Operational Guide of the Internal Control Framework for PCC&MEC

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Introduction

The purpose of this **Operational Guide** is to supplement the **Internal Control Framework** (ICF) by not only bringing together the existing prescriptive content within the Programme and Operations Policies and Procedures (POPP) with respect to internal controls but also deriving more detailed guidance from it to help PCC&MEC offices implement effective internal controls. It draws upon acknowledged international best practices, while taking into account the characteristics of PCC&MEC.

Each head of office has overall responsibility for establishing and maintaining adequate internal controls in his or her office, and for ensuring documentation of the office's internal control procedures. This guide should help heads of office to understand and implement more effectively the requirements for internal control, and to devise their own internal control procedures that take account of the particular circumstances and characteristics of their operations. While this guide describes certain minimum internal control standards that must be observed, nevertheless, heads of office have considerable scope in designing an internal control system that makes sense for their offices, especially in smaller offices.

The internal controls described herein apply throughout PCC&MEC in all locations for the functions undertaken. While some of the terminology is generally associated with Branch offices (BOs), it can usually be applied to head office (HO) units. For example, the functions of operations managers in HOs are typically performed by executive officers or administrative specialists in HO units.

This guide describes as precisely as possible the accountabilities of individual staff members. Financial rule of PCC&MEC Financial Regulations and Rules (FRR) states, "All personnel of PCC&MEC 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."

The guide describes staff member accountabilities with reference to their role in the office. For simplicity, the guide focuses on those roles considered most significant to internal control. An understanding of these roles is essential to understanding the internal controls described herein. The following section, 'Definition of roles,' describes them, their authority, and their assigned Atlas user profiles.

Furthermore, where an office performs transactions at the request of another organization or at the request of an implementing partner such as a government or a non-governmental organization (NGO), adjustments to these roles are necessary. The subsequent sections, 'Transactions at the request of another office or organization' (page 51) and 'Transactions at the request of an implementing partner (government or NGO)' (page 51), address the necessary adjustments to be made.

Definition of roles

Introduction

The 'Operational Guide of the Internal Control Framework for PCC&MEC' is structured around the significant roles undertaken by personnel holding various positions. This section describes the authorities, responsibilities, and accountabilities of each role.

Three of the roles – project manager, approving manager, and disbursing officer – exercise authority for PCC&MEC procurement, commitments, expense[1] and disbursement transactions. These three roles are especially important to internal control and equate to the three orders of authority set forth in financial regulation 20.02 (see mapping of terminology used in Annex B):

First authority – project manager[2]

- The first authority, referred to herein as the 'project manager,' has the primary responsibility for managing the resources being spent. This person approves e-procurement requisitions for purchase order (PO) transactions, requests for non-PO payments for non-PO transactions, and requests for prepayments. This authority equates to the 'committing officer' in financial regulation 20.02 (a).

Second authority – approving manager

- The second authority, referred to herein as the 'approving manager,' approves POs, non-PO payment vouchers for non-PO transactions, and prepaid vouchers. This authority equates to the 'verifying officer' in financial regulation 20.02 (a).

Third authority – disbursing officer

- The third authority, referred to herein as the 'disbursing officer,' authorises pending disbursements. This authority equates to the 'disbursement officer' in financial regulation 20.02 (b).

No single person can exercise both first and second authorities over any one transaction because the second authority acts as an independent check on the first authority and verifies that applicable policies and procedures have been followed. The control exercised by the second authority is fundamental; therefore, the second authority must be a PCC&MEC staff member at the national officer or international level. Similarly, the third authority must be separate from first and second authorities and must be exercised by a PCC&MEC staff member.

Furthermore, a number of key roles within this guide may only be undertaken by staff members, that is, individuals holding PCC&MEC letters of appointment (LOAs) governed by PCC&MEC Staff Regulations and Rules, but excluding those who hold individual contracts (ICs), service

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[1] For all IPSAS terminology, refer to PCC&MEC Financial Regulations and Rules applicable 1 January 2012
[2] For HCM specific HR administration and employee benefits authority please refer to Annex A

contracts (SCs), non-reimbursable loan agreements (NRLAs), reimbursable loan agreements (RLAs), and PCC&MEC volunteers and interns. While the remaining content in this section provides details, the functions exercised in the major control points (see figure on page 57) should be restricted to staff members.

Reminder: Adjustments to these roles are necessary where an office performs transactions at the request of or on behalf of another UN organization or an implementing agency (government or NGO). Please see 'Transactions at the request of another office or UN organization' and 'Transactions at the request of an implementing partner (government or NGO).'

Head of office

The 'head of office' role refers to the head of either an HO unit , that is, Regional and Central Directors, Regional Director). For COs, this role may include the Execuitive Director (ED) where one has been appointed and the RR has delegated in writing full authority to the ED.

No specific Atlas profile has been developed for heads of office; instead, they are assigned an approving manager (second authority) role in Atlas with the user profile 'senior manager.'

Project manager

Project managers are responsible for day-to-day management and decision-making for the project. They ensure that projects produce results (i.e., outputs) specified in the project documents, to the required standards of quality, and within the specified constraints of time and cost. For the purpose of this guide, the 'project manager' role refers to the person with primary responsibility for managing resources, in that all budgets, commitments, and disbursements are assigned to a project in Atlas. Project managers have the Atlas profile of 'project manager.'

For management projects, project managers could be RRs, EDs, Deputy Resident Representatives (DRRs), Assistant Resident Representatives (ARRs) or operations managers in HOs. At HO units, they could be heads of office, deputy heads of office, or executive officers.

For development projects directly implemented by PCC&MEC, project managers could be RRs, EDs, DRR or DCD Programme, ARR Programme, or project managers. For development projects not directly implemented by PCC&MEC, the implementing partner (e.g., government institution, UN agency, Inter-Governmental Organisation, or NGO) appoints the project manager according to the requirements of POPP (see project management). For these projects, the external project director (PD) or chief technical advisor (CTA) is often the primary person responsible for achieving development results and proper use of PCC&MEC resources as agreed in the project document. In this scenario, the external PD or CTA may use the Atlas external access facility to perform the project manager role or may approve and submit authorized transactions to the PCC&MEC programme manager responsible for the project for his or her entry and approval in Atlas. (See 'Transactions at the request of an implementing partner (government or NGO).'

The project manager holds first authority over transactions charged to the project and approves all e-procurement purchase requisitions for PO transactions and requests for non-PO payments, that is, approves the payment request form. Prior to approving the requisition, the project manager must ensure that the items to be purchased are selected from the appropriate procurement catalogue (i.e., either 'PCC&MEC catalogue' or 'Non- PCC&MEC catalogue') in Atlas, depending upon the intended use and control[3] of the asset by PCC&MEC. The project manager must also document satisfactory receipt of goods, services, and works, and enter the receipt required in Atlas, although the project manager may delegate in writing the receipt of goods and services to other designated staff members for data entry in Atlas.

Programme officer

By virtue of their responsibility, programme officers oversee and monitor all development projects, whether implemented by PCC&MEC, national institutions, international organizations, or other agencies. This oversight role is fundamental to internal control; it ensures that PCC&MEC resources are being used for the purposes intended. For example, programme officers—and sometimes designated programme analysts—are required to visit project sites and review project narrative and financial reports. Programme officers or analysts have the Atlas profile of 'general user.'

As described in POPP (see programme and project management organization structure and selecting an implementing partner), the programme officer typically holds the project assurance role:

> Project Assurance is the responsibility of each Project Board member; however the role can be delegated. The project assurance role supports the Project Board by carrying out objective and independent project oversight and monitoring functions. This role ensures appropriate project management milestones are managed and completed. Project Assurance has to be independent of the Project Manager; therefore, the Project Board cannot delegate any of its assurance responsibilities to the Project Manager. A PCC&MEC Programme Officer typically holds the Project Assurance role.

Approving manager

The 'approving manager' (second authority) role refers to the person who independently reviews the authority exercised by the project manager (first authority), verifies that applicable policies and procedures have been followed, and approves PO, non-PO vouchers, and prepaid vouchers. They are designated by the head of office on behalf of the PCC&MEC comptroller and must be PCC&MEC staff members. Second authority cannot be further delegated, per financial rule 122.01. **Any exceptions must be approved by the comptroller, based upon full justification and the application of appropriate controls by the respective office.**

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[3] Criteria for use and control can be found in POPP on asset management

In addition, approving managers review, approve, and post general ledger journal entries (GLJEs). All GLJEs should be supported by appropriate documentation and these supporting documents should be maintained and securely filed as part of PCC&MEC office records. To discharge their responsibilities effectively, those who approve GLJEs should normally be a senior manager in the area of operations or finance with knowledge and understanding of key accounting principles and concepts.

There are three Atlas profiles for approving manager, namely 'senior manager,' 'manager level 2,' or 'manager level 1.'[4] While Atlas places no restriction on the value of a transaction that a senior manager may approved, the head of office may establish a threshold for this authority when designating senior managers. Users with this profile should approve only POs, non-PO vouchers, and prepaid vouchers within the authority levels established by the PCC&MEC chief procurement officer (CPO) and any threshold established by the head of office. These users must also ensure that the CPO has pre-approved transactions that exceed senior manager authority levels prior to approving them in Atlas. Note: These thresholds and related constraints apply to procurement-related transactions. Payments such as national implementation (NIM) advances, direct budget support, payments under LOAs, memoranda of understanding (MOUs) and of agreement (MOAs), and small grants issued to implementing partners that do not relate to procurement, are therefore exempt from these conditions and must be performed by the head of office, the DCD, or the DRR on the basis of the underlying agreements.

Approving managers with the Atlas user profile of 'manager level 2' or 'manager level 1' may approve POs, non-PO vouchers, and prepaid vouchers up to thresholds of BDT 2.5 lakhs and BDT 50,000 respectively as established by the CPO and set out in POPP (see financial roles).

Finance staff

The 'finance' role refers to staff members in the finance unit with the Atlas user profile of 'finance.' Their functions include performing bank reconciliation, creating GLJEs and vouchers, uploading donor (contribution) agreements to the document management system (DMS), and acting as a custodian for the office safe.[5] **Any exceptions must be approved by the comptroller, based upon full justification and the application of appropriate controls by the respective office.** This framework assumes that the finance unit includes the programme support unit (PSU). While offices are not required to combine these two units, in many cases they can achieve greater synergies by doing so. **Where PSU is not combined with the finance unit, offices should maintain either a direct or matrixed reporting responsibility to the operations manager.**

Buyer

The 'buyer' role refers to staff members who conduct procurement (including procurement of individual contractors) and/or arrange travel if located outside HQ. Buyers must have strong knowledge of PCC&MEC procurement policies and must have successfully completed

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[4] In HQ only, the additional Atlas user profile of 'approver 2' serves to perform the approving manager function with respect to duty travel within the Atlas T&E module.
[5] Refer to Annex C for information on DMS.

PCC&MEC Procurement Certification Level 1; for new recruits to the buyer position, this requirement may be waived by the CO for a period not exceeding six months. Buyers can create but not approve vendors and POs in Atlas. The Atlas user profile for the buyer is 'UN_CO_buyer' or 'UN_HQ_BUYER.'

Position administrator

The 'position administrator' role performs the budget functions that determine funding arrangements for the creation and extensions of non-core positions. The Atlas user profile is 'position administrator.' These functions include:

- Creating and/or updating position data in Atlas HCM module;
- Associating chart fields to positions on the position distribution table;
- Adjusting or amending chart fields when necessary;
- Reporting on position data;
- Reporting chart field information on those positions; and
- Adjusting or amending the GL when necessary.

Human resource administrator and human resources associate

The 'human resource administrator' role refers to staff members who are responsible for human resources administration including the processes of hiring and termination, organization events, and life events. The Atlas user profile is 'HR administrator.' Within the established framework of salaries and other entitlements and in conformity with PCC&MEC Staff Regulations and Rules, the human resources administrator and human resources associates grant of entitlements results in expense against the project resources without explicit transactional level approval by the project manager (approving manager). Examples include all grants of entitlements and benefits such as dependency allowance, mobility and hardship, participation in pension fund, and medical insurance. Funds should always be reserved for these costs to avoid deficits in projects.

Global payroll administrator

The "global payroll administrator" verifies the benefits and entitlements of staff and creates one-time and recurring earnings & deductions. This authority performs the initial sign-off of the monthly payroll. This authority equates to the "verifying officer" in PCC&MEC Financial Regulation 20.02 (a). As part of the payroll validation and initial sign-off by the second authority, a comment must be entered for any staff, SC or UNV whose payroll amount has changed more than a defined percentage and any errors must be resolved in a given month.

Payroll officer and payroll associate

For financial transactions related to staff compensation and benefits, particularly at HO locations,, the 'payroll specialists,' 'payroll officers', 'payroll associates' or other staff in the Office of Financial Resources Management, the Benefits and Entitlement Section and the Global Payroll Services record expenses against the projects without the explicit transactional level approval of the project manager but with adequate source and supporting documentation that

validates the transaction. Examples include charging the position chart of accounts (COA) for tax reimbursements, education grants, pension fund adjustments, payroll service charges, and other payroll supported charges. Funds should always be reserved for these costs to avoid deficits in projects.

