

UNFPA

Policy Title	Policy and Procedures for Management of Cash Transfers to Implementing Partners
Previous title (if any)	N/A
Policy objective	The policy and procedures outline the process for management of cash transfers to implementing partners and identifies the control activities designed to mitigate the most significant risks inherent to this business process
Target audience	The policy and procedures apply to all UNFPA personnel and implementing partners involved in the management of cash transfers and processing of Funding Authorization and Certificate of Expenditure (FACE) forms
Risk control matrix	Control activities that are part of the process are detailed in the risk-control matrix
Checklist	Checklist tool: cash advance requests ; reimbursement authorization requests ; expense reports ; direct payment requests
Effective date	1 August 2018
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Mandatory revision date	1 August 2021
Policy owner unit	Division for Management Services, Finance Branch
Approval	Approved at the April 2018 EC meeting

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I. Purpose

1. This policy and procedures build on the [Harmonized Approach to Cash Transfers \(HACT\)](#)¹ framework and [Policy and Procedures for Preparation and Management of Workplans](#), to establish the procedures and internal controls, and the related roles and responsibilities, for managing cash transfers to government and intergovernmental and non-governmental organizations (NGOs) Implementing Partners (IPs)², under any of the modalities available under the HACT framework.

II. Policy

2. This policy outlines UNFPA's management of cash transfers to implementing partners, identifies key control actions to mitigate potential risks related to the process and establishes the following:
 - No cash transfers can be made to IPs, under any of the authorized modalities, prior to signing an IP agreement and a workplan;
 - Cash transfers must be in line with the approved workplan;
 - Cash advances to IPs impacted by significant financial management capacity gaps require regional office and/or headquarters approval, as appropriate based on the thresholds specified in this document;
 - Absent exceptional conditions outlined in this document, cash advances must be requested for programme implementation periods not exceeding three months. Cash advances for more extended periods require regional office and/or headquarter approval, as appropriate, based on the thresholds specified in this document;
 - IPs must submit reimbursement authorization requests, and obtain written authorization from UNFPA, prior to incurring any programme implementation expenses under the reimbursement modality;
 - Cash advance and reimbursement authorizations requests must be supported by detailed itemized cost estimates, or workplan budgets providing a similar level of breakdown of inputs, by quarter;
 - No cash advances can be made to restricted IPs as outlined in the policy;
 - Additional approval by heads of unit, regional directors and the Chief, Finance Branch are required for cash transfers meeting certain conditions, or in excess of certain thresholds specified in this document;
 - Cash advances and reimbursements must be paid only to the bank accounts specified in the IP agreements;
 - FACE forms must be submitted through the Atlas Global Programming System (GPS) eFACE module. Under no circumstances should cash advances, expense reports, reimbursements and direct payments be processed directly in the Atlas Accounts Payable module i.e. outside of GPS;

¹ February 2014.

² "The entity to which the Executive Director has entrusted the implementation of UNFPA programme activities specified in a signed document, along with the assumption of full responsibility and accountability for the effective use of UNFPA resources and the delivery of outputs as set forth in such programme documentation..." UNFPA Financial Regulation 2.1(k) (includes governments, and intergovernmental, non-governmental and academic institutions).

- Splitting FACE forms by fund, project or other chart of accounts (COA) element is not permitted; only one FACE form per workplan can be submitted at any given time;
- FACE forms, reimbursement authorization requests, and direct payment requests must be certified by the IP authorized officers specified in the IP agreements;
- Reconciliations of GPS and FACE form OFA balances must be performed on a quarterly basis, within one month of the quarter closure.

III. Procedures

A. Cash transfer modalities

3. Three distinct cash transfer modalities are available under the HACT framework to provide funds to IPs for the implementation of programme activities agreed in workplans:
 - *Direct cash transfers* – UNFPA advances funds to the IPs ahead of the implementation of the activities, prior to the IPs incurring any related obligations and expenses;
 - *Direct payments* – UNFPA disburses funds directly to the suppliers of goods and services procured by the IPs;
 - *Reimbursements* – UNFPA reimburses the IPs for expenses incurred to implement the activities.
4. Per the [Policy and Procedures for Preparation and Management of Workplans](#), no cash transfers can be made to IPs, under any of the above modalities, or on their behalf, without a valid IP agreement and signed workplan. Selection of the appropriate cash transfer modality is informed primarily by the IPs' [micro-assessments](#), experience operating with the IPs, the complexity of the programme, and the cost benefit implications of each cash transfer modality, to both the IPs and the business units engaging them.
5. The processes for the different cash transfer modalities, including the related workflows, controls, and roles and responsibilities, are discussed in sections D to G below.

B. Funding Authorization and Certificate of Expenditures form

6. The Funding Authorization and Certificate of Expenditure (FACE) form must be used by all IPs to request cash advances and report on their use, and to request the reimbursement of expenses incurred for programme implementation purposes. Detailed guidance on how to complete FACE forms can be found in Annex I. A Direct Payment Request (DPR) form is used for cash transfers under the direct payment modality (see section G below).
7. Typically, only one FACE form is submitted per period (i.e., quarter) for each workplan signed with IPs³. The frequency of submission of FACE forms can be increased and more than one FACE form can be submitted within a period when required by operational and programmatic needs. Use of separate FACE forms by fund, project or other chart of account (COA) elements; locations; groups of activities; etc. is not permitted.
8. FACE and DPR forms must be submitted through the Atlas Global Programming System (GPS) eFACE module.

³ For units that use more than one workplan for an implementing partner, this refers to “workplan ID”.

GPS eFACE functionality

9. Cash transfer transactions (cash advances, expense reports and direct payments) are normally prepared and submitted using the GPS eFACE functionality. This is done by the IP personnel entrusted with GPS IP user accounts, under the supervision of the IP authorized officers named in the IP agreements, who are responsible for certifying the FACE and direct payment request forms for validity and accuracy.
10. As GPS does not currently provide electronic authorization functionality, the IP authorized officer certifications are provided by signing a copy of the system generated eFACE and direct payment request forms and uploading them into the GPS.
11. The name, title and signature of the IP certifying officer must be validated against the corresponding IP agreement prior to processing the FACE and direct payment request forms by UNFPA.
12. In exceptional circumstances, where the use of the GPS eFACE form functionality may not be possible or practical, IPs must submit a duly completed and certified hard copy FACE and direct payment request form⁴, together with all other required information. UNFPA personnel will process the FACE and direct payment request form into GPS on the IP's behalf.
13. Under no circumstances can cash advances, expenses, reimbursements and direct payments be processed directly in the Atlas Accounts Payable module i.e., outside of GPS. UNFPA staff members responsible for approving IP cash transfer transactions must ensure that the vouchers have been originated by GPS.

C. Main roles and responsibilities

14. The main roles and responsibilities of the IP and UNFPA personnel involved in the processing of cash transfer transactions and reimbursement authorization requests are summarized below:

IP personnel

- IP authorized officers: IP officers responsible for the implementation of programme activities, in accordance with the IP agreements and the signed workplans, budget and schedule, and the certification of FACE, direct payment request and reimbursement authorization request forms. The IP authorized officers' full name, title, email account and specimen signature must be provided in the IP agreements⁵.
- IP users: responsible for preparation and submission of eFACE forms for review and approval by UNFPA.

UNFPA staff

- Approving officers: staff members entrusted with Atlas voucher approval rights, responsible for the final review and authorization of vouchers originated from GPS transactions. To ensure proper segregation of duties, vouchers should always be

⁴ It is strongly recommended that a FACE form template (downloaded from GPS) is provided to the IP by UNFPA for this purpose.

⁵ If, during the course of implementation, the IP's authorized officer changes, UNFPA and the IP must complete and sign an amendment to the IP agreement.

approved by a staff member different from the project manager who approved the FACE or direct payment request forms. As this requirement is currently not enforced through automated system controls, proper care is required from all staff members involved in the processing and authorization of FACE forms and vouchers to ensure compliance.

