

FIN.SOP.X.043
Third-Party Payment
Arrangements
Self-service Approval Process
(GSC / Accounts Payable)

FNM Standard Operating Procedure

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.

DOCUMENT SPECIFICATIONS

Version Version	Date of revision	Author (s) / Dept / Unit	Approver	Indicate which section changed compared to previous version
1.0	26-Oct- 2020	Ephrem Z. ROBELE/ GSC / GFI-AP Nisha Manicka Vasagam/GSC/GFI/AP	Kurt Geyskens / GSC / GFI Frank Stewart, a.i. Comptroller	New SOP
2.0	15-Apr- 2021	Nisha Manicka Vasagam/GSC/GFI/AP Shirly CHOO/GSC/GFI/AP	Kurt Geyskens / GSC / GFI Dan Walter, a.i. Comptroller	Updates on identification of third party payment situations, supporting documentation, third party validity period deactivation and reactivation procedures.

1. Introduction

1.1. Overview/Description

- a) Payment by WHO to any recipient (person or entity) other than a contractual counterpart (contracting party)¹ is considered third-party payment. Third Party Payment arrangements involve risk to the organization:
- **Financial risk:** A supplier may claim that WHO has not made payment against goods/services delivered while the organization has actually made payment to a payee who purported to be a duly designated third-party recipient where the arrangement is later proven not to be backed by authentic/sufficient evidentiary support. In cases involving such fraudulent activities, WHO would be forced to make another payment to the actual supplier at a probable loss of the earlier funds paid.
 - **Reputational risk:** WHO's image as ethical organization would be adversely affected if it is implicated in unscrupulous suppliers' activities that are not compliant with relevant legal requirements (e.g. a supplier may channel payment to a third-party for tax evasion purposes, or circumvention of foreign currency controls or applicable sanctions regimes in the territory they operate).
- b) This SOP is aimed at mitigating the above-mentioned risks and sets the parameters for acceptable types of third party payment requests, provides guidance on the required supporting documentation against such requests and elaborates on the exceptional approval process at Budget Centres and the WHO Global Services Centre (GSC). The SOP applies to the two categories of suppliers in WHO: Corporate Suppliers and Non-Staff Meeting Participants (NSMP).
- c) The following mismatches in supplier information generally indicate a third-party payment could exist:
- i. Mismatch between supplier name and payee bank account holder name shown in a request for supplier creation/modification
 - ii. Mismatch between supplier name and /or payee name stated in an invoice and the supplier name held in the supplier database in GSM (recorded on the underlying PO).

Minor differences due to spelling, abbreviation of middle names or forms of incorporation would typically not require a third party form as long as it is evident from available documentation that there is no difference between the payment recipient and the contractor. In case of doubt on whether a third party form is required, kindly consult with the authorizing officers indicated in section 1.2 d) below.

¹ The reference in this SOP to 'the contracting party' pertains to the supplier (individual or entity) under whose name there exists supplier record in GSM, which is also the name that is reflected (or will be reflected) in POs issued by WHO to that supplier.

1.2. General Guidance / Business Rules

a) Budget Centres must make effort to ensure that suppliers align payment arrangements with the regular WHO payment process (i.e. payment to the supplier named in the contract/PO).

b) **Permissible exceptions**

- i. Exceptions to authorize payment to a designated third-party shall only be granted on a case-by-case basis in rare and exceptional circumstances only based on a valid justification. As an example, for individuals, such circumstances include situations where:
- An individual whose counterpart does not have access to any personal bank account into which WHO can pay;
 - Direct compensation (in cash or via another direct payment method) is not possible for reasons outside of the control of the contracting parties.

Simple preference for a third-party payment for convenience, to bypass sanction regimes, to avoid taxes, duties, currency restrictions or other relevant regulations, or to avoid specific bank charges (e.g. foreign exchange impacts) would not be considered an acceptable justification to authorize a third-party payment.

Please refer to Annex I of this SOP for further examples of permissible and non-permissible circumstances to authorise third party payments and required documentation. The list provided in Annex I should be considered indicative and case by case consideration might be required.

- ii. Services contracts or other expense reimbursement arrangements with individuals other than staff members shall be made exclusively to the individual or a bank account that is permissible under this SOP. Kindly refer to Annex I on permissible exceptions, e.g., where exceptional consideration may be warranted in light of employer/employee relationship and arrangements for joint accounts.
- iii. When a supplier has been concurrently running multiple contracts/POs with WHO, the supplier is not allowed to maintain multiple payment arrangements (i.e. arrangements combining regular payments to a supplier's own account and third-party bank accounts). If a supplier can receive payment via the regular arrangement (in a bank account under their own name), WHO considers that there is no longer justification for exceptional third-party payment arrangement.
- iv. Where it is deemed exceptionally necessary to have a third-party payment arrangement in place and this requirement is known at the initial stages of approval of the relevant contract, it must be part of the consideration in the approval process of the contract, at which

time the documentation needed to justify the arrangement should also be collected and submitted for GSC/GFI approval in line with the requirements of this SOP.

c) Submission of Third-Party Payment Requests

Third-Party Payment requests can be submitted via following channels:

- i. Submission directly by suppliers as an attachment in the iSupplier – Supplier Registration system: The supplier will complete and attach / upload the initial form in iSupplier – Supplier registration as required. Supplier Management at GSC will use an electronic workflow to complete the onward review and authorization process by the WHO responsible officer and the authorizing officers (see details below). Completed forms will be uploaded by Supplier Management with the approved transaction upon GSC/GFI's final review.
- ii. Submission via 'AP Self Service Supplier Request'²: Requestors may submit a request to add a third-party bank account using the 'AP Self Service Supplier Request' facility in GSM by also attaching the scanned copy of the signed Third-Party Payment Authorization form along with supporting documents. In such submission, the documents need to be uploaded (attached) using the 'Managed Attachments' button in the 'AP Self Service Supplier Request' page.
- iii. Submission via 'Non-Staff Participants/Travellers' : Requestors may submit a request to add a third-party bank account via the 'Non-Staff Participants/Travellers' using Travel Requestor or Meeting Administration Assistant responsibility in GSM by also attaching the scanned copy of the signed Third-Party Payment Authorization form along with supporting documents. In such submission, the documents need to be uploaded (attached) using the 'Managed Attachments' button in the 'Non-Staff Participants/Travellers' page.

Detailed submission steps are also provided in the '*Third Party Payment Authorization*' form itself.

d) Authorization of Third-Party Payment Requests

All third-party payment exceptions require approval by a limited number of authorizing officers.

² This is applicable for suppliers that are not onboarded in the iSupplier-Supplier Registration system. (Further details can be referred to in the SOP for Corporate Supplier Self-service: Request and Approval Process FIN.SOP.X.036).

- i. These authorizing officers for third party arrangements are the Comptroller or Officers designated by the Comptroller, who shall approve requests relating to Headquarters³; and Regional Budget and Finance Officers, who shall approve requests relating to Regions. No further delegation of this responsibility is allowed.
- ii. The approval shall only be granted based on duly completed '*Third Party Payment Authorization*' forms, including:
 - a. a valid justification as to why a third-party payment arrangement is necessary (see "permissible exceptions" above);
 - b. the existence of appropriate evidence to support the approval (see "required documentation" below), and;
 - c. countersignature, as applicable, by all required parties (see last paragraph below)
- iii. Payments through bank list (i.e. via WHO Country/Regional Offices) or through UNDP must also be made to the supplier named in GSM/the relevant PO/contract with WHO and any third-party payment via these mechanisms is subject to the same conditions and requirements stated in the eManual and this SOP.
- iv. Request for third-party payment arrangement may be submitted either when supplier data is newly created or as a modification to existing supplier records. In either case, the data for a third-party designated as recipient of payment by WHO must be checked thoroughly by requestors in Budget Centres and approvers in the Supplier Management Team of the GSC in the light of the eManual provisions in section X.2.1, this SOP and FIN.SOP.X.36 and 37. The checks seek to ensure accuracy and completeness of the request as well as ascertaining acceptable nature of the third party payment request.

The '*Third-Party Payment Authorization*' form submitted via AP Self Service or Non-Staff Participants/Travellers must be signed by the requesting WHO staff (WHO Responsible Officer) handling the underlying contract/PO that necessitated the Third-Party payment arrangement. As indicated above, Supplier Management at GSC will coordinate the approval by the WHO Responsible Officer and the authorized approver through electronic workflow for '*Third Party Payment Authorization*' forms submitted by suppliers directly through iSupplier for Supplier Registration.

e) Required documentation:

In order to protect WHO of any dispute that may arise from non-payment of contractual obligations where payments are actually made to third-party beneficiaries and to mitigate against any resulting reputational risk, a '*Third Party Payment Authorization*' form must always be

³ The a/Comptroller has delegated the responsibility to review and approve '*Third Party Payment Authorization*' forms related to Headquarters to a sole authorizing officer, being Coordinator Global Financial Services, at GSC

completed, signed and stamped (for entities) by the following external parties. This is applicable irrespective of whether the completed form is to be submitted via AP Self Service, Non-Staff Participants/Travellers, or the 'iSupplier for Supplier Registration system'.

- i. The contracting party; either the supplier named in GSM/PO (for an individual contractor) or a competent representative of the supplier named in GSM/PO (for an entity);
- ii. The third-party designated as a recipient of payment by WHO (for an individual contractor) or a competent representative of the third-party designated as such (for entity);

The '*Third Party Payment Authorization*' form must also be accompanied by documentation described below. This is applicable irrespective of whether the completed form is to be submitted via AP Self Service, Non-Staff Participants/Travellers or the iSupplier-Supplier Registration system.

- iii. If an **individual** is designated as third-party payment recipient, the third-party bank account name should be matched by a **copy of the third-party payee's passport or national identity card**.
- iv. If a **separate legal entity** is designated as a third-party recipient (not individuals),
 - evidence of the **beneficial ownership relationship** between the supplier and the third-party payment recipient entity must be made available by separate letter from the supplier on the supplier's letterhead and bearing the supplier's official stamp.
 - the form must bear the official stamp of the supplier or adequate additional **documentation must be provided on the supplier's letterhead** (e.g. documentary proof of agency relationship or confirmation/authorization in supplier's letter head with stamp, etc.) **confirming that the signatory of the third party form is indeed a competent representative of the supplier** and/or third party entity, authorized to designate beneficiaries for third party payments. The competent representative must not be the owner of the third-party recipient bank account (e.g. the Managing Director of a supplier cannot request payment into a bank account in his/her own name).
- v. Bank sourced document showing the bank account details of the third-party designated as recipient of WHO payments. Examples of bank-sourced supporting documentation could be : a letter from the bank, or a copy of a bank statement, or a pre-printed cheque for the suppliers account indicated in the form. Banks can also confirm the accuracy of the banking information included in the form directly on the 'Third Party Authorization Form" itself by indicating the signature of a representative of the supplier's bank and adding the official stamp of the bank.
- vi. In case of doubt regarding the adequacy of supporting documentation, Office of the Legal Counsel (LEG) can be consulted through GSC/GFI.

