



## 1.0 SCOPE OF THIS SOP

### Sections:

- A. Unapplied Cash Definition and Overview
- B. Partial Payments
- C. Bank charges, FX differences and deferred income
- D. Customer invoice (AR) analysis
- E. Manual matching of the assignment reference
- F. Quality Assurance Requirements

## 2.0 REFERENCES IN CONJUNCTION WITH THIS SOP

Financial Regulations and Rules of the UN

Umoja Unapplied Cash User Guide

BFMS Procedures Manual

## 3.0 ROLES INVOLVED IN THIS SOP

FA User (GL) (Umoja FA.01)

FA User (AR) (Umoja FA.03)

### Section A: Unapplied Cash Definition and Overview

1. 'Receivables' (Accounts Receivable (AR)) are invoices set up in Umoja in accordance with agreements in readiness for the receipt of funds. For UNEP and Un-Habitat, these are normally in the form of Donor (Contribution) Agreements.
2. Unapplied cash is any deposit received into a House Bank which has not been directly applied to a Receivable Document created in Umoja.
3. Staff in Treasury Services Unit (TSU), UNON monitor bank account statements through Umoja FEBAN on a daily basis and match deposits with information provided by UNEP, UNON and UN-Habitat teams (the "Clients").
4. Feedback from the Clients, via Lotus Notes Contribution Deposits Portal provides information on Receivables against which TSU staff can apply the deposits.

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5. If the amount received is equal to and is for full settlement of a Receivable which is already created in Umoja then TSU can fully offset the amount against the Receivable and no further action is required.
6. If the amount received is less than the receivable it is known as Partial Payment (see Section B).
7. Items which remain unidentified after three months should be moved by TSU staff to the Unapplied Cash GL (Account 39201010 – Unapplied Cash).
8. Additionally, TSU staff are to update the status of any deposits transferred to Unapplied Cash GL in the Contributions & UD Portal to ease later identification and provide an audit trail.
9. The items in G/L Account 39201010 remain unapplied until relevant information is obtained to either process for repayment (e.g. returned/rejected staff salaries), return to the customer who remitted (e.g. received in error) or apply to a Receivable Document according to instructions received from Clients.

## Section B: Partial Payments

10. If the payment received is less than the Receivable already created in Umoja, the payment can be cleared manually against the invoice by using the Partial Payment Process.
11. The difference between the invoice amount and the payment amount remains on the invoice and the invoice remains open with the same terms of payment.
12. One incoming payment can be applied to multiple items as multiple partial payments. This is also done through the Partial Payment Process. The payment amount is divided among multiple open items instead of being assigned to just one open item.

## Section C: Bank charges, FX differences and deferred income

13. If the difference between the amount received and the Receivable is due to bank charge/exchange difference, the balance is recorded in the bank charges/Fx account as appropriate (G/Ls 74251010 and 79601010 respectively).
14. Sometimes the amount received from a particular client is in excess of the receivable balance. If clients confirm this excess relates to future periods, the amounts should be applied to deferred income.



## Section D: Customer invoice (AR) analysis

15. Prior to offsetting an invoice or a set of invoices from a particular BP, it is mandatory for TSU staff to scrutinize and thoroughly analyze the customer's account to ensure that:
- a. The Receivable specified is in existence and open (if locked, clients must review).
  - b. There is no over-recovery of any particular invoice.
  - c. The currency of the incoming payment and the currency of the receivable match.
  - d. Associated bank charges/FX differences have been identified and dealt with.
  - e. For Multilateral Fund, FX differences due to FERM require detailed supporting documentation.

## Section E: Manual matching of the assignment reference

16. In many cases, the status of unapplied cash G/L account items in Umoja will remain "open" even though the amount has already been applied in full against a customer invoice (the reason for this could be the assignment reference in the unapplied cash G/L does not correspond to that in the clearing document). Where the automatic matching fails, the AR user will have to manually match the assignment of the unapplied cash G/L account (only the assignment & the text can be modified at this stage).

## Section F: Quality Assurance Requirements

17. The main Quality Assurance (QA) Requirements for the proper application of the unapplied cash and incoming payments are:
- a. BFMS, UNON is to ensure that any changes in the Procedure Manuals, Job Aids and Desktop Instructions are brought to the attention of the users and implementation is properly supervised.
  - b. Certifying Officers, Headquarters Offices and BFMS, UNON are to ensure that effective monitoring and checking systems are in place to minimize the risks of fraud, theft or misuse of United Nations funds.
  - c. Regular review of the unapplied cash and receivable (AR) downloads and subsequent analysis are necessary to ensure that items have cleared as intended and that receivables do not have credit balances .
  - d. As well as regular and ad hoc reports for meetings, a Monthly summary of position is to be produced for submission to Accounts Section Managers and senior Client Managers.

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- e. A benchmark is to be agreed for processing data in TSU and performance against that benchmark is to be reported in management reports.
- f. ASU UNON to review the entries at regular intervals to ensure the correct Funds and GLs has been used by TSU staff.