- **Project managers:** staff members entrusted with Atlas project manager profile, responsible for the review and approval of cash transfer transactions. Project managers are normally the workplan budget owners or programme officers responsible for managing the relationship with the IPs. In instances where different workplan components are managed by multiple staff members, a project manager with adequate knowledge of the workplan and IP should be designated, in writing, by the head of unit. Designated project managers must perform their review and approval duties in consultation with other personnel involved in the management of the workplans, yet retaining full accountability for them.
- **Programme associates:** staff members entrusted with Atlas programme associate user rights, responsible for the detailed review of FACE, direct payment request and reimbursement authorization request forms and other information and documents submitted by IPs.
- **Finance users:** staff members entrusted with Atlas finance user rights, responsible for performing the policy compliance review to ensure all mandated FACE and direct payment request forms review and approval steps and controls were performed, as well as creating the related Atlas voucher (regular or journal vouchers).
- **Heads of unit⁶:** responsible for approving cash advance requests, reimbursement authorization requests, expense reports and direct payments in excess of thresholds indicated in this policy (Annex II).

D. Cash advances

15. Under the direct cash transfer modality (also referred to as “cash advances”) UNFPA advances funds to IPs before they start the implementation of activities agreed in the workplans and incur any related obligations and expenses.

Frequency of cash advances

16. Cash advances must be requested for programme implementation periods not exceeding three months.
17. When warranted by justifiable conditions, such as the engagement of IPs with decentralized structures (which may extend the length of time required to make funds available to the decentralized units responsible for implementing workplan activities); gaps in the availability or quality of banking services; transactions costs involved in making bank transfers; etc., or when necessary for a more effective programme implementation, the frequency of cash advances could be reduced to cover periods in excess of three months, providing the required funds are available and control activities are in place to mitigate any additional risks created.

⁶ The UNFPA head of unit refers to the representative, division or branch director, regional or sub-regional director, country director or the chief of operations (or the delegated officer), as appropriate.

18. Cash advances for periods longer than a quarter require head of unit approval. Advances for periods of six months or more require additional approval by regional directors and the Chief, Finance Branch, as detailed below:
 - a) Country offices: by the regional director, for advances of \$250,000 or more per calendar year, and by the Chief, Finance Branch, for advances of \$500,000 or more per calendar year.
 - b) Regional offices and headquarter units: by the Chief, Finance Branch, for advances of \$250,000 or more per calendar year.
19. Authorization for advances for periods longer than three months should be documented using the following [template](#), which must be signed by the head of the unit, regional director and/or Chief, Finance Branch, as appropriate.
20. Regardless of the frequency of the cash advances, expense reports must be submitted on a quarterly basis, unless no expenses had been incurred in the period.
Accounting for cash advances
21. Cash advances to IPs are recorded by charging account 16005 - Operating Fund Account (OFA), under the concerned IP code (PGXXXX or PNXXXX).
Restrictions to the use of cash advances
22. In principle, cash advances must not be provided to IPs impacted by significant financial management capacity gaps, identified through IP micro-assessments, and other assurance activities or programmatic monitoring controls.
23. Provision of cash advances to IPs assessed as presenting significant or high risk⁷ must be approved in writing by the heads of the concerned units, clearly documenting the rationale for the decision and the additional monitoring controls (e.g., more frequent spot-checks and programmatic monitoring visits) to be put in place to manage the risk exposure. Further approval must be obtained from the regional director, when the advances are expected to amount between \$250,000 and \$499,999 per calendar year, and by the Chief, Finance Branch, when the advances are expected to amount to \$500,000 or more per calendar year.
24. Cash advances cannot be provided to IPs without prior approval of the Chief, Finance Branch, if the IPs have: (i) outstanding OFA balances older than two quarters in excess of \$10,000; (ii) outstanding OFA balances older than one quarter in excess of \$50,000; (iii) two consecutive negative (i.e., qualified or adverse) audit reports; or (iv) uncleared unsupported expenses from negative audit reports or spot-checks in excess of \$10,000. Details on the restrictions start and expiry dates are provided in Annex III.
25. **Figure 1** presents an overview of the process followed for issuing cash advances to IPs. It should be read in conjunction with the more detailed guidance provided in paragraphs 26 to 42 below.

⁷ For IP assurance purposes, as documented in Implementing Partner Assurance System (IPAS).

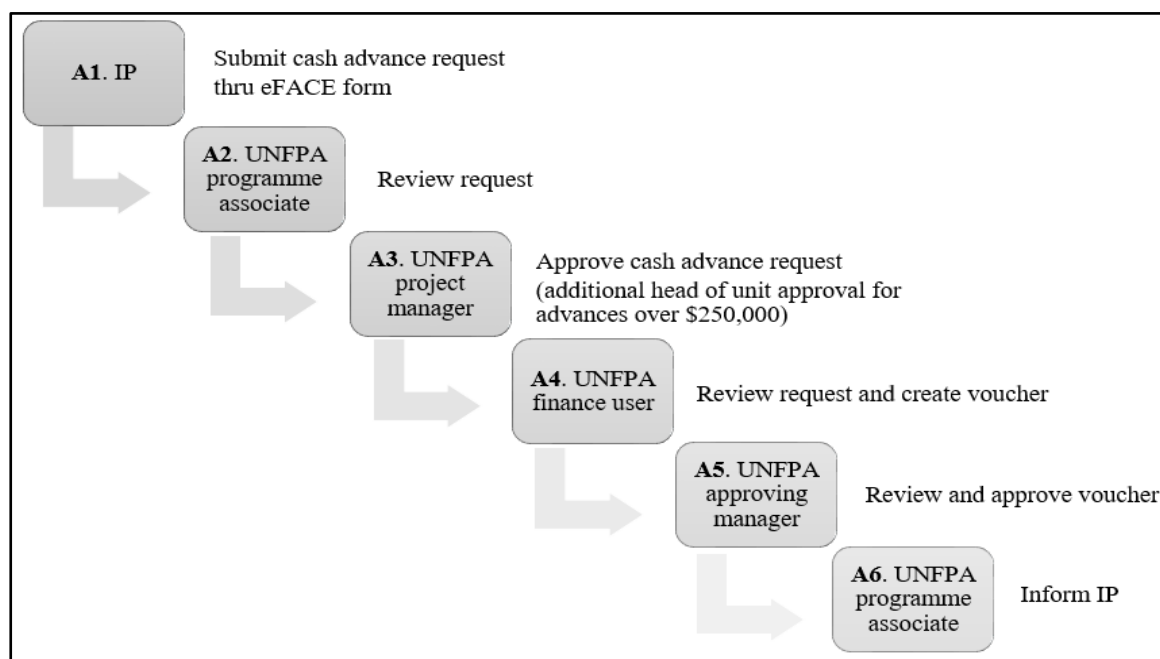


Figure 1 - Overview of process for issuing cash advances to IPs

Step A1: Submit cash advance request

26. Cash advance requests are prepared by IPs based on the signed workplans and workplan amounts, and submitted together with itemized cost estimates.
27. A specific template for itemized cost estimates is not mandated by this policy. Itemized cost estimates provided by IPs must, however, provide at a minimum the following information, by workplan activity and input type⁸ required to implement them, for the period for which cash advances are required:
 - a) Detailed description of the budget items;
 - b) Quantities required;
 - c) Unit cost;
 - d) Total cost by budget item;
 - e) Total cost by input type^(*);
 - f) Total cost per activity^(*)

^(*) Must be equal to the amounts reflected in the FACE forms.
28. An example of itemized cost estimate can be accessed using the following [link](#).
29. Approved workplan budgets could be used in lieu of itemized cost estimates should the budgets provide, at a minimum, the information required in paragraph 27, broken down by quarter.
30. FACE forms requesting cash advances, and the corresponding itemized cost estimates, must be certified by the IP authorized officers to confirm the correspondence to the approved workplans, accuracy and support. IP authorized officers must certify printed copies of the eFACE forms, and scan and upload them into the GPS.

⁸ Also referred to as expense categories or “nature of transactions” in the GPS.

Important!

When requesting cash advances, IPs complete FACE form column E (New Request Period & Amount). Column E must reflect **cash needs for the request period** and match the itemized cost estimate. Any balance for an activity in column D should normally reduce the amount of the new disbursement to IP (to be reflected in column F).

