

UNFPA

Policies and Procedures Manual  
Policy and Procedures on Accounts Payable

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Policy Title	Policy and Procedures for Accounts Payable
Previous title (if any)	n/a
Policy objective	The Policy and Procedures for Accounts Payable policy establishes the procedures for the payment of purchase order and non-purchase order procured goods and services otherwise known as accounts payable.
Target audience	This policy applies to all UNFPA personnel, particularly those involved in the purchasing and payment of goods and services.
Risk Matrix	Controls of the process are detailed in the <a href="#">Risk Control Matrix</a> .
Effective date	September 2016
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Policy owner unit	Division for Management Services, Finance Branch

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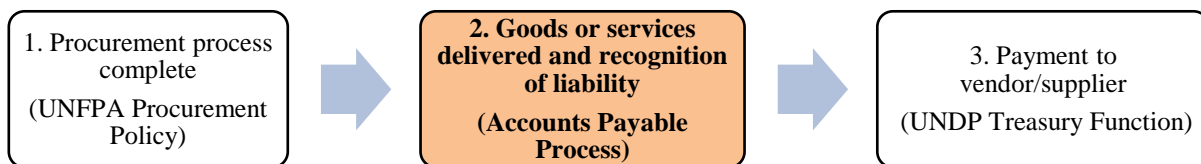
**I. Purpose**

This policy establishes the procedures for the payment of purchase order and non-purchase order procured goods and services otherwise known as accounts payable.

Accounts payable represent UNFPA’s financial obligations to its vendors for goods or services that have been received or will be received in the future.

Most UNFPA business units have accounts payable at some point in time during the year. These liabilities need to be paid within a reasonable period of time and in accordance with vendor credit terms. Accounts payable and its related processes present a risk to UNFPA because cash ultimately flows out of the Organization and therefore there needs to be a high level of confidence that the correct amount is flowing to the correct suppliers for the correct goods or services.

The overall process of procuring goods and services at UNFPA is shown as follows. This policy covers the activities and actions required in the second box:



This chart clarifies the key roles and functions in the accounts payable process as further shown in the flow charts.

<b>Roles</b>	<b>Description</b>
1. Requesting unit (budget owner)	The requesting unit ‘needs’ a good or service and initiates the purchase process to obtain the items or services.
2. Finance or administrative focal point	This is person processing payment transactions for the requesting unit.
3. Finance	At headquarters, this is staff in the finance branch. In field offices, this is usually the finance assistant.
4. Headquarters payments unit	This unit only exist at headquarters. It is the unit responsible for all payments made at headquarters.
5. Manual approver	This person, typically the “head of office/unit” in the requesting unit, is responsible for signing off on the <a href="#">‘Payment Request Checklist’</a> which authorizes the release for payment.
6. Atlas approver	Person who has been delegated an approver role in Atlas.
7. UNDP Treasury	UNDP Treasury manages the actual outflow of cash from UNFPA’s bank accounts under a service level agreement with UNFPA

## II. Policy

This policy identifies control actions to mitigate potential risks related to accounts payable and establishes the following:

- All invoices must be verified to ensure payments are appropriately made to the correct vendor for the correct amount for goods and services delivered.
- For purchase order based payments, discrepancies between the vendor invoice and the purchase order greater than 10 percent or \$1,000 USD or equivalent in local currency (the lesser of the two) must be resolved before the payment can be processed.
- The Payment Request Checklist must be completed for all payments.
- The Signature Control document is the responsibility of each office to maintain based on the template and instructions provided in this policy and must be relied upon to confirm authorized approvers when processing payments.
- There must be an appropriate segregation of functional responsibilities to ensure appropriate financial controls from the initiation of a financial commitment up to its actual payment.

## III. Procedures

The following procedures are presented in two sections and related flowcharts can be found in Section V. The first section outlines how to process purchase order based payments and the second section outlines how to process non-purchase order payments.

