

FIN.SOP.IV.015

Inter-Fund Awards

FNM/ACT

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-fund awards including the processing of transactions for the recognition of revenue on these awards and the elimination of transfers on consolidation. For simplicity, this instruction will refer to 'entities' throughout - one being the 'donor' and the other the 'recipient'.

1.2. General Guidance / Business Rules

1.2.1. Definition of Inter-Fund Award

- Within the Organization, there are certain partnership arrangements that fall outside the Programme and Budget (PB) in terms of budget and measuring results (Strategic Objectives). These partnerships have their own governance structures, workplans and budgets. Where funds need to be allocated to PB activities and non-PB activities, there are three possibilities to account for this:
 - (1) When the allocation is made up front at the donor or award manager's discretion, then awards will be set up initially under each fund type and revenue and expenditure will be recognized accordingly under each separate award (and fund type).
 - (2) For one off transactions and salary charges, the relevant PTAE0 can be charged directly. This can be done by raising a commitment to that PTAE0, mapping staff to a certain PTAE0 or by way of expenditure batch. For example, a WHO staff member working for one month on RBM can be mapped for that one month to the RBM PTAE0.
 - (3) As it is not possible to budget from an award within the PB to strategic objectives outside of the PB and vice versa, for any on-going activities an inter-fund award should be established in order to transfer funds from one fund to another. For example, where RBM provides funds to AFRO for implementation of RBM activities, an award provides better funding and monitoring than direct charging of PTAE0s. Inter-fund awards are only required where the funds are given by the donor for one purpose or to one budget centre and an award is created under that fund type. The manager of that fund then makes an internal decision to provide funds to a budget centre outside the PB (or vice versa) and an inter-fund award is necessary.

This SOP deals with case 3 above, where an inter-fund award is required.

1.2.2. Inter-Fund Business Rules

- Award creation for inter-fund awards follows the standard award creation procedures (refer to FIN.SOP.IV.011 Award Creation and Review).
- For an inter-fund award, a simple standard agreement can be used to lay out the purpose of the transfer or a memo signed by the donor entity.
- As there is no receipt of cash therefore the award has no billing event and revenue is recognized through accounting entries.
- In most cases, the award is created and the funds are transferred by expenditure batch in full on signature of the agreement/memo and creation of the award.
- The donor entity prepares an expenditure batch charging a PTAE0 to 'give' the funds.
- The recipient entity submits an AAR supported by a signed agreement or memo in order to record and utilize the funds. Revenue is recognized by a journal voucher crediting the general ledger account for inter-fund revenue.
- Further increases may be processed against existing awards in which case expenditure batches should be received for the increase in the same way as outlined below.
- In exceptional circumstances and for control purposes, an inter-fund award may be set up under the same manager as the donating award but with a different fund type. The award value and instalments will be input, however the distributions will be released based on requirements and the expenditure batches/JVs entered in line with distributed funds.

1.2.3. Definition of Intra-Fund Award

- There are a number of 'Special Partnership Arrangements' which fall within the Programme and Budget e.g. TDR, HRP, TBP. In order to complete their activities, they may receive funding from, or transfer funding to, activities that are outside of their SPA. These SPAs may have their own governing bodies and present management and financial reports for their own activities to their boards. As long as the transfer is to/from an entity with the PB, there is no requirement to set up separate awards for these transfers as the transfers can be distributed and budgeted within the PB.

There is no requirement for intra-fund awards.