Step A2: Review cash advance request

31. Programme associates are responsible for the detailed review of FACE forms and other information submitted by the IPs, to provide adequate assurance to management that the cash advance requests: (a) meet applicable compliance requirements outlined in this policy; (b) correspond to approved workplan activities scheduled for implementation in the period; (c) reflect eligible and adequately costed inputs as reflected in the itemized cost estimate; and (d) that funding is available to pay the advances (e.g., fund codes that will not expire prior to the end of the programme implementation period) meeting all applicable expense eligibility requirements, as outlined in paragraph 32 below.
32. Programme associates must complete all controls outlined in table 1 below as well as any other controls requested by the project managers and/or approving officers.

Table 1: Cash advance request review by programme associate

<p>COMPLIANCE REQUIREMENTS</p> <ul style="list-style-type: none"> ▪ Activities and amounts reflected in the FACE form certified by the IP authorized officer match those reflected in the eFACE form ▪ Expense and workplan progress reports for the previous period have been submitted ▪ There are no restrictions preventing cash advances to the IP ▪ The approved cash advance request does not exceed the amount requested by the IP 	<p>BUDGETED EXPENSE ELIGIBILITY</p> <ul style="list-style-type: none"> ▪ The cash advance request corresponds to approved workplan activities expected to be implemented in the period, in line with the approved workplan milestones ▪ The cumulative amount of the cash advance request plus expenses reported in previous periods does not exceed the approved workplan amount, at total and activity levels ▪ All expenses requested are eligible direct programme costs ▪ The itemized cost estimate is accurate and reflects appropriate inputs (i.e., expense categories), quantities and unit costs consistent with those reflected in the approved workplan budget ▪ The cash advance request ties to the amounts per the itemized cost estimate ▪ The cash advance request does not include support costs ▪ VAT and other taxes from which IP or project are exempt are not included in the costs used in the itemized cost estimate
<p>FUNDING AVAILABILITY</p> <ul style="list-style-type: none"> ▪ Expenses to be incurred funded from non-core resources meet the corresponding TTF or co-financing agreement eligibility requirements ▪ Sufficient funds are available in KK at activity and project level for the advances requested ▪ Fund codes selected expire after the end of advance request period 	
<p>FACE FORM ACCURACY</p> <ul style="list-style-type: none"> ▪ The FACE form is mathematically accurate; ▪ Amounts reflected in column A of the FACE form equal those shown in column G of the previous FACE form ▪ Amounts per columns F and G are accurate 	

and appropriate	
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33. The [cash advance request review checklist](#) can be used to facilitate and document the programme associate review of cash advance requests.
34. Upon satisfactory completion of the control activities above, programme associates must:
 - (a) confirm the amount in column F (authorized amount) of the FACE forms, and the corresponding funding sources, and
 - (b) submit the FACE forms for review and approval by the designated project managers. Otherwise, FACE forms should be sent back to the IPs for appropriate corrective actions.

Important!

Authorized cash advance amounts should: (a) not exceed the amounts requested by IPs in column E (New Request Amount), both at workplan total and activity levels; (b) be in line with the itemized cost estimates submitted; (c) not exceed the remaining workplan budget, both at workplan total and activity levels. Authorized amount (column F of the FACE form) should take into account any balances reflected in column D, i.e. reduce/increase the total amount of the new disbursement to IP and should not exceed the total of authorized cash advance amount and balances reflected in the column D.

Step A3: Approve cash advance request

35. Project managers are responsible for: (a) supervising the review of cash advance requests and ensuring that all controls indicated under step A2 have been properly performed; (b) ensuring that IPs have the capacity to absorb the advances and utilize the funds in the period for which requested; and (c) approving the cash advance requests in GPS for payment.
36. Individual cash advance requests for \$250,000 or more require additional approval by heads of the units. As this requirement is currently not enforced by GPS automated controls, approval should be evidenced by signing a copy of the FACE forms and uploading them into GPS⁹.

Step A4: Review cash advance request for policy compliance and create voucher

37. Finance users are responsible for performing a detailed review of the FACE forms and other information submitted by IPs for policy compliance, evidence of review and proper approval by UNFPA, fund availability, chart of accounts (COA) and vendor data accuracy.
38. Under the supervision of the operations manager or staff member in charge of operations, finance users must complete all controls outlined in table 2 below, as well as any other controls requested by the approving officers.

Table 2: Cash advance request review by finance user

COMPLIANCE REQUIREMENTS	BUDGETED EXPENSE ELIGIBILITY
<ul style="list-style-type: none"> ▪ Required approvals (project manager, when applicable, head of unit, regional director, 	<ul style="list-style-type: none"> ▪ Amounts reflected in the cash advance request tie to the itemized cost estimate

⁹ This additional step is not required when the head of unit is the eFACE approver.

<p>Chief, Finance Branch) have been obtained and documented</p> <ul style="list-style-type: none"> ▪ There are no restrictions preventing cash advances to the IP ▪ The approved cash advance request does not exceed the amount requested by the IP 	<ul style="list-style-type: none"> ▪ The cumulative amount of cash advance requests plus expenses reported in previous period does not exceed the workplan amount, both at workplan total and activity levels ▪ No advances have been authorized for support costs
<p>FUNDING AVAILABILITY</p> <ul style="list-style-type: none"> ▪ Sufficient funds are available in KK at activity and project level for the advances requested ▪ Fund codes selected will not expire prior to the end of the cash advance request period 	<p>VOUCHER ACCURACY</p> <ul style="list-style-type: none"> ▪ COA codes are accurate ▪ Relevant Atlas IP vendor information, in particular bank account details, is up to date and consistent with the IP agreement

39. The [cash advance request review checklist](#) can be used to facilitate and document the finance user review of cash advance requests.
40. Upon completion of the above steps, finance users must either create Atlas non-PO payment vouchers, which are routed to the approving managers, or request corrective actions from the concerned programme associates or project managers should issues be identified.

Important!

Changes by UNFPA to FACE forms requesting cash advances should be kept to a minimum. Approved cash advance amounts must not exceed amounts requested by the IPs.

Approved amounts could be up to 10 per cent lower than amounts requested by IPs, at both workplan and activity level. Other acceptable modifications could include corrections of errors in dates. All corrections made should be communicated to the IPs in writing.

In all other instances, the FACE forms should be returned to the IPs for amendment and resubmission.

Step A5: Approve voucher

41. Approving officers review all relevant supporting documents to ensure that: (a) cash advance requests have been properly reviewed and authorized (including approvals required from head of units, regional directors or Chief, Finance Branch, as applicable); and (b) vouchers match the authorized FACE forms (amount, vendor, account, COA, etc.).

Step A6: Inform IP of cash advance request approval

42. Once vouchers are approved, programme associates should notify the IPs and share the approved FACE forms. This allows IPs to track payments and promptly initiate implementation upon receipt of the funds.

E. Reimbursement authorization requests

43. When annual reimbursement of programme expenses is expected to exceed \$100,000, IPs *must* submit reimbursement authorization requests, and obtain written authorizations from UNFPA, prior to incurring any programme implementation expenses under the

reimbursement modality. Submission of reimbursement authorization requests *is recommended* in all other instances, unless the amount of the reimbursements is expected to be immaterial or it relates to the reimbursement of support costs.

44. **Figure 2** presents an overview of the process followed for the submission, review and approval of reimbursement authorization requests. It should be read in conjunction with the more detailed guidance provided in paragraphs 45 to 53 below.

