

# **FIN.SOP.IV.014**

## **Inter Entity Awards**

### ***FNM/ACT***

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***FNM Standard Operating Procedure***  
**Target Audience: All Staff**

**DISCLAIMER**

Standard Operating Procedures (SOPs) provide a step-by-step guide for staff directly involved in the processing of administrative actions to support and facilitate the implementation of WHO policies and procedures. The SOPs are for guidance only; they are neither authoritative nor binding. The SOPs reflect the policies and procedures of WHO at the time of writing; however, policies and procedures change from time-to-time. In the case of a conflict between the SOPs and the WHO eManual provisions, the WHO eManual provisions take precedence.



## 1. INTRODUCTION

### 1.1. Overview/Description

This instruction provides guidance on the establishment of inter-entity awards and the processing of transactions for the recognition of revenue on these awards. For simplicity, this instruction will refer to 'entities' throughout - one being the 'donor' and the other the 'recipient'.

### 1.2. General Guidance / Business Rules

- WHO provides accounting and treasury services to UNAIDS, UNITAID and APOC. They are all accounted via one chart of accounts.
- In circumstances where contributions are to/from WHO and to/from one of the above entities i.e. the donor and recipient are accounted within the same General Ledger (GL), the award is classified as an inter-entity award.
- Award creation for inter-entity awards follows the standard award creation procedures (refer to FIN.SOP.IV.011 Award Creation and Review). PSC rates are as per the PSC operational guide.
- For an inter-entity award the supporting documentation must be a signed agreement between the two legal entities.
- As there is no receipt of cash for inter-entity awards the award has no billing event and revenue is recognized through accounting entries.
- The donor entity prepares an e-expenditure batch charging a PTAE0 to 'give' the funds.
- The recipient entity submits an Award Activation Request (AAR) supported by a signed agreement in order to record and utilize the funds. Revenue is recognized by a journal voucher crediting the general ledger account for inter-entity revenue in the recipient award's fund type.
- In most cases, the award is created and the funds are transferred by expenditure batch in full on signature of the agreement and creation of the award. In some cases, the agreement is signed for a number of years with agreed payment terms. In these cases, the initial expenditure batch is for part of the award amount. The outstanding amount is noted on the inter-entity log (refer to Annex 2).

