**Quantum Financial Closure Instructions**

1. Quantum Financial Closure Instructions refers to the process of completing the input of all accounting entries to the UNDP general ledger. This includes the recording of all business transactions for the period as well as any corrections and adjustments pertaining to prior periods. Since the general ledger forms the basis of the financial statements as well as many other reports, it is essential that all inputs be complete and accurate.

1. This document describes various processes needed to ensure that the data input to the general ledger is in fact complete and accurate. As such, a major focus has been placed on data “clean up” needed by individuals and offices.

1. At UNDP, there are three types of account closures: Monthly; Quarterly; and Year-End:

**Monthly Closure:**

1. Applicable to the 31 January, 28 February, 30 April, 31 May, 31 July, 31 August, 31 October, and 30 November closures.

1. The goal is to ensure that offices are up to date on data cleaning (AP, PO, AR, etc) and bank reconciliations.

1. The deadline for data cleaning is generally two weeks after the month end date before the respective modules and GL are closed, and the deadline for completing the bank reconciliation is the 10th day of the following month.. The closure timetable is available as Annex A in YearEnd financial closure instruction and also in the [CFRA financial closure site](https://intranet.undp.org/unit/bom/ofrm/accounts/CST/FinancialClosure/financialclosure.aspx). Any subsequent change of the schedule will be communicated via Yammer.

1. the receipt accrual run for POs will be scheduled monthly in Quantum, i.e. January accrual will post on 1st February in the January accounting period and reversed on 1st February in the February accounting period.
2. Monthly revaluation for petty cash accounts will be scheduled to run monthly after GL close.

**Quarterly Closure:**

1. Applicable to the 31 March, 30 June and 30 September closures.

1. From a country office perspective, the monthly closure and quarterly closure procedures are very similar. The main difference is that HQ will process revaluation for investment accounts and unbilled accounts receivable after GL close and post additional accounting entries (such as project delivery report (PDR) expenses from agencies), which will facilitate the preparation of complete CDRs as at 31 March, 30 June and 30 September.

**Year-End Closure:**

1. Applicable to the 31 December closure.

1. Similar to the quarterly closure, except that offices will be required to complete the entry of invoices and purchase orders a week or two before the end of December in order to allow sufficient time for reviewing and correcting transactions before the modules close.

1. UNDP Offices must review CDRs and Cost Sharing reports in a timely manner and correct any errors with prior year accounting date using GLJEs.
2. UNDP Offices will be required to conduct a physical count of assets and reconcile to the Quantum Asset Management reports.
3. Year end revaluation will include cash, contributions receivable, other assets, other liabilities and VAT accounts on top of the monthly petty cash and quarterly investments and unbilled accounts receivables.

# Pending Purchase Orders

16. A pending purchase order is one that has not been dispatched or cancelled. There are five categories of pending purchase orders.

1. Purchase orders that are not approved and not dispatched.
2. Purchase orders that are approved and not dispatched.
3. Purchase orders that are dispatched but do not have validation status.
4. Purchase orders with a change order that are not fully processed.
5. Purchase orders from recurring PO invoice contracts that do not have validation status.

# Clean-Up of Pending Purchase Orders (POs)

1. The clean-up of POs requires that all pending purchase orders with budget date on or before the month-end date to be reviewed. The goal is to ensure that there are no old pending purchase orders. If there are, it will create inconsistencies between reports from Budget Control, Projects and the GL.

1. The objective of the PO clean-up exercise is to ensure that:
2. There are no pending POs with budget date on or before the last day of the month being closed
3. All POs dispatched to suppliers on or before the last day of the month being closed are recorded in Quantum
4. All expenditure in the GL, Budget Control and Projects is accurate, complete and recorded in the correct period
5. All open PO transactions comply with UNDP's policy

1. If the purchase order is pending as of the last day of the month being closed, is still required but cannot be resolved in time for deadlines (i.e. awaiting approval), move the budget date forward - i.e. revise the budget date to a date after the month end date. If the purchase order is not needed, cancel it.

# Clean-Up of Accounts Payable (AP) Invoices

1. The Clean-Up of the Accounts Payable (AP) refers to an exercise that ensures that there are no pending invoices with an accounting date on or before the month end date. Invoices must be fully processed in order to be correctly recorded in Projects and GL.

1. Clearing all the invoices requiring attention status per the Quantum payable dashboard, i.e. pending approval, rejected, invoices on hold and instalments on hold. UNDP offices must regularly review the payables dashboard and undertake regular maintenance and monitoring to ensure that all invoices are posted.

# Other Invoices

1. **Fully processed non-PO invoice:** This invoice is one that has been approved; has a validated status; and is posted.

1. **Fully processed PO invoice:** This invoice is one that has been matched; has a validated status; and is posted. An invoice only needs a validated status to be recorded in budget control.