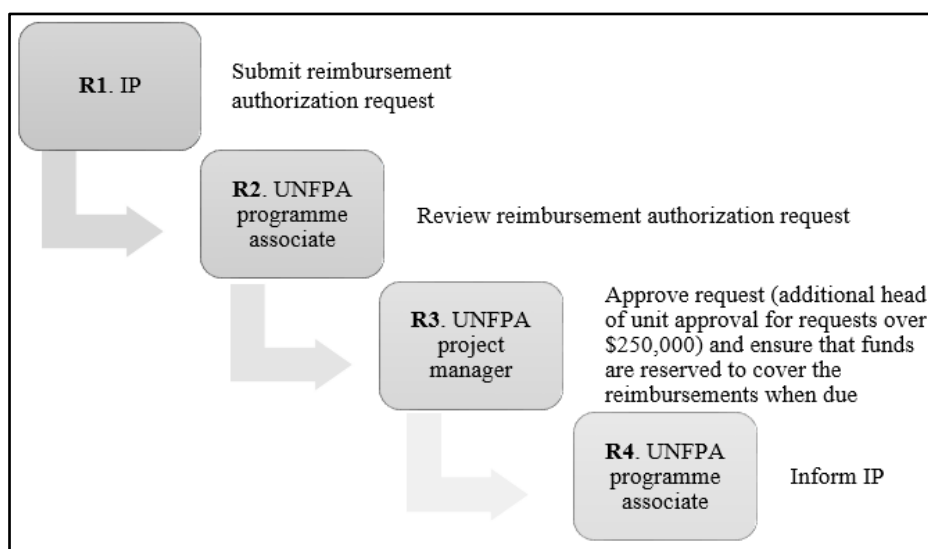


Figure 2 - Overview of process for authorizing reimbursement authorization requests

Step R1: Submit reimbursement authorization request

45. [Reimbursement authorization requests](#) are submitted by IPs manually, outside of the GPS eFACE workflow (which does not currently support this functionality). The requests should be prepared by the IPs based on the signed workplans and workplan budgets, and submitted together with itemized cost estimates¹⁰.
46. Reimbursement authorization requests, and the accompanying itemized cost estimates, must be certified, to confirm their correspondence with the approved workplans, accuracy and support, by the IP authorized officers specified in the IP agreements.

Step R2: Review reimbursement authorization request

47. Programme associates are responsible for the detailed review of reimbursement authorization requests and itemized cost estimates submitted by IPs, to provide adequate assurance to management that the requests: (a) meet applicable compliance requirements outlined in this policy; (b) correspond to approved workplan activities scheduled for implementation in the period; (c) reflect eligible and adequately costed inputs, and (d) that funding is available to reimburse the expenses from fund codes that will not expire prior to the end of the programme implementation period meeting all applicable expense eligibility requirements.
48. To that effect, programme associates must complete all controls outlined in table 3 below,

¹⁰ For itemized cost estimate description and sample template please refer to paras 27-29.

as well as any other controls requested by the project managers and/or approving officers.

Table 3: Reimbursement authorization request review by programme associate

<p>COMPLIANCE REQUIREMENTS</p> <ul style="list-style-type: none"> ▪ The reimbursement authorization request form and itemized cost estimate have been certified by the IP authorized officer ▪ Expense and workplan progress reports for the previous period have been submitted ▪ Approved reimbursement amounts do not exceed the amounts requested by the IP 	<p>BUDGETED EXPENSE ELIGIBILITY</p> <ul style="list-style-type: none"> ▪ The cumulative amount of the reimbursement authorization request plus expenses reported year-to-date does not exceed the approved workplan amount, at total and activity levels ▪ The reimbursement authorization request corresponds to approved workplan activities expected to be implemented in the period, in line with the approved workplan milestones ▪ All expenses requested are eligible direct programme costs ▪ The reimbursement authorization request ties to the amounts per the itemized cost estimate ▪ The itemized cost estimate is mathematically accurate and reflects appropriate inputs (i.e., expense categories), quantities and unit costs consistent with those reflected in the approved workplan budget ▪ VAT and other taxes from which IP or project are exempt are not included in the costs used in the itemized cost estimate
<p>FUNDING AVAILABILITY</p> <ul style="list-style-type: none"> ▪ Sufficient funds are available in KK at activity and project level and reserved to cover the reimbursement when requested ▪ Expenses to be funded from non-core resources meet the corresponding TTF or co-financing agreement eligibility requirements ▪ Fund codes selected expire after the end of reimbursement authorization request period 	
<p>REQUEST ACCURACY</p> <ul style="list-style-type: none"> ▪ The reimbursement authorization form is mathematically accurate 	

49. The [reimbursement authorization request review checklist](#) can be used to facilitate and document the review of reimbursement authorization requests.

Step R3: Approve reimbursement authorization request

50. Project managers are responsible for: (a) supervising the review of reimbursement authorization requests and ensuring that all controls indicated under step R2 have been properly performed; (b) ensuring that the IP has the capacity to implement the activities subject to reimbursement in the period for which the reimbursement authorization is requested and prior to the expiry of the corresponding fund codes; and (c) approving the requests.

51. Reimbursement authorization requests for amounts of \$250,000 or more require additional approval by heads of unit. Approval must be evidenced by signing the reimbursement authorization request forms.

52. As it is currently not possible to automatically encumber funds in Atlas for the amount of reimbursement authorized, project managers should ensure that sufficient funds are reserved to cover the reimbursements when due.

Step R4: Inform IP of reimbursement authorization requests approval

53. programme associates should notify the IPs and share the signed reimbursement authorization forms to allow the IPs to initiate implementation of authorized activities.

Important!

As there is currently no automated Atlas function to encumber funds for reimbursement authorizations, budget owners must implement proper resource management practices to ensure funds committed for the authorized reimbursements will not be used for other purposes.

F. Expense reports

54. IPs report expenses incurred for the implementation of UNFPA funded programme activities through FACE forms, at least on a quarterly basis, unless no expenses have been incurred and no further cash advances are requested. Unless otherwise established in the IP agreements, IPs should submit FACE forms reporting expenses incurred no later than 15 calendar days after the end of each quarter.
55. **Figure 3** presents an overview of the process followed for reporting and processing IP expenses, funded through the cash advance and/or reimbursement modalities. It should be read in conjunction with the more detailed guidance provided in paragraphs 56 to 76 below.

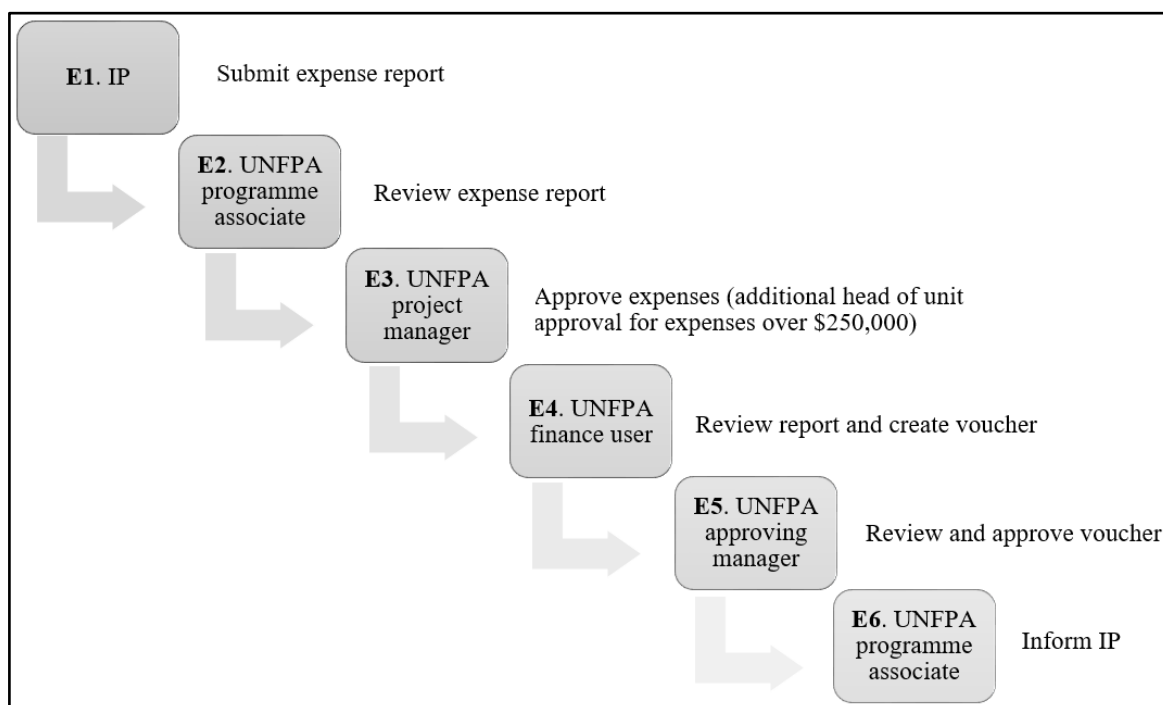


Figure 3 - Overview of process for reporting and processing IP expenses

Step E1: Submit expense report

56. FACE forms are prepared by IPs based on information from their accounting systems as regards expenses incurred to implement activities on behalf of UNFPA.
57. FACE forms, and the corresponding detailed transaction lists¹¹, when required (see

¹¹ Detailed list of individual transactions, by workplan activity and expense category for which expenses have

paragraph 63, under step E2 below), must be certified, to confirm their accuracy and alignment to the approved workplans, and the eligibility and documentary support of the expenses reported, by the IP authorized officers specified in the IP agreements. The IP authorized officers must certify printed copies of the FACE forms, and scan and upload them into GPS.