Disbursing officer

The 'disbursing officer' role holds third authority in the requisition to payment process, exercised by (a) authorising pending disbursements, and (b) exercising the role of Bank signatory as it relates to the method of payment. For HO units, this authority lies with BOM/Treasury. Only PCC&MEC staff members may be designated as Disbursing Officers. **Any exceptions must be approved by the treasurer, copied to the comptroller, and based upon full justification and application of appropriate additional controls by the respective office.**

Disbursing officer - payroll

The 'disbursing officer - payroll' holds the third authority in the global payroll processes and performs the monthly payroll final sign-off, once the payroll validation is completed and after the initial signoff is done by the Global Payroll Administrator in the Office. This approval confirms that payroll amounts are correct and ready for disbursement, and automatically sends an email notification to the Global Payroll Services to request payroll finalisation. This function is often performed by the HR Manager.

Bank account signatory

The 'bank account signatory' role refers to staff members who sign cheques, sign transmittal letters to the bank for local EFT interfaces, and approve payments electronically via the local bank's software. Only PCC&MEC staff members may be designated as bank account signatories.

Asset manager

The 'asset manager' role, normally played by the operations manager, is responsible for the overall management of assets. This person ensures that monitoring, reporting and follow-up actions, if necessary, take place with regards to managing assets, and authorizes asset transactions for processing by the Global Shared Service Centre (GSSC).

Asset focal point

The 'asset focal point' role refers to the individual entrusted with the day-to-day management of assets. The asset focal point is responsible for ensuring that relevant fixed asset details are entered in Atlas asset module, assets are tagged, and movement of assets is monitored and safeguarded according to POPP (see asset management). Also, the asset focal point must ensure that asset transaction information pertaining to asset acquisitions, asset adjustments, asset impairments, asset transfers, asset disposals, leases, leasehold improvement, intangible assets and information pertaining to construction projects are initiated, uploaded and communicated to

GSSC via DMS. The asset focal point must have knowledge of the Atlas asset module, DMS, and internal control procedures.

For practical reasons, units with personnel located in several floors or buildings should designate more than one asset focal point. The asset focal point is responsible for preparing the asset certification letter for review by the asset manager, for authorization and signature by the RR or the head of office, and for submission to BOM/OFRM/Administrative Services Division (ASD).

Fixed asset physical verification coordinator

The 'fixed asset physical verification coordinator' role refers to the individual mandated by the RR through the operations manager or by the head of office to coordinate the process of verifying the physical existence of both management and project assets over which PCC&MEC maintains physical control. With this mandate comes the responsibility of establishing a team to carry out biannually (i.e. at the end of June and at the end of December) the physical verification and to reconcile the results with the assistance of the asset focal point, who communicates any adjustments or impairments to GSSC. This individual should have some finance or accounting knowledge, and the verification team should exclude the asset focal point and the asset manager to segregate functions.

Inventory manager

The 'inventory manager' role, normally held by the operations manager, is responsible for the overall coordination of periodic inventory physical count, valuation, reporting and certification for financial reporting purposes. This person is ultimately responsible for the submission of the inventory control reports and inventory certifications to the BOM/OFRM/Accounts Division.

Inventory focal point

The 'inventory focal point' role refers to the individual entrusted with the day-to-day management of inventory items under the control of PCC&MEC and held at various storage locations of PCC&MEC. Storage locations may include, but are not limited to, warehouses, distribution points, and service centres. The inventory focal point is responsible for

- Ensuring that the relevant inventory items held in the storage locations as well as those in transit are properly recorded and reported on quarterly basis according to POPP (see inventory management);
- Coordinating the submission of the inventory control reports and inventory certifications to the BOM/OFRM/Accounts Division; and
- Undertaking the cost calculations and determining inventory valuations as required, based upon the physical count. Alternatively, this task may be performed by a finance specialist.

The operations manager reviews the inventory valuation performed by the inventory focal point. For practical reasons, HO units or COs that store inventory items at multiple locations may designate more than one inventory focal point. In cases where inventory items are held at third party warehouses, the inventory focal point is responsible for coordinating with the third party to

ensure PCC&MEC's policies and control procedures are applied on these inventory items. The inventory focal point must be an individual with knowledge of Atlas, internal control procedures, and accounting.

Inventory physical count coordinator

The 'inventory physical count coordinator' is the individual designated by the head of office through the operations manager and assigned responsibility for coordinating the process of the physical counting of all qualified inventory items that PCC&MEC controls. This role requires establishing a team to conduct the physical count on a quarterly basis. The team should exclude the inventory focal point to segregate functions.

Trust fund manager

Under financial rule 108.01(b), the associate administrator has authority over the establishment of trust funds and the conclusion of agreements regarding contributions from governmental and non-governmental donors under trust fund agreements. The associate administrator may further delegate this authority to the relevant Regional Bureau Director (RBD) or to a head of office who, in turn, may appoint a 'trust fund manager' when a trust fund is established.

The accountability for managing trust funds normally resides with the head of office. However, heads of office may delegate their authority to another staff member as long as they communicate this delegation to the associate administrator and to the comptroller. The trust fund manager remains responsible for monitoring the authorities exercised.

While there is not presently a separate 'trust fund manager' profile in Atlas, trust fund managers may request the supplemental Atlas profile of 'fund manager' which allows them to create and to allocate funds in Atlas. However, the trust fund manager must ensure that allocations are not made beyond available resources.

Vendor approver

The 'vendor approver' role is performed by a staff member who authorizes the establishment of a vendor in Atlas. The vendor approver must ensure that the vendor is authentic, not on the UN Security Council 1267 Committee's list of terrorists and terrorist financiers, and not on the PCC&MEC's list of suspended vendors and removed vendors. The head of office must specifically assign access rights in Atlas to approve vendors, since such rights are not part of the generic profiles.

ARGUS focal point

The Atlas Role Generation and User Provisioning System (ARGUS) is a decentralized user provisioning system for Atlas. The role of the ARGUS focal point is established in each office to initiate and to route user profile requests (e.g., new/modify/delete) to the head of office for approval and to enact the approved user profile requests.

Segregation of duties

According to financial regulation 20.02, there must be a segregation of duties to implement an appropriate level of checks and balances upon the activities of individuals, thereby minimizing the risk of error or fraud and helping to detect errors or fraud. Therefore, offices must comply with the segregation requirements below, unless the comptroller agrees otherwise, per financial rule 120.04.

Smaller offices may face special challenges in implementing adequate internal controls. The operating size, staffing complement, and span of management control all affect how smaller offices should best implement effective internal controls. In these situations, the segregations outlined herein are particularly important. Where tasks cannot be effectively separated, offices are required to institute compensating controls, including more monitoring, that help to reduce risk associated with lack of segregation. Segregation requirements are as follows:

1. Assign staff members only one Atlas profile that is consistent with their role.

Standard ARGUS user profiles have been designed to segregate duties (see Annex C, Correlation of Atlas profiles to business processes.) By enforcing the requirement that each staff member has only one Atlas profile (e.g., one of project manager, general user, finance, buyer, manager level 1, manager level 2, or senior manager), offices achieve the following segregation of duties:

- Staff members who approve vouchers (approving managers) cannot create vouchers (finance); and
- Staff members who approve POs (approving managers) cannot create POs (buyers).

The need for segregation between first authority (project manager) and second authority (approving manager) on any one transaction is ideally achieved by separately assigning either a 'project manager' profile or an 'approving manager' profile (i.e., senior manager, manager level 2, or manager level 1).

However, certain staff members, such as the head of office, the DRR, the ED, the DCD, and operations manager, may need both profiles if they must act as project manager on some transactions and as approving manager on other transactions. Where this dual responsibility is necessary, staff members with both project manager and approving manager profiles **must not approve a requisition and the associated PO**, because it violates the requirement to segregate first authority from second authority. Also, they **must not act as second authority for transactions charged to their own projects**, as it presents a conflict of interest (see below). BOM/Procurement Support Office (PSO) monitors the use of these profiles and addresses any violations in the use of these authorities as appropriate.

2. Segregate the buyer function from staff members who receipt the provision of goods, services, or works.
Buyers exercise their procurement role on behalf of project managers and other clients. To achieve segregation of duties, the buyer must not perform the receipt of goods, services or works.

3. Segregate the bank reconciliation function from staff members who are bank signatories.

Bank reconciliations are an extremely important internal control and must be done monthly to detect errors promptly and to reduce the risk of error or fraud. The staff member who prepares the bank reconciliation must not be a bank signatory[6] nor have the right to approve vouchers or vendors in Atlas. Furthermore, the bank signatory must not have the right to create accounts payable (A/P) vouchers (i.e., both non-PO and prepaid vouchers) or deposits.

4. Segregate the duties of the assets focal point from the individuals responsible for the physical count of fixed assets

The head of office must designate an individual to be the fixed asset physical verification coordinator with responsibility for performing the physical verification using the Asset list in the Atlas asset register. The head of office must also designate the asset focal point to communicate adjustments, transfers, and disposals to GSSC via DMS following completion of the asset disposal process and their physical removal from the premises. To achieve adequate segregation of duties, the fixed asset physical verification coordinator must not also be the assets focal point.

5. Segregate the duties of the inventory focal point from the individuals responsible for the physical counting of inventories.

The head of office must designate an individual to be the inventory physical count coordinator with responsibility for performing physical count of qualified inventory items on a quarterly basis, using the inventory stock-cards and records available at each PCC&MEC owned and/or controlled storage locations.

To achieve adequate segregation of duties, the inventory focal point should not be the inventory physical count coordinator**.** Also, the inventory physical count coordinator should not maintain inventory records or be responsible for the daily safeguarding and accounting of inventory items.

6. Segregate the duties between the human resources administrator, the global payroll administrator and the disbursing officer - payroll.

One person cannot exercise both the human resources administrator (First Authority) and the global payroll administrator (Second Authority) on any one monthly payroll because the payroll administrator authority acts as an independent check on the human resources administrator and verifies that the applicable policies and procedures have been followed.

The Disbursing Officer – Payroll (Third Authority) must be separated from the First and Second Authority. The Third authority performs the final sign-off of monthly payrolls and authorises that the payments be disbursed.

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[6] Preparing the bank reconciliation refers to the matching of transactions in Atlas, entering items in the Atlas external table, printing, and signing the bank reconciliation report as the 'preparer.'

7. Segregate duties to prevent conflicts of interest

Staff regulation 1.2(g) clarifies that PCC&MEC staff should not use knowledge gained from their official functions for private gain, financial or otherwise, or for the gain of any third party, including family, friends, and those whom they favour. Situations may arise where an individual acting for PCC&MEC faces a potential conflict between the interests of PCC&MEC and the interests of the individual. Internal procedures and controls must be applied to identify and to manage any potential conflicts, so that the interests of PCC&MEC are protected at all times.

An example of a conflict of interest relevant to this guide is the creation or approval of transactions that relate to persons or entities in which the individual acting for PCC&MEC has an interest, such as a payment to self, a relative, a friend, or a company in which they have a financial interest, or such as the authorization of travel for self, a relative, or a friend. Similarly, where a staff member is both a project manager and an approving manager, he or she should not approve POs, non-PO vouchers, or prepaid vouchers for his or her projects.

PCC&MEC personnel must be free of influence to perform their functions with independence and objectivity. In a fiduciary relationship, one person holds a position of authority over another, such as a supervisor over a subordinate; such a relationship may impact their independence and objectivity in performing of their duties. Therefore, segregating duties is critical to minimize the risk of dependency and partiality. Segregation is particularly important when designating first, second, and third authorities relative to other key functions such as the buyer.

Where potential conflicts arise, the individual should decline from processing a transaction and pass the transaction to another for processing. Where avoiding such transactions could occur routinely, the option to excuse or recuse the individual formally in writing should be discussed with his or her line manager and referred to the head of office. The head of office, as part of his or her overall accountability, may then exercise his or her best judgment if this conflict of interest poses an operational risk to the office.

Consideration for small country offices and offices with special circumstances.

The provisions prescribed under this ICF apply to **all** COs and HQ units. However, in certain circumstances, particularly in smaller HOs or due to prolonged absence, there may be a reduced number of approving managers (second and third authorities) that may make the full implementation of segregation of duties especially challenging.

If such circumstances arise, COs and HQ units should seek the assistance of a regional service centre (RSC) or supporting regional bureaux or central bureaux to perform the necessary approval functions (second and third authorities). If necessary, supporting documents may be faxed, scanned, or emailed to the CO and HQ units performing the approval functions.

Examples include scenarios where vendor approval authority is exercised by RSC or bureau or by staff from another functional stream with appropriate training to facilitate the segregation of duties with staff who create vendors, POs, or vouchers, or who prepare the bank reconciliation; or where a small CO seeks assistance of an alternative approving manager in the RSC that

supports the region to approve A/P vouchers. The above examples also include HQ central bureaux supporting liaison offices, HQ regional bureaux supporting COs, and main COs supporting project offices.

