OFFICE FOR PROJECT SERVICES

REPORT OF THE EXECUTIVE DIRECTOR OF THE OFFICE FOR PROJECT SERVICES ON WAYS OF ESTABLISHING THE OFFICE AS A SEPARATE AND IDENTIFIABLE ENTITY

Addendum

PROPOSED ANNEX TO UNDP FINANCIAL REGULATIONS AND RULES TO GOVERN ACTIVITIES OF OPS

Annex IV

UNITED NATIONS OFFICE FOR PROJECT SERVICES

1. This annex contains the text of additions or amendments to the UNDP Financial Regulations and Rules that shall be applicable to the United Nations Office for Project Services (UNOPS) and that are necessary in order to take account of the special requirements of UNOPS operations. This annex also indicates which of the UNDP Financial Regulations and Rules are not applicable to UNOPS.

2. Unless otherwise specified in this annex, the UNDP Financial Regulations shall apply, mutatis mutandis, to all UNOPS activities. Thus, for example, in the application of the Financial Regulations of UNDP to UNOPS:

"UNDP" shall mean "UNOPS" in the following Regulations and Rules:

Regulations: 2.2B (i); 3.1; 11.3; 11.4; Article XII Title; 14.3; 14.5; and 17.1;

Rules: 101.1 (a); 103.1 (a); 103.2; 109.1; 111.4; 111.5; 114.13 (b); 114.14 (a); 114.15 (b); 114.22; 114.23 (b) (vi); 114.25 (b);
114.28 (e); 114.29; 114.32 (b) and (e); 114.35 (b) and (d); 116.2 (c); 116.5 (b); and 116.7;

"OPS" shall mean "UNOPS";

"the Executive Board (formerly 'Governing Council')" shall mean "the Executive Board of UNDP as provider of policy guidance and to supervision over UNOPS";

"the Administrator" shall mean "the Administrator, when performing the functions of Chair of the Management Coordination Committee of UNOPS", except in Regulations 9.1, 9.8 and 11.1, and in Rule 109.1 (a), where "Administrator" shall mean "the Executive Director of UNOPS";

"the Assistant Administrator, Bureau for Finance and Administration" (or "Assistant Administrator") shall mean "the Executive Director of UNOPS" (or simply, "Executive Director");

"the Director, Division of Finance" shall mean "the Executive Director of UNOPS";

"the Division of Finance" shall mean "UNOPS Finance Section" in Rule 114.13 (a).

3. The following provisions of the UNDP Financial Regulations shall not apply to UNOPS. They are provisions that either concern matters unique to UNDP or have been amended for application to UNOPS as indicated in paragraph 5 below.

Article I. Applicability: Regulation 1.3

Article II. Definitions: Regulations 2.1 (h); 2.2 (ii); 2.2 Q (i); and 2.2 P (v), (vi) and (vii)

Article IV. UNDP Funds: Regulations 4.1 to 4.17

Article V. Trust Funds: Regulations 5.1 to 5.3

Article VI. Financial Periods: Regulations 6.1 to 6.4

Article VII. General Framework: Regulations 7.1 to 7.4

Article VIII. Programme Activities: Regulations 8.1 to 8.11

Article IX. Biennial Budget: Regulations 9.3, 9.4, 9.7 and 9.9

Article X. Allocations for Programme Activities: Regulations 10.1 to 10.4

Article XI. Utilization of Resources: Regulation 11.5

Article XII. The UNDP Account: Regulations 12.1, 12.2, 12.3 and 12.4

Article XIII. Management of Funds: Regulations 13.2 to 13.8
Article XIV. Internal Control: Regulations 14.1 and 14.5

Article XV. Executing Agencies: Regulations 15.1 to 15.4

Article XVI. The Accounts: Regulations 16.1 and 16.3

Article XVII. External Audit: Regulation 17.2

4. The following provisions of the UNDP Financial Rules shall not apply to UNOPS. They are provisions which either concern matters unique to UNDP or have been amended for application to UNOPS as indicated in paragraph 6 below.