### **What is a purchase order (PO) based payment?**

Typically, goods or services above a certain monetary threshold as defined in the [UNFPA Procurement Procedures](#) or in the [Individual Consultants](#) policy require a requisition and purchase order be created in Atlas with a chosen supplier to fulfill an order. There are exceptions, for example, when procurement is below a certain threshold, when payments are considered [petty cash](#), project cash advances, entitlement related payments or payments to implementing partners or organizations of the United Nations.

### **What is a non-purchase order payment?**

At UNFPA, some goods and services are purchased without a purchase order. These are typically items that fall below thresholds established in the [Policy and Procedures for Regular Procurement](#) as well as entitlement related payments.

#### **A. How to process a purchase order based payment**

Purchase order based payments are completed in four key steps:

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- Step 1: Verify details of invoice and ensure within allowable limit
- Step 2: Create 'receipt' and complete Payment Request Checklist
- Step 3: Review Payment Request Checklist, create payment voucher
- Step 4: Payment is processed

**Step 1: Verify details of invoice and ensure within allowable limit (Flowchart ref. 1.1-1.4)**

After goods or services are delivered, an invoice, either in hard copy or electronic form, is submitted to the requesting unit. The finance or administrative focal point in the requesting unit must ensure that the vendor was correctly set up in Atlas before goods or services are delivered otherwise this may cause a delay later in the payment process. Refer to the [Policy for Vendor Review and Sanctions](#) for information on all aspects of vendor review and sanctions by UNFPA.

The finance or administrative focal point must ensure that the details of the vendor invoice, such as price and quantity information, match the Atlas purchase order originally raised otherwise there is risk of payment for goods or services that were not ordered in the first place.

The focal point must also confirm the invoice amount submitted by the vendor is within 10 percent or \$1,000 USD or equivalent in local currency (the lesser of the two) of the original Atlas purchase order amount. This is important because the vendor may be overcharging or alternatively not fulfilling the complete requirements of the purchase order.

If there is a discrepancy of more than 10 percent or \$1,000 USD or equivalent in local currency, there are two ways this can be resolved. The UNFPA staff member with 'buyer' rights in Atlas can (1) modify the Atlas purchase order to adjust for the difference or (2) raise a new requisition and purchase order in Atlas in the amount of the difference between the actual and purchase order amount. The first method is preferred. A 'Note to File' must be completed for both cases justifying the action taken.

**Step 2: Create 'receipt' in Atlas, complete [Payment Request Checklist](#) (Flowchart ref. 2.1-2.3)**

Before any payment can be processed, the finance or administrative focal point in the requesting unit must confirm in Atlas that 'receipt' of goods or services has taken place.

The person who completes a 'receipt' in Atlas, takes responsibility for confirming that goods or services have been delivered and are in accordance with the goods and services that were actually ordered.

A 'complete receipt' in Atlas signifies that all goods or services in the purchase order were delivered. If only a portion of the goods or services have been received, a 'partial receipt' should be created.

Completing receipt in Atlas is the responsibility of a person with a ‘create receipt’ profile. In exceptional circumstances, where there is no finance or administrative focal point, this function may be performed by another UNFPA staff member who has the relevant profile in Atlas.

Once ‘receipt’ is completed in Atlas, an Atlas ‘receipt ID’ is generated. However, in order for the payment to actually be processed, the finance or administrative focal point must complete the [Payment Request Checklist in Annex 1](#) and the manual approver must review and sign off on the checklist and then share it with finance.

Finance relies on this document as an approval for processing payment and therefore it important that the manual approver understands that he/she is accountable for releasing payment.

### **Step 3: Review Payment Request Checklist, create payment voucher (Flowchart ref. 3.1-3.5)**

Finance reviews the details provided in the Payment Request Checklist to ensure the appropriate approvals have been obtained in order for the payment to be processed. It is important to review, among other details, that the [account code](#) to which the purchase is being charged makes sense. This is important to ensure the financial statements correctly reflect the nature of the transaction. It is also important to confirm that the vendor name on the invoice matches exactly the vendor profile in Atlas otherwise there is a risk the wrong vendor will be paid or duplicate payments will be made.

