any other MDTF or JP:

|	
Name of Account:	UNDP Multi-Donor Trust Fund Office (USD) Account
Account Number:	36349626
Name of Bank:	Citibank, N.A.
Address of Bank:	111 Wall Street
	New York, New York 10043
SWIFT Code:	CITIUS33
ABA:	021000089
Required Reference:	MPTF/ Fund/ Project number

7. *PROCEDURES FOR FINANCIAL CLOSURE*

As per the MOU and guidelines provided for narrative reporting, the final narrative reports are due to the AA by 30 April of the year following financial closing of the project. The Certified Final Financial Statement and Report (the revised 'Schedule B') is to be provided to the AA by 30 June of the same year. Additional information on the procedures for financial closure of projects and programmes is available in the MPTF Office Project/Programme Closure Guidance.

Financial Closure Steps

As also outlined in the MPTF Project / Programme Closure Guidance, for projects/programme to be accepted as "Financially Closed" the following would need to be complied with:

1. [Certified Final Financial Statement and Report](#) to be submitted for each programme. Participating Organisations can now run Final Certified Final Financial statement and Report from UNEX and the Report can be easily found on the UNEX Menu.
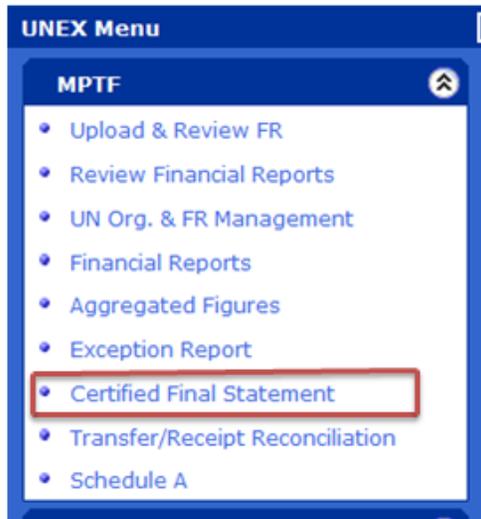
2. Any Unspent Balance should have been refunded and notification sent to the MPTF Office to enable the MPTF Office to identify the refund (see notification instructions above).

3. Interest for prior and current year, if any, to be transferred to the MPTF Office Bank Account and notification sent to the MPTF Office to identify the interest (see notification instructions above). If the Participating Organization's regulations do not require the transfer of interest, please indicate by marking the box on the Certified Final Financial Statement and Report.

4. No expenditure in excess of funds transferred should be reported on Certified Final Financial Statement and Report submitted to the MPTF Office.

5. The indirect cost should not exceed the approved percentage of programme cost.

8. CONCLUSION

The above financial reporting specifications have been prepared to facilitate the financial reporting of Participating Organizations to the MPTF Office. The MPTF Office welcomes any feedback, which will permit the Office to pursue a process of continuous improvements.