Article III. Accountability: Rules 103.1 (c) and (d)

Article IV. UNDP Funds: Rules 104.1 to 104.15

Article V. Trust Funds: Rules 105.1 to 105.6

Article VIII. Programme Activities: Rules 108.1 to 108.20

Article IX. Biennal Budget: Rules 109.1 (b) and (c); 109.3 (b) and (c); 109.4 (a), (c) and (d); and 109.5

Article X. Allocations for Programme Activities: Rules 110.1 to 110.6

Article XI. Appropriations for the Biennal Budget: Rule 111.1, 111.2 and 111.3

Article XIII. Management of Funds: Rules 113.1 to 113.6

Article XIV. Internal Control: Rules 114.1(a), (b) and (d); 114.2; 114.3; 114.4 (a), (e) and (f); 114.5 (d) and (e); 114.6 (a) and (c); 114.7 (b); 114.8; 114.9 (a); 114.10; 114.11; 114.12 (a); 114.13 (a); 114.15 (a) and (c); 114.16 (a); 114.17; 114.18; 114.19; 114.21; 114.23 (b) (v); 114.24 (a) (i); 114.25 (a) and (c); 114.27 (b); 114.28 (b), (c) and (d); 114.32 (a) and (d) (ii); 114.33 (b); 114.36; 114.37 (c); and 114.38

Article XV. Executing Agencies: Rule 115.1

Article XVI. The Accounts: Rules 116.1, 116.2 (d); 116.3, and 116.4

Article XVII. External Audit: Rule 117.1

5. The following provisions shall apply solely to UNOPS. They represent additions to, deletions from, or provisions in substitution for, the corresponding provisions contained in the UNDP Financial Regulations.

Regulation 1.3

The provisions contained in this annex shall become effective on 1 January 1995.
Regulation 2.1

(i) "UNOPS" shall mean the United Nations Office for Project Services, as established by decision 

(j) "Management Coordination Committee" shall mean the Committee established by the Secretary-General to assist him in providing policy and management direction in the functioning of UNOPS; and 

(k) "Executive Director" shall mean the Executive Director of UNOPS; 

(l) "Funding source" shall mean any entity, which may be an organization of the United Nations system, an international financial institution, a recipient Government, a donor Government, or a non-governmental organization, which provides financial resources for development assistance, as formalized in an agreement through which UNOPS provides implementation, management or loan administration/project supervision services.

Regulation 2.2

E (ii) "expenditure" shall mean total charges incurred, whether paid or unpaid, i.e., the sum of disbursements and unliquidated obligations for the current year in respect of projects and for the biennium in respect of the biennal budget;

E (iv) "fee" shall mean the sum payable to UNOPS for Services rendered in the context of management and other support services agreements. It shall include all costs associated with the development, negotiation, conclusion and implementation of such agreements;

E (v) "funds received" shall mean:

For projects financed from UNDP funds: the signed project document or advance authorization;

For projects financed from non-UNDP funds administered by UNDP: cash received by UNOPS or a recognized blanket withdrawal authorization or letter of credit from a funding source;

For projects financed from other funds: cash received; or Other arrangements that may be agreed;

M (i) "Management Services Agreement" shall mean the written arrangement specifying the management or other support services UNOPS is to provide a recipient Government for an agreed fee;

O (i) "obligation" shall mean an engagement involving a liability against the resources of the current year and future years in respect of project activities and the current biennium in respect of the biennal budget;
"operational costs" shall mean the costs against the UNOPS Account of UNOPS Activities for the provision of management, technical, administrative, financial and logistical support;

"project support and administrative services" shall include those activities that are undertaken by UNOPS to provide management, technical, administrative, financial and logistical support;

"project" shall mean a separately identified development undertaking of one or more Governments and assisted by a funding source;

"project document" shall mean the written document, and revisions thereof, covering the agreed arrangements for the implementation of the project, which includes, inter alia, a budget for a funding source assistance to the project. This term, where appropriate, shall also include management or other support services agreements;

"resources entrusted to the charge of UNOPS" shall mean all resources for which UNOPS is responsible by virtue of its acceptance to provide Services;

"Services" shall mean the implementation of programmes and projects under execution by other organizations of the United Nations system, the provision of management and other support services for multilateral, bilateral and recipient government-financed projects, and the loan administration and project supervision on behalf of international financial institutions, by UNOPS;

"support costs" shall mean the expenses incurred by UNOPS as a result of its implementation of projects funded either by UNDP or other United Nations organizations that apply a common reimbursement regime for such implementation services;

"UNOPS Account" shall mean the Account established for the purposes of accounting for all income to UNOPS and all expenditures made on behalf of UNOPS against that income;

"UNOPS Activities" shall mean undertakings by UNOPS, either in the form of services funded by projects or in the form of project support and administrative services funded from the UNOPS Account;

"UNOPS income" shall mean the earnings of UNOPS for its Services, and shall include:

(a) Support costs collected;

(b) Fees earned under management or other support services agreements; and

(c) Interest earned thereon.
Regulation 8.1

Policies set by the Executive Board shall determine the nature of UNOPS activities, which UNOPS shall undertake solely to the extent that income generated covers its operational costs and the obligations for budgeted services in any project document are covered by funds received from the funding source.