**1.3. Reference Material**

**1.3.1. WHO eManual**

- IV.2.2 Cash voluntary contributions
- IV.3.2 Award creation

**1.3.2. Related SOPs**

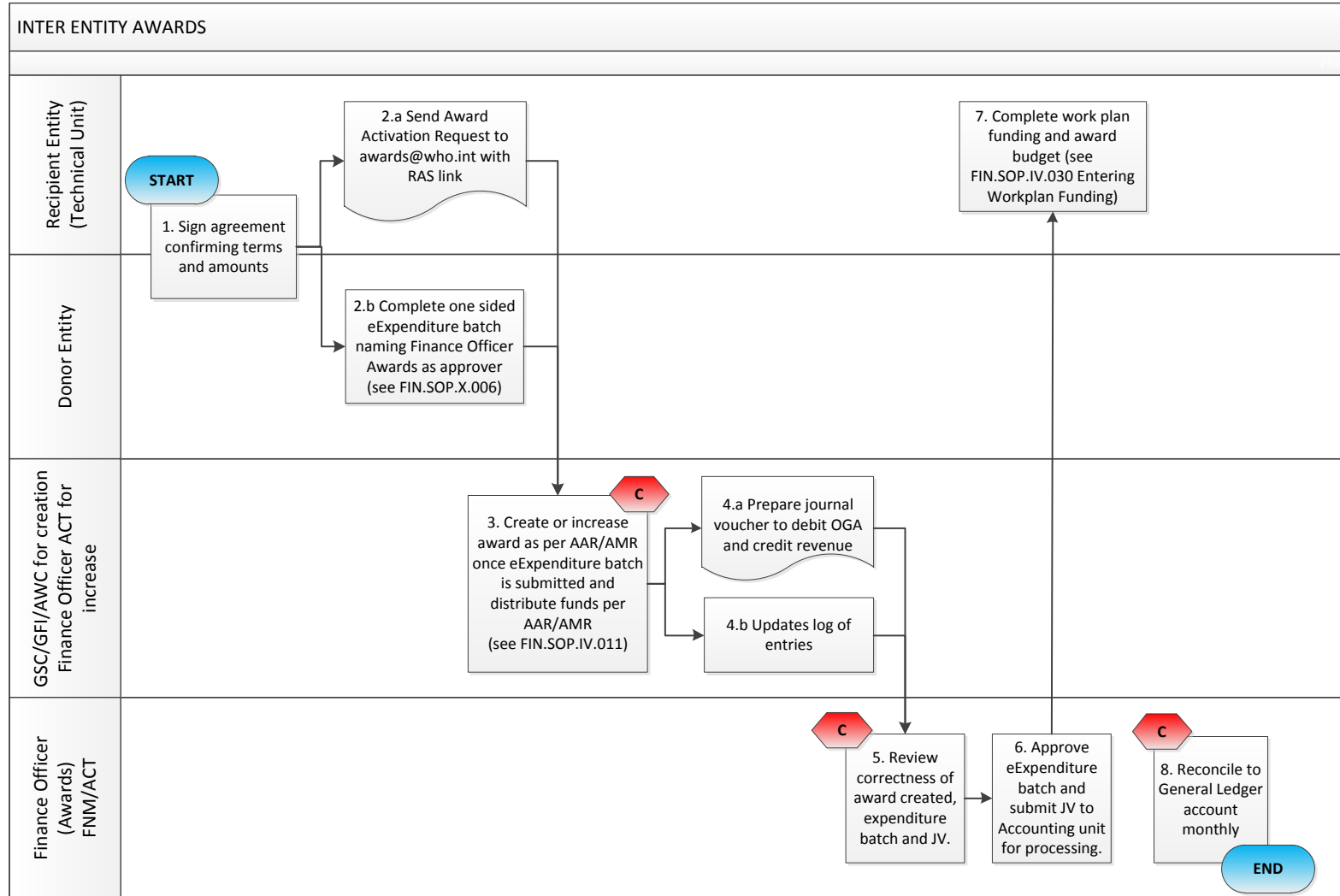
- FIN.SOP.IV.010 Award End to End
- FIN.SOP.IV.011 Award Creation and Review
- FIN.SOP.IV.029 Entering Award Distributions
- FIN.SOP.IV.030 Entering Workplan Funding
- FIN.SOP.X.006 eExpenditure Batch
- FIN.SOP.XII.006 General Ledger Journal Vouchers

**1.4. Examples of Inter-Entity Awards and their Processing Elements**

Agreement between	UNAIDS giving to WHO (HIV Vaccine Initiative)	UNITAID giving to WHO (Global Drug Facility)	APOC giving to WHO (VCS)	WHO giving to UNAIDS
<b>1) Award Template</b>	WHO - VC template	WHO - VC template	WHO - VC template	UNAIDS VC Template
<b>2) Donor # / name</b>	2523 WHO - UNAIDS	2257 WHO - UNITAID	34756 WHO - APOC	1109 UNAIDS - WHO
<b>3) Award fund type</b>	1GFSPA	2FIGDF	1GFVCS	8AIXSP (unless other on AAR)
<b>4) Expenditure batch from</b>	UNAIDS	UNITAID	APOC	WHO
<b>5) Expenditure batch charges</b>	UNAIDS PTAE0	UNITAID PTAE0	APOC PTAE0	WHO PTAE0
<b>6) AAR submitted by</b>	WHO TU (HQ/IVB)	WHO TU (HQ/TBP)	WHO TU (generally AFRO)	UNAIDS
<b>7) Dr entry JV</b>	810 1001... 243003	730 1001...243003	740 1001... 243003	101 1001...243003
<b>8) Cr entry JV</b>	101 1351...412002	101 2321...412002	101 1212...412002	810 8201...412002