Finance must confirm that the manual approver signature in the Payment Request Checklist matches the signature of a designated approver in the [Signature Control document \(Annex 2\)](#) or authorized approver in the field. This reduces the risk of forged signatures or sign-offs by unauthorized personnel.

A signature control document contains the signatures of all authorized approvers in a business unit. This document and any changes made to it must be approved by the head of unit<sup>1</sup> on at least an annual basis or more frequently as required. At headquarters, this document must be shared with the payments unit so it can be used for verification purposes.

Because of the importance of this document, it is essential the ‘Signature Control’ document is only accessible to those who need to verify signatures.

Once the Payment Request Checklist is verified, finance creates a payment voucher in Atlas.

### **Step 4: Payment is processed (Flowchart ref. 4.1-4.7)**

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<sup>1</sup> The UNFPA head of unit refers to the representative, division director, regional or subregional director, country director or the Chief of Operations (or the delegated officer), as appropriate.

Atlas completes an automatic three-way match between the purchase order, vendor invoice, and receipt and a budget check to ensure availability of funds.

Once the three-way matching process is completed in Atlas, the voucher is picked up in the payment cycle and UNDP is responsible for the payment disbursement (UNDP Treasury cycle). This process does not require intervention by UNFPA.

If there are issues identified in Atlas, they are flagged for resolution by the requesting unit and, if needed, finance may manually modify the voucher schedule payment date in Atlas.

## **B. How to process a non-purchase order payment**

Completing non-purchase order based payments essentially follows the same procedures as purchase order based payments with the addition of step 4 below requiring the manual approval of a payment voucher.

Step 1: Verify details of invoice

Step 2: Confirm receipt and complete [Payment Request Checklist](#)

Step 3: Review Payment Request Checklist, create payment voucher

Step 4: Approve payment voucher

Step 5: Payment is processed

### **Step 1: Verify details of invoice and/or supporting documentation (Flowchart ref. 1.1)**

The finance or administrative focal point in the requesting unit must ensure that what has been delivered was actually ordered otherwise there is risk of payment for goods or services that were not ordered in the first place.

The finance or administrative focal point must confirm the accuracy of the invoice.

### **Step 2: Confirm receipt and complete Payment Request Checklist (Flowchart ref. 2.1-2.3)**

The finance or administrative focal point in the requesting unit must confirm that goods or services have been physically received.

In order for the payment to be processed, the finance or administrative focal point must complete Payment Request Checklist in Annex 1 and the manual approver must review and sign off on the checklist and share it with finance.

Finance relies on this document as an approval for processing payment and therefore it important that whoever is assigned this responsibility understands that (s)he is accountable.

### **Step 3: Review Payment Request Checklist, create payment voucher (Flowchart ref. 3.1–3.7)**

Finance now reviews the details provided in the Payment Request Checklist to ensure the appropriate approvals have been obtained to allow the payment to be processed. As in the case of purchase order based payments, it is important to review whether the [account code](#) to which the purchase is being charged is reasonable and makes sense and; that the vendor name on the invoice matches exactly the vendor profile in Atlas otherwise there is a risk that the wrong vendor will be paid or that duplicate payments will be made. No payment should ever be made against a [vendor statement](#).

Finance must also confirm the manual approver signature in the Payment Request Checklist matches the signature of a designated approver in the 'Signature Control' document or authorized approver in the field.

If any issues arise, the supporting documentation must be returned to the requesting unit for resolution otherwise, a 'payment voucher' is created in Atlas.

#### **Step 4: Approve payment voucher (Flowchart ref. 4.1–4.4)**

Approving the payment voucher is the one additional step that must take place in order to process a non-purchase order based payment because, unlike purchase order based payments, approval of the payment voucher is not automated.