Regulation 8.2

Under policies established by the Executive Board, UNOPS may:

(a) Enter into such arrangements, agreements and contracts with organizations, institutions and firms as are required for the purpose of carrying out its activities;

(b) Acquire and dispose of real and personal property and may take other legal action necessary for the performance of its activities.

Regulation 8.3

UNOPS Services shall be provided within the framework of a project document which shall specify, inter alia, a project budget, as well as the income UNOPS is to receive for the Services rendered.

Regulation 9.3

The Executive Director shall, in the second year of a biennium, submit the proposed UNOPS biennial budget for the following biennium to the Executive Board through the Management Coordination Committee. This proposed biennial budget shall be transmitted to all Members of the Executive Board at least six weeks prior to the opening of that session of the Board.

Regulation 9.4

The Executive Director, through the Management Coordination Committee, shall also transmit the proposed biennial budget to the Advisory Committee on Administrative and Budgetary Questions, for examination at the same time as it is transmitted to Members of the Executive Board under Regulation 9.3 above.

Regulation 9.9

The Executive Director shall prepare supplementary proposals to amend the biennial budget in a form consistent with the approved biennial budget and shall submit such proposals to the Executive Board through the Management Coordination Committee. They shall also be submitted to the Advisory Committee on Administrative and Budgetary Questions, which is requested to review them and report thereon to the Executive Board.

Regulation 11.5

UNOPS may exceed the gross appropriations approved by the Executive Board to the extent that such increase is covered by increased income in the biennium.
Regulation 12.1

There shall be established a UNOPS Account to which all of the income to UNOPS derived from its Services shall be credited and against which all expenditures on behalf of UNOPS shall be charged.

Regulation 12.2

(a) Within the UNOPS Account, a reserve shall be established at a level set by the Executive Board. The elements to be compensated for and covered by it shall be limited to:

(i) Shortfalls in income;

(ii) Uneven cash flows;

(iii) Professional or contractual liabilities associated with UNOPS Services; and

(iv) Liabilities associated with UNOPS personnel contracts financed from the UNOPS Account.

(b) The decision to make a drawdown from the UNOPS Reserve shall rest solely with the Executive Director, who will report through the Management Coordination Committee all drawdowns to the Executive Board at its next regular session and between sessions, to Members of the Executive Board as may be prescribed by the Board, or whenever the situation, in the Executive Director's opinion, so merits.

Regulation 12.3

Separate accounts shall be maintained for all reserves within the UNOPS Account.

Regulation 13.2

The Secretary-General may delegate to the Administrator such authority with respect to custody of funds as would facilitate the efficient and effective management of UNOPS income as well as resources entrusted to the charge of UNOPS, and such delegated authority may be accepted by the Administrator in writing.

Regulation 14.1

(a) The Administrator shall, on the basis of proposals from the Executive Director and in consultation with the Management Coordination Committee, establish and/or amend detailed financial rules in order to ensure effective financial administration and the exercise of economy; and circulate the Financial Rules to Members of the Executive Board for information at least 30 days before they become effective;
(b) The Executive Director shall cause all payments to be made on the basis of supporting vouchers and other documents which ensure that the services or goods have been received and that payments have not previously been made;

(c) The Executive Director shall designate the officers who may receive moneys, incur obligations or commitments and make payments on behalf of UNOPS;

(d) The Executive Director shall maintain an internal financial control which shall provide for an effective current examination and review of financial, management and operational activities, in order to ensure:

(i) The regularity of the receipt, custody and disposal of UNOPS income, as well as resources entrusted to the charge of UNOPS;

(ii) The conformity of expenditures and commitments with the allocations, appropriations or other financial provisions decided upon by the Executive Board or with agreements with other United Nations organizations and other entities;

(iii) The effective and efficient management of UNOPS and the effective, efficient and economic use of UNOPS income, as well as of the resources entrusted to the charge of UNOPS.

Regulation 14.5

The Executive Director shall be responsible for the purchasing of equipment and supplies and the contracting of services where budgetary provision has been made in the biennial budget and in the budgets of projects for which UNOPS provides Services.

Regulation 16.1

The Executive Director shall submit accounts biennially in respect of the UNOPS Account in respect of resources entrusted to the charge of UNOPS, in accordance with United Nations system accounting standards.

The Administrator shall also give such other information as may be appropriate to indicate the current financial position and shall maintain such accounts and records as are necessary to report to the Executive Board and the General Assembly on the financial status of UNOPS.

Regulation 16.3

The accounts shall be submitted by the Executive Director, not later than 15 April of the year following the end of each biennium, to the United Nations Board of Auditors for examination and opinion.

