

PBF/ MPTF-O GUIDANCE NOTE ON PBF PROJECT OPERATIONAL AND FINANCIAL CLOSURE



Purpose and importance of timely project closure:

The closure of individual Peacebuilding Fund (PBF) projects within the agreed timeline is a requirement under the PBF Guidelines and the MOU signed between the MPTF Office, as Administrative Agent (AA) of the PBF, and the individual recipient entities. It demonstrates professional project management and allows for the balance of funds to be reprogrammed into new peacebuilding projects and countries to support the Secretary-General's Peacebuilding agenda. It also allows the Fund to demonstrate good program management to its donors and is an audit requirement.

It is the responsibility of each individual recipient agency to ensure compliance. Failure to comply with the financial closure obligations has implications on the overall performance of the Fund and will lead to the blocking of any further Fund transfers to the recipient agency and/or the country in question, even for approved projects. The PBF Secretariats should share this Guidance Note with all PBF projects and recipient agencies.

PBF project operational and financial closure process:

Closing a project is completed in two stages: (i) operational closure and (ii) financial closure. However, the ease and effectiveness of the closure processes is dependent on the correct set-up of the project within the agency's financial system at the time of the project approval and on correct regular financial reporting of the project during the project duration.

A. Financial and administrative set-up of the project in the agency's system

Recipient Agency must ensure that:

- a. The agency project is correctly linked to the MPTFO project ID in your system based on a one-on-one project mapping;
- b. The agency has not co-mingled funds with another donor in the same project.

B. Project financial administration and annual financial project reporting

Recipient Agency HQs follow their own internal procedures to review and upload expenses into UNEX on a quarterly or annual basis, as per the agency's policies. Reporting is not performed by Country Offices. Refer to the table below for the timelines of when UNEX opens and closes and the reporting deadlines. It is important

that these be completed in a timely manner by all Agency HQs and the Country Offices need to provide any relevant information to their HQs in a timely manner.

UNEX reporting timeline – performed by registered HQ staff only.

Financial Reporting	Report Expenditures	Reporting dates RUNOs 2020
Q1	January through March for the year	Opens May 20 th , Closes June 6 th
Q2	January through June for the year	Opens July 15 th Closes Aug 6 th
Q3	January through September for the year	Opens Oct 15 th , Closes Nov 6 th
Q4	'Annual reporting' January to December for the year	Opens Mar 15 th , Closes April 30 th

In addition to this formal financial reporting through UNEX, the PBF requires an unofficial update by all projects of financial progress, twice a year, as part of the project six-monthly narrative reports, using the project Excel budget. This financial update is provided against the project activities and outputs, rather than against UNDG budget categories which is done in UNEX as part of official financial reporting.

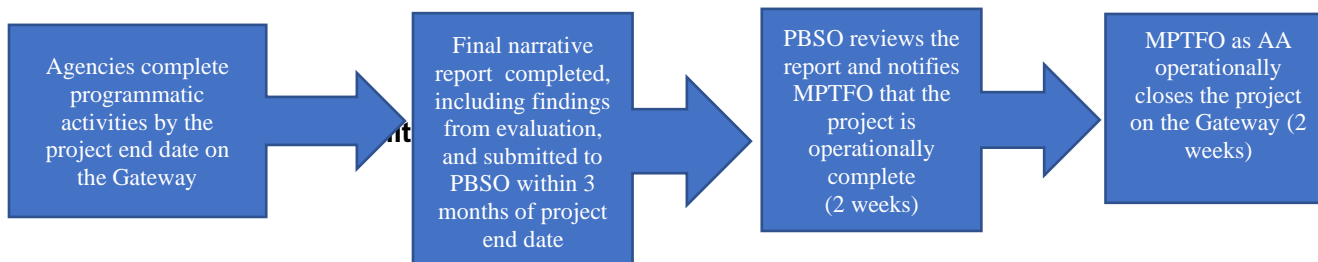
C. Operational project closure

WHAT OPERATIONAL CLOSURE ENTAILS:

A project will be operationally closed by MPTF-O once PBSO has received the final narrative report from the Agency(ies) and once PBSO has notified the MPTFO that the project is considered programmatically complete. Apart from the submission of the final narrative report, the programmatic completion includes: completion of project activities and of an independent project evaluation, which is managed by the Recipient Agencies, under the supervision of the PBF Secretariat where it exists.