- vii. By signing the Third-Party Authorization form, the contracting party is acknowledging the confirmation included in the Third-Party Payment Authorization form. The terms of the confirmation cannot be modified.
- f) Please refer to Annex I of this SOP for further examples of permissible and non-permissible circumstances to authorize third party payments and required documentation. The list provided in Annex I should be considered indicative and case by case consideration will be required.
- g) Once a Third-Party Payment Authorization is approved and recorded in GSM, it shall be applicable to:
 - i. Currently active contracts with WHO, and;
 - ii. Other subsequent contracts that may be entered with WHO until the existing third-party arrangement is end-dated and revoked on the date of revocation as indicated and approved in the '*Third Party Payment Authorization*' form or a general validity period of one year from the date of approval in GSM in case of no date of revocation indicated in the form.
- h) Furthermore, as part of WHO's policy on supplier data management, suppliers with long period of inactivity (1 year and above) are end-dated (deactivated) in the system. End-dating of a supplier's record also inactivates any related third-party payee account. In the event that:
 - i. an end-dated supplier with a third-party payee; or
 - ii. an active Supplier with end-dated third-party arrangementis requested for reactivation, the case for the third-party arrangement must be made again. Therefore, the '*Third-Party Payment Authorization*' form would have to be completed and the documents and information required under the eManual and relevant SOPs must be submitted along with the relevant AP Self Service Supplier Request, Non-Staff Participants/Travellers or iSupplier – Supplier Registration system, as applicable.

In case no data on the prior third party form changed, the supplier and third party can sign a declaration that "We hereby confirm that the data included in the attached forms is still accurate and request re-activation of the third party arrangements included in the attached form." The signed declaration, accompanied by the original duly completed and signed third party forms and the original supporting documents, as well as accompanied by the approval of the Authorizing Officer, will be uploaded with the Supplier creation / modification request to re-activate the account for onward consideration. Once this is re-activated, the validity period of this arrangement will be following general validity period of one year unless otherwise indicated and approved by the Authorizing Officer.

- i) Third-party beneficiaries and bank accounts shall be subjected to the same verification regarding applicable sanctions and restrictions (Ref: FIN.SOP.X.036 and 037) and may not be accepted if the requirements under those verifications are not met (See SOP on Corporate/NSMP Supplier approval process).

2. Responsibilities for Third Party Payment Arrangements

WHO Responsible Officer:

- a) Where a supplier that is not registered in the iSupplier for Supplier Registration system requests for a Third-Party Payment arrangement, the WHO staff (WHO Responsible Officer) handling the relevant contract/PO is responsible for
- Initiating the process to complete '*Third Party Payment Authorization*' form
 - Coordination with the supplier to obtain a justification for the third-party payment and any supporting documentation
 - Collecting the duly completed and signed '*Third Party Payment Authorization*' form, all required supporting documentation and related offline approvals
 - Verification, to the best of the staff's ability, of **the accuracy and completeness of supporting documentation**
 - Assessing compliance with this SOP and relevant section(s) of the eManual **based on the justification provided and available supporting documentation**
 - Decide whether to submit the '*Third Party Payment Authorization*' requests **(by signing section 8a of the form) for onward offline approval based on careful consideration of the above.**
 - Coordinate with authorized AP self-service requestors to submit fully documented and complete requests to GSC as per mandated process (or submit directly if the responsible officer has the necessary GSM user responsibility⁴)

Where Third-party authorization forms are received through iSupplier for Supplier Registration directly from the supplier, Supplier Management will route these forms for review and approval by the WHO Responsible Officer and authorizing officers through an electronic workflow. The WHO Responsible Officer is responsible for:

- Verification, to the best of the staff's ability, of **the accuracy and completeness of supporting documentation**
- Assessing compliance with this SOP and relevant section(s) of the eManual **based on the justification provided and available supporting documentation**

⁴ AP Self Service Supplier Request responsibility for submitting supplier creation or modification requests

- Decide whether to submit the *'Third Party Payment Authorization'* requests (by signing section 8a of the form) for onward electronic approval based on careful consideration of the above.
- b) TAKE NOTE! Once a supplier is set-up with an alternative third-party payee, the arrangement will be in force for all commitments created for that supplier until this is revoked as stated under 1.2(g) and 1.2(h). Therefore, WHO staff responsible for a new contract/PO created against an existing supplier must ensure that any existing third-party payment arrangements with that supplier remains valid, irrespective of who originally set up the third-party payment arrangement. Therefore, whenever a new PO is to be issued to an existing supplier, the responsible staff cited in 2(a) above, must verify the relevant supplier's data and submit a Supplier Self Service Request to inactivate (end-date) any third-party account details if the third-party arrangement is obsolete before the approved date of revocation or within a general validity period of one year in case of no date of revocation indicated in the approved *'Third Party Payment Authorization'* form. The responsible staff needs to ensure that GSM reflects a current, accurate and complete bank information to allow payments under the new contract.
- c) Where non-PO based invoices are concerned, the initiators and approvers of the payment transactions must ensure that the name in the relevant invoice/payment request matches with the supplier name held in the supplier database in GSM as well as the payee account holder name of the relevant bank account under that supplier. For any mismatch, they must ensure that a duly completed and approved *'Third Party Payment Authorization'* form is available.