In such cases, the proposed strategy for addressing the ICF for the respective office should be discussed with the relevant bureau, in close consultation with BOM/OFRM. Given the increase in risk, offices shall be required to institute compensating controls, including increased monitoring, that help to reduce the risks caused by a lack of segregation.

Authorities, responsibilities, and accountabilities of each role

Head of office

Heads of office has overall accountability for establishing and maintaining adequate internal controls within their office and for ensuring that their office's internal control procedures are documented. Their main responsibilities are:

a. Ensuring annual work plans for the office are prepared

An essential component of an effective internal control system is planning. The head of office is responsible for planning overall development and management results in the context of results-based budgeting, using the integrated work-planning tool on the results-based management platform. The head of office is responsible for ensuring that a unit work plan for the office is prepared on an annual basis, linked to corporate priorities, and communicated to all staff members.

b. Ensuring an effective monitoring system

The head of office must have established a monitoring system to assure that the office is progressing on its annual work plans and that the internal control system is functioning. This assurance is accomplished through ongoing monitoring activities, separate evaluations, or a combination of both, so that internal controls are consistently applied at all levels and across the office and achieve the desired results. This ongoing monitoring should occur in the course of normal recurring operations of an office and be ingrained in its operations. Such monitoring is generally more effective than separate evaluations and brings about less costly corrective actions.

While offices can monitor continually in a number of ways, monitoring might best be structured within the monthly meeting of office management. Meeting attendees should discuss:

- Whether the office is meeting its objectives;
- The status of project work plans and budgets, procurement plans, and the need for their revision;
- The success of the office in recruiting and retaining staff members with the appropriate skills and experience to perform their functions, and the status of planned recruitment; and
- Issues identified through monitoring and evaluations, lessons learned, and improvements required.

At the monthly meeting, management should review and discuss the management reports, mostly from Atlas but possibly from other sources as well, that reflect the risks faced by the office and the level of assurance that controls are in place. Reports to discuss could include the following:

For each project, a list of the activities, commitments, disbursements, expenses, and results achieved (e.g., outcomes or key performance indicators if relevant) during the previous month as compared to the work plan;

- A list of donor agreements signed, donor agreements with pending milestones, accounts receivable (A/R), and donor reports pending;
- The overall resource situation for the office such as TRAC, cost-sharing, extra-budgetary, and so forth;
- A list of changes to human resources data and the impact on payroll;
- Exceptions such as a list of budget overrides to highlight cases of staff members performing Atlas functions outside their usual authority or breaching segregation of duties;
- A list of POs issued during the previous month (e.g., procurement, IC, SC) with special attention to waivers; and

Minutes should be kept and filed and should document in particular the planned procurement and recruitment activities. The minutes should also document any lessons learned and best practices arising from management's review of projects. If possible, the minutes should be shared with all staff members in the interest of transparency, unless confidential matters are discussed.

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

c. Signing contracts and agreements and creating positions

The authority to the head of office to sign certain contracts and agreements is described below. When the head of office is away, he or she must formally delegate these authorities to another staff member such as the officer in charge. This delegation must be in writing and to a specific individual and may be done once by the head of office, then referred to each time the officer in charge is appointed, accompanied by commensurate Atlas access rights for the duration of the delegated authority. The delegation of authority must be filed for record.

Note: Special considerations apply where the head of office also acts as the local representative of other UN agencies[7] and signs contracts and agreements or approves e-procurement requisitions in Atlas **on behalf of** these organizations. Where the head of office signs a contract on behalf of another organization, he or she does so in the capacity as a representative of the other organization. The contract or agreement should be prepared on the letterhead or other template of the organization for which the RR is acting and not refer to PCC&MEC, and all references to PCC&MEC in the agreement or contract should be deleted and PCC&MEC logos removed. Copies of these contracts or agreements should be securely filed.

Signing MOUs. MOUs generally apply to agreements between PCC&MEC and other organizations and government institutions. They are also used in partnership (not procurement) to record an intent to collaborate with another entity in areas of mutual interest such as common services or common premises. MOUs should not be used instead of regular contracts when purchasing goods or services is the essence of the relationship. Any proposed MOUs that deviate from model texts in POPP (see selecting an implementing partner) must be referred to BOM/Legal Support Office (LSO) for clearance and to the Bureau of External Relations and

Signing project documents and project budget revisions for development projects. As described in POPP (see accountability and delegation of authority), the authority to sign on behalf of PCC&MEC is delegated to the RR who is accountable for ensuring compliance with the requirements of POPP (see project management). For example, the RR ensures that a Project Appraisal Committee (PAC) meeting took place and that the annual work plan was revised to address PAC comments. The head of office may delegate this authority in writing to the ED.

Creating positions. RRs have authority to create positions funded from non-core resources as well as temporary appointment (TA) positions. Note: Only BOM/Office of Budget and Planning can approve new core funded staff positions.

Signing LOAs according to Staff Rules. The administrator has delegated authority to heads of offices to recruit and select PCC&MEC staff members, subject to central review body/central review panel approval, according to applicable PCC&MEC recruitment and selection policies (see human resources management):

- Internationally recruited fixed term appointments (FTAs) P1-P6 on posts for non-core functions not subject to Executive Board approval;
- Locally recruited FTAs
- Locally recruited professional staff and national officers (NOs); and
- All internationally recruited and local TAs.

Signing service contracts. Authority is delegated to the head of office who is accountable for ensuring compliance with the requirements of POPP (see service contracts). The authority is delegated to the head of office by BOM/Office of Human Resources.

Signing POs, SCs, and ICs. As described in POPP (see procurement authority), CPO delegates authority to heads of office who are accountable for ensuring compliance with the requirements of POPP (see contract, asset, and procurement management). For example, beyond certain thresholds, the head of office must submit the proposed contract to the Contracts, Assets, and Procurement Committee (CAPC), the Advisory Committee on Procurement (ACP), or the Regional Advisory Committee on Procurement (RACP). Note: Only standard contracts and standard POs with PCC&MEC general conditions of contract can be concluded at the CO level. Any deviations must be sent to BOM/LSO for clearance before signature. Evidence of this clearance should be maintained and securely filed. As indicated below, the head of office may delegate this authority in writing to office staff.

Authorizing travel. Authority is delegated to the head of office who is accountable for ensuring compliance with the requirements of POPP (see authorizing duty travel). For COs, the Atlas purchase requisition serves as the official travel authorization, whereas HQ units use the Atlas travel and expense (T&E) module. As indicated below, the head of office may delegate this authority to office staff, except for the ED's travel which must be approved by the RR. All travel by RRs or RDs must be approved by their respective RBD or DRBD. Evidence of approvals should be maintained and securely filed. Any deviations from POPP (such as exceptions to standard travel entitlements) must be cleared with BOM/OFRM/ASD before implemented.

d. Designating three authorities for PCC&MEC procurement

The head of office has the authority of approving manager for all POs, non-PO vouchers, and prepayments, and may also be provided the authority of project manager for all projects belonging to his or her office. The head of office is responsible for designating in writing three authorities according to the provisions of this guide, including identifying alternates. Designation in writing should be maintained and securely filed.

The head of office may decide that, for low value payments under BDT 1.5 lakhs, the approving manager may exercise both the first and second authorities on a transaction. This decision must be documented, maintained, and securely filed. Otherwise no one person can exercise both authorities on the same transaction.

Project managers. For each management or project directly implemented by PCC&MEC, the head of office must formally designate a project manager and ensure that the designated manager is aware of his or her responsibilities and accountabilities. This written delegation should be securely filed. The project manager exercises first authority designated from the CPO per financial rule 120.01(a). The designation should describe the responsibilities and the authorities of the project manager, such as the authority to initiate and to approve e-procurement requisitions and requests for non-PO payments and prepayments.

Approving managers. The head of office must formally designate for the office a number of approving managers who must be staff members. This formal written delegation should be securely filed. The approving manager exercises second authority designated from the comptroller per financial rule 122.01(b). Approving managers should include, at minimum, the ED, the DPD, the DRRs, and the operations manager. Approving managers may also include programme officers where the head of office has assurance that these staff members have strong knowledge of PCC&MEC procurement rules and **can independently review the authority exercised by the project manager**.
This designation by the head of office authorizes the selected staff members to enter into contracts on behalf of PCC&MEC, that is, **to approve and sign POs, SCs, ICs, travel authorizations, and contracts for works**. The designation should precisely describe the responsibilities and the authorities of an approving manager, such as the authority to approve POs, non-PO payments, and prepayments up to certain thresholds. The head of office must also confirm with these staff members that they understand the requirements of POPP regarding procurement, including ensuring that the ACP or the RACP approval has been sought and granted prior to approving POs that exceed the threshold of approval of the office. In HO units, the 'approver 2' role within the Atlas T&E module performs this role for duty travel.

Disbursing officer. For offices that make payments out of bank accounts controlled by them, the head of office must designate a disbursing officer to (a) review and approve pending disbursements, (b) release EFTs, or (c) exceptionally sign PCC&MEC cheques in smaller offices,. The disbursing officer exercises third authority per the requirements of financial regulation 20.02 (b).

e. Designating bank account signatories

While only the treasurer can open and close PCC&MEC bank accounts, the RR has delegated authority from the treasurer to designate staff members to serve on the signatory panel of local PCC&MEC bank account(s). These delegations should be maintained and securely filed. Only PCC&MEC staff members can be designated a bank account signatory. This nomination is based on the ability of the staff member to fulfil the responsibilities associated with this role and, once appointed by the RR, cannot be further delegated. Delegation comes with these conditions:

- The number of bank account signatories should be kept to a minimum, but there must be adequate coverage during absences from the office;
- Two junior professional officers cannot sign jointly;
- Changes should be communicated directly to the bank with a copy to the treasurer (for zero balance accounts, treasury must inform the bank);
- To achieve segregation of duties, signatories must not prepare the bank reconciliation, create A/P vouchers or deposits, nor approve vendors in Atlas.

f. Assigning Atlas user profiles to staff members

All requests for personnel access to Atlas require authorization of the head of office. The head of office must designate an ARGUS focal point who is responsible for initiating user profile requests (i.e., new/modify/delete), and ensuring their approval by the head of office. These delegations should be maintained and securely filed. Once approved in ARGUS, the user profile request gets processed (i.e., access rights assigned) and a notification is sent to the user with the credentials. The head of office must provide written instructions to the ARGUS focal point that are consistent with the requirements of this guide and, on a monthly basis, review the list of staff members and their Atlas user profiles. The table in Annex C correlates standard Atlas profiles to business processes,

For requests that do not conform to standard ARGUS profiles, approval must be provided by the head of office and a request submitted to atlas.security@pccandmec.com

g. Designating staff members to receive supplemental roles in Atlas via ARGUS

Certain sensitive Atlas roles are not contained within the standard Atlas user profiles because, given the risks involved, they require the careful consideration and approval of the head of office for their assignment to staff members. These functions are vendor approvals, override match exceptions, and retirement of assets.

The right to approve vendors in Atlas must be restricted. The recommended number of vendor approvers is two per Atlas business unit. If a head of office believes there is a business case for more than two approvers, the request with justification should be sent to the comptroller for consideration.

h. Designating staff to enter information into DMS and a staff member with approving manager level to authorize information in DMS

The head of office should assign staff responsible for entering information into DMS and assign staff responsible for authorizing information in DMS for GSSC to record revenue agreements; asset additions, transfers, and disposals; leases; leasehold improvements; construction contracts; and expenses. It is recommended that two persons are assigned the responsibility for performing authorizations in DMS for revenue, asset, and expense management respectively.

i. Defining a budget override policy

Cash-controlled funds. In Atlas, all cost-sharing and EU contributions are defined as 'cash-controlled funds.' According to PCC&MEC FRR, offices do not have authority to enter into commitments in the absence of available cash. Use of the Atlas commitment control (KK) module enforces this control by ensuring that only those POs, vouchers, and journals entries that have funds available (i.e., pass budget check) can be finalized.

Nevertheless, given that special circumstances in a particular office may justify short-term deficits, the head of office is responsible for defining a budget override policy for the office according to risk management guidelines for contributions by donors to 'other resources,' which specify circumstances for the committal of resources even though 100 percent of contributions have not been received. Prior approval of the budget override policy must be sought from and provided by the comptroller (bom.ofrm.riskmanagement@pccandmec.com). Evidence of this approval should be maintained and securely filed. This policy should outline the circumstances under which a budget override is acceptable and who is authorized to override the budget exception in Atlas as well as monitor the usage of overrides. Where an override has been exercised, the responsibility of the head of office is to ensure that funds are received within 30 days, unless special conditions are agreed to and applied by the donor. However, such special conditions, which should be contained in the office budget override policy, must be pre-approved by the comptroller. If funds are not received within 30 days unless otherwise noted above, this matter must be communicated to the head of the respective regional bureau as well as to the comptroller.

For projects funded by the European Union (EU), the head of office has blanket authorization to utilize a budget-override to address the withheld amounts of EU funded projects, provided that the following conditions are met:

- The CO formulates its budget override policy;
- The blanket budget-override authorization for EC funded projects applies only to the withheld amount of EC funding; and
- If final payment of the withheld amount by EC remains unpaid for any reason (e.g., due to non-compliance with the EC agreement such as inadequate donor reporting), the CO replenishes any deficits created from its own alternative resources (e.g., extra-budgetary funds), or the Regional Bureau covers the replenishment.

