**Common Services Project Management**

1. The 2014 and prior processes allowed Country Offices to record revenue and expenses relating to non-UNDP entities to four Fund codes that appear in UNDP’s books. However, as UNDP is acting as an agent for other partner agencies, their share of common services should not be recorded as revenue and expense to UNDP, but rather as payments due to/from each partner agency.
2. The fund codes that are to be implemented based on this guideline are the following:

|  |  |
| --- | --- |
| Fund codes | Descriptions |
| 13920 | Common\_Srvcs\_Premises\_non-undp |
| 13925 | Common\_Srvcs\_Security\_non-undp |
| 13930 | Common\_Srvcs\_VSAT\_non-undp |
| 13935 | Common\_Srvcs\_Dispnsry\_non-undp |

## Common Service Project Set-up

1. At the beginning of the fourth quarter of each year, each country office should agree with participating resident Agencies on the estimated cost of common/shared services *of the following year* in accordance with existing UNDG guidelines and send invoices to the Agencies by the end of November for the *up*coming budget year. When negotiating Letters of Agreement on these services, including common premises, consensus must be reached on the types of services covered, the total estimated annual cost of each service, cost drivers for apportioning the costs as well as the share payable by each Agency. UNDP Country Offices can create separate ‘common services’ management project (or multiple projects) with the following distinct activities for each common/shared service:
* Premises
* Security
* Communications/VSAT
* Dispensary
1. In setting up Common services projects, Country Offices are expected to set-up one Dummy Award/contract for each Agency and Fund code combination by reflecting the funding amount for the full year in Quantum’s Projects Module. One award will be created for UNDP’s internal funding towards its share of common services. Therefore, one common service project may have multiple awards. The actual contribution from Agencies can be received as cash via miscelanous receipts or authorized from other sources such as SCA (Service Clearing Account) which will update common service GL (cash) budgets. Any cost/expense transfer between different projects will require a project cost transfer in the project module. However, any cash transfer between fund/donor combinations can be managed via GL manual journals.

1. The total budget for each project or activity must be equivalent to the total estimated annual cost of these services. In case there are specific additional services that the agencies have agreed to share, additional projects and/or activities can be created, but the offices should only use the four fund codes for the share of non-UNDP entity. For reporting purposes, each participating Agency’s share in the cost of a particular service should be represented by fund and donor under corresponding output or activity. Each agency should provide the complete Chart of Accounts (COA) (e.g. payment authorization with Unliquidated Obligation (ULO) number for Non Quantum agencies) where the cost should be charged to fund the Common Service budget for each Common Service participant. In case of payment default, UNDP should charge each COA based on agreed budget using the ULO provided in the previous quarter.

## Common Service Project budget set-up

Non-UNDP portion of CSA budget

1. In setting up the project budget, use the FUND codes 13920/25/30/35 for the portion that belongs to participating agencies (includes both QUANTUM and Non-QUANTUM agencies). These fund are cash-controlled by **Department and Fund level**.

UNDP portion of CSA budget

1. As for UNDP’s portion ofcommon services, Country Office’s institutional budget codes (core 02300, DE 02550, XB 11300) are used in the common/shared services project budget.
2. If there are other UNDP development projects sharing the same service, their share should be included in UNDP’s XB portion (i.e. as if XB is prefunding) and use DPC methodology (i.e. crediting expenses) to recover the XB from projects (see below section 4.2 for details). Separate GL accounts should be used for CSA recovery and cost recovery to avoid confusion and see a clear and distinct financial picture of the two categories under XB Status Report. Such cost transfer can be processed in Quantum’s project module.
3. The following budgetary account codes should be used for the Common/Shared Services project budgets., in addition to other relevant budget account codes such as staff costs and assets.
* 73100 - Premises
* 74300 - Security
* 72400 - Communication/VSAT
* 74500- Dispensary accounts

## Sample of common service project budget

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Agency | % proportion of UNCT | Budgetary Account  | Fund | Other applicable COA | Donor  | Amount (USD) |
| UNDP |  |  |  |  |  |  |
| -- CORE | 20% | 73100 | 02300 | ….. | 000012 | 20,000 |
| -- (XB+Other dev.proj) | 30% | 73100 | 11300 |  | 000012 | 30,000 |
| FAO | 30% | 73100 | xxxxx |  | 000004 | 30,000 |
| UNFPA | 10% | 73100 | xxxxx |  | 000003 | 10,000 |
| UNDSS | 10% | 73100 | 68100 |  | xxxxx | 10,000 |
| TOTAL | **100%** |  |  |  |  | **100,000** |

# Revenue management

1. Using Invoice from Billing Module
2. At the beginning of the fourth quarter of each year, each country office should agree with participating resident Agencies on the estimated cost of common/shared services for the following year in accordance with existing UNDG guidelines and based on the signed Letters of Agreement. By the end of November, Office should create and send one invoice (*from Quantum billing module*) for each Agency for the full amount due for the upcoming budget year, listing all the service the Agency participates in, as well as its respective share of costs. Based on the issued invoice for common/shared services, the resident Agencies should provide local advances (at least quarterly) specifically for the services they participate in. These advances should be received and recorded by UNDP CO under GL Account 55085 (Contribution from Agencies for Common Services) for their common/shared services project against the common service fund codes 13920/25/30/35 and respective donor codes of the agencies. Please note that the account should be used only for other Agencies’ share of common service contribution.