The Atlas approver which at headquarters is in finance and in the field may be finance or programme staff must review the Payment Request Checklist and approve the payment voucher if (s)he is comfortable with the supporting documentation and related approvals for the purchase. When the Atlas approver approves an invoice for payment, he/she is confirming that payment for funds has been authorized based on his/her review of supporting documents.

If the Atlas approver cannot approve the payment voucher for whatever reason, the supporting documentation is returned to finance for resolution.

#### **Step 5: Payment is processed (Flowchart ref. 5.1–5.4)**

Because this is a non-purchase order based payment, a budget check needs to be completed manually by finance to confirm funds are available to make the payment. If issues such as insufficient funds are identified, finance must coordinate with the requesting unit to resolve the issue and, if needed, manually modify the voucher schedule payment date in Atlas.

When there are insufficient funds to process a payment this causes delays in payment processing and compromises UNFPA's relationship with its vendors and suppliers. Therefore it is important business units to set up realistic budgets at the beginning of the year and frequently monitor those budgets as payments are processed.



Once the budget check process is completed, voucher awaits pick up in the payment cycle and UNDP is responsible for the (UNDP Treasury cycle). This is an automated process not requiring intervention by UNFPA.

#### **IV. Other**

##### **A. Segregation of duties**

There must be an appropriate segregation of functional responsibilities to ensure appropriate financial controls from the initiation of a financial commitment up to its actual payment.

The [Policy for Atlas User Profiles and Directory Application](#) outlines the various segregation of duties for profiles in Atlas each office must adhere to.

##### **B. Monitoring accounts payables**

Monitoring accounts payable is an important part of the overall financial process and should be done regularly. Staff responsible for payments both at headquarters and the field should ensure that accounts payable remain current, outstanding payments are regularly reviewed and that payments do not go beyond the payment terms stipulated with vendors. The [Atlas Data Quality Dashboard](#) facilitates this monitoring.

##### **C. How to properly file accounts payable documentation**

Proper filing of accounts payable documentation is not only important for audit purposes, but is also essential for allowing UNFPA to maintain and quickly access documentation when required. Each business unit is responsible for maintaining proper records that are well organized, safe, and easy to understand.

Specifically, it is important to file documentation in a manner that permits tracing of payments back to their supporting documentation in a logical and secure manner. Refer to the [Document Retention Schedules](#) policy for more information.

##### **D. Value added tax accounting and coding**

In certain countries, UNFPA is charged value added tax for the purchases it makes. However, this tax is usually refundable and should be accounted for in a consistent and singular manner within UNFPA. Information on how to deal with VAT is outlined in the [VAT Guidance Note](#) and the [VAT Guidance Note: Reconciliation Template](#).

**E. Payments process**

All units should use electronic funds transfer (EFT) to process payments when possible. Cheques should only be used where EFT is not possible. Payments are picked by the payment cycle and processed by UNDP treasury which is responsible for the distribution of cheque payments to vendors once picked up by the pay cycle. This function is illustrated in the final step of the flowcharts for both non-purchase order and purchase order payment.