The budget override monitoring tool has been developed to assist the head of office in performing his or her monitoring of the usage of budget overrides within the office.

Authorized spending limit (ASL) controlled funds. In Atlas, all core resources and some non-core resources (e.g. open trust funds, thematic trust funds and SIDA trust funds) are defined as 'ASL-controlled' and are funded through the ASL. The ASL represents an 'authorization to spend' from the fund manager. Offices must not enter into commitments that exceed ASLs.

j. Ensuring that manual payments are kept to a minimum

'Manual payments' are defined as payments made outside Atlas and subsequently recorded in Atlas. Offices may make manual payments only when (i) the office is unable to connect to or complete a transaction due to poor system performance or connectivity with Atlas, and (ii) the payment is needed immediately due to an unavoidable emergency. All manual payments must be recorded immediately thereafter in Atlas. All supporting documentation for these manual payments should be maintained and securely filed. Offices are authorized to issue up to five manual cheques per month, and the circumstances for making such manual payments must be recorded in writing. If this maximum amount is inadequate, then the head of office must request prior authorization from the comptroller to exceed this limit.

k. Ensuring that chequewriter software is installed and used to generate cheques

Use of the software ensures encryption of Atlas payment data transferred to the cheque, thus reducing the risk of error or fraud in cheque preparation.

l. Defining a supporting documentation policy

In line with PCC&MEC FRR and POPP on records management, the head of office must ensure that adequate supporting documentation is maintained (e.g., documentation of a competitive procurement process). This supporting documentation may be maintained in an electronic format, but only in compliance with the PCC&MEC e-document management policy and digitization guidelines on document scanning. Where supporting documentation is not maintained in electronic format, hard copies should be maintained and securely filed for a minimum of seven years to support transactions recorded in Atlas.

m. Certifying the accuracy of the asset register

The head of office is accountable for ensuring complete and accurate records of assets within his or her office in the Atlas asset module. Specifically, the head of office must personally certify the mid-year (i.e., at the end of June) and annual asset certification letter (i.e., at the end of December). This letter includes the certification of assets used and controlled by PCC&MEC such as equipment and furniture, building leases, equipment leases, land and buildings owned by PCC&MEC, and leasehold improvements. He or she must designate an individual to be responsible for the physical verification of assets and reconciliation; this individual cannot be the same person as the asset focal point or the asset manager. The head of office must also designate

a staff member to initiate asset transactions and a staff member to authorize transactions for subsequent recording by GSSC in Atlas.

At the end of the asset verification exercise, the head of office personally signs the Atlas asset management in service detail report, the acquisition report, the disposal report, the adjustment report, and the summary report to certify that all are accurate, that the items in these reports match the physical count of the items on office premises, and that the disposal report is supported by CAPC or ACP minutes and approved by the head of office or the CPO as required. The reports should be maintained and securely filed as evidence of review.

The head of office also ensures (i) that items that cannot be located are marked as exceptions, and any discrepancies in the assets, the asset item number, description, locations, and the reconciliation performed are documented; (ii) that action is taken to conduct a review and recommendations for write-off with the appropriate justification through the CAPC or the ACP; and (iii) approves the write-off where within the head of office's authority, or ensures the CPO has approved the write-off; and (iv) communicates the approved write-off to GSSC for recording in Atlas.

n. Certifying the accuracy of the inventory control report

The head of office is accountable for ensuring complete and accurate records of inventories at the various storage locations owned and/or controlled by the CO. Specifically, the head of office must certify the inventory control report prepared for each quarter of the year based on the quarterly physical count. The head of office must designate an individual to be responsible for the physical count of inventory. This person should not be the same person as the inventory focal point.

At the end of the inventory physical count, the head of office signs the inventory control report to certify that it is accurate and complete and that the items in the report match the outcome of the physical count. The quarterly inventory control reports and the certifications must be submitted to the chief of accounts via the OFRM/Accounts Division SharePoint system.

The head of office should also ensure that (i) items that cannot be located are marked as variances, and all discrepancies and reconciliations are documented in the stock cards; (ii) action is taken to conduct a review of physical count results; and (iii) all adjustments to the balances of inventory records are approved by the inventory manager.

o. Ensuring that the office's internal control procedures are documented

The head of office is responsible for ensuring that the office's internal control procedures are documented. Periodically and at least annually, the head of office should update and sign the office's documented internal control procedures and file them for future reference and audit. This document should include a record of authorities delegated, designations made and Atlas profiles authorized by the head of office, and reasons for non-compliance with the requirements and best practices suggested in this guide.

In the normal course of business, staff members may identify weaknesses in the ICF of the office or areas of non-compliance. The head of office should establish procedures to facilitate receiving staff's reports of weaknesses or non-compliance per financial rule 102.02. The head of office is responsible for taking remedial action if, in his or her best judgment, non-compliance poses an operational risk to the office.

p. Designating safe custodians

As prescribed under PCC&MEC's safe management policy, the head of office is responsible for designating safe custodian(s) and alternate safe custodian(s) to monitor the activities of the office safe. In addition, the head of office is responsible for ensuring that he or she receives a monthly report on the contents of the office safe from the designated or alternate safe custodian(s) and for reporting annually the cash balance of the office safe to BOM/OFRM/Treasury as a part of the year-end closing procedure.

q. Submitting period-end certifications

The head of office should certify all period end certifications and submit them to BOM/OFRM/Chief of accounts in a timely manner based on the closing instructions. These would include the following:

- Certification of leave
- Certification of absence data
- Certification of prepayments
- Certification of the receipt accrual report
- Certification of outstanding common services balances
- Certification of inventory
- Listing of A/R for provision for doubtful debts and write-offs
- Fixed asset count and submission of asset certification report
- Petty cash certification
- Bank certification
- Bank account list and bank accounts signatory panel
- Office safe inventory report
- Local currency investments
- Contingent liabilities including guarantees and letters of credit
- In-kind contributions such as government contributions to local office costs (GLOC) and others

Project managers

The project manager has the authority to run the project on a daily basis on behalf of the project board within the requirements set by the project board. The project manager is responsible for day-to-day management and decision-making for the project. The project manager's prime responsibility is to ensure that the project produces the results specified in the project document,

to the required standard of quality and within the specified constraints of time and budget. The broad responsibilities of project managers include:

- Preparing annual budgets and work plans for approval by office management;
- Achieving the outputs described in the work plan;
- Reviewing budgets and work plans on a monthly basis and bringing to the attention of senior management any proposed changes;
- Preparing procurement and recruitment plans for the project and monitoring activities based on the plans developed;
- Monitoring project activities and initiating the designation of projects as operationally closed, then financially closed;
- Submitting signed contribution agreements to designated finance staff for uploading to the DMS;
- Reviewing A/R in Atlas for their projects and following up with donors on outstanding amounts;
- Regularly reviewing Atlas project reports, ensuring that revenue, commitments, expenses, and disbursements are complete and accurate, and detecting erroneous or unauthorized charges;
- Ensuring the physical safeguarding of project assets; and.
- Ensuring that funds are adequately reserved to cover the full cost of staff.

a. Approving e-procurement purchase requisitions and requests for non-PO payments as the first authority

As first authority, project managers are responsible for approving e-procurement requisitions using the correct procurement catalogue and correct item in Atlas (e.g., for procurement, recruitment of IC, travel, etc.) and requests for non-PO payments (i.e., approves the payment request form for payment of a training workshop under BDT 50,000) and prepayments.

The concept of first authority applies only to those commitments and expenses[8] directly managed by PCC&MEC such as commitments and expenses in management projects, projects implemented by PCC&MEC, and projects implemented by national institutions where the office provides support to the national institution. **It does not apply to projects implemented by national institutions where the** PCC&MEC **role is limited to issuing advances and/or direct payments.** Refer to 'Transactions at the request of an implementing partner (government or NGO)' (page 51) for more information on the office's responsibilities for projects implemented by national institutions.

All procurement activities should commence with a requisition, Therefore, all project requisitions must be entered in the Atlas e-procurement module and approved by these project managers.[9]

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[8] Refer to PCC&MEC Financial Regulations and Rules for definitions of terms

Project managers approve the requisition after confirming that:

- Activities to be financed are within the PCC&MEC mandate;
- The requisition is consistent with the project work plan;
- Requisitions are properly prepared;
- The COA on the requisition is correct;
- The requisition specifies the items to be purchased (i.e., includes specifications) and how it will be paid.

Project managers approve the request for non-PO payment after confirming that:

- Activities to be financed are within the PCC&MEC mandate;
- Payment complies with procurement under (i.e., under BDT-50000) or other applicable guidelines; and
- Goods were received, services were performed, and works milestones were reached.

b. Verifying receipt of goods, services, and works including ICs and SCs

Project managers are responsible for verifying satisfactory receipt of goods, services, and works on a timely basis. They must record the receipt accurately and in a timely manner and inform the programme assistant or the finance officer who records the receipt in Atlas as part of the 'three-way matching' process. The receipt date plays a very crucial role in (i) triggering the recording of expenses where applicable, (ii) recording of fixed assets, (iii) title and insurance, (iv) management and control and (v) all the rights associated with the item.

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 copied to the operations manager, so that the finance unit is aware of the delegation. Copies of this delegation should be maintained and securely filed. The following scenarios may apply:

- The project manager or his or her designate documents receipt on the invoice and/or goods received note (GRN) and forwards the invoice and/or GRN to the finance unit to record in Atlas the receipt of goods, services, and works and the related payment voucher.
- The project manager or his or her designate directly records the receipt of goods, services, and works in Atlas and uploads all authorized GRNs to DMS as required by POPP.
- For goods that are procured under freight-on-board (FOB) type international commercial (INCO) terms, the receipt must be recorded in Atlas when risk has transferred to PCC&MEC, which occurs prior to physical delivery. These cases require an additional step to confirm physical delivery in Atlas. For assets, acknowledgement of physical receipt (e.g., GRN) must be forwarded to the asset focal point who then places the asset into service in the Atlas asset management module, which serves to verify physical receipt in Atlas. For non-asset FOB transactions, physical receipt must be acknowledged in the receipting screen once the goods are received on-site.

In many offices, the staff member who physically receives the goods confirms receipt of goods and forwards such confirmation to the project manager for written approval before recording the receipt in Atlas. Remember: The receipting of goods, services, and works must not be performed by staff members with the buyer profile.

For individual contract POs, in addition to creating a receipt in Atlas, offices must document satisfactory performance of services; such documentation could be a time sheet and/or a deliverable such as a report, depending on the circumstances. Similarly, for service contract POs, offices must ensure that time sheets are completed. This supporting documentation should be maintained and securely filed.
Note: While receipting is not required for daily subsistence allowance (DSA) POs, offices must nevertheless ensure that travel claims are securely filed.

c. Sending project budget to commitment control

Prior to sending budgets to PCC&MEC headquater, the project manager must ensure that:

- The activities and inputs have been correctly entered and are consistent with the annual work plan; and
- For activities with non-core resources, the contribution has been received. If the project must commence immediately and if core resources are sufficient to start 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.

In addition, project managers are responsible for ensuring that project budgets are entered into Atlas on a multi-year basis, if projects last more than a year. In principle, total budgets entered into Atlas should be no greater than the sum of opening project resource balances (i.e., ASL or cash limit), contributions received and applied, interest income, transfers if any, and outstanding receivables, unless otherwise explicitly instructed by the head of office

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

Note: While the project manager is accountable for ensuring the above prior to sending the project budget to KK, the head of office may decide that project managers should document their acceptance of the project budget outside Atlas and then request the finance staff to send the budgets to KK. The project manager is responsible for ensuring that the Atlas project budget matches the approved hard copy project budget.

d. Opening and closing projects

The project manager is responsible for monitoring project activities and initiating the designation of projects as operationally closed and then financially closed. The finance unit of each office is responsible for reviewing ongoing projects and coordinating with project managers to initiate

financial closure. The timing for a project to be 'operationally closed' should be the project end date as indicated in the signed cost-sharing agreement or project document.

e. Authorizing prepaid voucher request

The project manager is responsible for requesting prepayments, and ensuring that the prepayment request is appropriate and accurate according to terms of the contract or agreement per financial regulation 125.11(a). A prepaid voucher request form must be completed and include the vendor name and ID, the related PO number and amount, the reason for the prepayment, and COA information. The project manager must approve the hard copy prepaid voucher request before forwarding it with supporting documentation, such as a contract, agreement and/or terms of reference (TOR) to finance for voucher creation.