## Revenue from QUANTUM Agencies

1. In the case of QUANTUM Agencies**,** a Quantum agency can make a cash payment to the UNDP Country Office. In this case, the payment would be received by the CO and applied via AR against the following COA:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Account | OU | Fund | Dept | PC BU | Donor |
| UNDP Cash | UNDP | UNDP | UNDP | UNDP | UNDP |
| Due to/From | Yours | 13920/25/30/35 | Yours | Yours | Various |

1. The donor codes for QUANTUM agencies are as follows:
* UNIFEM -10776
* UNCDF - 10777
* UNFPA - 10778
* UNOPS - 10779
* UNDSS - 10153

## Revenue from Non-QUANTUM Agencies

1. In general, Non-Quantum agencies should pay for their share in cash locally, the payment would be received by the CO and applied via AR against the same COA above. Alternatively, a Non-QUANTUM agency might give an authorization via Service Clearing Account (SCA), in which case, CO can create GL JE as follows:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Dr/ Cr. | Account | OU | Fund | Dept | Donor |
| Dr | 7xxxxAs per ULO acct | Yours | 12000 | Yours | Various |
| Cr | 55085 | Yours | 13920/25/30/35 | Yours | Various |

1. In the GLJE created to record the amount authorized by Non-QUANTUM Agencies, the **long description should always include the ULO and Agency References** to avert rejection of CSA charges by agencies.

# Expense management

## Regular GOE expense

1. When recording common service related expense, it is very important that Country Offices record it in line with the initial common service project budget:
* For UNDP core institutional budget, record expenses directly against fund 02300 and common service project;
* For UNDP XB funds, record expenses directly against fund 11300 and common service project;
* For other participating agencies, record expenses against fund code 13920/25/30/35 and respective donor codes of each agency and common service project;
* If there are other UNDP development projects sharing the same service, their share should be included in UNDP’s XB portion (i.e. as if XB is prefunding) with a periodic recovery of expenses from development projects).
1. Therefore, a typical sample of common service payment invoice should have the following lines:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Amount | Account | OU | Fund | Dept | Project  | Donor |
| 20,000 | 7xxxx | Yours | 02300 | Yours | CS Proj. | 000012 |
| 30,000 | 7xxxx | Yours | 11300 | Yours | CS Proj. | 000012 |
| 30,000 | 7xxxx | Yours | 13920/25/30/35 | Yours | CS Proj. | 000004 |
| 10,000 | 7xxxx | Yours | 13920/25/30/35 | Yours | CS Proj. | 000003 |
| 10,000 | 7xxxx | Yours | 13920/25/30/35 | Yours | CS Proj. | 010153 |
| 100,000 |  |  |  |  |  |  |

## Other UNDP development projects under common/shared services

1. On a monthly or quarterly basis, CO should transfer cost in PPM to recover cost from development projects to XB aiming to achive the following accounting entries:
* 73125 – Common – Services premises
* 74325 – Contrib to CO Common Security
* 72445 – Common Services - Communications
* 74500– Contrib to Dispensary – GS - Dispensary

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Amount | Account | OU | Fund | Dept | PC BU | Project  | Donor |
| 5,000 | As above | Yours | 04000 | Yours | Yours | Dev. Proj. | 000012 |
| (5,000) | As above  | Yours | 11300 | Yours | Yours | CS Proj. | 000012 |
| 3,000 | As above  | Yours | 04000 | Yours | Yours | Dev. Proj. | 000012 |
| (3,000) | As above  | Yours | 11300 | Yours | Yours | CS Proj. | 000012 |

**Positions and personnel management under common/shared services**

1. Whenever a position is funded by several Agencies under this arrangement, the Agencies also need to agree in advance that personnel costs (staff on FTA/CA/TA/SC or UNV) will be apportioned according to their share as agreed for each common service. These positions (when administered by UNDP)  will be created as “partially billable” positions in Quantum HR module and their position funding COA should be set up in accordance with percentages agreed with the Agencies as per the common services project budget and COA. As these positions are funded not only by UNDP CO but also by the Agencies, UNDP CO, therefore, needs to present and consult with the participating agencies before taking any HR management decisions that may lead to a rise in cost. Extensions of partially-billable positions and personnel contracts should not go beyond the end date of relevant common services agreement.

**PPE under common/shared services**

1. The UNDP portion of PPE funded by several agencies (please refer to relevant section of Asset management POPP [*here*](https://popp.undp.org/node/11361)) will be recognized only if UNDP’s portion meet the asset recognition threshold. Therefore, there should not be any amount reported against the fund codes created for other agencies (13920/25/30/35) in PPE asset and accumulated depreciation accounts 18xxx as well as in the corresponding depreciation expense accounts 77xxx.

# Year-end actions

1. As per IPSAS, any amounts due to/from the respective Agencies will be presented by UNDP as Agency payables or receivables respectively in UNDP’s financial statements. Therefore, at year-end, each CO will be asked to review and reconcile the cumulative amount of due to/from each Agency by Fund Code. The reconciliation should be documented for future reference.

# Important Note

1. The above guidance applies to Country Offices where UNDP is the lead agency among all participating agencies. The underlying principle in the calculation of Common Services (as defined in POPP, i.e. premises, security, communication/VSAT and dispensary) is based on the local UNCT agreements or budget.
2. In Country Offices where UNDP is one of the tenants among all participating agencies and only responsible for its own share of the overall common services costs, the assumption is that the Country Office will manage these costs under its Institutional Budget (core and XB) and not via common service funds and follow the procedures that govern the use of these resources.
3. If UNDP is not a lead agency, the CO will pay only UNDP’s share and recognize expenses accordingly.
4. To ensure that common services are properly included in cost recovery, Offices should always refer to specific agreements with the agencies.