

Treasury Operations Circular No.4/2010

All Secretaries of Ministries  
Chief Secretaries of Provincial Councils  
Heads of Departments,

**Guidelines for Transferring of UN Funds to Government Implementing Partners**

The following guidelines on the procedures to be followed for transferring of UN funds to Government Implementing Partners are issued in line with provisions laid down in the State Accounts Circular No: 30/94 on Foreign Aid Accounting. The provisions of these Guidelines will be effective from 01.09.2010.

**1. General**

- 1.1 Guidelines for transferring funds to Government Implementing Partners (GIP) are necessary in the light of the proposed Harmonized Approach to Cash Transfer (HACT) by UN Agencies specifically UNDP, UNICEF, WFP and UNFPA.
- 1.2 The new procedure (HACT) for transferring cash to Government Implementing Partners simplifies and harmonizes the procedures and reduces the high transaction burden on the institutions as they do not have to respond to different requirements of UN Agencies.

## **2. Annual Work Plan (AWP)**

- 2.1 The cash transfer mechanism starts with the signing of the Annual Work Plan (AWP) drawn up and finalized in consultation with the Implementation Partner, Department of External Resources, Department of National Planning and the UN Agency.
- 2.2 AWP sets out the program/project activities, responsible parties for implementation, allocation of funds and hierarchy of results to be achieved between the Government and the UN Agency based on the Long Term Country Program Action Plan signed between the Government and the UN Agency.
- 2.3 UN Agency will provide the provisional budgets of all development projects for the following year of the programming cycle to the Department of National Budget through the Department of External Resources with sufficient lead time before the preparation of National Budget.
- 2.4 The estimated financial allocations will be incorporated in the national budget as program/ project support for each of the Ministries and Departments at national level and provincial level.
- 2.5 Copies of the work plan signed by the Implementing Parties and the respective UN Agencies will be shared with the Department of External Resources and the Department of Treasury Operations which will be used as the reference document by all parties concerned.

## **3. Cash Transfer Modalities**

The cash transfer modalities take the following four forms;

- 1) Direct Cash Transfer
- 2) Reimbursements
- 3) Direct payments to vendors or third parties
- 4) Agency implementations

### **3.1 Direct Cash Transfer**

The following steps are to be followed in obtaining the direct cash transfer.

- 3.1.1. The Government Implementing Partners request program/project funds from the form at the beginning of each quarter of the year, a copy of which is attached (Annex 1).

- 3.1.2. The FACE form is signed on behalf of the Implementing Partner by an authorized officer designated for the respective Ministries or Departments at the national or provincial level.
- 3.1.3 FACE form requires activities for which funds are requested as well as any balance remaining from previous transfers with detail break down of planned activities, as attachments.
- 3.1.4 The UN Agency scrutinizes and approves the request indicating the approved amount in the FACE form
- 3.1.5 The approved amount will be credited to the account of the Deputy Secretary to the Treasury for onward transmission to the respective implementing partner (Ministry or Provincial Council)
- 3.1.6 Simultaneously the UN Agency shall inform the Director General, Department of Treasury Operations of the details of the recipient Ministry/Provincial Council, giving their respective codes as in the Annual Budget Estimates, amount transferred, implementing partner and activities for which funds are transferred in a format agreed upon by the Department of Treasury Operations (specimen form attached as Annex 11) and makes certain that for each Ministry and Provincial Council a lump sum - total of individual activities for the Ministry/Provincial Council – is transferred and not activity-based individual amounts.
- 3.1.7 The UN Agency, following the transfer of funds to the account of the Deputy Secretary to the Treasury, informs the Implementing Partner of the transfer in order to request funds from the Department of Treasury Operations.
- 3.1.8 On behalf of the Implementing Partner, an authorized officer shall request funds from the Department of Treasury Operations.
- 3.1.9 The Department of Treasury Operations shall transfer the funds to the Account/ designated project account of the respective Ministry/Provincial Council – within 5 working days following the transfer by UN Agency- in accordance with the Financial Regulations of the Government of Sri Lanka.
- 3.1.10 Upon receipt of funds from the Department of Treasury Operations, the Ministry/Provincial Council transfers funds to the account of the respective Provincial Department to be transferred to the Implementing Partner.
- 3.1.11 At its turn, the Implementing Partner acknowledges receipt of funds to the UN Agency and carries out activities as per agreed upon schedule.