**F. Currency of payments**

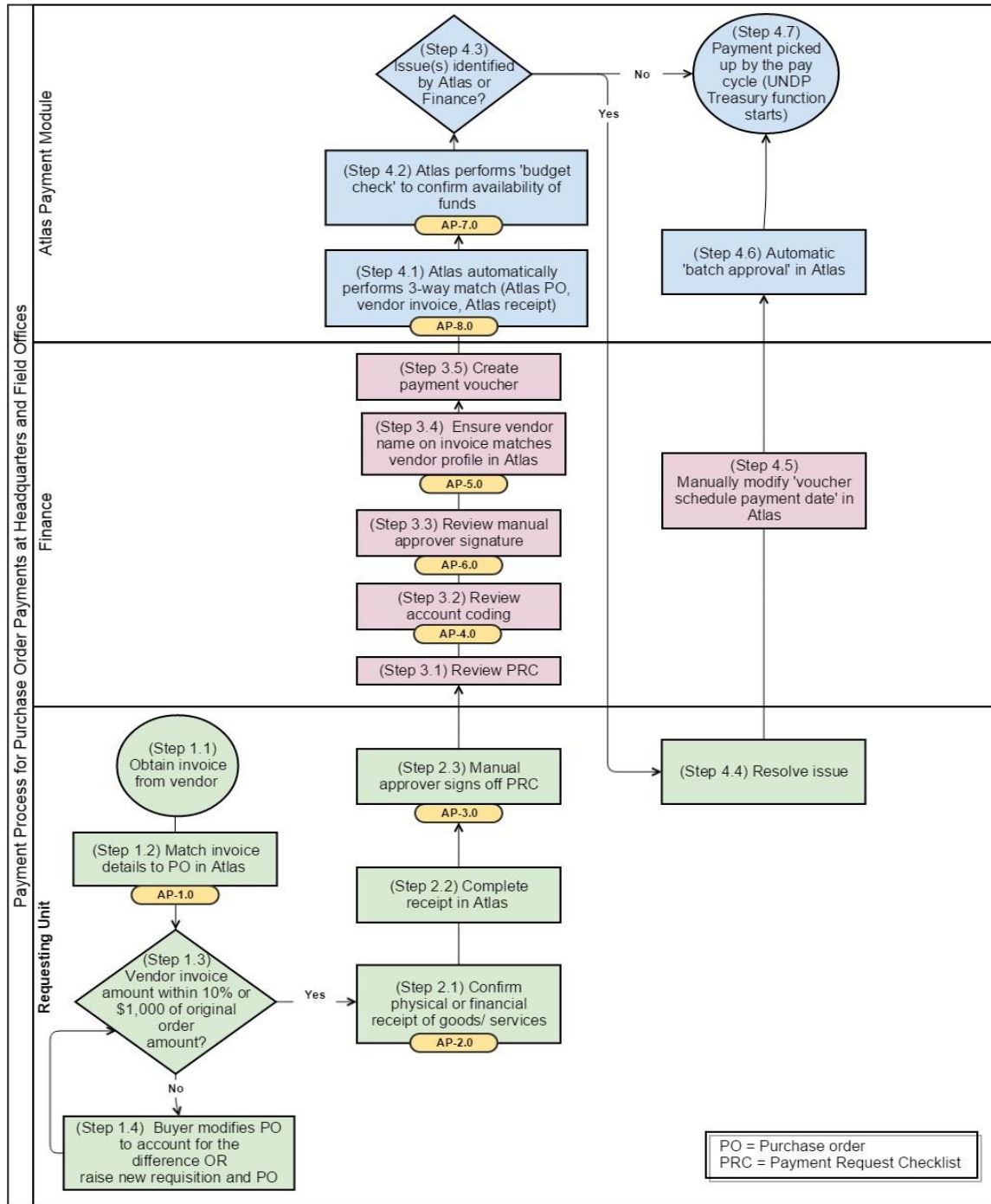
With the exception of headquarters locations, goods and services should be paid for in the local currency of the business unit.

The head of unit may exceptionally authorize payments in US Dollars for example if a) the banking laws and regulations of the host government do not prohibit such payments; b) on the advice of the Contracts Review Committee; and c) payment in US Dollars imposes no additional cost to UNFPA. Occasionally, UNFPA may be guided by UNDP Treasury requirements imposed under national restrictions.