58. In addition, IPs must upload into GPS and submit, concurrently with the eFACE forms: (a) explanations of variances against the itemized cost estimates previously submitted, for any workplan activities and expense categories for which actual expenses reported exceed the itemized costs by more than \$10,000; and (b) workplan progress reports, documenting the progress achieved in the implementation of the activities for which advances were previously provided and/or expenses reported.

Step E2: Review expense report

59. Programme associates are responsible for the detailed review of FACE forms, justifications of variances, detailed transaction lists, and any other information and documents submitted by the IPs, to provide assurance to management about: (a) the validity and eligibility of the expenses reported; and (b) their consistency with (i) the programmatic implementation reflected in the workplan progress reports; and (ii) the itemized cost estimates submitted with the cash advance or reimbursement authorization requests, both at workplan activity and expense category levels.
60. Programme associates must complete all controls outlined in table 4 below, as well as any other controls requested by the project managers and approving officers.

Table 4: Expense report review by programme associate

<p>COMPLIANCE REQUIREMENTS</p> <ul style="list-style-type: none"> ▪ Activities, expense categories and amounts reflected in the hard copy FACE form certified by the IP authorized officer (as specified in the IP agreement) match those reflected in the eFACE form ▪ The workplan progress report for the previous and current period has been submitted ▪ Expenses accepted by UNFPA do not exceed the amounts reported by the IP ▪ No red flags potentially indicative of fraud, or other financial irregularities have been identified from the review of detailed transaction lists and other supporting documents 	<p>FACE FORM ACCURACY</p> <ul style="list-style-type: none"> ▪ The FACE form is mathematically accurate ▪ Amounts reflected in column A of the FACE form equal those shown in column G of the previous FACE form ▪ Amounts reflected in column B of the FACE form represent an accurate summary of the expense reported in the detailed transaction lists provided by the IP ▪ Amounts reflected in column C accurately represent expenses accepted by UNFPA and any variances compared to the expenses reported by the IP (column B) are clearly explained and communicated to IP
<p>FUNDING AVAILABILITY</p> <ul style="list-style-type: none"> ▪ Sufficient funds are available in KK at activity and project level ▪ Expenses to be funded from non-core resources meet the corresponding TTF or co-financing agreement eligibility requirements ▪ Fund codes selected to record the expenses are not expired 	

been reported. It should include at minimum the payee name, description, reference number (e.g. invoice number), currency, amount and date of transaction.

61. The extent and level of detail of FACE form expense eligibility review must commensurate with (i) the materiality of the expense reported; (ii) the nature, complexity and risk of the programme activities implemented; and (iii) the IPs financial management capacity.
62. At a minimum, regardless of the FACE form amounts and the risk levels assessed for the IPs, programme associates must ensure that:
- The cumulative amount of the expenses reported by the IP plus expenses accepted by UNFPA in previous periods does not exceed the approved workplan amount¹², both at total and activity levels;
 - Expenses reported in the FACE form are consistent with the programmatic progress as reported in the workplan progress report(s) and itemized cost estimates provided by the IPs;
 - Variations between actual expenses and itemized cost estimates are well justified and consistent with the reported status of implementation of programme activities;
 - Support costs have been accurately calculated based on actual expenses incurred, in accordance with the applicable policy and the rates established in the workplan.
63. Additional mandatory review procedures, based on the amount of expenses reported and the risk levels assessed for the IPs, are outlined below.

IP risk level	Total FACE form amount	
	Expenses under \$50,000	Expenses of \$50,000 or more
Lower	A: If expenses reported by IPs for any workplan activity or expense category exceed the itemized cost estimates by more than \$10,000, or are not consistent with the level of implementation per the workplan progress reports, assess the validity of justifications provided by IPs as regards variances.	B: If expenses reported by IPs for any workplan activity or expense category exceed the itemized cost estimates by more than \$10,000, or are not consistent with the level of implementation per the workplan progress reports: - assess the validity of justifications provided by IPs as regards variances; - obtain and review detailed transaction lists, for consistency with the expenses authorized in the itemized cost estimates previously submitted by the IPs.
Higher ¹³	C: Same as B	D: For all workplan activities and expense categories: - assess the validity of justifications provided by IPs and perform inquiries as

¹² Refer to paragraph 70 for considerations related to the last FACE form in a period.

¹³ Higher risk IPs include (a) IPs assessed as high risk for assurance purposes; (b) IPs which received a negative opinion in the last IP audit performed; (c) IPs with unsupported expenses of \$10,000 or more identified by spot-checks completed within the last 12 months; and (d) IPs implementing projects funded by the European Union.

		regards variances; - reconcile the expenses reported to the detailed transaction lists; - review the individual transactions reported therein for consistency with the expenses authorized in the itemized cost estimates previously submitted by the IPs.
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64. In addition to the minimum mandatory review procedures outlined in paragraphs 60 to 63 above, programme associates must undertake any additional review procedures considered appropriate by project managers and heads of unit based on their knowledge and assessment of the programme and IPs circumstances and risk.
65. In principle, pending further enquiries with the IPs or validation at the time spot-checks are performed, expenses reported must be assessed as ineligible, and therefore not accepted by UNFPA, in the following circumstances:
- a) Amounts reported in the FACE form are not consistent with the programmatic implementation reflected in the workplan progress report (e.g., an activity has been postponed but the FACE form reflects expenses for the activity);
 - b) The FACE form reports expenses for nature of transactions not reflected in the approved itemized cost estimates;
 - c) Amounts reported in the FACE form by workplan activity and nature of transaction exceed the corresponding totals reflected in the approved itemized cost estimate, unless the IP can demonstrate that the excess was caused by reasonable variations in the cost of goods and services (e.g. the cost of an air ticket was 15 per cent higher than initially estimated). Typically, increases in the quantities of goods and services would be deemed ineligible (e.g., UNFPA approved the purchase of 3 computers but the IP claimed the cost of 4 computers without prior approval from UNFPA);
 - d) As applicable, amounts reported in the FACE form by workplan activity and nature of transaction exceed the corresponding totals reflected in the detailed transaction list;
 - e) Transactions dates reflected in the detailed transaction list are outside the FACE form period, unless the IP can demonstrate that those expenses are within the elapsed workplan period and had not been reported previously;
 - f) The nature of individual transactions reflected in the detailed transaction lists is not consistent with the nature of transaction under which they were reported;
 - g) Individual transactions included in the detailed transaction list potentially reflect advances to suppliers or contractees.
66. The [expense report review checklist](#) can be used to facilitate and document the programme associate review of expense reports.
67. Upon satisfactory completion of the previously outlined controls, programme associates must: (a) complete the amounts in column C (expenditures accepted by UNFPA) and the corresponding funding sources, (b) verify that amounts per columns D (balance) and G (outstanding authorized amount) of the FACE forms have been properly calculated by the GPS; and (c) submit the FACE forms and other documents provided by the IPs for approval by the designated project managers. Otherwise the FACE form should be sent back to the

IPs for appropriate actions.

Important!

Expenses accepted by UNFPA (column C) must: (a) not exceed actual expenses reported by IPs (column B); (b) be in line with detailed transaction lists submitted (if applicable); and (c) not exceed the remaining workplan amount, at total and activity level.

Any expenses disallowed by UNFPA should be clearly identified and the rationale documented in a Note to File to be uploaded to GPS. Other acceptable FACE form modifications could include corrections of errors in dates. All corrections made should be communicated to the IPs in writing. As a general rule, when expenses not accepted by UNFPA or corrections exceed 10 per cent of the amount of the expenses reported, at both workplan and activity level, the FACE form should be returned to IPs for amendment and resubmission.