## **3.2 Reimbursements**

- 3.2.1** Under exceptional circumstances, the Implementing Partner with the approval of the Department of Treasury Operations may proceed with payments with its own funds for obligations and expenditures made in support of activities agreed in AWP's and request the UN Agency for reimbursement of costs incurred for said activities.
- 3.2.2** Prior to disbursing their own funds, the Implementing Partner should seek approval from UN Agency using the FACE form supported by a detailed budget breakdown.
- 3.2.3** Accordingly, the Implementing Partner would report, in the next request for Direct Cash Transfer, the expenditures already made, requesting any reimbursement for such expenditures and a new advance of funds for new expenditures.

## **3.3 Direct Payment to Vendors or Third Parties:**

- 3.3.1** In the case of direct payment to vendors or third parties for obligations incurred by the Implementing Partner as part of project activities, the Implementing Partner makes all arrangements, following Government contractual procedures for competitive procurement and recruitment, to select contractors and informs/requests UN Agency to effect payment in respect of the particular contract.
- 3.3.2** The request for direct payment to vendors or third parties should be submitted to the UN Agency by the Implementing Partner using the FACE form.
- 3.3.3** In this case, the FACE form should be supported by the bank details of the vendors as well as the invoice issued under the name of the Implementing Partner or a copy of the contract.
- 3.3.4** Thereupon, the UN Agency effects the payments and informs the Implementing Partner on the completion of the transaction for recording purposes under Foreign Aid Accounts.

### **3.4 Direct Agency Implementation:**

Direct Agency Implementation is the direct payment to vendors or third parties for obligations incurred by UN Agency in support of activities agreed with the Implementing Partner as detailed in the Annual Work Plan.

#### **3.4.1 The following types of activities may fall within this category:**

- Identification and recruitment of program or project personnel;
- Identification of training activities and assistance in carrying them out; and
- Procurement of goods and services.

**3.4.2** In the instances where the UN Agency conducts the procurement or hiring of professional services on behalf of the Implementing Partner and manages expenditure from requisition through the disbursement, the rules, procedures and conditions of service of the respective UN Agency will apply. However, the Implementing Partners have full programmatic control over expenditures.

**3.4.3** This would be distinguished from agency execution where the government is involved at higher level, for example by directing policy and monitoring the expected deliverables.

### **4.0 Reporting:**

**4.1** The Implementing Partner reports on the utilisation of funds to the UN Agency using the FACE form signed by an authorised officer on a quarterly basis.

**4.2** The recipient Ministry/Provincial Council provides the partnering UN Agency the required /statement of expenditure by the 15th day of the following quarter, the latest.

**4.3** The recipient Ministry/Provincial Council also provides the Department of Treasury Operations the required statement of expenditure in terms of the Government Financial Regulations (FR 625 (3) (c) Appendix 16) on Foreign Aid Accounting by the 30th day of the following quarter, the latest.

- 4.4** The Treasury will release subsequent funds on submission of the statement of expenditure referred to above by Implementing Partners to the Treasury.
- 4.5** UN Agencies will provide details of expenditure by category effected by UN Agencies through Direct Payments and Direct Agency Implementation modalities under 3.3 and 3.4 of the guidelines respectively to the Implementing Partners by the 30<sup>th</sup> day following the closure of the quarter at the latest to enable them to report to the Department of Treasury Operations and the Department of External Resources.
- 4.6** The Line Ministry should ensure that the estimated rupee equivalent value of the direct payments and direct agency implementation in respect of the particular project is brought into account in terms of the Government Financial Regulations (FR 625 (1)(f) Appendix 14) similar to the accounting of Grants in the form of materials and equipment.