TIMELINE FOR OPERATIONAL CLOSURE:

As described in the PBF guidelines, the final narrative project report (a joint one for the project, if there are multiple recipient agencies) should be submitted to PBSO and uploaded on the Gateway no later than 3 months following the project operational closure date, which is on the Gateway. The final narrative report should include findings from the independent evaluation. All projects should have a final report completed as soon as possible after the project is programmatically complete where this can be completed earlier.



To support the operational closure, the **PBF Secretariats** (where they exist) will:

- Remind all recipient agencies of operational closure requirements;

- Review and provide comments on the draft final narrative report before it is finalized;
- Remind the Agency about the evaluation requirements and provide support and oversight to the evaluation process including on TORs and evaluation deliverables;
- Upload the final version of the final narrative report onto the Gateway and notify PBSO when this is done.

To address potential and actual delays with operational closure, PBSO will (with MPTFO support):

- Complete an annual review to identify projects with delayed project closure and notify Country Offices so these can be addressed.
- For any project where PBSO and the country office have exhausted options to obtain a final report from the recipient agency, PBSO will consider options for exceptional project closure.

D. Financial project closure

WHAT FINANCIAL CLOSURE ENTAILS:

To ensure a final certified report can be issued and a project can be financially closed by MPTFO, each Recipient Agency Country Office needs to ensure that:

- All financial transactions on the project are finalized and only project-related financial transactions were recorded against the project budget.
- What has been reported by the Agency HQ on the project (total expenses and indirect costs – available on Gateway) is correct. Note the date of the last upload as the expenses are not reported in real time.
 - If you identify a discrepancy resolve the issues between the CO and the HQ reporting team before the next UNEX upload.
 - HQ should review exceptions/under or over expenses and incorrect indirect cost rates with the RUNO CO as per your standard protocols and accountabilities
- Indirect costs do not exceed 7% of the programme expenses
- The refund is returned to MPTFO (if it is more than \$250). (See banking details below)
 - If your agency returns interest based on their Financial Regulations and Rules, this must be returned with the final refund to MPTFO;
 - A RUNO must provide a notification to MPTFO when processing a refund or returning interest. The notification should include a reference to the type of refund, amount of refund and MPTFO project number, and sent to the following individuals at the MPTF Office as noted on the PBF Fund page: Finance Associate, Treasury Associate.

Example notification: Fund: Peacebuilding Fund. Agency: (Agency name). MPTFO project number: (can be found on <http://mptf.undp.org/factsheet/fund/PB000>). Interest Amount and currency (x). Refund amount and currency (x).

Bank Account details for the return of any interest earnings and unutilized PBF funds as part of closure:

Name: Peacebuilding Fund

Account Number: 36349642

ABA/ACH Routing Number: 021000089

SWIFT Code: CITIUS33

Bank Name/Address: Citibank, N.A., 111 Wall Street, New York, NY 10043 USA

- e. The Agency has financially closed the project in your system according to your agency's procedures.
- f. Once all of the above has been complied with, the Agency HQ issues a final certified financial report, including the final year of the activities in the approved programmatic document.

TIMELINE FOR FINANCIAL CLOSURE:

- *Financial project closure:* Each Recipient Agency must complete financial closure of a project within eighteen (18) months after operational closure or according to the time period specified in the financial regulations and rules of the Recipient UN Organization, whichever one comes first.
- *Final financial reporting:* Each Recipient Agency HQ must provide certified final financial statements and final financial reports after the completion of the activities in the approved programmatic document, including the final year of the activities, no later than five (5) months (31 May) after the end of the calendar year in which the financial closure of the activities in the approved programmatic document occurs, or according to the time period specified in the financial regulations and rules of the Recipient UN Organization, whichever is earlier.

To support financial project closure, the PBF Secretariats (where they exist) will:

- Remind agencies of the financial closure requirements and that delays can result in blockages to further funds transfers from PBSO;
- Remind agencies of any outstanding financial closure requirements and request that a RUNO engages with their HQ counterpart to resolve issues.
- Update PBSO on progress with outstanding financial closures.

To address potential and actual delays with financial closure, PBSO will (with the support of MPTFO):

- Complete an annual review to identify projects with delayed project financial closure;
- In doing so, PBSO will share with Agencies what expenses have been reported by their HQ on their projects (total expenses and indirect costs – available on GW), if they identify a discrepancy. These should then be resolved by the CO and their HQ reporting team before the next reporting deadline
- For any project where PBSO and the Country Office have exhausted options to obtain a final financial report, MPTFO will consider options for exceptional project closure.