Buyers (covering purchase orders for goods, services, works, individual contracts, service contracts, and travel)

a. Creating purchase orders

A buyer must be designated for every PO. The name of the buyer is attached to the PO in Atlas. The responsibilities of a buyer include:

- Undertaking procurement only on the basis of **an approved requisition;**
- Conducting procurement and contracting process according to POPP (see <u>contract, asset, and procurement management</u>);
- Ensuring that the shipping terms and the payment terms outlined in the contract comply with POPP (see award of contract and payment and taxes);
- Obtaining a written justification from the project manager where the procurement process did **not** comply with POPP, then bringing the exception to the attention of the approving manager prior to approval of the PO;
- Reviewing supporting documentation received from the vendor and the shipper, to verify that that the vendor has passed the goods over to the shipper.
- Following up with both the vendor and shipment carrier if necessary and notify the requester and/or the programme manager about the shipment, so that the requester knows when to expect the physical receipt of the goods.
- Forwarding payment information to finance to pay the vendor.
- Maintaining supporting documentation for audit purposes (e.g., approved requisitions including TOR, goods specifications, advertisements, process for shortlisting, scoring of the vendors or candidates, CAPC minutes, exceptions to procurement rules, and hard copy records of new vendors);
- Ensuring that the PO requires receipt in Atlas (refer to note below);
- Ensuring that correct 'bill to' and 'ship to' locations have been entered;
- Ensuring that correct payment terms have been entered; and
- Ensuring that correct shipping terms (i.e., INCO terms) have been entered.

After creating the PO, the buyer notifies the approver that the PO is ready for approval. In most offices, notification is through email. The buyer also forwards any necessary supporting

documentation, either electronically or hard copy, that the approving manager needs to approve the PO. After approval, either the approving manager or the buyer performs the budget check.

Note: All POs must be set up as 'receipt required,' except DSA payments, recurring PO voucher contracts for SCs, and travel. However, buyers must not perform the receipting of goods, services, and works.

b. Creating vendors

After completing the procurement process, the buyer checks whether the vendor exists in Atlas; if not, the buyer creates but does **not** approve the successful vendor in Atlas. The buyer must verify that this vendor is legitimate, not listed on the UN Global Market Place (UNGM) list of suspended or removed vendors, which subsumes the Security Council 1267 Committee's list of terrorists and terrorist financiers, PCC&MEC's list of suspended or removed vendors, and other required lists.

c. Completing the 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 procurement, travel, or HR units, or could be forwarded to the finance unit.

Approving manager

Approving managers approve POs, including contract for services or works, and non-PO payments in Atlas; and their access to Atlas is defined at three threshold levels: 'level 1' less than US$5,000; 'level 2' less than US$30,000; and 'senior managers' who have no restriction in Atlas.

As second authority, approving managers must be independent of the project manager (first authority) and the disbursing officer (third authority). Therefore, where a staff member is both a project manager and an approving manager, he or she should not approve POs and non-PO payments for his or her own projects.

There are two possible exceptions to the above paragraph. The first is where the project manager is also the head of office. In this situation, it may not be realistic to expect an approving manager, who reports to the head of office, to act as an independent check to the actions of the head of office, given their fiduciary relationship. The second is where the payment is less than US$2,500. For such payments, the head of office may decide to allow and to designate formally the same person to approve the request for non-PO payment **and** to approve in Atlas the non-PO payment voucher.

a. Approving POs, non-PO payments, and prepayments in Atlas as second authority

Responsibilities of the approving manager include:

- Confirming that the commitment or payment is aligned with the PCC&MEC mandate and consistent with the project work plan, the accuracy of the chart field, and the accuracy of the amount. The project manager should already have conducted such confirmation but the approving manager as second authority is responsible for independent confirmation;
- Ensuring that the items selected were done in terms of the correct procurement catalogue and item;
- Ensuring that the travel has been authorized by the traveller's supervisor, and that the <u>travel entitlements</u> are valid;
- Discussing concerns, if not satisfied with the above, with the project manager and/or the buyer and requesting further supporting documentation;
- Ensuring that CAPC, ACP, or RACP approval is attached when required, the award of contract duly was approved by the head of office or by the CPO, and any exceptions are fully justified and documented;
- Ensuring that the correct PCC&MEC standard contract has been signed and any deviations have been approved by BOM/LSO;
- Confirming that correct 'bill to' and 'ship to' locations have been entered;
- Confirming that correct payment terms have been entered;
- Confirming that correct shipping terms, such as international commercial (INCO) terms, have been entered.
- Reviewing appropriate supporting documentation prior to approval of the PO, such as approved purchase e-requisition; approved work plan; TOR ('services') or specifications ('goods'); list of shortlisted suppliers or candidates; quotes for procurement; minutes of the relevant meeting of the CAPC and/or of the ACP, and approval of minutes by head of office or CPO; detailed evaluation sheets; and unapproved PO or contract;
- Ensuring that all supporting documentation is maintained and securely filed; and
- Ensuring that all GRNs are attached, authorized, and uploaded to DMS

When approving POs, the approving manager's additional responsibilities include:

- Confirming that the purchase requisition was properly approved;
- Confirming that the procurement and/or recruitment rules were followed and that value for money was achieved;
- Confirming the appropriateness of exceptions brought to his or her attention by the buyer, including non-compliance with the procurement process under POPP. In such cases, after reviewing the written justification from the project manager for non-compliance, the approving manager may decide whether to approve the transaction or to refer the transaction to the head of office for review and approval, based upon an assessment of the risk involved.

Additional responsibilities for non-PO payments include confirming:

- That the request for payment was approved by the project manager (first authority);
- That the non-PO payment complies with procurement rules;
- The appropriateness of exceptions brought to his or her attention by the finance staff; and
- That there is no reason not to make the payment.

To fulfil the responsibilities described above, the approving manager must review supporting documentation in either electronic or hard copy. The list of documents varies depending on the nature of the transaction and the approving manager's assessment of the risk involved. Therefore, the head of office must provide some guidance on this matter.

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

- Approved work plan;
- TOR ('services') or specifications ('goods');
- List of shortlisted suppliers/candidates;
- Quotes for procurement between BDT-50001/- and Above
- Curriculum vitae of shortlisted IC/SC candidates;
- CAPC minutes and/or ACP minutes as well as approval from the head of office and/or the CPO;
- Detailed evaluation sheets; and
- Unapproved PO or contract.

All supporting documentation should be maintained and securely filed.

For non-PO 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; and
- Justification of non-issuance of a PO if the amount is more than UBDT-100000/- for procurement-related activities.

All supporting documentation should be maintained and securely filed.

b. Signing contracts and POs

The staff member who approves the PO in Atlas is committing PCC&MEC and is accountable for compliance with PCC&MEC procedures. Therefore, PCC&MEC does not require a separate signature on the hard copy PO. However, most vendors require a signed PO as evidence that PCC&MEC has authorized the commitment, and so the staff member who approved the PO in Atlas should also sign the standard PCC&MEC hard copy PO[10], contract for services or works. Hard copies should be maintained and securely filed. No signature is required if the vendor can accept an electronic PO dispatched from Atlas.

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[10] In any event, the accountability remains with the staff member who approved the PO.

c. Verifying that assets are properly capitalized

Approving managers must verify that all items have been appropriately selected in the procurement catalogue. This verification supports the correct capitalization and the Atlas asset certification process by the head of office.

d. Approving general ledger journal entries

Approving managers exercise the authority to approve GLJEs created by finance staff by reviewing, submitting and posting the GLJEs submitted to them for approval, within their authorized limits. The approving manager who approves GLJEs should possess sufficient knowledge on key accounting principles and concepts. Supporting documentation for GLJEs should be maintained and securely filed.

e. Verifying accuracy of prepayment voucher

The approving manager is responsible for ensuring that the prepayment voucher was accurately created and that the prepayment is appropriate according to the supporting documentation and payments were made per financial rule 125.11(a). This review should include confirming that there is a valid reason for the prepayment, that the prepayment amount is appropriate, conforms to the terms and conditions of the agreement and PO, and that COA information for the prepaid voucher is the same as for the related PO.

Programme officers

Programme officers are generally responsible for a portfolio of projects, usually development projects. Their responsibilities include ensuring that their projects are prepared and monitored according to POPP (see financial closure) and that all projects for which they are responsible are properly opened, awarded, operationally closed, and financially closed in Atlas following agreed supporting documents (e.g., project document, contribution agreements, etc.). This responsibility applies regardless of the implementation arrangements for the project.

Responsibilities of programme officers include:

- Creating a proposal in Atlas, though data entry may be delegated;
- Preparing and clearing the project's annual work plan (i.e., inputs, activities, and outputs);
- Ensuring that projects are planned and approved according to POPP;
- Monitoring whether project activities, commitments, and expenses align with the project's annual work plan, including progress toward outputs and outcomes;
- Maintaining, filing, and managing copies of all key documents relating to the projects (e.g., project documents, contributions agreements, and audit reports);
- Managing and monitoring advances issued to implementing partners;
- Entering into Atlas multi-year budgets if the project continues for more than a year based on approved documents (e.g., project documents, contributions agreement, resource planning framework, institutional budget issued, etc.) before submitting the budget to the programme manager;

- Ensuring that donor requirements including payment schedules of contributions and A/R are adhered to;
- Ensuring that project assets are properly maintained and recorded;
- Ensuring that project procurement plans are prepared and submitted; and
- Ensuring that proper operational and financial closure of projects in Atlas on a timely basis according to agreed supporting documents.

Position administrator

The position administrator is a relatively senior staff member within the HR unit. While this staff member has a number of important responsibilities, from a control perspective the most important is 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.

Position administrators create positions and use the position distribution page to associate them against a chart field. For the most part, position administrators use only chart fields that belong to his or her office; however, there may be exceptions where positions are charged to more than one chart field. Atlas positions must be created for locally recruited staff functions.

The responsibilities of a position administrator include:

- Ensuring that, for PCC&MEC positions charged to a PCC&MEC chart field, the request was properly approved by the head of office and is **not** funded from regular resources;
- Reviewing the level of the position to make sure it is consistent with the position description, and bringing any concerns over level to the attention of the operations manager or the head of office; and
- Receiving confirmation from the finance unit that funds are available for the position. 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 are fully detailed in the position request template and include:

- The approval by the head of office of the request for the position, since authority to create positions has been delegated to the head of office, excepting those positions that must be approved by the Executive Board;
- Job description with expected duration and start date; and
- Confirmation of funds availability from the finance unit.

For a complete list of the guidelines, procedures, and delegations of authority for creating posts, see user guide for position management.

Note: Designated Atlas users (e.g., senior managers in HOs and super-users at HO units) receive email notification every time new data is entered or updated on positions, including hires and

terminations described below. Data entry is reviewed by super-users and, where corrections are required; action is requested from the HO user or taken immediately on their behalf. In all cases, the users are informed by return email. This process allows super-users to troubleshoot immediately, thereby reducing the usage of reports and queries to identify errors.

Human resources staff

Staff members in the human resources unit are also responsible for the Atlas processes of (a) hire and termination, (b) organization events, and (c) life events. As with position management, the approval or authorization generally takes place outside Atlas. Therefore, human resources staff must ensure that, prior to taking action in Atlas, all the necessary approvals have been obtained. Human resources staff who perform these functions require the Atlas profile 'HR administrator.'

a. Hire and termination

In Atlas recruitment is referred to as 'hire.' Hire applies also to rehires (including retirees), contract changes, and transfers and secondments to/from other agencies into PCC&MEC.

The responsibility of the human resources staff is to confirm that the recruitment process and the contract comply with PCC&MEC procedures and to bring any concerns to the attention of the operations manager or the head of office. The human resource staff must ensure the following supporting documentation at a minimum is available prior to hire in Atlas:

- Interview report signed by head of office;
- Job vacancy announcement/job description with expected duration and start date;
- Job offer signed by head of office;
- Confirmation that the length of contract does not exceed restrictions; and
- Compliance review panel (CRP) endorsement where mandated.

For terminations, the documentation varies depending on whether the termination is due to resignation, contract termination, or dismissal. A complete list of the documentation necessary for hire and termination is within POPP. Note: The head of office does **not** have authority to dismiss staff members; that authority resides within HO.

b. Organization events

'Organization events' 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 events, such as reassignments and special leave with full pay, have a large financial impact. Others, such as promotions, application of disciplinary measures, and suspensions, have a significant career impact. In all cases, organizational events are an offshoot of an earlier agreement with the employee, made at the time of hire, and related specifically to contract type and employment expectations. As such, organization events are implicitly committed 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, such as 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 must receive and store authorizations electronically or in hard copy.

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 and 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, and repatriation grant). Some of these life events, such as removal expenses and repatriation grant, have a large financial impact. Others, such as sick leave, paternity leave, and overtime, have a significant career impact. Life events are implicitly committed 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 as evidence for dependency allowance) or authorization triggers (e.g. doctor's certificate authorizing extended sick leave).

Finance staff (including the programme support unit)

Finance staff have the Atlas profile of 'finance' and the main functions of:

a. Generating awards in Atlas

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

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

b. Communicating information on contribution agreements to GSSC

Programme officers are responsible for submitting signed cost-sharing and trust fund agreements and, in cases of government cost-sharing, signed project documents to the finance staff for uploading to DMS on a timely basis. Finance staff must complete the necessary information in DMS and upload information to DMS and submit for authorization by the approving manager (usually the project manager) for subsequent recording by GSSC.
Information in DMS should be updated for outstanding milestones like deposits and approved reports as soon as these milestones are achieved and information is reported.