Authorizing Officer

- d) The authorizing officer (see section 1.2.c above) is ultimately responsible to authorize the Third-Party Payment request. Before authorizing the request, the authorized approvers are responsible for:
- i. Review whether the Third-party authorization request is accurately completed and accompanied by all required documentation as attached as per this SOP.
 - ii. Assess compliance with this SOP and relevant section(s) of the eManual **based on the justification provided and available supporting documentation** with particular attention as to:
 - whether the supporting documentation is relevant and consistent with the request and its justification, including verification of existence and adequacy of documentation to evidence a beneficial ownership relationship between the entity and third-party payment recipient, if applicable;
 - appropriateness of the proposed third-party relationship as financial risk experts;
 - consult with LEG through GSC/GFI, as deemed required.

- iii. Authorize accurate, complete, compliant requests that are permissible as per this SOP.

Requestors of supplier creation/modification:

- e) The WHO staff who is an authorized AP self-services user, having the GSM responsibility 'AP Self Service Supplier Request' (for corporate supplier) or GSM responsibility 'Travel Requestor or Meeting Administration Assistant' (for non-staff participants/travellers) is responsible to:
 - i. submit requests for corporate supplier data creation/modification, where a supplier is not registered in the iSupplier for Supplier Registration system, or submit requests for Non-Staff Participants/Travellers data creation/modification. These staff members must ensure that they remain up-to-date with the process steps and also the latest requirements of supplier data maintenance in GSM including requirements relating to third-party payment arrangements.
 - ii. Perform following checks/validations, prior to submission of AP Self Service Supplier Requests, in the light of the requirements for third-party payment arrangements:
 - Identify mismatches between the supplier name and bank account holder name (or payee name on the invoice).
 - Where the bank account name provided by a supplier does not match with the supplier's name recorded in GSM, ; assess whether adequate indications exist to warrant mandating a third party authorization form. In case of doubt, processors are advised to consult with the authorizing officer as indicated in section 1.2 d) above. Where a third-party payment arrangement is deemed necessary, the relevant AP Self Service Supplier requestors must ensure that the following documents are submitted:
 - 'Third Party Payment Authorization' form that is duly completed and authorized as per section 1.2(c) of this SOP;
 - Evidence as prescribed in this SOP to justify the use of third-party accounts for supplier payments (See Annex I);
 - Bank sourced document showing the bank account details of the third-party designated as recipient of WHO payments;
 - Email addresses and contact details of the main supplier and the third-party designated as recipient of WHO payments are obtained and included (clearly differentiating the two parties) in the AP Self Service Request;
 - Bank information of the third-party designated as recipient of WHO payments is in line with the requirements of the specific banking environment where the account is maintained (e.g. provision of SWIFT Code consistent with the Bank Name & Bank Branch Address). Reference information is provided in the 'Third-Party Payment Authorization' form. Also see FIN.SOP.X.036 Appendix I listing countries with special requirements.

3. Key Activities by GSC

- a) Upon submission of a duly completed and signed '*Third-Party Payment Authorization*' form via AP Self Service Supplier Request, the status becomes 'In Process'. Supplier management processors review the 'In Process' queue and Approve or Reject the requests. The key process steps in reviewing and approving or rejecting requests for third-party payment arrangements are as follows:
- Identify mismatches between the supplier name and bank account holder name. Based on available information, assess whether adequate indications exist to warrant mandating a third party authorization form. In case of doubt, processors are advised to consult with the Global Financial Services Manager at GSC or Coordinator GFI.
 - For submitted Third Party Authorization forms:
 - Verify that the form is signed (approved and authorized) by all required staff: a) WHO Responsible officer, and b) authorizing officer.
 - Perform validation checks on the third-party designated as recipient of WHO payments, in line with SOPs FIN.SOP.X.036 / 037;
 - Ensure supplier's record in GSM does not show active bank account under current use in own name, in which case concurrent Third-Party Payment arrangement is not permissible (as per 1.2 (b) (iii));
 - Ensure all supporting documentation submitted is relevant and complete, including verification of existence of documentation to evidence beneficial ownership relationship between entities and the designated competent representatives of supplier and third-party payment recipient, if applicable.
- b) Review the '*Third-Party Payment Authorization*' form submitted directly by suppliers via the iSupplier for Supplier Registration system. The key process steps in reviewing and approving or rejecting requests for third-party payment arrangements are as follows:
- Coordinate further review and approval of these forms with the supplier and authorized staff within WHO as required, through an electronic workflow and manage related rejections in coordination with the WHO focal point;
 - Upload final approved documents '*Third-Party Payment Authorization*' forms with the transaction in GSM.
- c) Approve request or Reject requests with rejection reasons. All reviews and actions relating to bank information performed by the Supplier Management Team at GSC/GFI as per the FIN.SOP.X.036, 037 and 38 also apply to third-party designated as recipient of WHO payments bank accounts.