Step E3: Approve expense report

68. Project managers are responsible for: (i) supervising the review of FACE forms and ensuring all controls, as indicated under step E2 above, have been properly performed; and (ii) approving the expense reports in GPS for further processing.
69. FACE forms reporting expenses of \$250,000 or more require additional approval by heads of unit. As this requirement is currently not enforced by GPS automated controls, approval must be evidenced by signing the corresponding FACE forms and uploading them into GPS.
70. Head of unit approval is also required when cumulative expenses reported by IPs in the last FACE form of a workplan exceed the approved workplan amounts and the decision was made not to complete a workplan revision based on cost effectiveness considerations.

Step E4: Review FACE form for policy compliance and create vouchers

71. Finance users are responsible for performing a detailed review of FACE forms and other information submitted by IPs for policy compliance, evidence of review and proper approval, fund availability, COA and vendor data accuracy.
72. Under the overall supervision of the operations manager or staff member in charge of operations, finance users must complete all controls outlined in table 5 below, as well as any other controls requested by the approving officers.

Table 5: Expense report review by finance user

COMPLIANCE REQUIREMENTS	REPORTED EXPENSE ELIGIBILITY
<ul style="list-style-type: none"> ▪ Required approvals (project manager, when applicable, head of unit, regional director, Chief, Finance Branch) have been obtained and documented ▪ Expenses accepted by UNFPA do not exceed expenses reported by the IP 	<ul style="list-style-type: none"> ▪ The cumulative amount of the expenses reported by IP plus expenses accepted by UNFPA in previous periods does not exceed the approved workplan amount, both at total and activity levels ▪ Justifications of variances between actual

<p>FUNDING AVAILABILITY</p> <ul style="list-style-type: none"> ▪ Sufficient funds are available in KK at activity and project level ▪ Fund codes selected are not expired 	<p>expenses and itemized cost estimates are properly documented</p> <ul style="list-style-type: none"> ▪ Support costs have been accurately calculated in accordance with the applicable policy and the rates established in the workplan
<p>VOUCHER ACCURACY</p> <ul style="list-style-type: none"> ▪ COA codes are accurate ▪ Relevant Atlas IP vendor information, in particular bank account details, is up to date and consistent with the IP agreement 	

73. The [expense report review checklist](#) can be used to facilitate and document the finance user review of expense reports.
74. Upon satisfactory completion of the above steps, finance users create Atlas journal vouchers to record expenses and non-PO payment vouchers for the reimbursement of any amounts owed to the IPs, and route the vouchers, FACE forms and other supporting documents to the approving officers. Otherwise FACE forms should be sent back to the programme associates or project managers for appropriate actions.

Step E5: Approve vouchers

75. Approving officers should review all relevant supporting documents to ensure that: (i) expense reports have been properly reviewed and authorized (including approvals required from heads of unit, regional directors, or Chief, Finance Branch, as applicable); and (ii) vouchers match the authorized FACE forms (amount, vendor, account, COA, etc.).

Step E6: Inform IP of expense report approval

76. Once vouchers are approved, programme associates should notify IPs, and share the approved FACE forms.

G. Direct payments

77. Under the direct payment modality, UNFPA disburses funds directly to vendors of goods and services procured by the IPs to implement activities agreed in the signed workplans. Direct payments cannot be made to IPs. Payments to IPs can only be processed and recorded as cash advances or reimbursements.
78. **Figure 4** presents an overview of the process followed for processing direct payments. It should be read in conjunction with the more detailed guidance provided in paragraphs 79 to 92 below.

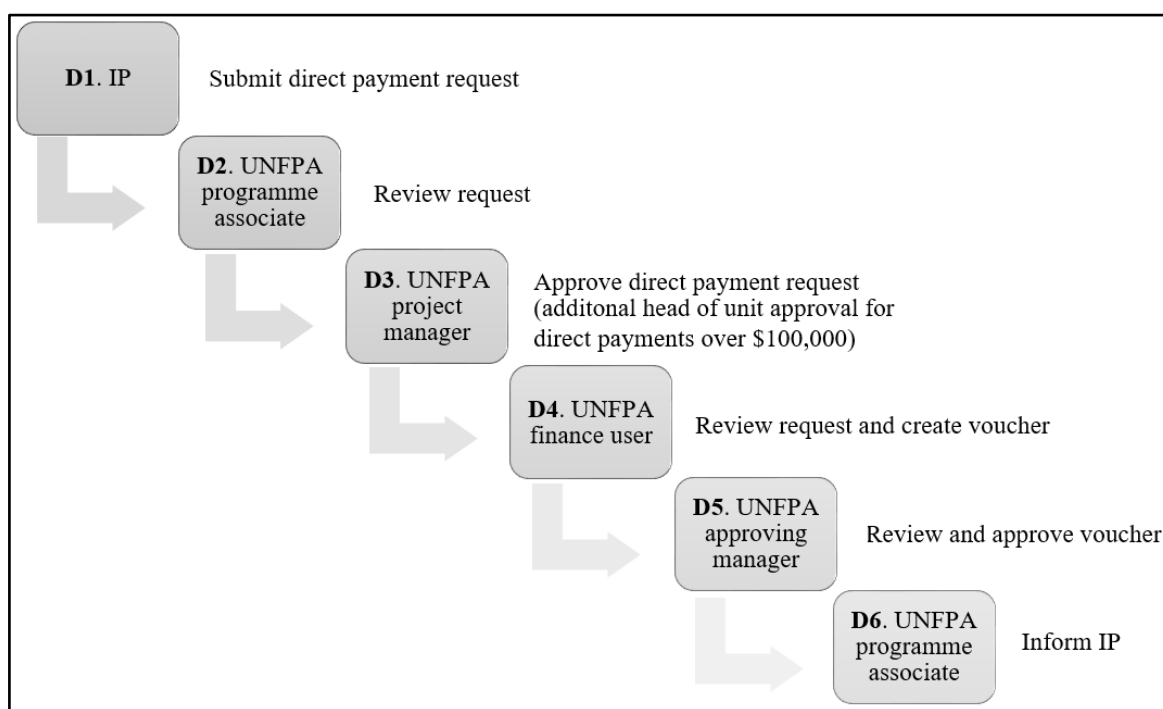


Figure 4 - Overview of process for processing direct payments

Step D1: Submit direct payment request

79. [Direct payment requests](#) must be prepared by IPs clearly identifying the workplan activities and inputs to which the requested payments correspond, and submitted together with copies of invoices and other appropriate supporting documents evidencing the receipt of the goods and services procured.
80. Direct payment requests and the supporting documents submitted must be certified, to confirm the validity and authorization of the expenses for which payment is required, and their correspondence to approved workplan activities, by the IP authorized officers specified in the corresponding IP agreements. The IP authorized officers must certify printed copies of the direct payment requests, and scan and upload them into the GPS.

Step D2: Review direct payment request

81. Programme associates are responsible for the detailed review of direct payment requests and the invoices and other supporting documents submitted by IPs, to provide assurance about the validity, eligibility and support of the expenses for which payment is requested and that the related goods and services have been received by the IPs.
82. To that effect, programme associates must complete all controls outlined in table 6 below, as well as any other controls requested by project managers or approving officers.

Table 6: Direct payment request review by programme associate

<p>COMPLIANCE REQUIREMENTS</p> <ul style="list-style-type: none"> ▪ Activities and amounts reflected in the hard copy of the direct payment request form certified by the IP authorized officer (as specified in the IP agreement) match those reflected in the eDPR form ▪ Invoice and other appropriate supporting documentation (evidence of receipt of goods or services) are attached ▪ No red flags potentially indicative of fraud or other financial irregularities have been identified from the review of the supporting documents provided 	<p>EXPENSE ELIGIBILITY</p> <ul style="list-style-type: none"> ▪ The cumulative amount of the direct payment request plus the expenses accepted by UNFPA in previous periods does not exceed the approved workplan amount, at total and activity levels ▪ Expenses have been reported under the appropriate workplan activities and nature of expense categories ▪ Amounts reported in the direct payment request form tie to the invoices and other supporting documents provided ▪ VAT and other taxes included in the amounts to be paid are treated in accordance with the type of tax exemption in place
<p>FUNDING AVAILABILITY</p> <ul style="list-style-type: none"> ▪ Sufficient funds are available in KK at activity and project level for the requested payment ▪ Expenses to be funded from non-core resources meet the corresponding TTF or co-financing agreement eligibility requirements ▪ Fund codes selected are not expired 	<p>DPR ACCURACY</p> <ul style="list-style-type: none"> ▪ The direct payment request form and the vendor invoices and other relevant supporting documents provided are mathematically accurate

83. The [direct payment request review checklist](#) can be used to facilitate and document the review of direct payment requests.
84. Upon satisfactory completion of above controls, programme associates must: (i) complete the amounts in column C (expenditures accepted by UNFPA) and the corresponding funding source, and (ii) submit the direct payment request and other documents provided by the IPs for approval by the designated project managers. Otherwise the direct payment request form should be sent back to the IPs for appropriate actions.

Important!

Under no circumstances can the amounts paid (expenditures accepted by UNFPA column C) exceed the amounts requested by the IPs (column B) or the amounts per the supporting documents provided by the IPs.

Step D3: Approve direct payment request

85. Project managers are responsible for: (i) supervising the review of direct payment requests and ensuring all controls, as indicated under Step D2 above, have been properly performed; (ii) certifying the direct payment requests; and (iii) approving the direct payment requests in GPS for further processing.
86. Direct payment requests of \$100,000 or more require additional approval by heads of unit. Approval must be evidenced by signing the corresponding direct payment requests and uploading them in the GPS.

Step D4: Review direct payment request for policy compliance and create voucher

87. Finance users are responsible for detailed review of direct payment requests, the invoices and other supporting documentation submitted by IPs for policy compliance, evidence of review and proper approval, fund availability, COA and vendor data accuracy.
88. To that effect, under the overall supervision of the operations manager or staff member in charge of operations, finance users must complete all controls outlined in table 7 below, as well as any other controls requested by the approving officers.

Table 7: Direct payment request review by finance user

<p>COMPLIANCE REQUIREMENTS</p> <ul style="list-style-type: none"> ▪ Required approvals (project manager, when applicable, head of unit, regional director, Chief, Finance Branch) have been obtained and documented ▪ The direct payment request has not been already processed ▪ Authorized amount does not exceed amount requested for direct payment by IP 	<p>FUNDING AVAILABILITY</p> <ul style="list-style-type: none"> ▪ Sufficient funds are available in KK at activity and project level for the requested direct payment ▪ Fund codes selected are not expired
<p>VOUCHER ACCURACY</p> <ul style="list-style-type: none"> ▪ Chart of accounts (COA) codes are accurate ▪ Relevant Atlas vendor information, in particular bank account details, is up to date and consistent with supporting documents provided (vendor form, invoice, etc.) 	<p>EXPENSE ELIGIBILITY</p> <ul style="list-style-type: none"> ▪ The cumulative amount of the direct payment request plus the expenses accepted by UNFPA in previous periods does not exceed the approved workplan amount, both at total and activity levels ▪ Amounts reported in the direct payment request form ties to the invoices and other supporting documents provided ▪ VAT and other taxes included in the amounts to be paid are treated in accordance with the type of tax exemption in place

89. The [direct payment request review checklist](#) can be used to facilitate and document the review of direct payment requests.
90. Upon satisfactory completion of the above steps, finance users must create Atlas non-PO payment vouchers and route the vouchers, direct payment requests, invoices and other supporting documents to the approving officers. Otherwise, direct payment requests must be sent back to the programme associates or project managers for appropriate actions.

Step D5: Approve voucher

91. Approving officers must review all relevant supporting documents to ensure that: (i) direct payment requests have been properly reviewed and authorized (including approvals required from head of unit); and (ii) vouchers match the authorized direct payment requests (amount, vendor, account, COA, etc.).

Step D6: Inform IP of direct payment request approval

92. Once vouchers are approved, programme associates should notify IPs and share with them the approved direct payment request forms.

H. OFA balances reallocation

93. Reallocations of outstanding OFA balances from one workplan activity to other

activity(ies), can be made, in response to changes in:

- a) Workplan activities: i.e., new activities are added to a workplan or existing activities are removed;
- b) Timing of cash outlays: funds are required sooner or later than initially expected when previous cash advances were provided;
- c) Activity costing: more or less funds are required for implementing an activity provided that the overall amounts by activity are within the approved workplan.

94. Reallocations are permissible within the approved workplan amounts, both at total and activity levels, and should be processed through eFACE forms in GPS.
95. Prior to approval of OFA balance reallocations, programme associates and project managers must ensure that the amount of cumulative expenses plus unliquidated OFA balances, including any OFA balances to be reallocated, do not exceed the approved workplan amounts at activity level. Otherwise, a workplan revision must be completed prior to processing the OFA balance reallocation¹⁴.

Important!

Reallocations of OFA balances must not be used in lieu of workplan revisions when these are required.

I. Adjustments

96. Corrections to previously processed eFACE forms should be truly exceptional, as eFACE review and approval controls applied in accordance with the guidelines provided in this document, if properly performed, would allow the detection and correction of errors at the time eFACE forms are reviewed and processed. Should adjustments be required, they should be performed using GPS eFACE functionality, i.e. they should not be reflected through the creation and processing of Atlas payment or journal vouchers outside of GPS.
97. Corrections to information reflected in FACE forms and COA codes of Atlas expenses and OFA balances should be processed by creating eFACE forms and performing the steps previously specified above in this document.
98. If adjustments are required only in the eFACE form (e.g., aligning eFACE information with Atlas OFA balances), a correction mode¹⁵ eFACE form must be created and processed.
99. Should adjustments be required only to Atlas expenses or OFA balances, the designated Global Monitoring and Advisory Team (GMAT) focal point must be contacted for assistance using the Integrated Service Desk.

J. OFA refunds

100. Unspent OFA balances must be refunded by IPs to UNFPA as soon as possible upon completion or cancellation of activities agreed in the workplans.

¹⁴ Policy and Procedures for Preparation and Management of Workplans.

¹⁵ Ref: GPS User Guide.

101. Refunds of outstanding OFA balances must be promptly recorded in Atlas upon receipt. Year-end OFA balances refunds should be recorded by 31st January of the following year. Prior to the refund, the exact amount to be refunded, which should be normally equal to the balance recorded in the column G of the last FACE form, must be agreed with the IP.
102. UNFPA units should ensure the prompt and accurate processing and recording of refunds by:
- a) providing the details of the bank accounts to be used to deposit the funds;
 - b) requesting IPs to clearly indicate in the deposit reference information that funds are for UNFPA, along with any other information that would help to determine the origin and purpose of the deposit once it credits in the bank account;
 - c) when a UNDP bank account is used, notifying UNDP about the amount and estimated timing of the deposits;
 - d) sharing the COA codes to be used for the deposits with UNDP (UNDP should be further advised that the deposits should be recorded in Atlas using 'Direct Journal' option with accounting **and** budget dates of the year when the refunds are actually received; backdating deposit date to the prior year is not allowed).
103. As soon as deposits are received and recorded, they must be promptly processed in GPS to reduce the outstanding OFA balances due from the IPs.
104. IPs are not required to refund year-end OFA balances, if the following conditions are met:
- a) OFA balances are not aged i.e. relate to advances issued in the last quarter;
 - b) UNFPA continues working with the IPs as evidenced by signed workplan (WP) for the next calendar year;
 - c) OFA balances are planned to cover activities for the first quarter of the next calendar year.

K. OFA balances reconciliation

105. Atlas OFA balances must be reconciled to the amounts per column G (outstanding authorized amount) per the latest FACE forms processed using the [OFA-to-FACE Reconciliation template](#) to ensure the accuracy of OFA data, and allow the early identification and correction of any discrepancies that may exist.
106. The reconciliations must be performed by operations staff on a quarterly basis, within 1 month of the quarter closure. The reconciliation reports must be reviewed and approved by the operations manager or staff member in charge of operations, and maintained on file for management review and audit purposes.
107. The Cognos [OFA Aging](#) and [Account Activity Analysis](#) reports provide the information required for performing the OFA balances reconciliations.

L. Expense reconciliation

108. Atlas expenses must be reconciled to the expenses reported by IPs to ensure the accuracy and completeness of financial data, and minimize the risk of erroneous recording.
109. The reconciliation must be performed by operations staff on a quarterly basis, within 1 month of the quarter closure. The reconciliation reports must be reviewed and approved

by the operations manager or staff member in charge of operations, and maintained on file for management review and IP audit purposes, where applicable.

110. The Cognos [Combined Delivery Report \(CDR\)](#) provides the information required for performing the expense reconciliations.

M. Fraud risk mitigation

111. Programme associates must review, as applicable, detailed transaction lists and documents provided by IPs in support of expense reports and direct payment requests submitted to UNFPA, for potential “red flags” of fraud or other financial irregularities (for example, signs of forgery of documents, excessive unit or total costs, costs significantly different from those paid by UNFPA for similar goods and services, double reporting or payment of expenses, indications that the transactions may not be valid, etc.).
112. Should any such “red flags” be identified, programme assistants must promptly perform enquiries of the IPs, and obtain and review additional supporting documents (e.g., procurement files, travel reports, receiving and inspection documents, travel logs, as appropriate), to determine the validity of the transactions in question.
113. Should the enquiries and review of additional documents fail to provide enough evidence to confirm the validity of the transactions and/or raise further concerns as regards suspected fraud affecting them, then:
- a) The matter should be brought to the attention of the project manager and head of the unit, and reported to the Office of Audit and Investigation Services;
 - b) The related expenses should be deemed as ineligible;
 - c) An in-depth review should be performed of the remaining expenses reported by the IP to confirm their validity and documentary support and determine whether they are eligible;
 - d) Pending resolution of the matter, the IP should be classified as high risk and subject to the requirements outlined in this policy as regards provision of further cash advances and review and approval of expenses.

IV. Other matters

114. Regional office directors are authorized to establish lower approval thresholds or additional control requirements for processes within the scope of this policy and procedures document, as considered necessary based on any relevant factors such as the local operating context, scale of programme activities, knowledge of the IPs, etc.
115. Checklists referenced throughout the policy can be used to facilitate and document the review of cash advance and reimbursement requests, expense reports and direct payment requests. The use of these checklists is not mandatory, yet highly recommended.
116. Any interest earned by IPs on unspent UNFPA funds must be credited to UNFPA, by reporting it as a negative amount, in the certification of expenditure section of the FACE form, at least on an annual basis. Interest earned will be applied to the assigned revenue account and thus will not impact the expense amounts reported by the IP.

V. Detailed process flowcharts

117. Detailed process flowcharts have been developed for the better understanding of the processing steps and controls, for the processes within the scope of this policy. The flowcharts can be accessed using the links below:

- [Cash advances](#)
- [Reimbursement authorization requests](#)
- [Expense reports](#)
- [Direct payments](#)

VI. Risk-control matrix

118. A detailed risk-control matrix has been developed summarizing key controls applicable to the different processes within the scope of this policy. The risk-control matrix can be accessed using this [link](#).

Annex I: Guidelines for completing FACE forms

This Annex explains how to complete the funding authorization (columns E to G) and certificate of expenditure (columns A to D) sections of FACE forms.

Expense reporting

Column A – Authorized Amount: column A is blank for the first request from an IP. The FACE form is a dynamic form that must balance and reconcile from one reporting period to the next. The first column on the new form, column A, therefore should be identical to the last one, column G, from the previously submitted and authorized FACE form.

Column B – Actual Expenditure: is completed by IP. Column B reports the actual expenditures by the IP for the period. At this point the reported expenditures are still subject to review and approval by UNFPA. IP authorized officer certifies that actual expenditures for the reported period have been spent in accordance with the workplan and previously submitted itemized cash advance cost estimates.

Column C – Expenditures Accepted by Agency: is used by UNFPA to review and approve, reject or request an amendment to expenditures reported by the IP. If the amounts are accepted as reported, no further adjustments to this part of the FACE form or communication with the IP about these expenditure is required. However, if changes are made (e.g., to query or reject a reported expenditure), then the amount recorded by UNFPA in the column C will differ from that reported in column B. In this case, the change needs to be communicated to the IP.

Column D – Balance: is automatically calculated in the GPS. Column D records the difference of funds authorized for use in the reporting period (column A) and expenditures accepted by UNFPA (column C). The outstanding balance of funds authorized by activity can be carried forward, reprogrammed or refunded.

Request / authorization

Column E – New Request Period & Amount: is completed by IP. Column E specifies the period of the new request, which is normally contiguous to the last reporting period. This column contains the requests for the authorization to spend or receive funds, by activity for that period. Each time a request for new or additional funds is submitted, it should be accompanied by an itemized cash advance cost estimate in line with the most recent approved workplan.

Column F – Authorized Amount: is completed by UNFPA to establish the amounts of funds to be disbursed for the new reporting period. It is used to accept, reject or modify the amounts requested in column E. Any credits for reprogramming will be reflected in this column for reconciliation of the amounts. This column can also reflect any balance for an activity in column D, which is requested for reprogramming. This will reduce the total amount of the new disbursement request accordingly.

Column G – Outstanding Authorized Amount: is pre-populated by the GPS. Column G is the sum of columns D and F, and indicates the total outstanding authorized amount. For subsequent period reporting, the amount of this column will be carried forward to the column A of the next FACE form.

Annex II: Summary of approval requirements

Type of request	Head of unit	Regional director	Chief, Finance Branch
Frequency of cash advances (over a quarter)	Up to \$250,000 per calendar year	Over \$250,000 per calendar year	Over \$250,000 for regional offices and headquarters units; Over \$500,000 for country offices
Restrictions to the use of cash advances (cash advances to significant or high risk IPs)	Up to \$250,000 in any single calendar year	Over \$250,000 in any single calendar year	Over \$500,000 in any single calendar year
Cash advance requests	\$250,000 or more		
Reimbursement authorization requests	\$250,000 or more		
Expense reports	\$250,000 or more		
Direct payment request	\$100,000 or more		

Annex III: Restrictions to the use of cash advances

Scenario A: IP is restricted from new cash advances if IP has outstanding OFA advances or OFA older than two quarters in excess of \$10,000

Restriction starts	Restriction expires
<ul style="list-style-type: none"> ▪ 1-Jan: IP has unliquidated OFA over \$10,000 as of 30-Jun of the previous year ▪ 1-Apr: IP has unliquidated OFA balances as of 30-Sep of the previous year ▪ 1-Jul: IP has unliquidated OFA balances as of 31-Dec of the previous year ▪ 1-Oct: IP has unliquidated OFA balances as of 31-Mar of the current year 	Upon the full clearance of OFA balances older than two quarters

Scenario B: IP is restricted from new cash advances if IP has outstanding OFA older than one quarter in excess of \$50,000

Restriction starts	Restriction expires
<ul style="list-style-type: none"> ▪ 1-Jan: IP has unliquidated OFA over \$50,000 as of 30-Sep of the previous year ▪ 1-Apr: IP has unliquidated OFA over \$50,000 as of 31-Dec of the previous year ▪ 1-Jul: IP has unliquidated OFA over \$50,000 as of 31-Mar of the current year ▪ 1-Oct: IP has unliquidated OFA over \$50,000 as of 30-Jun of the current year 	Upon submission and acceptance by UNFPA of expense reports liquidating OFA to a level below \$50,000.

Scenario C: IP is restricted from new cash advances if IP received negative (i.e., disclaimer, adverse or qualified) audit reports for the last two audits completed

- Restriction starts: Upon the second consecutive negative audit report issuance in IPAS.
- Restriction expires: Upon an unqualified audit report issuance for a subsequent audit cycle.

Scenario D: IP is restricted from new cash advances if IP has uncleared unsupported amounts over \$10,000 from a negative audit report, from any year, that is still outstanding as recorded in IPAS, spot checks or other assurance activities.

- Restriction starts: Upon the negative audit report with unsupported amount(s) issuance in IPAS, spot check or other assurance activity
- Restriction expires: Once all outstanding unsupported amounts are cleared i.e. supporting documentation is received and approved or amount is refunded resulted in clearances of unsupported amounts in IPAS.