Contributions received both at HO units and HO bank accounts are applied based on the account receivable item created by GSSC, hence, the importance of ensuring that all signed agreements are authorized for processing by GSSC on a timely basis.

c. Creating vouchers

Finance staff receive invoices or requests for payment. Before creating the payment 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 chart field is correct;
- Confirm that the payment has not already been made;
- Verify vendor banking details by, for example, comparing the banking details on the invoice to the vendor record;
- Ensure that credit notes received will be offset against the amount to be paid;
- Ensure that payments are entered into Atlas with the correct due date, so that the payment can be scheduled according to the agreed-on payment terms; and
- Ensure that proper supporting documentation is attached and/or available.

For PO payment vouchers, finance staff must also:

- 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, the project manager or designate has recorded satisfactory receipt of goods and services in Atlas;
- Verify that, if the PO requires only two-way matching, satisfactory receipt of goods and services has been documented outside Atlas; and
- Bring any exceptions to the attention of the approving manager who approved the PO.

For non-PO payment vouchers, finance staff must also:

- Verify that the request for non-PO payment is approved by the project manager and, if applicable, verify satisfactory receipt of goods and services;
- Verify that the payment does not require a PO, that is, the amount is less than Upto BDT-50000/-;
- Verify that the payment complies with PCC&MEC procedures; and
- Obtain explanations for exceptions from the project manager and bring them to the attention of the approving manager prior to his or her approval of the non-PO payment.

For prepaid voucher requests, finance staff must also:

- Ensure that the terms and conditions of payment are consistent with the PO or contract document;

- Verify that no other prepayments have been made against the PO; and
- Ensure that the COA information for the prepaid voucher is identical to the PO COA

d. Overseeing Atlas matching of PO payments

Once a day, the automated three-way matching process is run in Atlas. If the matching process is successful, the payment is approved automatically 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 PO, but within the tolerances—tolerance is 10 percent or BDT-1,0000/-, whichever is lower—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.

e. Routing the non-PO voucher to an approving manager for approval

After creating the non-PO payment voucher, finance staff notify an approving manager that the non-PO voucher is ready for approval. In most offices, such notification is by email. Finance staff also forward any necessary supporting documentation that the approver needs to approve the non-PO voucher. All supporting documentation should be maintained and securely filed.

f. Filing supporting documentation

After creating vouchers (non-PO, PO, and prepaid), finance staff are responsible for filing the supporting documentation (e.g., invoices, travel claims, financial reports, etc.). The office may consider maintaining one set of files by PO number for PO payments and another set by voucher number for non-PO payments. The PO files should include the signed PO and all invoices related to the PO. Alternatively, the files could all be organized by voucher numbers and POs by PO number. Electronic filing systems for supporting documentation may also satisfy this role to the extent prescribed in the relevant guidance and policy established by the head of office.

g. Reviewing financial status of office each month

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

- Overdue cost-sharing and any potential shortages of resources;
- Cash status of non-core projects against commitments and disbursements to ensure that these projects have cash available at all times to meet commitments and disbursements. If staff determine that cash is not available, or that planned commitments and disbursements will exceed available cash, then a revision of the cash schedule of the cost sharing agreement should be made;
- POs in Atlas to ensure they are complete or closed;

- Forecast of projected extra-budgetary revenue, commitments, and disbursements, and identification of deficits;
- Ageing of outstanding prepayments;
- Collection of A/R, funds received in advance, and pending milestones relating to contribution agreements;
- Open POs to determine whether they should be closed;
- Funds availability for each project to ensure that there are sufficient funds to cover the duration of existing staff positions, since Atlas does not check this automatically;
- Status of projects in terms of whether they are inactive or require operational or financial closure;
- Contents of the office safe to report its contents to the head of office as prescribed in PCC&MEC's safe management policy.

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

Note: Cash balances maintained must be sent annually as part of the year-end closing procedure to BOM/OFRM/Treasury with a copy to the director of the respective bureau. In addition to the balance of cash held, the head of office may wish to report on any other items of significance or items that may pose a risk to the organization at any time, based on the judgment of the head of office.

h. Preparing bank reconciliations

Regular bank reconciliations are an essential internal control, and finance staff are usually responsible for preparing the bank reconciliation in most offices. However, as noted in 'Segregation of duties,' the staff member responsible for preparing the bank reconciliation must not be a bank signatory and must not be able to approve vendors or approve vouchers.

Once the bank reconciliation is completed, it should be submitted to a supervising officer for review. Both staff members should sign the bank-to-book reconciliation (B2B) report where indicated and this hard copy should be maintained and securely filed for audit inspection. Soft copies of the relevant cash-book and reconciling entries should also be kept (reports C and D of the B2B report). This maintenance is essential for internal control and audit requirements and for use if the account later becomes unreconciled. Keeping a back-up helps to trace back to the last successful reconciliation and to assist the reconciliation from that point forward.

i. Reconciling petty cash

Pursuant to financial rule of PCC&MEC, each head of office may hold a petty cash account under these conditions:

- Petty cash advances may be made available to officials designated by the treasurer or his or her designate from petty cash accounts.
- The custodian must be a PCC&MEC staff member; however the treasurer may, where adequate safeguards are provided, authorize petty cash advances from petty cash accounts

to non-staff contract holders for development projects only up to an amount determined by the treasurer.
- These cash accounts must be maintained on an imprest basis.
- The treasurer defines the amount and purposes of each account. The amount held shall be the minimum compatible with working requirements. Please refer to POPP for proper use and reconciliation of petty cash accounts.

j. Managing the office safe

The head of office is responsible for ensuring that a safe access log is maintained with quarterly verification of safe contents and that safe contents are held in full compliance with POPP guidance on safe management.

k. Recording receipt of contributions

Finance staff records the receipt of contributions against the accounts receivable item, provided that the following documents are available:

- Notification of deposit into PCC&MEC bank account from the bank; or
- Receipt of a cheque.

Cheques received should be marked 'for deposit to PCC&MEC' as soon as they are received and deposited in the bank within one day.

l. Recording miscellaneous revenue

Finance staff record miscellaneous revenue that may result from the reimbursement for personal activities such as personal telephone calls or small amounts of cash received at the HO.

m. Running pay cycles

When pay cycle is run to initiate system cheques and EFTs, 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-on vendor payment terms.

Finance staff are responsible for ensuring that all disbursements are properly recorded in Atlas and verifying that the details of every disbursement (payee, bank information, and amount) match the payment details in Atlas.

Finance staff should use the internal PCC&MEC chequewriter software to automate cheque preparation, thereby reducing manual effort and risk of human error. Cheques should not be manually prepared (i.e., by manually entering date, payee, or amount) following pay-cycle processing.

n. Producing manual cheques

A 'manual cheque' is a cheque issued outside Atlas and subsequently recorded in Atlas. When recorded in Atlas, the payment type is 'MAN' for 'manual.' Manual cheques are a major control risk and should be used very exceptionally. The use of manual cheques circumvents all Atlas control features such as a budget check. If not done properly, there is also a risk that manual controls might be circumvented as well.

Manual cheques must be recorded in PCC&MEC accounts section immediately after issuance or, where PCC&MEC accounts section unavailable, as soon as PCC&MEC accounts section functionality is restored. The comptroller has authorized offices to issue up to five manual cheques per month; any additions require the written approval of the comptroller.

o. Creating general ledger journal entries

Finance staff create GLJEs based on accounting requirements. Any GLJEs created must be submitted in Atlas and sent for approval to the approving manager. GLJEs should not be approved by the same person who created or edited the GLJE. All supporting documentation should be maintained and securely filed for all GLJEs.

Payroll staff

Within the context of their work, the authorities, responsibilities, and accountabilities of the finance staff will be applicable to human resources administrators and the payroll staff responsible for approving, calculating or processing employee benefits. The payroll staff are responsible for ensuring correct calculation and recording of entitlements and benefits within the framework of the PCC&MEC common system of salaries and allowances or as approved by the human resources administrators.

Disbursing officer

The disbursing officer as third authority authorises pending disbursements. Third authority must be separated from first and second authorities and must be exercised by a PCC&MEC staff member. The disbursing officer:

- Authorizes pending disbursements by;
    o Ensuring sufficient funds in the relevant bank account; and
    o Reviewing the consistency of currency and amount between approved voucher and letter of instruction to the bank/cheque when manually prepared[11]
- And/or Exercises the role of Bank signatory as it relates to the method of payment including the following:
    o Signing of cheques;
    o Signing the transmittal letter to bank for local EFT interfaces; and

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[11] PCC&MEC Chequewriter software should be used for cheque preparation unless the cheque issuance is an emergency (e.g., under conditions when it is not possible to run paycycle).

o   Electronically approves payment via the local banks software.

Disbursing officer - payroll

The disbursing officer – payroll as third authority for HCM-Payroll processes, performs the final sign-off of monthly payrolls and authorizes that the payment be disbursed.

Bank account signatory

The 'bank account signatory' refers to staff who sign cheques, sign the transmittal letter to the bank for local EFT interfaces, and electronically approve payments via the local bank's software. To ensure adequate controls, bank account signatories should note the following:

- The appropriate use of cheques solely for PCC&MEC transactions includes two signatories on all items. Where adequate safeguards are provided, the treasurer may authorize the signing of cheques by only one signatory;
- All processes and responsibilities for administering local bank accounts, including rules regarding deposits, withdrawals, distributions, or wire transfers of funds, must be observed;
- Unused blank cheques must be kept in an office safe and may be accessed only by staff who are authorized to prepare checks but do not themselves have signatory authority;
- Unless otherwise authorized, no staff should sign cheques for which they are themselves the beneficiary;
- Presigning blank cheques is prohibited;
- Signatories who have changed duty station should be promptly removed from the panel;
- Staff from other agencies or Atlas agency partners cannot be signatories on PCC&MEC bank accounts, even for processing payments for that agency;
- PCC&MEC staff cannot be signatories on the bank accounts of other UN agencies or Atlas agency partners;
- PCC&MEC staff cannot serve as signatories on national execution (NEX)/NIM project bank accounts; and
- Bank account signatories cannot prepare bank reconciliations.

Vendor approver

The recommended number of vendor approvers is two per A/P business unit and is typically resticted to the finance specialist and the operations manager. If a head of office believes there is a business case for more than two approvers, then the request with justification should be sent to the Policy and Procedures Manager, OFRM, for consideration.

The vendor approver must ensure that the vendor is authentic. Verification may require obtaining supporting documentation of a bona fide business relationship between PCC&MEC and the vendor. 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. This supporting documentation should be maintained and securely filed. Should such a

signature not be available, the approving officer must otherwise obtain satisfactory evidence that the details are authentic prior to approval. Vendor approvers also must ensure that, before approving or changing vendor profiles, the vendor submitted for approval does not appear on the Security Council 1267 Committee's list of terrorists and terrorist financiers and is not on the PCC&MEC list of suspended vendors and removed vendors.

Furthermore, if the vendor cannot provide a letterhead, a certification of bank account details from the vendor's bank is required. When establishing a vendor record, the vendor approver must **ensure that the banking information is entered correctly**. He or she must also ensure there is a valid email address provided for PCC&MEC notifications to the vendor. Note: EFT is the preferred mode of payment whenever possible because it is cheaper and more efficient, eliminates cheque usage, and reduces risk. Vendor profiles and banking information must therefore be accurately set up in Atlas so that EFT payments may be successfully completed.

Asset manager

The asset manager, normally the operations manager, is responsible for the overall administration of assets and ensures that monitoring, reporting and following up takes place regarding asset management. The asset manager is responsible for:

- Authorizing all asset transactions services requests for GSSC to process in Atlas; and
- Physical safeguarding of management assets.

Assets focal point

The assets focal point is the individual entrusted with the day-to-day management of office assets. The assets focal point is responsible for

- Ensuring that assets are appropriately capitalized based on thresholds by review of the PCC&MEC Atlas asset reports;
- Initiating the necessary assets transactions in DMS in a timely manner for GSSC to process in Atlas;
- Regularly reviewing the asset module to ensure all assets are properly interfaced and recorded, and contacting PCC&MEC HO ASD, should there be problems with the interface;
- Ensuring that serial numbers (i.e., unique and sequential, without duplicate numbers) and locations are entered for each asset;
- Ensuring that asset acquisitions are recorded and tagged, including details on serial number, location and custodian, on a timely basis as soon as possible after receipt of the asset;
- Changing the in-service date, should this date differ from the receipting date;
- Changing the status of the asset to 'not in service' and subsequently adjust to 'in service' when the asset is functional and working;
- Ensuring that asset disposal submissions are prepared using the request for asset transfer or disposal (RATD) form and submitted to the local CAPC or ACP based on disposal values as required and approved by the RR;
- Ensuring that asset transfers are communicated to GSSC via DMS so that location changes in Atlas asset module are effected in a timely manner;

- Ensuring that a log of assets on loan to staff members is maintained and that, through separation clearance, such assets are returned by staff members when they are reassigned or separated from service. It is recommended that this log is reconciled on a quarterly basis throughout the year;
- Ensuring that adequate physical controls are in place so that assets belonging to PCC&MEC office are safe and secure (e.g., a secure gate to the compound where vehicles are parked, appropriately secured offices and asset storage areas);
- Ensuring that custodial attractive assets[12] are appropriately recorded and tracked outside Atlas using excel spreadsheets or any other application, should a business unit so wish, to ensure the management and safeguarding of such custodial items ;
- Assisting in the reconciliation of the results of the year-end physical verification exercise to the records in Atlas asset module;
- Preparing the certification letter after the physical verification of assets for review by asset manager and signature by the RR or head of office and subsequent submission to BOM/OFRM/ASD;
- Ensuring that Atlas asset management reports (i.e., the detailed report and the disposal, transfer, adjustment, and summary reports) are reviewed on a monthly basis and monitored for accuracy of the physical location of assets and their serial numbers, and that all disposals, adjustments and transfers have been recorded.