4. Reference Material

4.1. eManual

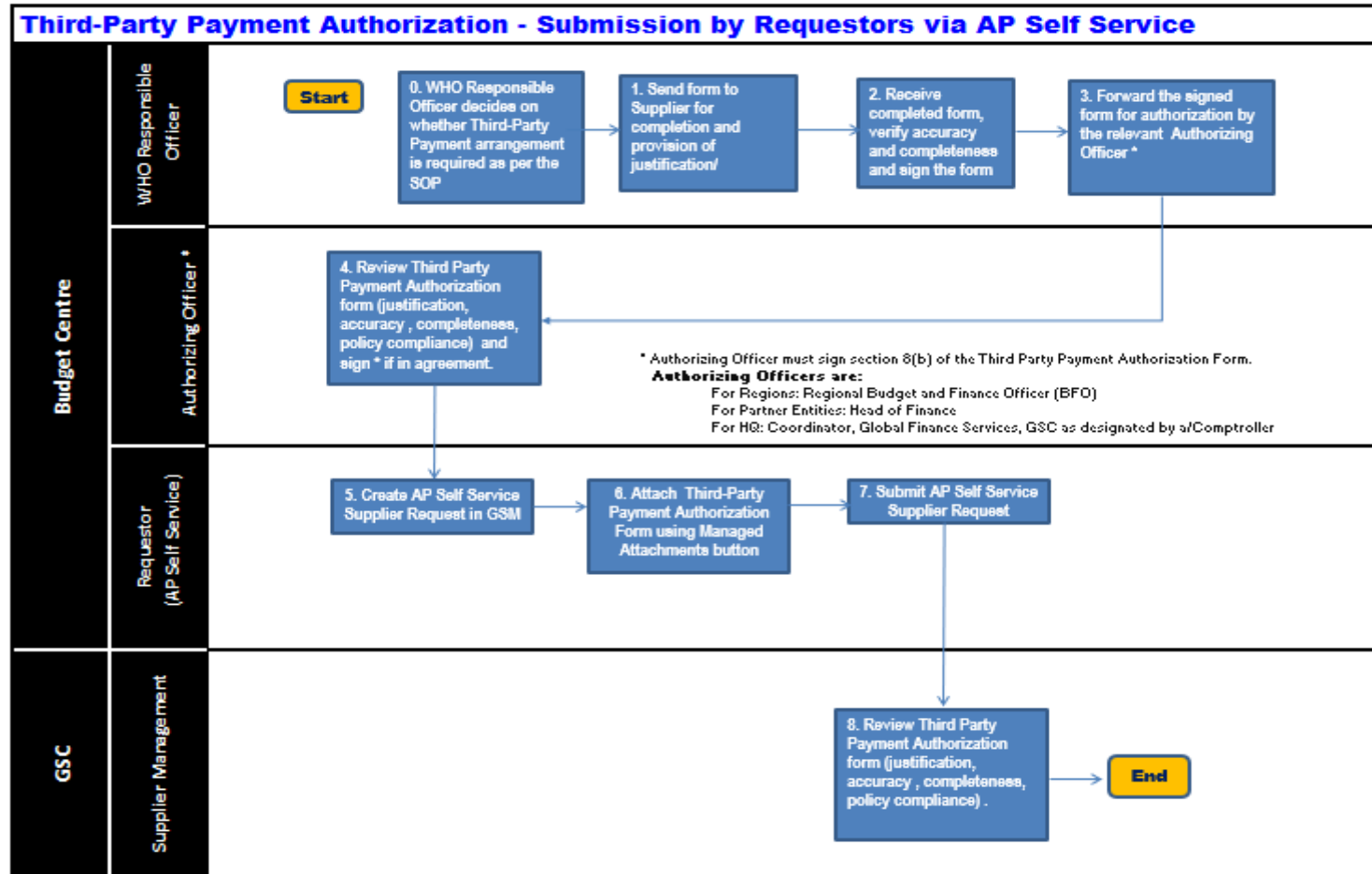
- X.2.1 Commitments and encumbrances

4.2. Related SOPs

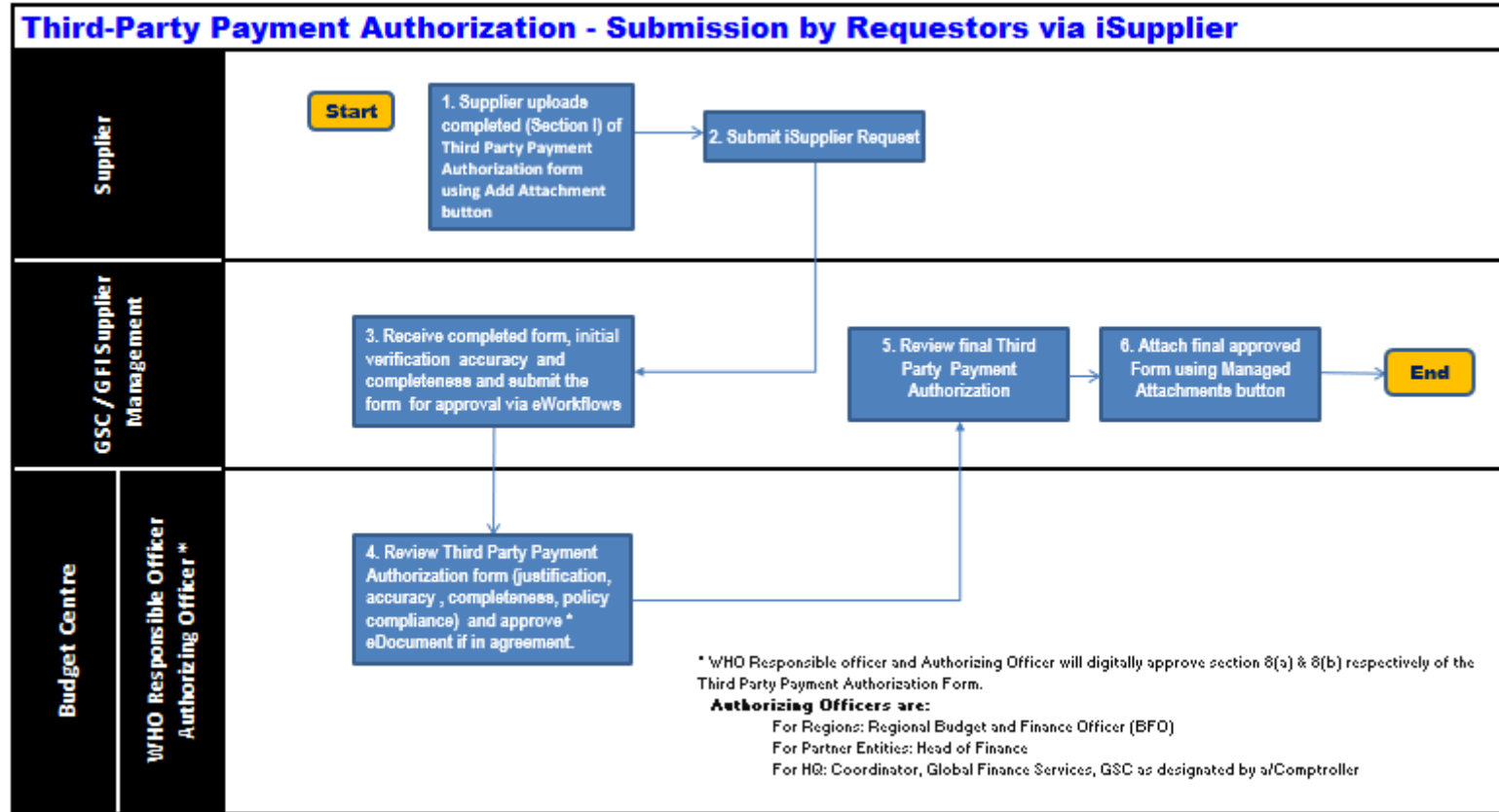
- FIN.SOP.X.035 Supplier Bank Header
- FIN.SOP.X.036 Corporate Supplier Self-Service Approval Process
- FIN.SOP.X.037 NSMP Self Service Approval Process
- FIN.SOP.X.038 Supplier Data Quality Maintenance

5. PROCESS FLOW

5.1. AP Self Service



5.2. iSupplier - Supplier Registration



6. PROCESS STEPS

6.1. AP Self Service

Step	Control (C)	Type	Process	Role / Responsibility
1		Offline	Complete Third-Party Payment Authorization Form If the supplier is not registered in iSupplier-Supplier Registration system, send the form to Supplier and receive a completed form with documentation. Supplier shall complete the form and provide justification/documentation	Suppliers/ WHO Responsible Officer
2	C	Offline	Review Third-Party Payment Authorization Form and supporting documentation for accuracy, completeness and SOP and policy compliance. Sign if acceptable before onward distribution.	WHO Responsible Officer
3		Offline	Forward signed Third-Party Payment Authorization Form to the Authorizing officer for review and authorization.	WHO Responsible Officer
4	C	Offline	Review Third Party Payment Authorization request for accuracy, completeness, proper justification and documentation, proper internal WHO clearance, SOP and policy compliance.	BFOs for Regions Coordinator, Global Finance Services, GSC (as designated by a/Comptroller) for HQ
5		GSM	Create and submit supplier creation and modification request involving Third Party Payment in GSM.	Requestors
6		GSM	Submit Third Party Payment Authorization form using the 'Managed Attachments' button	Requestors
			- Click on ' Managed Attachments '	
			- Click on ' New '	

Step	Control (C)	Type	Process	Role / Responsibility
			<ul style="list-style-type: none"> - 'Select File' from Browser - Select 'Document Type' from LOV (Document Type = Third Party Payment Authorization Form) - There are other document types that you can attach as supporting documents related to a Third Party Payment. Example: Letter of Authorization, proof of Agency Relationship, etc. - Click 'Check In' - To check if the document has been successfully uploaded, click on 'Refresh' Icon (The document will appear in the list of attachments) 	
7		GSM	Submit supplier request	Requestors
8	C	Offline	GSC / GFI Supplier Management team reviews final form.	GSC / GFI Supplier Management

6.2 iSupplier – Supplier registration

Step	Control (C)	Type	Process	Role / Responsibility
1.		GSM	The supplier will upload a completed Third Party Payment Authorization form (Section 1) as required, using the “Add Attachment” button. .	System/Suppliers
			- Click on ' Add Attachment '	
			- Click on ' Browse ' to select file to upload	
			- ' Select File ' from Browser	
			- Click on ' Apply ' to add the attachment	
2.		GSM	Submit supplier request	System/Suppliers
3.	C	GSM / Offline	GSC / GFI Supplier Management receives the completed form (Section 1) through GSM. The GSC / GFI Supplier Management team will perform an initial review for completeness of the form and attachments as per requirements. If accepted, the completed form will be forwarded to the Responsible Officer and Authorized approver through an electronic workflow.	
4	C	eWorkflow	The WHO Responsible Officer and the Authorized approver will review the Third Party Payment Authorization form and approve if in agreement.	WHO Responsible Officer BFOs for Regions Coordinator, Global Finance Services, GSC (as designated by a/Comptroller) for HQ

Step	Control (C)	Type	Process	Role / Responsibility
5	C	eWorkflow GSM	The GSC / GFI Supplier Management team will review the final form.	GSC / GFI Supplier Management
6		GSM	The GSC / GFI Supplier management team uploads a final approved form with the related request using the Managed Attachment button.	GSC / GFI Supplier Management