1.3. Reference Material

1.3.1. WHO eManual

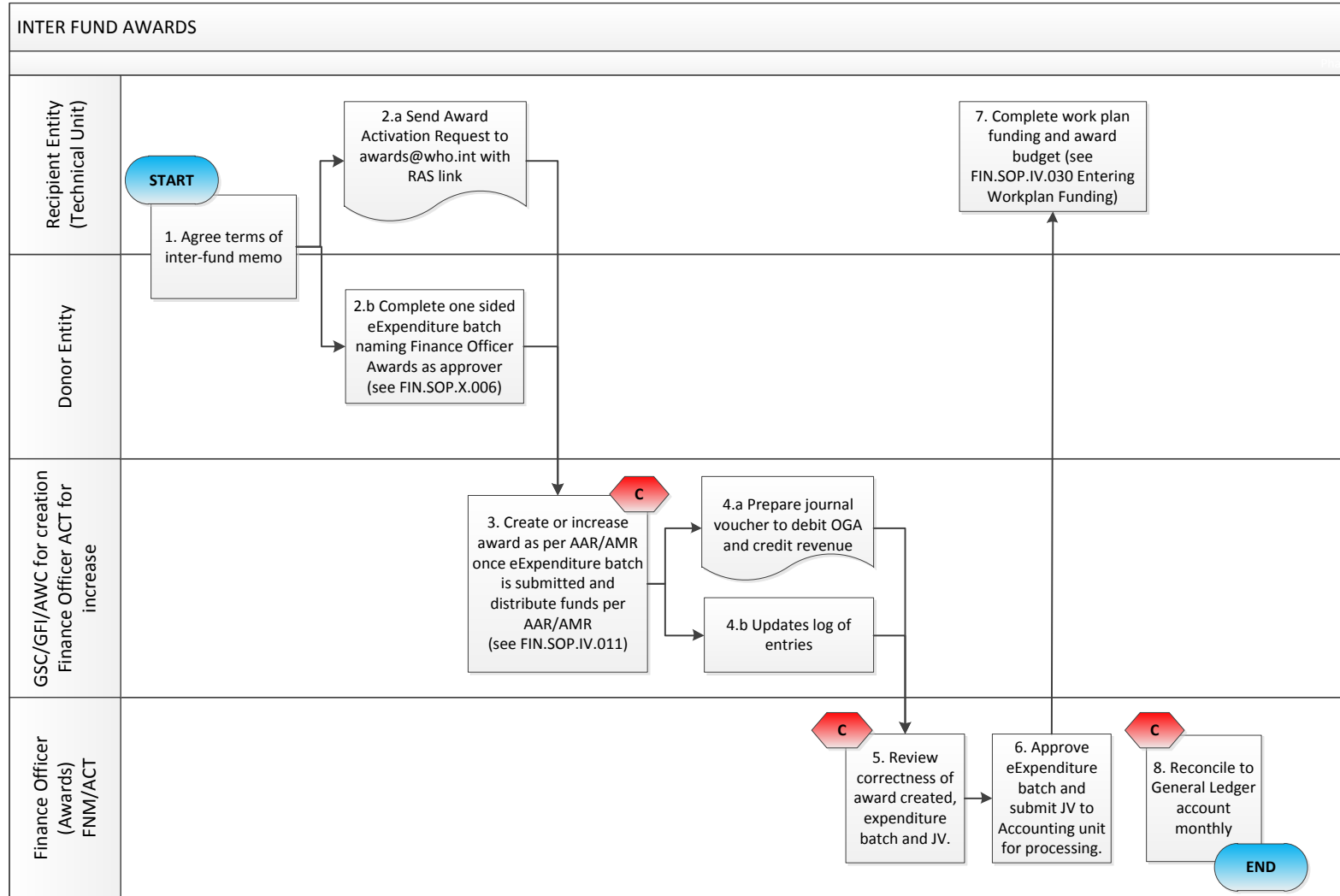
- IV.2.2 Cash voluntary contributions
- IV.3.2 Award creation

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

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2. PROCESS FLOW



3. PROCESS STEPS

Step	Control (C)	Type	Process	Role / Responsibility
1		Offline	Sign agreement or inter-fund memo confirming the following: (1) The overall purpose of the inter-fund transfer (2) The agreed amount and its budget by country and purpose (3) The administrative arrangements (e.g. that the funds will be charged to Award #x, any reporting requirements, etc.)	Donor and Recipient Entity
2.a		Offline	Sends an Award Activation Request (AAR) or Award Amendment Request (AMR) to awards@who.int with the RAS link to supporting documents.	Recipient Entity
2.b		GSM	Prepares one sided expenditure batch to charge the PTAE0 that is providing the funding naming Finance Officer Awards as approver. <u>For expenditure batch, ensures the following:</u> <ul style="list-style-type: none"> The eExpenditure batch is one sided charging (debiting) the expenditure to the award making the donation. Expenditure type 542 - Transfer across entities is used. This identifies the entry as being internal. Of note, there is no specific account for transfers between funds. The DFF section entitled 'Target Fund or Account to be credited' line 3 'across entities' is NOT completed. The one sided entry therefore automatically credits OGA clearing (243003). <i>For details on eExpenditure Batch processing please refer to FIN.SOP.X.006.</i>	Donor Entity
3	C	GSM	Creates or increases award upon receipt of expenditure batch from donor entity	GSC/GFI/AWC