The Following officers may be contacted for clarifications.

Mr.H.M. Ajith Chandra - Director (Tel. 011- 2484750)

Mr. K. Kamaleswaran - Deputy Director (Tel.011- 2484981)

Director General of Treasury Operations  
for Deputy Secretary to the Treasury

**Copies :** Auditor General  
Director General - Department of External Resources  
Director General - Department of National Budget  
Director General - Department of National Planning  
UNDP/ Representative  
UNICEF/ Representative  
UNFPA/ Representative  
WFP / Representative

Funding Authorization and Certificate of Expenditure

UN Agency:

Date: DD/MM/YYYY

Country:  
 Programme Code & Title:  
 Project Code & Title:  
 Responsible Officers:  
 Implementing Partner:

Type of Request

- Direct Cash Transfer(DCT)
- Reimbursement
- Direct Payment

Currency.....

Activity Description from AWP with Duration	Coding for UNDP, UNFPA and WFP
XXXX (MM/YY-YY-MM/YYYY)	
XXXX (MM/YY-YY-MM/YYYY)	
xxxx (MM/YY-YY-MM/YYYY)	
<b>Total</b>	

REPORTING			
Authorised Amount MM-MM YYYY A	Actual Project Expenditure B	Expenditures Expected by Agency C	Balance D=A-C
0	0	0	0

REQUEST/ AUTHORIZATION		
New Reuest period & Amount MM-MM-YYYY E	Authorised Amount F	Outstanding Authorise d Amount G=D+F
0	0	0

**CERTIFICATION**

The undersigned authorized officer of the above - mentioned implementing institution hereby certifies that:

- The funding request shown above represents estimated expenditures as per AWP and itemized cost estimates attached.
- The actual expenditure for the period stated herein has been disbursed in accordance with the AWP and request with itemized cost estimates. The detailed accounting documents for these expenditures can be made available for examination when required for the period of five years from the date of the provision of funds.

Date submitted : \_\_\_\_\_ Name: \_\_\_\_\_ Title: \_\_\_\_\_

NOTES : Shaded areas to be completed by the UN Agency and non- shaded areas to be completed by the counterpart.

FOR AGENCY USE ONLY
FOR ALL AGENCES
Approved by
Name; .....
Title .....
Date: .....

FOR UNICEF USE ONLY	
Account Charges	Liquidation information
Cash T DCT reference	DCT Reference
CRO ref.no. Vaucher ref.no.	CRO ref.no.Liquidation ref.no.
GL codes	DCT Amount 0
Training 0	Less
Travel 0	Liquidation 0
Meeting & Conferences 0	Amount 0
Other Cash Transfers 0	
Total 0	Balance 0
Balance	

FOR UNFPA ONLY	
New Funding Release	
Activity 1	0
Activity 2	0
Total	0

**Annex II**

**Transfer of Funds to Central Ministries**

Name of Organisation: UNICEF		Date of Transfer								
Name of Ministry	Implementing Partner	Head	Programme	Project No.	Sub-Project No.	Object	Finance Code	Amount Provided in Budget (Rs.'000)	Amount Advanced (Rs.'000)	Total for Ministry (Rs.'000)
		As per 20..... Govt.Budget Estimates								

Form T(6)

**Transfer of Funds to Provincial Councils**

Name of Organisation: UNICEF		Date of Transfer								
Name of Provincial Council	Implementing Partner	Head	Programme	Project No.	Sub-Project No.	Object	Finance Code	Amount Provided in Budget (RS.'000)	Amount Advanced (Rs.'000)	Total for Ministry (Rs.'000)
		As per 20..... Govt.Budget Estimates								

FACE form