7. KEY RISKS & COMPENSATING CONTROLS

Risks	Compensating Controls	Process Step
7.1 Internal Risk		
Supplier (Contracting party) may dispute about non-receipt of payment	Both the third-party designated as recipient of WHO payments and the contracting party shall sign the <i>'Third Party Payment Authorization Form'</i> which states that if WHO provides proofs that payment has been made to the designated third-party, WHO will have no further liability to the payee or the contracting party. It also states that WHO will not be liable/responsible for any (non-) payment by the third-party payee to the contracting party or other dispute between them.	1.2
Old third-party arrangements may be applied for contracts that are not intended to be settled to a third-party payee	GSC/GFI will end-date the third-party arrangement according to the date of revocation stated and approved in the <i>'Third-party Payment Autorization'</i> form. In case of no date indicated, a general validity period of one year will be applied. Furthermore, GSC/GFI periodically (on a yearly basis) inactivates dormant supplier records (records with no payment activity). This process will end-date existing third-party bank accounts. If the supplier is contracted by WHO again, the records need to be resubmitted for activation, at which time the relevant bank details can be updated based on the requirement for the new contracts.	1.2
Multiple Budget Centres may contract the same supplier and the supplier may request different payment arrangements under those contracts, part of which may involve third-party payment arrangement, and this may cause confusion/payment errors.	A supplier must not have a third-party payment arrangement and regular payment arrangement set up in GSM at the same time.	1.2

Risks	Compensating Controls	Process Step
<p>Avoidance of personal or organizational tax consequences, circumvention of currency exchange losses/regulations or sanctions restrictions.</p>	<p>The <i>“Third Party Payment Authorization”</i> requests must reflect proper justification as to why a third-party payment arrangement is necessary. In the <i>“Third Party Payment Authorization”</i> form, suppliers sign undertaking stipulating that the <i>“...authorization is not intended to, and will not, circumvent legal obligations applying to the Contractual Party, such as, but not limited to, taxes, foreign currency regulations, sanction restrictions”</i>.</p>	<p>1.2</p>
<p>Fraudulent representation by a party other than the contractual party to set up a third-party arrangement with WHO to direct payments to the fraudster third-party bank account</p>	<p>Verification of submitted documents Onboarding suppliers to the iSupplier-Registration System</p>	<p>1.1(ii)</p>
<p>Inappropriate use of <i>Third Party Payment Authorization</i></p>	<p>Authorization by authorized approvers and clear policy limitations on acceptable use</p>	<p>1.2</p>

Annex I

	Types of relationships and circumstances which may necessitate 'Third Party Payment Authorization'	Is it a 'Third Party' relationship as per this SOP? Is the relationship permissible or not?	Documents required	Example
	The third-party that is a recipient of payments by WHO is a controlled ⁵ entity by the contracting supplier named in the WHO PO or vice versa.	Yes Permissible	<ul style="list-style-type: none"> •Duly completed and signed Third Party Payment Authorization, and •Legal document proving that the two entities are related (controlled/controlling entity, Subsidiaries) 	Payment to a subsidiary company against WHO contract with a parent company. Or Payment to a parent company against WHO contract with a subsidiary of that entity.

⁵ An entity controls another entity when the entity is exposed, or has rights to variable benefits from its involvement with the other entity and has the ability to affect the nature or amount of those benefits through its power over the entity (IPSAS).

	Types of relationships and circumstances which may necessitate 'Third Party Payment Authorization'	Is it a 'Third Party' relationship as per this SOP? Is the relationship permissible or not?	Documents required	Example
	The third-party that is a recipient of WHO payments is employer entity of the party named in the relevant PO (the contracting party).	Yes Permissible	<ul style="list-style-type: none"> •Duly completed and signed Third Party Payment Authorization, and •Documentation attesting to an internal arrangement between him/her and the institute whereby payments under such POs can be made to the institute 	Dr. Mark Stewart is an employee of XYZ Public Health Institute and is representing the Institute at a workshop organized by WHO, who is paying travel per diem/allowances to participants. Dr. Stewart provided bank account of the Institute for payment of his per diem.
	The third-party payment recipient is an individual employee/representative of an institute that is the contracting party with WHO. The employee is designated by the institute to receive payments on behalf of the institute/his employer.	Yes Permissible subject to absence of conflict of interest	<ul style="list-style-type: none"> •Duly completed and signed Third Party Payment Authorization, and •Documentation from the employing institute attesting to the relationship and providing justification as to legitimacy of the arrangement that WHO must make payments to the individual/representative (third-party payee); 	<p>ABC University, contracted by WHO to do a research work authorizes Dr. Bob Harvey, an employee of ABC University to receive payment under the contract.</p> <p>The designation shall be subjected to review of possible conflict of interest:</p> <ul style="list-style-type: none"> • The individual authorizing the Third-Party Payment Authorization Form on behalf of the institute cannot be the same as the authorized third-party payee. (E.g.

