



---

**UNDP/GEF PROJECT ENTITLED “REDUCING ENVIRONMENTAL STRESS IN THE  
YELLOW SEA LARGE MARINE ECOSYSTEM”**

---

UNDP/GEF/YS/RWG-B.1/inf.5  
Date: 1 April 2005  
English only

**First Meeting of the Regional Working Group  
For Biodiversity Component  
for the UNDP/GEF Yellow Sea Project**  
*Qingdao, China, 19-22 April 2005*

**Financial Rules and Financial Reporting Requirements for Sub-Contracted  
Institutions and Individuals - A General Overview**

This document provides a general outline of the financial rules and reporting requirements for the sub-contracted institutions, companies and individuals (hereby known as ‘Contractors’), based on the contracts established with the Project. This document has been produced to provide RWG members with a simple outline of the budgetary constraints and reporting requirements and is not intended to be a fully detailed listing of the United Nations financial rules and regulations, and actual individual contracts *may* vary from these general guidelines.

**Overall Budget Control**

UNOPS, with assistance from UNDP/GEF, is the responsible organisation with respect to the entire project budget and necessary budget revisions. The Project Steering Committee (PSC) approves, on an annual basis; the workplans and yearly budgets for the project.

At the end of each year, the Project Steering Committee, with assistance from the Project Management Office (PMO), will decide on the budget revisions, including reallocations necessary for the project implementation based on the expenditures of the year. The PSC operates within the framework budget presented in the Project Implementation Plan.

**Responsibilities of the Contracted Institutions and Individuals**

Relevant institutions, companies or individuals (the ‘Contractor’) may be contracted by UNOPS, based on their capacities and expertise in the required field, for undertaking specific tasks within the project as approved by the PSC. The responsibilities of the Contractor are detailed in specific Memorandums of Understanding (MOU), or other types of contract, that may vary in nature. In order to maximise the benefits of the funding allocated to the activities, the UNOPS procurement procedure should be applied in selecting the institutions and individuals i.e. open competitive bidding.

**Disbursement by UNDP/GEF/UNOPS to the Contracted Institutions and Individuals**

In order to undertake the substantive work described in the various MoU's, UNDP/GEF has provided grant funds for project execution. These monies will be disbursed by the PMO on behalf of UNOPS, or by UNOPS directly, according to the terms of the various contract modalities.

Each contract must contain a detailed budget breakdown, that will indicate the purpose and amount of costs required to carry out the activities.

Contracts may be fixed price or cost reimbursable depending on whether depending on whether services can be precisely determined on cost-basis prior to work commencing or not.

### **Expenditures by the Contractor**

Each Contractor is authorised in the MOUs (under the terms of reference) to spend the monies in accordance with the detailed budget, which forms part of each MoU. UNOPS will not reimburse expenditures for items not detailed in the approved budget.

### **Unplanned costs**

In undertaking the work under the MOU (the contract), the Contractor may find that it needs to spend money on items not currently listed in the budgets of the MOU. Under such circumstances the Contractor must contact the Project Manager to seek changes in the budget to accommodate these un-planned expenditures and may require an amendment to the contract.

### **Over-expenditures**

Where an item or an activity costs more than originally estimated, the Contractor is then required to examine the budget and see whether cost savings can be achieved in other parts of the budget. Any such savings should then be transferred between lines to prevent an over-expenditure occurring. In cases where quotations are obtained which exceed the allocations; the Contractor should contact the PMO to determine whether an amendment of contract and revision of the budget is possible. Such a revision should be completed before the over-expenditure is incurred. The Contractor should note that reallocation of funds between lines, which fall into the same component is generally accepted automatically, but reallocation of funds from different component lines should only be done with the agreement in writing of the Project Manager.

### **Under-expenditures**

Correct management of funds prior to, and during the contract period will ensure that no under-expenditure occurs. If costs of a particular activity are found to be less than originally planned, the residual monies will be recovered by UNOPS during the course of the contract.

## Revising the budget

In the event that unplanned expenditures, under-expenditures or over-expenditures are foreseen, the Contractor should contact the PMO promptly to seek an amendment of contract and budget revision, since as noted above, UNOPS cannot reimburse expenditures which are not part of the approved budget contained in the MOU.

## Reporting requirements

According to the reporting terms stated in each MOU and reimbursable modality contracts, the Contractor is required to provide two documents (in addition to the Final Report) to the Project Management Office as follows:

- Expenditure statement
- Progress report

Without these documents, the Project Management Office cannot authorise additional cash disbursements.

The expenditure statement should report the actual expenditures which have occurred up to an agreed date, in the form provided in an Annex to the MOU and reproduced here as Table 1.

The frequency of progress reports will be based on the modality of contract and is in the form attached here as Table 2. In this report, the substantive activities and outputs of the Contractors are detailed and it is on the basis of this report together with the substantive outputs (copies of which should be sent to the PMO) that UNOPS judges whether or not the Project is progressing smoothly.

## Supporting documentation for expenditures

If an item of equipment has been purchased, then the original receipt for payment must be dispatched with the expenditure statements, since until the time of completion of the project, the equipment remains the property of the United Nations.

If a consultancy contract has been issued for a specified task, then a copy of the signed contract should also be supplied with the expenditure statement, together with a copy of the original product produced by the consultant.

If expenditures are incurred in organising a meeting then a copy of the report, together with a list of participants of the meeting and any substantive outputs must be supplied to the PMO.

If travel by air has been paid for, then an original receipt and copy of air ticket must be supplied with the expenditure statement.

Whilst UNOPS does not require that original receipts for all expenditures be submitted at the time the expenditure report is dispatched, they must be retained by the Contractor according to the terms stated in the MOU.

**Table 1**

**PROJECT EXPENDITURE REPORT**

Project statement of allocation (budget), expenditure and balance (Expressed in USD) covering the period

**From**.....**To**..... **Supporting**  
**Organization**...UNDP/GEF.....

**Project Title**...*Reducing Environmental Stress in the Yellow Sea Large Marine Ecosystem*...

**Project Commencing**..... (Date)                      **Project Ending**..... (Date)

<b>Object of Expenditure</b>	<b>Project Budget Allocation Amount (1)</b>	<b>Expenditure incurred from ... to .... Amount (2)</b>	<b>Unspent balance of budget Amount (3)</b>
<p>.....</p> <p>.....</p> <p>(USE ITEMS ACCORDING TO THE BUDGET CATEGORIES IN ACCORDANCE WITH THE SIGNED MEMORANDUM OF UNDERSTANDING OR CONTRACT)</p>			
<b>GRAND TOTAL</b>			

**Signed**\_\_\_\_\_

**Designation**\_\_\_\_\_

**Duly authorized official**\_\_\_\_\_

**Table 2**  
**PROGRESS REPORT**

**SECTION 1 – BACKGROUND INFORMATION**

**1.1 PROJECT TITLE:** REDUCING ENVIRONMENTAL STRESS ON THE YELLOW SEA LARGE MARINE ECOSYSTEM

**1.2 MOU NUMBER:** \_\_\_\_\_

**1.3 RESPONSIBLE OFFICE:** Yellow Seas Project Management Office, Ansan.

**1.4 CONTRACTOR (SUPPORTING ORGANIZATION):**

\_\_\_\_\_

**1.5 REPORTING PERIOD:** (The number of months covered by this report) \_\_\_\_\_

**1.6 FOCAL POINT NAME:** \_\_\_\_\_

**SECTION 2 – PROJECT STATUS**

**2.1 Status of the Implementation of the Activities and Outputs Listed Under the Workplan** (check appropriate box)

- Project activities and outputs listed in the Project Workplan for the reporting period have been completed and the Contractor is satisfied that the project will be fully completed on time (give reasons for minor variations as Section 3 below).
- Project activities and outputs listed in the Project Workplan for the reporting period have been altered (give reasons for alterations: lack of finance; project reformulated; project revisions; other at Section 3 below).
- Project activities and outputs listed in the Project Workplan for the reporting period have not been fully completed and delays in project delivery are expected (give reasons for variations as Section 3.1 and new completion date in Section 3.2 below).
- Insufficient detail provided in the Project Workplan.

**2.2 List Actual Activities/Outputs Achieved in the Reporting Period:** (check appropriate box)

**(a) Meetings (duplicate this box for each meeting individually)**

<input type="checkbox"/> Inter-ministry Mtg	<input type="checkbox"/> Expert Group Mtg	<input type="checkbox"/> Training Seminar/Workshop	<input type="checkbox"/> Others
---	---	--	---------------------------------

Title: \_\_\_\_\_

Venue and Dates: \_\_\_\_\_

Covered By: \_\_\_\_\_ Organized by: \_\_\_\_\_

Report issued as doc. No./Symbol \_\_\_\_\_ Languages \_\_\_\_\_ Dated: \_\_\_\_\_

For training seminar/workshop, please indicate: No. participants \_\_\_\_\_ and attach **annex** Giving names and nationalities of participants.

(b) **PRINTED MATERIALS** (Duplicate this box for each printed item)

Report to IG Mtg.    Technical Publication    Technical Report    Others

Title:

---

---

Author(s)/Editor(s)

---

Publisher

---

Symbol (UN/UNEP/ISBN/ISSN)

---

Date of Publication

---

(when technical reports/publications have been distributed, **attach distribution list**)

(c)  **TECHNICAL INFORMATION**    **PUBLIC INFORMATION** (Posters, leaflets, broadcasts, etc)

Description:

---

---

---

---

---

Dates: \_\_\_\_\_

(d) **SERVICES**

Description:

---

---

---

---

---

Dates \_\_\_\_\_

(e) **OTHER OUTPUTS**

---

<hr/> <hr/> <hr/> <hr/>
-------------------------

**SECTION 3 – PROJECT STATUS**

**3.1 Summary of the Problems Encountered in Project Delivery (if any)**

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

**3.2 Actions Taken or Required to Solve the Problems (identified in Section 3.1 above)**

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

**Signed:** \_\_\_\_\_  
**Name:** \_\_\_\_\_  
**Designation:** \_\_\_\_\_