1. **Paid invoice:** This invoice is one for which a payment, whether manual or system, is recorded in

Quantum.

# Invalid Chartfields on Purchase Orders (POs)

25. This refers to POs that are missing one or more required Chartfield values (e.g. department, fund, implementing agency, project, and donor) or have a non-expenditure account specified on the distribution line.

# Invalid Chartfields on Accounts Payable (AP) Invoices

26. This refers to AP Invoices that are missing one or more required Chartfield values (e.g.

department, fund, responsible party, project, and donor) or have a non-expenditure account specified on the distribution line.

# Open, Complete and Fully Matched POs

1. An **Open PO** is one that has not been completely liquidated into a payment invoice is considered as an open PO.

1. A **Complete PO** means that no additional receipts or invoices will be recorded.

1. A **Fully Matched PO** means that no additional activity is anticipated.

1. All offices should review their open POs and close those that are complete. Note: The optimal time for carrying out this review is after completing the review of the pending POs.

# Unpaid AP Invoices

31. Unpaid invoices are those that are approved and successfully fund-reserved but not yet paid. These invoices need to be reviewed to determine whether there are any duplicate or old invoices that should be cancelled/deleted or any invoices that were paid manually but the manual payment was never recorded.

# Fee Rows

32. Fee Rows refers to the cost recovery for services UNDP has provided to non-Quantum agencies. Whenever you provide standard service to a non-Quantum agency, the fee row will be generated in Agency Portal. Quantum automatically creates, a service fee, that corresponds to the fee in Universal Price List. All fee rows should charge the non-Quantum agency service clearing account (fund 12000).

# AR - Unapplied Receipts

33. Unapplied receipts are those contributions that have been received from Donors but have not been applied to the appropriate donor, fund or project.

**AR - Outstanding Contributions Receivable**

34. Contribution receivables represent amounts, as pledged/agreed by donors according to the schedule of payments in the agreements, but that have not as yet been received.

# Pending GLJEs

35. Pending GLJEs are GLJEs created but not yet posted to the GL. Pending GLJEs contribute to inconsistencies between Budgetary Control and GL reports. Pending GLJEs that have passed the fund validation are included in budget control but not in the GL.

1. GLJE activities are accounted for in accordance with:
   1. [**The Financial Rules & Regulations**](https://popp.undp.org/node/18916)**.**[Fi](https://popp.undp.org/node/18916)nancial Regulations are formulated by the Executive Board and the Rules are established by the Administrator to give effect to the Regulations.
   2. **International Public Sector Accounting Standards (IPSAS)** are a set of accounting standards issued by the IPSAS Board for use by public sector entities around the world in the preparation of financial statements. These standards are based on International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

# Expenditure in Budget Control, GL, and Projects

1. **Budget Control** uses the terms “**obligation**” and “**expenditure**”.
   1. Closing year obligation include the unliquidated balance of all purchase orders with a budget date of closing year that have been approved and validated.
   2. Closing year expenditures include all AP invoices (PO and non-PO) with a budget date of closing year that have been approved and validated.

1. **GL** uses only the term “**expense**”. GL expense, for the period 1 January to 31 December generally includes the following:
   1. All non-PO invoices with an accounting date between 1 January and 31 December that have been approved and validated, posted (via invoice post), and journal generated to the GL.
   2. All PO invoices with an accounting date of between 1 January and 31 December that have validated, posted (via invoice post), and journal generated to the GL.
   3. Accrual for receipted goods and services (Receipt Accrual), with an accounting date between 1 January and 31 December.
   4. Depreciation and amortization expenses from capitalized tangible and intangible assets.

1. The Receipt Accrual process is managed corporately at headquarters and will pick up PO receipts not yet invoiced as of a given deadline and posting expense to the GL.

1. **Projects** use the terms “**obligation**”, “**prepayment**” and “**expenditures**”. On the Project Budget Balance report obligation plus prepayment plus expenditures equals total consumption.
   1. Closing year obligations includes the unliquidated balance of all purchase orders with budget date of closing year.
   2. Closing year prepayments includes all advances with an accounting date that have been approved and validated.
   3. Closing year expenditures includes all AP invoices (PO and non-PO) with an accounting date that have been approved and validated.

# Accounting date of the purchase order

1. A purchase order is a legally binding obligation between UNDP and a supplier for the purchase of goods or services. The date of the legal obligation is the date the purchase order was delivered to the supplier. In Quantum the dispatch date of the purchase order is intended to represent the date the purchase order was delivered to the supplier.

1. Keep in mind that internal and external audit routinely request offices to provide evidence that the budget date on the PO matches the actual date that the PO was placed with the supplier. The auditors also review the date the goods were delivered to make sure the time between placing the order and the receipt of goods is reasonable.