	Types of relationships and circumstances which may necessitate 'Third Party Payment Authorization'	Is it a 'Third Party' relationship as per this SOP? Is the relationship permissible or not?	Documents required	Example
				<p>Director of the institute who signed the form also named in the third-party from as the payee).</p> <ul style="list-style-type: none"> Additional justification must be requested/provided if there is an indication that the designated payee is related to the individual authorizing the Third-Party Payment Authorization Form.
	<p>For reasons beyond their control, suppliers named in POs do not have and cannot open bank accounts into which WHO can effect payments and direct cash-based payments through banklist via WHO Country/Regional Office or UNDP are not possible;</p>	<p>Yes Permissible</p>	<ul style="list-style-type: none"> Duly completed and signed Third Party Payment Authorization, and Full written disclosure of the situation that is preventing the supplier from opening bank account including any available supporting document 	
	<p>The third-party payment recipient is a public institution operating in a local legislative environment</p>	<p>Yes Permissible</p>	<ul style="list-style-type: none"> Duly completed and signed Third Party Payment Authorization, and 	

	Types of relationships and circumstances which may necessitate 'Third Party Payment Authorization'	Is it a 'Third Party' relationship as per this SOP? Is the relationship permissible or not?	Documents required	Example
	requiring that funds are managed and disbursed at state treasury level/ a Central Bank.		<ul style="list-style-type: none"> •A documentary evidence stipulating such a requirement <p>Note: Regions can make a pre-cleared lists available for countries and institutions, accompanied by supporting documentation.</p>	
	Suppliers change names subsequent to initial creation of their data in GSM for various reasons.	Yes Permissible subject to case-by-case review	<ul style="list-style-type: none"> •Duly completed and signed Third Party Payment Authorization, and •Relevant supporting document (court decisions/resolutions, marriage certificate, etc.) must accompany the request. 	<ul style="list-style-type: none"> • Name changes based on their own marketing/branding considerations; • Conversion of a company from private to public or vice-versa; • For individuals, change of Maiden name after marriage;
	<p>Joint accounts:</p> <p>a) Joint account submitted at initial creation of a supplier's record and the exact supplier name is part of the joint bank account name;</p>	No Permissible	a) Justification/explanation in Supplier Creation request (No Third-Party Payment Authorization form required)	<p>a)</p> <p>Supplier Name: Mr. John Smith Bank Account Name: Mr. John Smith and Mrs Alice Smith Mr./Mrs John and Alice Smith</p>

	Types of relationships and circumstances which may necessitate 'Third Party Payment Authorization'	Is it a 'Third Party' relationship as per this SOP? Is the relationship permissible or not?	Documents required	Example
	<p>b) Joint account submitted at initial creation of a supplier's record and the joint bank account name does not contain/reflect the exact supplier name;</p>	<p>Yes Permissible</p>	<p>b) Duly completed and signed Third Party Payment Authorization form supported by justification and copy of legal document that shows the relationship</p>	<p>b) Supplier Name: Mr. Gary Landry Bank Account Name: Mr. G. Landry and/or Mrs M. Landry Mr./Mrs Gary Howard Landry and Melissa Landry</p>
	<p>c) Joint account submitted as a change/modification request to existing suppliers record and the exact supplier name is part of the joint bank account name;</p>	<p>No Permissible</p>	<p>c) No Third-Party Payment Authorization form required. Justification/explanation must be included in Supplier <u>Modification</u> request.</p>	<p>See a) above</p>
	<p>d) Joint account submitted as a change/modification request to existing suppliers record and the exact supplier name</p>	<p>Yes Permissible</p>	<p>d) Duly completed and signed Third Party Payment Authorization form supported by justification and copy</p>	<p>See b) above</p>

	Types of relationships and circumstances which may necessitate 'Third Party Payment Authorization'	Is it a 'Third Party' relationship as per this SOP? Is the relationship permissible or not?	Documents required	Example
	is not part of the joint bank account name;		of legal document that shows the relationship	
	Mismatching bank account names provided as third party with a justification that the supplier would otherwise bear higher bank charges or currency exchange losses in relation to a WHO payment to them and would like to mitigate it by channeling the payment to a third-party.	Yes Not permissible	NA	
	Third party bank account provided to avoid additional costs that the supplier would face in opening a new bank account that is required to receive the type of	Yes Not permissible	NA	e.g. payments against POs/contracts in USD must be made to USD bank accounts and suppliers who have EURO bank accounts must open other accounts in USD under own names if they insist on having their contracts/POs denominated in USD);

	Types of relationships and circumstances which may necessitate 'Third Party Payment Authorization'	Is it a 'Third Party' relationship as per this SOP? Is the relationship permissible or not?	Documents required	Example
	payment that WHO is to make under the relevant contract.			
	To circumvent taxes, duties other relevant laws that may apply to WHO payments under contracts with the supplier;	No Not permissible	NA	
	A supplier that became subject to UN sanctions requests payment into a bank account not controlled by the supplier.	Yes Not permissible		Third party payments should not be used to bypass sanction regimes.
	An individual contractor (e.g. Consultant) has a contract with WHO in his/her own name but the contractor wishes to receive payment in a bank account of the Company he/she owns;	Yes Not permissible	NA	

	Types of relationships and circumstances which may necessitate 'Third Party Payment Authorization'	Is it a 'Third Party' relationship as per this SOP? Is the relationship permissible or not?	Documents required	Example
	To nominate a payment recipient with foreign currency bank account when WHO is unable to make payments in local currency due to certain restrictions.	Yes Permissible	<ul style="list-style-type: none"> •Duly completed and signed Third Party Payment Authorization, and Documentation to prove the restrictions. Legal documentation to show relationship with the designated third party. 	The 'Third Party' to be designated must have attributes that are permissible under this SOP. Types of third-party beneficiaries that are disallowed under this SOP will not also be allowed under this scenario.
	A meeting participant claims not to have a bank account and request payment to the bank account of a friend or family member	Yes Not permissible		
	Contractual payee requests payment to an anonymous bank account	Yes Not permissible		
	An individual contractor (individual) nominates his spouse's (or any other relative's) bank account for payments.	Yes Not permissible		

Annex II

1. Third-Party Payments Authorization Form



Third Party Payment
Authorization Form

2. Supplier Creation / Modification Request Form



Supplier creation
and modification re