			<p>and distributes funds as per AAR/ADR.</p> <ul style="list-style-type: none"> • A new donor may need to be created if the donor entity is giving funds for the first time. • The donor name will be in standard format 'WHO - name of donor - INTERFUND'. • Donations are in USD only as this is the currency of WHO accounts. • DFF field for 'form of award', choose 'inter-entity' from the drop down box. There is no inter-fund option, therefore this distinguishes it from a cash basis award. • 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. <p>Example: if RBM (partnership outside of the PB) is giving funds to AFRO (region inside PB):</p> <table border="1"> <tr> <td>Organization template:</td> <td>WHO - VC template</td> </tr> <tr> <td>Donor name:</td> <td>WHO-ROLL BACK MALARIA PARTNERSHIP</td> </tr> <tr> <td>Fund type:</td> <td>WHO fund type - VCS</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-ROLL BACK MALARIA PARTNERSHIP	Fund type:	WHO fund type - VCS	(creation) FNM/ACT/Awards (increase)
Organization template:	WHO - VC template									
Donor name:	WHO-ROLL BACK MALARIA PARTNERSHIP									
Fund type:	WHO fund type - VCS									
4.a	Offline	<p>Prepares journal voucher (JV) to clear (debit) OGA (243003) and recognize (credit) revenue under GL account "Voluntary Contributions – Inter-Fund – 412012".</p> <p><u>Parameters to be used in JV :</u></p>	GSC/GFI/AWC (creation) FNM/ACT/Awards							

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			Major Office 101 101 NB: <ul style="list-style-type: none"> • Since both donor and recipient are within WHO, MO for debit to OGA is always 101. • 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 	Fund 1001 1212	Strategy 000000 000000	Budget 00000 00000	Account 243003 412012	Spare 0000 0000	
4.b		Offline	Updates log of entries. For detailed instructions please refer to Annex 1						GSC/GFI/AWC
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 glact@who.int 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-fund 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.						Finance Officer Awards (FNM/ACT)

			<p><u>More specifically, verifies that:</u></p> <ol style="list-style-type: none"> 1. Log is up to date and all inter-entity awards are recorded and expenditure batches received have been entered on the log 2. Sub-total the log entries for lines entered for the biennium to date 3. The overall total for this general ledger revenue account (412012) can be found in the summary trial balance prepared and saved under each month's folder under 'Trial Balance' . 4. The total per the trial balance can be inserted in the worksheet and the difference between the TB and the log calculated. 5. The breakdown by fund type can also be found in the Trial Balance details. 	
8		Offline	<p>Creation of inter-fund awards is supported by an expenditure batch from the donor entity transferring funds to an award under another fund type. Revenue is recognised by JV under the recipient fund type. This leads to a duplication of revenue and expenditure recording. Inter-fund entries are therefore eliminated on consolidation to leave only revenue recognised as received by the donor entity from the external donor and expenditures on activities by the recipient fund type. For an example of an elimination Journal Voucher, please refer to Annex 2.</p>	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.	<ul style="list-style-type: none"> a) Finance Officer Awards FNM/ACT reviews award, expenditure and JV before submission for processing. 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. 	5 8

ANNEX 2

Example JV for elimination of inter-fund entries.

View context		View header	
Balance Type		Actual	
Database		JACQUIN.WHO.INT.PWCHOA12	
Set of Books		World Health Organization	
Category		Miscellaneous	
Source		Spreadsheet - Actual	
Currency		USD	

Accounting Date	* List - Date	31-Dec-11
Batch Name	Text	IAM CH DEC 11 interfund eliminati
Batch Description	Text	IAM CH DEC 11 interfund eliminati
Journal Name	Text	IAM CH DEC 11 interfund eliminati
Journal Description	Text	IAM CH DEC 11 interfund eliminati

Upl	Major Office	Fund	Strategy	Budget	Centre	Account	Spare	Debit	Credit	Line Description	Messages
	* List - Text							* Number	* Number	Text	
⌘	101	3001	000000	00000		412012	0000	3,961,869.00		Clear interfund revenue expenditures to eliminations fund	
⌘	101	3001	000000	00000		412012	0000	230,000.00		Clear interfund revenue expenditures to eliminations fund	
⌘	101	3001	000000	00000		511001	0000		3,761,869.00	Clear interfund revenue expenditures to eliminations fund	
⌘	101	3001	000000	00000		513001	0000		200,000.00	Clear interfund revenue expenditures to eliminations fund	
⌘	101	3001	000000	00000		519001	0000		230,000.00	Clear interfund revenue expenditures to eliminations fund	
Totals:								4191869	4191869		

Tip: This is not the end of the Template. Unprotect the sheet and insert as many rows as needed.