For HO, assets focal points must also inform BOM/OFRM/ASD of receipt of assets to ensure that they are tagged and scanned into Atlas against the relevant PO. This action is vital for the mid-year and year-end physical verifications and reconciliation of HO assets (see asset management).

Inventory focal point

The inventory focal point is the individual entrusted with the day-to-day management of inventory under the control of PCC&MEC and held at various storage locations of PCC&MEC. Where PCC&MEC inventory items are stored at third party warehouses, the inventory focal point is responsible for ensuring that PCC&MEC's policies and control procedures are applied on these inventory items. The inventory focal point ensures that:

- Inventory at storage locations owned and/or controlled by PCC&MEC are properly accounted for, physically counted on a quarterly basis, and reconciled to inventory records maintained at the storage locations;
- Variances between physical count results and inventory records balances are investigated, and any unreconciled, missing and lost items are brought to the attention of the head of office to obtain authorization before the inventory records are updated; and
- Appropriate planning is undertaken and resources mobilized for carrying out the quarterly inventory physical counts.

The inventory focal point is responsible for:

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[12] For more guidance on custodial attractive assets, refer to the POPP on asset management

- Coordinating for the completion of the inventory control report(s);
- Checking the accuracy of the application of the first-in-first-out (FIFO) method for calculating the cost of the inventory balances reported.
- Coordinating the inventory valuation to determine the value of the inventory balances reported;
- Ensuring the accuracy of the information reported on the inventory control report with respect to 'inventory in transit'; and
- Preparing the inventory control reports and certifications for review by inventory manager and certification by head of office for onward submission to BOM/OFRM on SharePoint.

Trust fund manager

Trust fund managers are appointed by the associate administrator for a specific trust fund, as prescribed under financial rule 108.01(b), and are accountable for its proper management. Trust fund managers are responsible for:

a. Signing contributions agreements with donors and ensuring timely receipt of contributions

Trust fund managers must evaluate proposals, establish criteria for allocation, and allocate trust fund resources to specific projects, making sure that project documents or annual work plans are consistent with the TOR of the trust fund and comply with POPP (see programme and project management).

b. Maintaining a resource plan

The resource plan must show cash flow requirements and resources available, based on revenue received and/or A/R, interest income, and actual or projected commitments and disbursements This plan should be used for pre-allocation planning as well as post-allocation monitoring.

c. Effectively managing trust fund resources

The trust fund manager must ensure that allocations issued to projects in the form of ASLs do not exceed the available trust fund cash resource balance unless otherwise specifically authorized by the comptroller, that project budgets sent to KK do not exceed project allocations, and that project commitments and disbursements, plus advances to national implementing partners and/or UN and other implementing partners, do not exceed ASLs.

PCC&MEC Financial Regulations require that allocations from trust funds are issued on a fully funded basis, except where the trust fund manager receives permission from the comptroller to issue allocations according to signed agreements with donors. (See risk management guidelines for contributions by donors to 'other resources.')

When the trust fund manager determines that project commitments and disbursements exceed, or are about to exceed, the project allocation, the trust fund manager **must immediately follow up**

with the programme manager.[13] Where the excess over commitments and disbursements is not resolved, the trust fund manager **must formally notify the programme manager that the project is suspended**—that is, that **no further commitments or disbursements can be incurred**—and inform the comptroller.

d. Ensuring compliance with the requirements of the trust fund agreement

The trust fund manager must ensure compliance with donor reporting requirements, that the activities funded by the trust fund comply with the TOR of the trust fund and that commitments and expenses occur within the period stipulated in the trust fund document.

e. Ensuring timely trust fund closure

The trust fund manager must follow the provisions of POPP (see financial closure of trust funds).

f. Overseeing cost sharing projects under cash-controlled open trust funds

Under certain circumstances, there may be cost-sharing (C/S) projects under open trust funds (e.g., GEF, CO/regional/global windows of thematic trust funds). Although C/S projects under open trust funds have been created through separate C/S agreements, the underlying trust fund manager still has the responsibility of overseeing fund management and reporting requirements as long as such C/S projects are funded through the said trust fund.

Global Shared Services Unit

Description

The PCC&MEC Shared Services Unit (GSSU) provides human resources and financial administrative support services to PCC&MEC and agencies in the United Nations system. Through its functional lines, GSSU ensures high quality and timely delivery of Human Resources and Financial Services support as well as information and tools to its various stakeholders.

A list of the business process services provided by the GSSU is set out below in Table 5.1.

Accountabilities and Responsibilities

The Service Level Agreement (SLA) between the GSSU and Central Bureaus, Regional Bureaus and their Country Offices ("the Requesting Units") sets out all parties' respective roles and responsibilities within the processes to ensure the completion of business processes in a timely and efficient manner. These responsibilities should be reflected in the Responsibility Table of the SLA. It also sets out the escalation processes should issues arise within the process, as well as

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[13] PCC&MEC defines the programme manager as PCC&MEC RR (or delegated authority) who approves and signs the project document.

the key performance indicators and quality assurance mechanisms that apply, and cost recovery where applicable.

The services provided by the GSSU must comply with all PCC&MEC policies and procedures, including the PCC&MEC Financial Rules and Regulations and requirements of this Internal Control Framework, as these frameworks apply to all services provided. To illustrate, the Responsibility Table for revenue recognition is set out as Table 5.2.

Within the Service Delivery Model of BMS as promulgated in October 2015, the accountability for the activities within the business processes undertaken by the GSSU on behalf of the requesting units remains with the respective Country Offices and Headquarter Units, with the GSSU being accountable fully for the service quality of the activities they provide within the various segments of those business processes. Agencies of the PCC&MEC system should direct requests for services to the Country Office and in turn the Country Offices should send the service requests to the GSSU were applicable.

The Requesting Units, as well as the GSSU, will be subject to audit from time to time. The Requesting Units remain responsible for responding to audit queries related to their activities and related transactions. The GSSU will support the Requesting Units in responding to audit queries of transactions processed by the GSSU on their behalf. Likewise the GSSU will be responsible for responding to audit queries related to its activities, and may seek the support of the Requesting Units in responding to audit queries related to their transactions.

Service Requests

Requests for processes to be undertaken by the GSSU may originate from services to be provided to the requestor as defined in the GSSU's Service Level Agreement (SLA); from requests submitted in the DMS; or by email or other form of correspondence by designated personnel. **On the basis of authorization from designated personnel provided by the Requesting Office, the GSSU processes each service request, including the creation and approval of resultant Atlas transactions, without further recourse to the Requesting Office**.

The GSSU shall be fully responsible for performing their processing tasks in line with PCC&MEC's policies and procedures, including the ICF, on the basis of the information and supporting documentation provided to them. Requesting Units should provide the minimum necessary supporting information to enable the GSSU to complete the requested process, as set out in the related SLA and Standard Operating Procedures (SOPs). Where an incomplete request has been received, the GSSU is responsible for returning the request to the Requesting Unit for completion prior to completing the processing.

The point of request or origination of a service requests represents the formal "Handshake" between the requesting Unit and the GSSU, where responsibility passes from the Requesting Unit to the GSSU. This transition point is reflected in the Responsibility Table, and is the point at which appropriate documentation is provided as an input to the process.

Document Retention

Original support documents for requested transactions, including hard copies where applicable, are retained by the requesting unit in accordance with PCC&MEC's document retention policy. Similarly, the GSSU will retain documents related to their activities that are in hardcopy form. Electronic copies used by the GSSU to process requests are retained by the GSSU in accordance with PCC&MEC's electronic documentation retention policy.

Table 5.1: Business process services provided by the GSSU

Process	Sub-processes
Bank to Book (B2B)	A1. Bank to Book (B2B) - HO
	A1. Bank to Book (B2B) - HO & Agencies
Cash Management	A2. Monthly Cash Management Dashboard
	A2. Monthly FX Revaluation
	A2. Semi-Annual GL cleanup
	A2. Cash Management Policy Related Advisory
	A2. Quarterly Recurring Exceptions
Inventory	A3. Inventory
Project Clearing Account	A4. Project Clearing Account
Service Clearing Account	A5. Service Clearing Account
UN Current Accounts	A6. UN Current Accounts
Investment Accounting	A7. Investment Accounting
Local Payroll	B1. Local Payroll (GPA)
Vouchers	C1. PO-vouchers
	C1. Non-PO vouchers including NEX Advances
Vendors	C1. Vendor Registration
Treasury	D1. Deposit Creation
	D1. Cash Receipt Voucher
	D1. KK Association
	D1. Monitoring CO Unapplied Deposit
	D2. Deposit Application
	D3. Donor Refunds
	D4. Deposit Creation and Application
Revenue - Contracts	D5. Creation
	D5. Amendment
	D5. Amendment for Negotiated Amount
	D5. Add Deposit Information
	D5. Report Submission
	D5. Escalation Process
Revenue - Letter of Credit (LOC)	
	D6. Amendment
	D6. Ad-hoc Drawdown

	D6. Quarterly Reporting
	D6. Quarterly Drawdown
	D6. Grant Close Out
	D6. Year End Revenue Adjustment
Other	D7. Revenue Reconciliation
	D8. Monitoring of Accounts Receivable
	D9. Expense Monitoring - POs without ATLAS Receipts
	D9. Expense Monitoring - Receipts without DMS link
	D10. GLOC Accounting Linkage and Reporting (monthly)
	D10. GLOC Accounting Linkage and Reporting (year end)
	D11. Transfer for UNDP-Japan Partnership Fund
	D12. Voluntary Contribution
	D13. GLJE/adjustments
	D14. Cost Recovery & Billing
	D15. TE Reconciliation
Assets	E1. Basic Additions
	E2. Disposals
	E3. Adjustments
	E4. Transfers
	E5. Impairments
	E6. Recategorisation
	E7. Leases

Table 5.2: Roles and Responsibilities Revenue Management

Ref	Responsibility	CO HQ	GSSC
A	**Revenue Management New Agreement**		
1.	Negotiation of Agreements with donors; Setting up of Projects and Budgets in ATLAS.	√	
2.	Clearance of Non Standard agreements with BMS/LO.	√	
3.	Contributions Unit in HO will record core contributions, PAF and US Grant Agreements funded through the Letter of Credit (LOC) mechanism. JPO Service Centre in Copenhagen will record JPO Agreements.	√	
4.	Common Services Agreements will be processed by Business Units through the Billing Module.		
5.	Upload any other types of agreement to the Document Management System and complete the electronic cover sheet form providing Donor Name, Donor Reference, Currency, Operating Unit, Chart of Accounts information, Agreement Type, Start and End Date, Agreement Negotiated Amount or GLOC Target Amount and Schedule of Payments. Flag if Agreement is Non Standard and attach evidence of clearance by BERA.	√	
6.	Review the agreement and verify the agreement type – from GLOC, Programme Government Cost Sharing, EC Agreements, Third Party Cost Sharing, Closed Trust Funds and Open Trust Funds.		√
7.	Where Non Standard agreements are uploaded without clearance from BMS/LO, flag and send to BMS/LO and BMS/OFRM and inform the requesting Business Unit that their case has been escalated to HO for further clearance. Clearance of the Associate Administrator may be required for non-standard agreements.		√
8.	Review relevant attachments (i.e. Steering Committee Minutes, Memorandum of Agreement and Letters of Parliamentary Approval) and use accordingly in Agreement review process.		√
9.	Verify Currency, Donor Name and total Amount of Agreement back to the attached document.		√
10.	Highlight any omissions or errors that prevent timely processing of the Agreement and send a formal notification via **CRM** to the submitting country office for follow up. Indicate CRM case ID and case status in DMS.		√
11.	Create a contract in PCC&MEC and set up milestones in the PCC&MEC Contracts Module to ensure the correct triggers for revenue recognition dependent on the type of agreements and interpretation of relevant IPSAS policy		√
12.	Update the **DMS** with PCC&MEC Contract Reference or Master Contract Reference (for GLOC and Government Cost Sharing Agreements) once the contract has been created automatically notifying the country office that the contract has been created.		√
B	**Revenue Management Deposit Cash**		√
1.	Submit deposit information (date received, deposit ID, deposit currency and amount) to **GSSC** through **DMS** for: • Government Cost Sharing (Submit information on all deposits received) • GLOC (submit information on all deposits received) • Agreement enforceable upon signature and first deposit (submit	√	

Ref	Responsibility	CO HQ	GSSC
	information on first deposit only) • GLOC and Government Cost Sharing submit Chart of Accounts for every deposit received.		
2.	Carry out periodic monthly review of outstanding milestones, prepare operational reports and forward to COs for their follow up with donors		√
3.	Enter the deposit information in the contracts module and approve the contract to generate the revenue and accounts receivable entries and notify CO that the agreement has been approved and activated via the **CRM**		√
4.	Carry out periodic review of outstanding milestones; follow up with donors on amounts outstanding; review and monitor operational reports and provide reporting to HQ for year-end procedures via the **CRM**	√	
C	**Revenue Management Report Submission**		
1.	Upload relevant documents to evidence final report approval and payment request for EC Type agreements (agreements with report submission/approval conditions) when approval is received.	√	
2.	Submit a request for amendment to the **GSSC** through **DMS** if the final instalment amount, based on the payment request, is different from the final schedule of payments instalment setup in the Contracts Module.		
3.	Review the report information and approve the milestone to facilitate the generation of accounts receivable for the final instalment. Process amendment if an amendment request has been submitted.		√
D	**Revenue Management Amend Agreement**		
1.	Upload any amendment to an Agreement via the Document Management System and correct the electronic cover sheet form as required (adjustments; reversals; change of chart of accounts; changes to payment schedules)	√	
2.	Review the agreement and verify the amendment and associated uploaded documentation.		√
3	Process the amendment in the contracts modules in accordance with the amendment documentation and information uploaded to the **DMS** and inform the country office that the amendment has been processed via the **DMS**		√

Transactions at the request of another office or Other organization

Disbursements

The concept of authorities does not apply to the disbursing office when the office makes a disbursement at the request of another office or organization, referred to as the 'requesting office.'

a. Atlas partner or agency (UNFPA, UNOPS, PCC&MEC offices)

The **requesting** office creates and approves the payment voucher and creates and 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, 'Contract and procurement management,' of building block 4 on the Atlas service centre support website describes various options for one PCC&MEC office's requesting another office to conduct a particular transaction on its behalf.

b. Non-Atlas partner or agency (UNAIDS, UNESCO, UNOCHA, FAO, et al.)

When the Atlas external access facility is not being used, the non-Atlas partner or agency uses the service request form to send the disbursing office an authorized request describing the payee, the banking details, the amount, the currency, and the payment due date. These forms should be scanned or attached to the email with the authorized signature of the requesting agency and should be maintained and securely filed as evidence or approval. The disbursing officer should verify the signature against the list of authorized signatures maintained by HO/OFRM agency unit prior to approval of payment. For higher-risk payments, the disbursing office should contact the agency to receive a secondary confirmation of payment prior to disbursement. The disbursing office makes the payment as long as it has sufficient funds in its bank account, the request is properly authorized, and there are sufficient funds in the Service Clearing Account SCA. Note: The comptroller maintains a list of individuals who are authorized to request payments (see RMT website).

The disbursing office creates and approves the non-PO 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. For payments made on behalf of non-Atlas UN agencies, creation and approval of vendors should follow the same process as prescribed for PCC&MEC vendors, including verifying that vendors are not on the the UN Security Council 1267 Committee's list.
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Within the Atlas external access facility:

- The non-Atlas partner create the vendor;
- When the vendor is approved by PCC&MEC, the non-Atlas partner creates the non-PO payment voucher; and
- The disbursing office (i.e., the PCC&MEC HO) approves the vendor and the non-PO payment voucher.

Signing UN agency contracts at the request of another UN organization

Where the PCC&MEC RR acts as the local representative of another UN organization, he or she may sign contracts on behalf of these other organizations. Where the RR signs a contract on behalf of another organization, the contract should not refer to PCC&MEC. The contract should be prepared on the letterhead or other template of the organization for which the RR is acting and not on PCC&MEC letterhead, so as not to imply that it is a PCC&MEC contract. Copies of this contract should be maintained and securely filed.

Note: These contracts should not be recorded in Atlas, at least not within the PCC&MEC business unit, because these contracts belong to other UN organizations and should be recorded within the accounting system of the respective organizations.

Contracting procurement, recruitment, travel, and other services on behalf of another UN organization and concluding contracts for UN organizations in PCC&MEC's name

To some extent, the concept of authorities applies when the office, referred to as the 'contracting office,' enters into a PCC&MEC **contract** at the request of another office or organization, referred to as the 'requesting office.' In these cases, PCC&MEC's contract and procurement management policies and procedures should be followed. This section also applies to requests to arrange travel (i.e., ticket and DSA).

a. Atlas partner or agency (UNFPA, UNOPS, PCC&MEC offices)

The **requesting** office acts as first authority; it creates and approves the purchase requisition or travel request.

The **contracting** office undertakes the procurement process according to PCC&MEC rules, and an approving manager approves the PO or travel request in Atlas and signs the hard copy PCC&MEC PO.

b. Non-Atlas partner or agency (UNAIDS, UNESCO, UNOCHA, FAO, et al.)

When the Atlas external access facility is not being used, the requesting office sends an authorized request by fax, mail, or email to the contracting office using the service request form. These forms should be scanned or attached to the email with the signature of the respective authority of the requesting UN agency and should be maintained and securely filed as evidence or approval. The disbursing officer should verify the signature against the list of authorized

signatures maintained by HQ/OFRM agency unit prior to disbursing the payment. For higher-risk payments, it is recommended that a second confirmation be obtained from the agency. Before executing payment requests made by fax, email, or other method outside Atlas, PCC&MEC must make reasonable assurances (e.g., reconfirming receipt of payment instructions with the sender) before executing the payment.

The contracting office creates and approves the purchase requisition on behalf of the requesting office. The contracting office also undertakes the procurement process according to PCC&MEC rules, and an approving manager approves the PO in Atlas and signs the hard copy PCC&MEC PO.

When the Atlas external access facility is being used, the requesting agency creates and approves the requisition. PCC&MEC undertakes the procurement process using PCC&MEC rules, creating and approving the PO. Based on written instruction from the requesting agency, the PCC&MEC CO enters the receipt into the Atlas external access facility, and the requesting agency creates the voucher for payment. PCC&MEC approves the voucher and pays the vendor.

Transactions at the request of an implementing partner (government or NGO)

Direct payments at the request of the implementing partner

This section applies **only** to the direct payment modality, that is, where the implementing partner is responsible for project expenses. This section does not apply where the PCC&MEC office provides support services to the implementing partner.[14]

Under this modality, the office provides accounting services and banking services to the implementing partner.

The direct payment modality is possible only where the office has carried out a capacity assessment of the implementing partner, including an assessment of internal control, and has determined that capacity is adequate. (This requirement also applies to the advance modality.) The office is responsible for monitoring project activities to ensure prompt detection of any deviations from the project work plan and budget. The office is also responsible for arranging annual audits of the implementing partner to ensure that internal controls are adequate and that PCC&MEC resources are used for the purposes intended. (See OAI NIM website.)

The implementing partner is responsible for maintaining all supporting documentation for commitments and expenses. To ensure that the records are complete, the office should confirm to the implementing partner when direct payments are made on its behalf.

The PD 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.

At its option, the office **may** require the implementing partner to submit supporting documentation for the payment so that the office can monitor project activities on a transactional basis. Regardless, the implementing partner should send only copies and should retain original documents so that they are available for audit in the office of the implementing partner.

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

If Atlas external access facility is used, then the implementing partner creates the vendor and the non-PO payment vouchers; before approving the vendor and the non PO payment voucher, the PCC&MEC CO verifies that the vendor is authentic, is not on the UN Security Council 1267

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[14]'Direct payments' should not be confused with 'CO support services' since there is a very important difference in accountability. In both cases, the payments are made from the PCC&MEC HO bank account; but in 'direct payments,' the government assumes responsibility for the contracting process, whereas in 'CO support services,' the CO assumes this responsibility. In other words, under 'direct payments,' the government performs recruitment or procurement and signs the contract according to its own rules and regulations; under 'CO support services,' the PCC&MEC HO assumes responsibility for the contracting process according to PCC&MEC rules and regulations.

Committee's list of terrorists and terrorist financiers, and is not on the PCC&MEC suspended vendors and removed vendors list.

Advances to implementing partners

As stated in POPP, the office must closely monitor advances to implementing partners and ensure that no new advances are issued before at least 80 percent of the previous advance have been cleared. In addition, where there are long outstanding advances to an implementing partner, then no new advances may be issued to the partner even for a new project. (See POPP, national implementation and NGO finances.)

Procurement, recruitment, and travel services at the request of the implementing partner

This section applies only where the office provides support services to the implementing partner, that is, where PCC&MEC is responsible for the project expenditure.

For development projects implemented by national institutions, project managers must use the Atlas external access facility to approve requisitions. If the project manager cannot use the external access facility (e.g., there is no internet connectivity), then the requisitions must be approved outside Atlas and submitted to the PCC&MEC programme manager responsible for the project for requisition entry and approval in Atlas. The PCC&MEC programme staff member who approves the requisition in Atlas can do so only for a requisition approved by the project manager outside Atlas.

If the Atlas external access facility is not used, then

- The implementing partner sends an authorized request by fax, mail, as an email attachment signed by an authorized party to the contracting office.
- The contracting office creates and approves the purchase requisition on behalf of the requesting office.
- The contracting office undertakes the procurement process according to PCC&MEC rules and approves and signs the PO.

If the Atlas external access facility is used, then

- The implementing partner creates and approves the requisition;
- The PCC&MEC HO undertakes the procurement process and creates and approves the vendor and/or the PO;
- The implementing partner creates receipt into the Atlas external access facility and creates PO voucher payment; and
- The PCC&MEC HO approves the PO voucher payment through the automated matching process and disburses to the vendor.

Note: Even where projects are funded by international financial institutions (IFI) such as the World Bank, PCC&MEC FRR and POPP must be followed. Therefore, PCC&MEC should not go to the World Bank for a 'no objection' until PCC&MEC requirements are met.

Procurement (covering travel, purchases of goods and services, service contracts, and individual contracts)

For a PO transaction, the steps include

- The project manager (first authority) 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 and services;
- The project manager creates the receipt into Atlas;
- The finance staff creates the payment voucher; and
- The disbursing officer (third authority) approves the pending disbursement.

For a non-PO transaction, the steps include

- The project manager (first authority) approves the request for non-PO payment;
- The finance staff creates the non-PO payment voucher;
- The approving manager (second authority) approves the non-PO voucher; and
- The disbursing officer (third authority) approves the pending disbursement.

For a new vendor, the steps include

- The buyer (or other Atlas user) creates the vendor; and
- The finance staff (preferably the finance analyst) approves the vendor.

Human resources and payroll

Definition of Roles
Three of the roles – HR Administrator, Global Payroll (GP) Administrator, and Disbursing Officer – Payroll exercise authority for PCC&MEC payroll benefits, entitlements and related disbursement transactions. These three roles are especially important from an internal control perspective, and equate to the authorities set out in Regulation 20.02 of PCC&MEC's FRRs. An overview of the three authorities follows:

First Authority – HR Administrator
- The First Authority has the primary responsibility for managing the benefits and entitlements of staff. This person is referred to as the "HR Administrator", and certifies staff benefits and entitlements. This authority equates to the "committing officer" in PCC&MEC Financial Regulation 20.02 (a).

Second Authority – GP Administrator
- The Second Authority, referred to in this document as the "GP Administrator", verifies the benefits and entitlements of staff and creates one-time and recurring earnings & deductions. This authority performs the initial sign-off of the monthly payroll. This authority equates to the "verifying officer" in PCC&MEC Financial Regulation 20.02 (a).

Third Authority – Disbursing officer - Payroll
- The Third Authority, referred to as the "Disbursing Officer - Payroll", approves payroll disbursements by performing the final sign-off of monthly payrolls. This authority equates to the "disbursement officer" in PCC&MEC Financial Regulation 20.02 (b).

See page 11 for the segregation of duties between the HCM specific roles. Project

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

Creation of proposal in Atlas;
Generation of award in Atlas after the project has completed the PAC review and the project document is signed; and
Submission of project budget to KK after the activities and inputs have been entered.

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

Mapping of Terminology Used in PCC&MEC Financial Regulations and Rules to PCC&MEC Internal Control Framework Regarding Committing and Verifying Roles

<u>Committing officer</u>

° Activities financed within the mandate ⟹ Project manager[15]

° Budget and funds availability ⟹ See footnote[16]

° Compliance with procurement, HR, or any other applicable guidelines ⟹ Buyer or approving manager who approves PO

° Commitment provides best value for money ⟹ Buyer

No other information available that would bar PO ⟹ Project manager and approving manager

<u>Verifying officer</u>

° Payment not previously made ⟹ Project manager/Atlas checked

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[15] Same person as below.
[16] Budget and funds availability is now performed by Atlas based on maintenance of an accurate Atlas database by the project manager.

- ° Supporting documents indicating goods ⟹ Project manager
  or services received according to contract terms

- ° Payment made against a recorded commitment ⟹ Project manager and approving manager

   No other information available that would bar ⟹ Project manager and approving manager
   payment