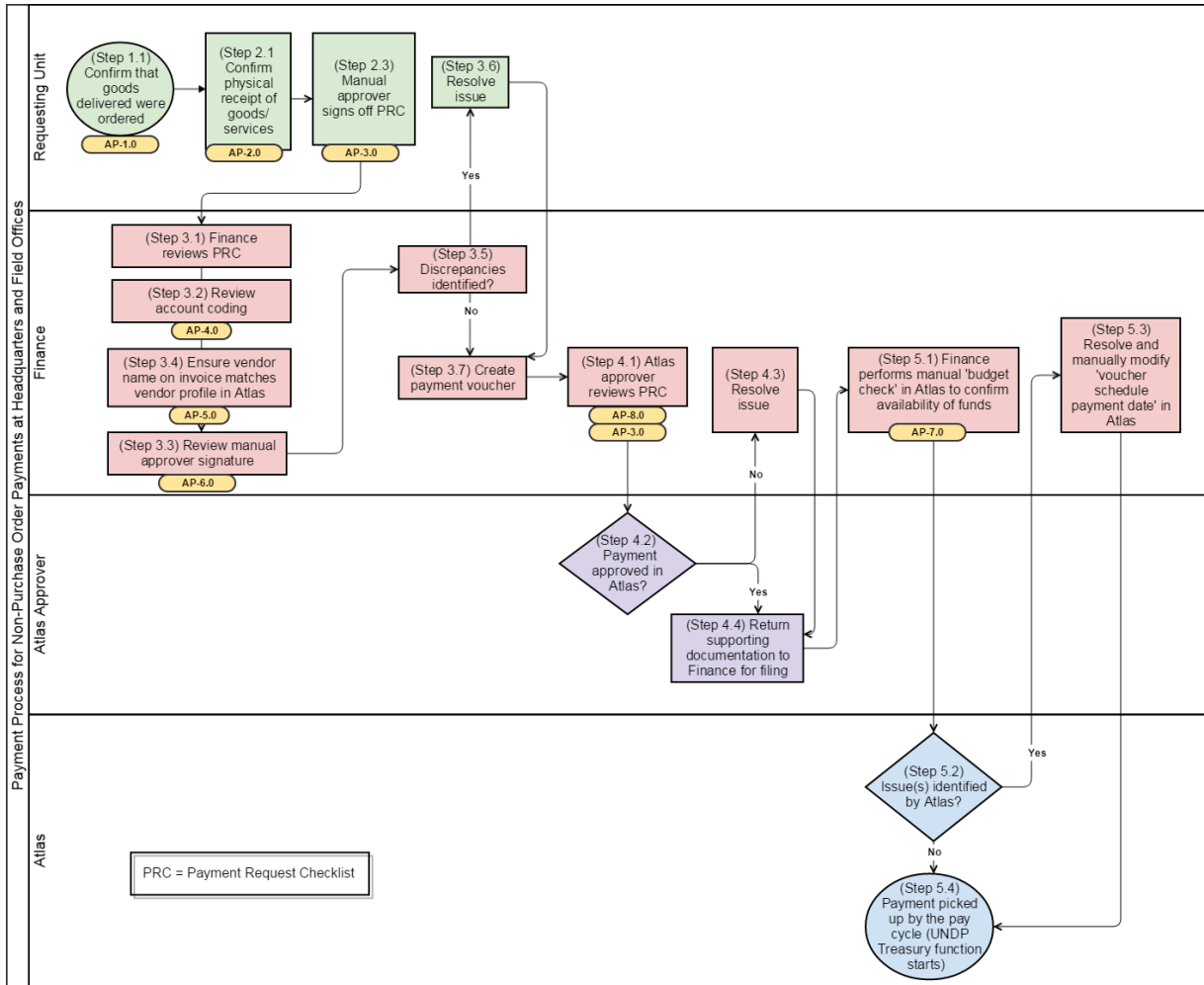
For payments greater than \$50,000 USD, the request should be sent to the Chief of Accounts for approval prior to processing the payment voucher.