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**2. PROCESS FLOW**



### 3. PROCESS STEPS

Step	Control (C)	Type	Process	Role / Responsibility
1		Offline	Sign agreement confirming terms and amounts.	Donor and Recipient Entity
2.a		Offline	Sends an Award Activation Request (AAR) or Award Amendment Request (AMR) to <a href="mailto:awards@who.int">awards@who.int</a> with the RAS link to the supporting documents.	Recipient Entity
2.b		GSM	<p>Prepares one sided expenditure batch to charge the PTAE0 that is providing the funding naming Finance Officer Awards as approver.</p> <p><u>For expenditure batch, ensures the following:</u></p> <ul style="list-style-type: none"> <li>• The eExpenditure batch is one sided charging (debiting) the expenditure to the award making the donation.</li> <li>• Expenditure type 526 – Agreements with UN and NGOs is used</li> <li>• The DFF section entitled 'Target Fund or Account to be credited' line 3 'across entities' is <b>NOT</b> completed.</li> <li>• The one sided entry therefore automatically credits OGA clearing (243003)</li> </ul> <p><u>Example: Contribution by UNAIDS to WHO for \$100,000:</u></p> <ul style="list-style-type: none"> <li>• Expenditure batch from UNAIDS charging a UNAIDS PTAE0 (donating award). The system creates an entry debiting expenditure and crediting OGA under the MO of the donor, UNAIDS.</li> <li>• The major office is 810 for UNAIDS. Therefore entry to be cleared is in OGA account 243003 with major office 810.</li> </ul> <p><i>For details on eExpenditure Batch processing please refer to FIN.SOP.X.006.</i></p>	Donor Entity

3	C	GSM	<p>Creates or increases award upon receipt of expenditure batch from donor entity and distributes funds as per AAR/ADR.</p> <ul style="list-style-type: none"> <li>▪ Depending on which entity is the recipient, the correct <b>Organization template</b> must be used for the recipient entity</li> <li>▪ The <b>donor name</b> will be in the form of 'RECIPIENT-DONOR'</li> <li>▪ The <b>fund type</b> will correspond to the appropriate fund type of the recipient.</li> <li>▪ DFF field for '<b>form of award</b>', choose 'inter-entity' from the drop down box.</li> <li>▪ As no funds will be received, no billing event is set up to create a receivable and revenue entry.</li> <li>▪ <b>In order that revenue is recognized promptly and there is no requirement for further follow up, an award will only be created once the donor entity has forwarded a one-sided expenditure batch.</b></li> </ul> <p>Example: if UNAIDS is giving funds to WHO:</p> <table border="1" data-bbox="698 869 1700 994"> <tr> <td>Organization template:</td> <td>WHO - VC template</td> </tr> <tr> <td>Donor name:</td> <td>WHO-UNAIDS (2523)</td> </tr> <tr> <td>Fund type:</td> <td>WHO fund type - VCS (or other if OCR or SPA)</td> </tr> </table> <p><i>For details on award creation please refer to "FIN.SOP.IV.011 Award Creation and Review".</i></p>	Organization template:	WHO - VC template	Donor name:	WHO-UNAIDS (2523)	Fund type:	WHO fund type - VCS (or other if OCR or SPA)	<p>GSC/GFI/AWC (creation)  FNM/ACT/awards (increase)</p>
Organization template:	WHO - VC template									
Donor name:	WHO-UNAIDS (2523)									
Fund type:	WHO fund type - VCS (or other if OCR or SPA)									
4.a		Offline	<p>Prepares journal voucher (JV) to clear (debit) OGA and recognize (credit) revenue. Inter-entity entries are then automatically created by the system.</p> <p><b>For detailed instructions on relevant fund types etc. please refer to Annex 1.</b></p>	<p>GSC/GFI/AWC (creation)  FNM/ACT/awards (increase)</p>						

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4.b		Offline	Updates log of entries.  <b>For detailed instructions please refer to Annex 2.</b>	GSC/GFI/AWC (creation) FNM/ACT/awards (increase)
5	C	Offline	Reviews correctness of award created, eExpenditure batch and Journal Voucher (JV).	Finance Officer Awards (FNM/ACT)
6		Offline	If correct, approves eExpenditure batch and sends JV to <a href="mailto:glact@who.int">glact@who.int</a> for processing.	Finance Officer Awards (FNM/ACT)
7		GSM	Completes work plan funding and award budget as for all awards. (see also FIN.SOP.IV.030 Entering Workplan Funding).	Recipient Entity
8	C	Offline	Reconciles monthly between the general ledger balance for inter-entity revenue and the log of transactions made in the current financial period (biennium) to ensure that all transactions forwarded to Awards for processing have been recognized.  <u>More specifically, verifies that:</u> <ol style="list-style-type: none"> <li>1. Log is up to date and all inter-entity awards are recorded and expenditure batches received have been entered on the log</li> <li>2. Sub-total the log entries for lines entered for the biennium to date</li> <li>3. The overall total for this general ledger revenue account (412002) can be found in the summary trial balance prepared and saved under each month's folder under 'Trial Balance' .</li> <li>4. The total per the trial balance can be inserted in the worksheet and the difference between the TB and the log calculated.</li> <li>5. The breakdown by fund type can also be found in the Trial Balance details.</li> </ol>	Finance Officer Awards (FNM/ACT)

**4. KEY RISKS & COMPENSATING CONTROLS**

Risks	Compensating Controls	Process Step
Overspending due to award creation and incurring expenditure without correctly recognizing expenditure in donor entity.	GSC/GFI/AWC (creation) or FNM/ACT/Awards (increase) ensures that award creation/increase is completed only after expenditure batch receipt from donor entity.	3
Incorrect recording of revenue (entity fund type) due to errors in award, expenditure batch or JV.	a) Finance Officer Awards FNM/ACT reviews award, expenditure and JV before submission for processing.	5
	b) Finance Officer Awards FNM/ACT reconciles the General Ledger balance with the transactions log monthly to ensure that all transactions forwarded to Awards for processing have been recognized.	8

## ANNEX 1

Accounts and Awards Unit prepares the journal voucher to debit OGA account and to credit the revenue GL accounts:

**1. Debit – OGA account 242003 for the entity donating the funds:**

Entity	Major office	Fund type
UNITAID	730	1001
APOC	740	1001
UNAIDS	810	1001

**2. Credit - Voluntary contributions - inter-entity account 412002 + fund type for recipient entity**

e.g. a contribution by UNAIDS to WHO (VCS fund type) would be recorded in WHO's accounts as follows:

Major office	Fund	Strategy	Budget	Account	Spare
810	1001	000000	00000	243003	0000
101	1212	000000	00000	412002	0000

Since the entry above does not balance (two different major offices), the system automatically generates the inter-entity entries to clear:

Major office	Fund	Strategy	Budget	Account	Spare
101	1001	000000	00000	193207	0000
810	1001	000000	00000	192201	0000

NB:

- Debit entries to OGA must have the appropriate MO to match the **donor** award
- All entries to OGA account should use fund type 1001 (regardless of the MO)
- Credit entries for revenue must have the appropriate **fund type** to match the **recipient award type**.
- Credit entries for revenue must always be to MO 101 (HQ) for WHO as all revenue is recognized here
- Credit entries for other entities must use the relevant MO code e.g.UNAIDS 810

Check: Total must equal the expenditure batch.

ANNEX 2

The log is split into separate sheets according to the recipient entity.

- For a new inter-entity award created, the details of the new award should be entered into columns A-F: Award #, Fund type, Short name, Award amount, Donor #, Donor name.
- The amount of the expenditure batch / JV entered into the column for the current year. Column K is a formula to show the entire agreement amount (Column D) less the amount(s) entered by JV. For most awards this will show a zero balance remaining.
- Where the transfer does not pertain to a new award, review the expenditure batch received, donor etc to identify the recipient award.
- Existing awards with amounts still to be received will show a balance remaining in column K.
- Update the column for the current year with the amount of the expenditure batch and JV.

Example from inter-entity log – WHO awards

Award Number	Fund tyf	Short Name	Award Amot	Numt	Donor	Received in AFI	Total JVs 08/09	2010	2011	Award amt - JVs done = remaining	Exp Batch Number			
18	55579	1GFSPA	SPA S UNAIDS AAVP KAMPALA 2009	50,000	2523	WHO - UNAIDS	-			50,000				
19	55853	1GFVCS	VCS S UNAIDS H8 2NDMNT PL55857	221,425	2523	WHO - UNAIDS	159,925			61,500				
20	55975	1GFVCS	VCS S UNAIDS ARV COST EST AMDS	66,780	2523	WHO - UNAIDS	50,085			16,695				
21	56161	1GFVCS	VCS S UNAIDS UBW 2010-2011	30,310,000	2523	WHO - UNAIDS	-	19,701,500		407,539	AI201100056/7 (95%)	April	10,200,961	
22	56163	1GFSPA	SPA S UNAIDS HVVAAVP HIV VAC	1,590,000	2523	WHO - UNAIDS	-	1,033,500		19,607	AI201100056/7 (5%)	April	536,893	
23	56262	1GFVCS	VCS S UNAIDS EPI FACT SHEETS	95,311	2523	WHO - UNAIDS	76,249			19,062				
24	56263	1GFVCS	VCS S UNAIDS TECH OFFICER ODH	65,000	2523	WHO - UNAIDS	65,000			-				
25	2010 new awards													
26	56514	1GFVCS	VCS S UNAIDS KH AFR & EUR	318,000	2523	WHO - UNAIDS	-	300,000		18,000				
27	56972	1GFVCS	VCS S UNAIDS AFG HIV PREVENTION	40,660	2523	WHO - UNAIDS	-	12,198	28,462	-	JV 27.09.11 AI201100175a			
28	PSC several 2FIGDF													
29	57398	1GFVCS	VCS S UNAIDS HIV-AIDS TECH.OFF	100,000	2523	WHO - UNAIDS	2,416,128			-				
30	57433	1GFVCS	VCS S UNAIDS AFR AGE WOMEN	285,246	2523	WHO - UNAIDS	-	100,000		-	AI201000115			
31	57493	1GFVCS	VCS S UNAIDS OMAN	60,000	2523	WHO - UNAIDS	-	285,246		-	AI201000156	EB+JV Done		
32	57549	1GFVCS	VCS F UNAIDS POSITIVE SYNERGIES	53,000	2523	WHO - UNAIDS	-	60,000		-	AI201000141	EB+JV Done		
33	51526	1GFVCS	VCS S UNITAID PREQUALIFICATION	170,620	2257	WHO - UNITAID	-	53,000		-	AI201000147			
34	57883	1GFVCS	VCS S UNAIDS PAF BOTSWANA	50,000	2523	WHO - UNAIDS	-	170,620		-	AI201000198			
35	58455	1GFVCS	VCS S UNAIDS PAF UGANDA	49,500	2523	WHO - UNAIDS	-	50,000		-	AI201000199			
36	57802	1GFVCS	VCS S UNAIDS REV UNGASS INDIC	40,808	2523	WHO - UNAIDS	-	49,500		-	AI201000184			
37	2011 new awards													
38	51926	1GFVCS	VCS S UNITAID PROJECT SUPPORT FOR	582,956	2257	WHO - UNITAID	-	-	582,956	-	HQ/11/UTD3380			
39	57952	1GFVCS	VCS S APOC SUPPORT MTN BURUNDI	100,650	34756	WHO-APOC	-	100,650		-	OUEXP11-001	March		
40	57923	1GFVCS	VCS S UNAIDS PAF HIV KH	150,000	2523	WHO - UNAIDS	-	150,000		-	AI20110023	March		
41	57668	1GFVCS	VCS S UNAIDS TECH SUPPORT10-11	892,000	2523	WHO - UNAIDS	-	892,000		-	AI20110028	Feb		
42	57846	1GFVCS	VCS S UNAIDS PAF HIV AIDS ART	23,320	2523	WHO - UNAIDS	-	23,320		-	AI20110022	Feb		
43	58027	1GFSPA	SPA S UNAIDS UG AAVP TRANSITIO	50,000	2523	WHO - UNAIDS	-	50,000		-	AI20110044	April		
44	58071	1GFVCS	SUPPORT FOR OPIOID SUBSTITUTION TH	68,480	2523	WHO - UNAIDS	-	68,480		-	AI20110024	April		
45														
46	58101	1GFVCS	APOC CONTRIBUTION FOR TECHNICAL A	72000	34756	WHO-APOC	-	78,000		6,000	OUEXP11-002	May		
47	58484	1GFVCS	VCS S UNAIDS HIV MTG KIGALI	14900	2523	WHO - UNAIDS	-	14,900		-	AI201100171	Sept		
48	58500	1GFVCS	VCS S UNAIDS PAF MYANMAR COC	72000	2523	WHO - UNAIDS	-	72,000		-	AI201100191	Sept		
49	TOTAL BY YEAR								45,434,507	16,582,664	88,165,053			
50	TOTAL BY BIENNIUM								45,434,507					
51	PER GL MO 101 HQ								45,311,321					
52	Difference								123,186					