Regulation 17.2

The Executive Director shall ensure that those entities selected by UNOPS to cooperate in the provision of UNOPS Services shall require their auditors to follow, to the extent feasible, the audit principles and procedures prescribed
for the United Nations in respect to funds obtained from or through UNOPS and shall ensure that each project is audited at least once in its lifetime and shall submit audit reports together with the reports specified in the project document.

6. The following provisions shall apply solely to UNOPS. They represent additions to, deletions from, or provisions in substitution for, the corresponding provisions contained in the UNDP Financial Rules.

Accountability

Rule 103.1

... (c) The Executive Director may delegate responsibility for administration of these Rules, in whole or in part, to UNOPS staff;

(d) The Executive Director may issue such instructions or establish such procedures as he/she may deem necessary for the administration of these Rules, including necessary and appropriate internal oversight mechanisms;

(e) In connection with the administrative services to be provided by UNDP to UNOPS, the Executive Director shall entrust to UNDP such authorities as are necessary for the effective provision of such services, at headquarters or in the field. Authorities entrusted to UNDP may be included in an agreement between UNOPS and UNDP (see also Rule 108.3).

Collection of income

Rule 108.1

The Executive Director shall establish appropriate procedures for the collection of UNOPS income.

Procedures for utilization of resources

Rule 108.2

The Executive Director shall establish procedures consistent with this annex for the utilization of UNOPS income, as well as resources entrusted to the charge of UNOPS (see Financial Regulation 14.1 (d) (i), below).

Agreement with UNDP for administrative services

Rule 108.3

(a) The administrative arrangements, including financial, accounting, audit, treasury and other support services to be provided to UNOPS by UNDP, and the costs thereof, shall be set forth in an agreement which shall be subject to such periodic review and adjustment as may be appropriate to ensure the most effective and efficient support to UNOPS;
(b) The agreement shall specify the authorities entrusted to UNDP by the Executive Director;

(c) The agreement shall specify the framework for the involvement of UNDP country offices in the provision of UNOPS Services.

**Agreement with UNDP for the provision of UNOPS Services**

**Rule 108.4**

An agreement between UNDP and UNOPS shall specify the general terms and conditions, including responsibilities, reporting requirements and support costs, which shall apply within the framework of UNDP assistance to projects for which UNOPS is to provide Services.

**Proposed biennial budget**

**Rule 109.1**

...

(c) The Executive Director shall make budget proposals to the Executive Board, through the Management Coordination Committee.

**Form of the proposed biennial budget**

**Rule 109.3**

...

(b) The proposed biennial budget shall be accompanied by:

(i) A detailed table showing the estimated expenditure for each major budget component; for purposes of comparison, the appropriations for the current biennium shall be indicated alongside the estimates for the following biennium; and

(ii) Explanatory statements with regard to projected income and proposed expenditure levels;

(c) The proposed biennial budget shall contain provision for the refund to UNOPS staff members of income taxes levied on them in respect of earnings derived from employment with UNOPS.

**Supplementary biennial budget proposals**

**Rule 109.4**

(a) Supplementary budget proposals in respect of the current financial period prepared in a form consistent with the biennial budget shall be submitted if inflation forecasts, currency fluctuations, other cost factors or...
availability of resources are expected to have a significant impact on approved appropriations;

...  

(c) All supplementary biennial budget proposals shall be reviewed by the Executive Director, who shall make his/her recommendations to the Executive Board;

(d) The supplementary budget proposals shall be submitted through the Management Coordination Committee to the Advisory Committee for comment prior to their presentation to the Executive Board.

Contingency provision

Rule 109.5

In accordance with Regulation 11.5, and Rules 111.1 and 111.2 (c), UNOPS shall, throughout the biennium, and in accordance with procedures established pursuant to those Rules, have flexibility to utilize unspent and/or projected income for the biennium to cover unforeseen personnel and related administrative expenditures.

Redeployment of resources

Rule 111.1

The Executive Director may redeploy resources among objects of expenditure, provided such redeployments are within the total appropriations approved by the Executive Board.

Staffing table authorizations

Rule 111.2

(a) An authorized staffing table shall be issued annually by the Executive Director, indicating the number and level of approved posts;

...  

(c) Notwithstanding subsections (a) and (b) above, the Executive Director may establish or abolish posts below the level of D-1, subject to expected income to cover such costs or shortfall of income, and to ex post facto approval by the Executive Board.

Allotments

Rule 111.3

(a) An allotment advice shall be issued annually by the Executive Director for the objects of expenditure under his/her control;
(b) Certifying officers are responsible for ensuring that expenditures do not exceed the level of funds provided under each allotment line;

(c) Requests to the Executive Director for revision of the level of funds provided under an allotment line shall be accompanied by a detailed justification for the required change.

Level of UNOPS reserve

Rule 112.1

(a) The unspent income transferred to the UNOPS account on 1 January 1995 shall be the basis for the establishment of the UNOPS Reserve;

(b) Increases and/or replenishment to the Reserve shall be drawn from accumulated unspent income in the UNOPS Account.

Management of funds

Rule 113.1

The Executive Director shall, on behalf of the Administrator, exercise effective and efficient management of UNOPS income as well as resources entrusted to the charge of UNOPS. The agreement between UNDP and UNOPS, as indicated in Rule 108.3, shall specify all matters necessary with respect to management by UNDP of such income and resources, as an administrative service to UNOPS.

Certifying officers

Rule 114.1

(a) One or more individuals shall be designated by the Executive Director, as certifying officer(s) for UNOPS. Alternates may also be designated by the Executive Director, to act in the absence of the certifying officer(s). The Executive Director shall designate one or more individuals as certifying officers for projects for which UNOPS provides Services;

(b) The responsibilities of certifying officers, including those for specific accounts assigned to them, shall be established by the Executive Director. Any authority granted and responsibility assigned to such officers is a personal one and cannot be delegated;

(d) The arrangements for the designation of certifying officers at UNDP for UNOPS activities shall be specified in the agreement between UNOPS and UNDP for administrative support services (see Rule 108.3).
Approving officers

Rule 114.2

(a) Within UNOPS, the Executive Director shall designate certain individuals as approving officers;

...

(d) Those individuals so designated shall have the responsibility for approving payments and other financial transactions on behalf of UNOPS (Rule 114.4 and Rule 114.5). The responsibility assigned to an approving officer cannot be delegated;

(e) The arrangements for the designation of approving officers at UNDP for UNOPS activities shall be specified in the agreement between UNDP and UNOPS (see Rule 108.3).

Reservation of funds to meet expenditures

Rule 114.3

(a) Apart from the employment of staff under an authorized staffing table, and consequential commitments under the Staff Regulations and Rules, no contract, agreement or undertaking of any nature for an amount to be specified from time to time shall be entered into until funds have been reserved in the accounts, by means of an obligating document. When a change exceeding the amount so reserved by a specified amount is foreseen, the certifying officer shall issue an amended obligation document. Should an invoice be presented for payment in an amount which exceeds the existing relevant obligation by the specified amount or more, prior certification of the payment is required. The agreement between UNDP and UNOPS (Rule 108.3) shall specify the amounts for which certification of amendment, and certification of payment are required;

(b) When a liability is incurred in currencies other than United States dollars, it shall be recorded in the accounts in the United States dollar equivalent at the prevailing United Nations operational rate of exchange. At the time of payment, where currency fluctuation has resulted in a change in the United States dollar equivalent from the original amount obligated, the difference is to be charged or credited to the same account against which the obligation was recorded. In such cases, an amendment to the original obligation document is not required. Valid obligations at 31 December should be revalued to reflect the United Nations operational rate of exchange in effect on that date, and an amended obligation document issued, should the revalued obligation exceed the original by an amount specified in the agreement between UNDP and UNOPS (Rule 108.3).
Certification and approval of obligations and expenditures

Rule 114.4

(a) Each proposed obligation document, accompanied by appropriate supporting documentation, shall be certified by an individual designated for the purpose by the Executive Director;

...

(e) Proposed payments against liabilities which had inadvertently not been previously obligated shall require both certification and approval by the appropriate individuals before payment can be effected but shall not require an obligation document to be established;

(f) The Executive Director, shall have authority to certify obligations and approve payments affecting the UNOPS Account or resources entrusted to the charge of UNOPS.

Approval of payments and other financial transactions

Rule 114.5

...

(d) All authorizations by UNOPS headquarters to the field to effect payments on its behalf, whether by cable or by letter, are to be issued by the Executive Director or in his/her name, and are to be signed on his/her behalf by individuals who have been designated by him/her. The authority with respect to the Executive Director applies solely to UNOPS activities or transactions;

(e) Transfers of funds shall be specified in the agreement between UNDP and UNOPS (Rule 108.3).

Disbursements to be made by cash, cheque or bank transfer

Rule 114.6

(a) All disbursements shall be made as specified in the agreement between UNDP and UNOPS (Rule 108.3);

...

(c) Cheques or payment instructions to banks shall be signed by two authorized signatories. Where adequate safeguards are provided, the signing of cheques by one signatory only may be authorized by UNDP as specified in the agreement between UNDP and UNOPS (Rule 108.3).
Receipt and deposit of moneys

Rule 114.7

(b) For treasury functions to be performed by UNDP on behalf of UNOPS, only officials duly designated by the Director, Division of Finance, shall be authorized to issue such receipts. In cases where officials other than those authorized to issue official receipts receive moneys intended for UNDP or UNOPS, they shall immediately transmit such moneys in full to the cashier or other official authorized to issue an official receipt.

Petty cash advances

Rule 114.8

In accordance with the terms of the agreement between UNDP and UNOPS, petty cash advances may be made to individuals designated, in the case of UNOPS activities, by the Executive Director. These cash advances shall be maintained on an imprest basis. The amount and purposes of each advance shall be defined by the Executive Director.

Responsibility of holders of petty cash advances

Rule 114.9

(a) Individuals to whom petty cash advances are issued may make use of the advances only for the purpose for which the advances were authorized and shall be held personally responsible and financially liable for the proper management and safekeeping of the cash advanced. They shall submit monthly accounts unless otherwise required by the Executive Director. They shall be in a position at all times to account for the advances. Cash or negotiable instruments shall be kept in safe custody.

Other cash advances

Rule 114.10

In addition to advances specified in Rule 114.8, the Executive Director may authorize such other cash advances as may be permitted by the Staff Rules and administrative instructions or as may otherwise be approved as specified in the agreement between UNDP and UNOPS (Rule 108.3).

Administration of biennial budget appropriations

Rule 114.12

(a) The Executive Director is responsible for ensuring that the expenditures remain within the approved appropriations, subject to Regulation 11.5, and are incurred for the purposes for which they were approved.
Writing-off of losses of cash and receivables

Rule 114.15

(a) The Executive Director, may, after full investigation, authorize the writing-off of losses of cash, accounts receivable and notes receivable deemed to be irrecoverable and against the UNOPS Account, except that proposals to write-off amounts in excess of $10,000 shall be submitted by the Executive Director to the Administrator for approval;

...

(c) The amount authorized for waiver of investigation and write-off in accordance with Financial Regulation 14.4 is $500.00.

Writing-off of losses of property

Rule 114.16

(a) The Executive Director may, after full investigation in each case, authorize the writing-off of losses of UNOPS property or such other adjustment of the records as will bring the balance shown by the records into conformity with the actual quantities. The Executive Director may, subject to acceptance by the funding source, write off project-related losses against the respective project accounts.

Procurement functions of UNOPS

Rule 114.17

(a) The Executive Director shall be responsible for all procurement functions of UNOPS in respect of activities chargeable to the UNOPS Account, projects which UNOPS implements, and any other activity or service undertaken by UNOPS as may be authorized by the Executive Board;

(b) The procurement functions of UNOPS shall cover, *inter alia*, activities necessary for the purchase, rental, or sale of goods, services, including the services of individual independent contractors, and other requirements such as works and property, including realty;

(c) All contracts or other agreements in respect of such procurement functions shall be entered into only by officers duly authorized by the Executive Director. These officers shall be responsible for ensuring that the procurement functions delegated to them are carried out pursuant to these Rules;

(d) In carrying out its activities, UNOPS may cooperate with an executing agency of UNDP for the procurement of goods, services and works.

/...
General principles

Rule 114.18

The following general principles shall be given due consideration in carrying out the procurement functions of UNOPS under these Rules:

(a) Applicable decisions of United Nations governing bodies;
(b) Economy and efficiency;
(c) The guidelines and determinations as specified in the funding agreement between the funding source and the beneficiary Government, to the extent that such guidelines and determinations are consistent with the aims and policies of the United Nations;
(d) Soliciting of proposals and competitive bidding to allow prospective proposers and bidders fair and equal opportunities to provide those goods, services and other requirements being sought by UNOPS;
(e) The utilization of currencies made available by the funding source and which require special management.

Requirement for invitations to bid or requests for proposals

Rule 114.19

Except as provided in Rule 114.23, and in accordance with the provisions in Rule 114.18 (b), all procurement actions under these rules shall be carried out by means of either invitations to bid or requests for proposals, depending on the nature of the procurement action to be undertaken. The form of such invitations to bid or requests for proposals shall be in accordance with procedures established by the Executive Director.

Contracts Committee

Rule 114.21

(a) There shall be established a contracts committee, to be called "UNOPS Procurement Review and Advisory Committee (PRAC)", at UNOPS headquarters to render written advice to the Executive Director on procurement actions against the UNOPS administrative budget and project budgets - excepting those cases indicated in subsection (e), below - regarding:

(i) Proposed contracts which involve commitments to a single contractor in respect of a single requisition for a specific project or purpose, or a foreseeable series of contracts relating to the same specific project or purpose, totalling $100,000 or more;

(ii) Proposed contracts or series of related contracts which involve income to UNOPS or the funding source of $10,000 or more; and any contracts relating to activities where the estimated annual income therefrom...
when aggregated with the estimated annual income from any other contract or contracts already made with the same purchaser in the same year, amounts to $10,000 or more, provided that contractual arrangements resulting from the recommendations of the UNDP Property Survey Board, as specified in the agreement between UNDP and UNOPS for the provision of administrative services by UNDP for UNOPS (Rule 108.3), shall not be referred to the Contracts Committee;

(iii) Any contract amendment, or series of amendments, which in aggregate either has a value of $100,000 or more or which would increase the amount of the contract as previously recommended by the Committee by more than 50 per cent, whichever is the less;

(iv) Such other matters relating to procurement as may be referred to the Committee by the Executive Director;

(b) The composition of the UNOPS contracts committee and its terms of reference shall be determined by the Executive Director;

(c) As required, with the agreement of UNDP, the Executive Director may make use of a local contracts committee at any UNDP country office by giving appropriate instructions. Where such arrangements would not best serve the efficient and effective operations of UNOPS, the Executive Director may establish a separate local contract committee with terms of reference similar to those of the UNOPS Procurement Review and Advisory Committee and determine its membership;

(d) Where, under the preceding provisions of this Rule, the advice of the UNOPS Procurement Review and Advisory Committee (or of the appropriate local committee) is required to be sought, no commitment may be entered into before such advice is acted upon by the Executive Director or the UNDP resident representative or their authorized delegates. In cases where the Executive Director or UNDP resident representative or their authorized delegate decides not to accept the advice of such committee, he/she shall record the reasons for such decision;

(e) Notwithstanding subsections (a) (i) and (iii) of this Rule, above, only ex post facto reporting to the Executive Director is required:

(i) Where the entity being awarded the contract has been agreed between the funding source and the beneficiary Government, and accepted by UNOPS in a project document or management services agreement; or

(ii) Where the entity being awarded the contract was selected on the basis of UNOPS evaluation of at least three (3) technically acceptable bids or proposals; and

a in the case of bids, the entity's bid was lowest; or

b in the case of proposals, the entity's technical proposal scored the highest, and its financial proposal was the lowest;
(f) The Executive Director may, where he/she deems appropriate, and in accordance with the provisions in Rule 114.23 (b)(iii), exceptionally waive the requirement for contracts committee review prior to making a contract award for a particular procurement case.

Negotiated contracts: exceptions to requirement for invitations to bid or requests for proposals

Rule 114.23

... 

(b) 

... 

(v) The proposed contract relates to the obtaining of the services of specific individuals, other than for staff services, who are engaged as independent contractors, either directly, or through their employer;

(c) Procedures regarding negotiated contracts shall be established by the Executive Director.

Written contracts or purchase orders

Rule 114.24

(a) Written contracts or written purchase orders shall be used for every award made to a single contractor or vendor in the following amounts:

(i) In the case of UNOPS headquarters, an aggregate amount of $2,500 or more, and

... 

Advance and progress payments

Rule 114.25

(a) Where normal commercial practice or the interests of UNOPS so requires, a contract or purchase order may be made on behalf of UNOPS which permits a payment or payments on account in advance of the delivery of goods or performance of contractual services. Whenever an advance payment is agreed to, the reasons therefor shall be recorded and the UNOPS shall be duly protected. If so stipulated in the contract, any interest earned by a payee on an advance payment by UNOPS shall be considered recoverable and, when paid to UNOPS, credited to the UNDP or UNOPS accounts, as appropriate and in conformity with these Regulations and Rules.
Rule 114.27

... 

(b) At the request of recipient Governments or other entities, UNOPS may provide management and other support services against funds provided by a funding source. In this connection, management and other support services shall mean a range of services, which may include procurement and full financial services, associated with the financing of activities by Governments, or intergovernmental or governmental organizations:

(i) Such services shall be provided on the basis of written arrangements with the funding source and/or recipient Government. These arrangements shall, inter alia, specify the services which UNOPS is to furnish and provide for a fee, as defined in Regulation 2.2 U (vii);

(ii) Separate accounts shall be maintained to record all financial transactions relating to management services agreements. The balances of such accounts shall be reported in the appropriate financial statements. Any interest earned on funds held shall be credited to the respective management services accounts. The management fee shall be charged to the related management services account and credited to the UNOPS Account.

Receipt, management and disposal of supplies, equipment and other property

Property records and physical inventories

Rule 114.28

...

(b) The Executive Director shall be responsible for the maintenance of the property records established under (a) above. Such records shall be maintained both for headquarters and for UNOPS project offices, including, where appropriate, UNDP country offices and shall show separately supplies, equipment and other property entrusted to the charge of UNOPS;

(c) Physical inventories shall be taken of supplies, equipment or other property entrusted to the charge of UNOPS, annually or at such intervals as deemed necessary to ensure adequate control over such property. The selection of items to be inventoried shall be the responsibility of the Executive Director, who shall also arrange for the conduct of physical inventories at headquarters;

(d) The maintenance of property records as well as the conduct of physical inventories at UNDP field offices shall be the responsibility of the resident representative and, at UNOPS project sites, the responsible project authority;
(e) With respect to actions at UNOPS headquarters, the Executive Director may delegate the responsibilities assigned to him/her under (a), (b) and (c) above.

Shortages, overages, damages and surplus property

Headquarters Property Survey Board

Rule 114.32

(a) The use by UNOPS of the Headquarters Property Survey Board at UNDP headquarters shall be subject to the agreement between UNDP and UNOPS (Rule 108.3). The composition of the Board and its terms of reference shall be determined by the Administrator;

...

(d) The Headquarters Property Survey Board shall investigate and report to the Executive Director on:

...

(ii) The disposal of supplies, equipment or other property which have become surplus to operating requirements of UNDP or UNOPS or unserviceable through obsolescence or normal wear and tear;

...

Local property survey boards

Rule 114.33

...

(b) Where a local Property Survey Board is established, the Executive Director shall authorize the resident representative concerned to act on his/her behalf in respect of its recommendations regarding UNOPS matters. A record shall be kept at the field office of such actions.

Sales on a cash basis

Rule 114.36

(a) Sales of property of UNOPS or from resources entrusted to the charge of UNOPS shall be on the basis of cash payments on or before delivery;

(b) Exceptions to this Rule may be authorized in writing by the officials designated in the agreement between UNDP and UNOPS (Rule 108.3), when, in the view of the Executive Director, this is in the interest of UNOPS or the funding source.

/...
Accounting for proceeds from sales

Rule 114.37

The proceeds from the sale of property shall be credited as miscellaneous income to the source of funds originally charged with the purchase thereof, except:

...  

(c) Where normal practice is to secure and use certain material or equipment in connection with a contract and to salvage and sell such material or equipment at a later stage, the officials designated in the agreement between UNDP and UNOPS, may authorize the crediting of these proceeds to the account from which procured, provided that the account has not been closed.

Internal audit

Rule 114.38

The Division for Audit and Management Review of UNDP shall be responsible, as part of the services to be provided to UNOPS by UNDP, for the internal audit of UNOPS and shall have free access to all books, records and other documents which are, in its opinion, necessary for the performance of the audit. Its reviews shall be conducted in accordance with generally accepted auditing standards, shall provide comments and recommendations to the Executive Director, with copies to the Management Coordination Committee, on financial, management and operational activities, in respect of:

(a) The regularity of the receipt, custody, expenditure, accounting and reporting of UNOPS income as well as resources entrusted to the charge of UNOPS, and the effectiveness of (existing) internal controls and accounting systems;

(b) The conformity of expenditures with the purposes for which funds were appropriated or otherwise provided by the Executive Board and the financial authorizations issued thereunder, or with the purposes and rules relating to agreements with other United Nations organizations and other entities;

(c) The compliance of all financial activities and transactions with established regulations, rules, policies, procedures and administrative instructions;

(d) The effective and efficient management of UNOPS and the effective, efficient and economic use of UNOPS income and resources entrusted to the charge of UNOPS.

Responsibility for maintaining the accounts

Rule 116.1

The official(s) designated in the agreement between UNDP and UNOPS (Rule 108.3) shall prescribe and maintain financial accounts and subsidiary
records and shall institute systems and procedures, including those in respect of UNDP field offices, which would permit accurate and timely financial reporting on all UNOPS activities to the Executive Director and to appropriate governing bodies.

**Principal accounts**

**Rule 116.2**

The principal accounts shall consist of:

...

(d) Other accounts similarly structured as those described under (a)-(c) above as may be appropriate for resources entrusted to the charge of UNOPS.

**Retention and destruction of records**

**Rule 116.3**

The accounting and other financial records and all supporting documents shall be retained for such periods as may be agreed with the Board of Auditors, after which such records and documents may be destroyed.

**Basis of accounting**

**Rule 116.4**

All financial transactions shall be accounted for in accordance with the United Nations System Accounting Standards.

**Certification of financial statements**

**Rule 116.7**

The Executive Director, and UNDP, to the extent specified in the agreement with UNOPS (Rule 108.3), shall certify that to the best of his/her/their knowledge, information, and belief, all material transactions have been properly charged in the accounting records and are properly reflected in the financial statements and supporting schedules.