V. Process Overview Flowcharts

A. Purchase order based payments flowchart



**B. Non-purchase order based payments flowchart**



**VI. Risk Control Matrix**

<b>Control</b>	<b>Risk Description</b>	<b>Control Objective</b>	<b>Control Activity Description</b>	<b>Who performs</b>
AP-1.0	Disbursements made for goods or services that were not ordered.	All payments relate to authorized purchases.	Match vendor invoice to Atlas purchase order or supporting documentation which provides evidence of approval in the case of non-PO transactions.	Finance or Administrative focal point in requesting unit
AP-2.0	Payment for the incorrect quantity or non-delivery of goods or services	All payments are made for goods and services that were delivered or received.	For PO based payments, complete receipt in Atlas, followed by completion of Payment Checklist. For non-PO based payments, confirm receipt and document in Payment Request Checklist.	Finance or Administrative focal point in requesting unit
AP-3.0	Disbursement of funds is done without appropriate authorizations or approvals.	All disbursements are authorized.	Complete Payment Request Checklist.	Finance or Administrative focal point in requesting unit; manual approver.
AP-4.0	Invoices are not coded to the correct account code resulting in inaccurate year end reporting	All purchases are coded to the correct account code.	Finance reviews the Payment Request Checklist.	Finance
AP-5.0	Payment is made to an invalid vendor or the same vendor is paid more than once.	Every payment is made to the correct vendor and there are no duplicate payments.	Finance reviews the Payment Request Checklist.	Finance
AP-6.0	Payments are authorized by staff that do not have the delegated authority to authorize payments.	All payments relate to authorized purchases.	Match the signature of the manual approver in the Payment Request Checklist to the Signature Control document.	Finance
AP-7.0	Payments are made from fund codes that do not have sufficient funds resulting in delays in the payment process, budget shortfalls or unavailability of funds in other areas.	Adequate funds are always available in the fund code used to pay for goods and services.	Atlas performs budget check to confirm availability of funds or in the case of non-PO based purchases finance confirms availability of funds.	Atlas for PO purchases and Finance for non-PO purchases.
AP-8.0	Payment is made for incorrect amount.	All payments are made to the correct vendor for the correct amount for the correct services.	Atlas completes automatic three-way match between purchase order, vendor invoice, and receipt.	Atlas for PO purchases and Atlas approver for non-PO purchases.

# Annex I: Payment Request Checklist



[Click here for Word version of Annexes](#)

From: <i>[Name, title of the authorized official and signature]</i>	Date:
To: <i>[Name and title]</i>	Contact details:
CC: <i>[Name and title]</i>	

In accordance with certification below, we hereby authorize release of payment to the payee below:			
<b>Total Amount:</b>	<i>[Enter currency and amount]</i>		
<b>Purpose of Payment:</b>	<i>[Enter short description]</i>		
<b>Payee:</b> (please provide as much details as possible)	Vendor ID: Name: Invoice number: Due date: Payment mode requested: <i>[bank transfer / check]</i>  <i>For Bank Transfer only</i> Bank Name: Account number:		
<b>Atlas References:</b> (if applicable)	REQ ID:	PO ID:	Receipt ID:

### Chart of Accounts (COA) *(add lines as many lines as required)*

Amount	Account	Fund	Department	Project ID	Activity	IP code

Certification: The authorized official hereby certifies:

- that this payment has not previously been made;
- that this payment is in accordance with the workplan;
- that this payment is covered by funds available in the project budget;
- that this payment is for goods and services that have been delivered to the satisfaction of the requesting unit;
- that copies of invoices and other supporting documentation attached to this request
- that account code and other COA elements are accurate

## Annex II: Signature Control Document



[Click here for Word version of Annexes](#)

**Purpose:** This document is used by finance to verify that the signature presented on invoice or payment related information authorizing release of payment matches the signature of an authorized approver.

Division/Branch/Unit:		
Approver 1 Name:	Role/Title:	Signature:
Approver 2 Name:	Role/Title:	Signature:
Division/Branch/Unit:		
Approver 1 Name:	Role/Title:	Signature:
Approver 2 Name:	Role/Title:	Signature:
Division/Branch/Unit:		
Approver 1 Name:	Role/Title:	Signature:
Approver 2 Name:	Role/Title:	Signature:
Division/Branch/Unit:		
Approver 1 Name:	Role/Title:	Signature:
Approver 2 Name:	Role/Title:	Signature: