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Budget Override Monitoring Tool Guidelines

I. Introduction

In the past, the United Nations Boards of Auditors (UNBOA) and the Office of Audit and Investigations (OAI) have issued audit observations stating that UNDP does not meet the risk guideline requirements for budget over-rides prescribed under the Internal Control Framework (ICF).

For cash controlled funds, if budget over-rides are not fully replenished within 30 days, this becomes a breach of the Internal Control Framework and could potentially lead to a permanent deficit. For allocation controlled funds which are managed centrally, budget over-rides are not permitted since the corresponding cash resources are not managed at the local level.

The report is available to all senior staff with “Manager Level 2” Atlas profile and above. Also, this document can also be downloaded from the following URL:

http://content.undp.org/go/prescriptive/Financial-Resources-Management---Prescriptive-Content/download/?d_id=3330789

II. What does the Budget Override Monitoring Tool Offer?

- For both cash (AX1) and allocation controlled funds (ALT), the tool has the ability to detect the occurrence of budget over-rides;
- For both cash (AX1) and allocation controlled funds (ALT), the tool has the ability to detect the deficit created as a result of the over-ride;
- The tool has the ability to extract budget over-rides that created deficits and were not replenished within 30. It also has the function of aging the deficit created;
- The tool has the ability to detect budget over-rides that were auto created (e.g. payroll) and not subsequently replenished within the 30 day period.

III. Why this Budget Override Monitoring Tool should be periodically run?

In order to address the concerns raised through audit observations, and to also alleviate the workload during the Year-end closing activities (e.g., fixing of cost sharing deficits at the donor level through the cost sharing apportionment exercise, etc.), all Project/Fund manager should periodically monitor all Budget Over-rides not replenished within 30 days and ensure that necessary corrective measures are being taken to resolve all deficits.
IV. Types of transactions picked up by the report and How to identify who generated them

A. Types of Transactions

1. Accounts Payable (AP)
   Accounts Payable (AP) transactions are entries that were generated to record a liability due to a vendor and expenditure against a given budget line.

2. Accounts Receivable (AR)
   Accounts Receivable (AR) transactions are entries that were generated to record a client/donor liability due to UNDP whereby they should pay/donate in line with the terms of the signed agreement.

3. General Ledger (GL)
   General Ledger (GL) transactions are accounting entries entered into the General Ledger to record financial transactions.

4. Commitment Control (KK)
   Commitment Control (KK) transactions are entries to set spending limits, either cash controlled (AX1) or allocations controlled (ASL) and are usually recorded centrally unless given special permissions.

5. Purchase Order (PO)
   Purchase orders (POs) transactions are entries that were generated to represent in any given point in time a legally binding commitment to third parties. Purchase orders are created by Buyers and approved by Approving Managers.

B. How to identify who generated the Budget Override which led to a deficit

1. Manually generated
   Transactions that were manually generated are usually associated with a numerical transaction ID and a user ID (if available).

2. Uploaded by OIST at a request of a user unit
   Transactions that were uploaded by OIST through a request from user units have an alphanumerical Transaction ID (contains both letters and numbers) and a user ID.

3. Auto generated
   Transactions that were auto generated have an alphanumerical transaction ID and no user ID. Usually, they are payroll, PDR or GMS recorded entries.
V. The Most Frequently Encountered Causes of Deficits picked up by the Report and How to Correct Them

This Budget Override Monitoring Tool is designed to detect, for cash controlled funds (AX1) and/or allocation controlled funds (ASL), deficits created as a result of budget overrides and ageing (not replenished within 30 days).

Essentially, the Budget Override Report captures two types of deficits that must be addressed: technical deficits and cash deficits.

- First, technical deficits are captured for projects/funds that have a deficit only at a specific chartfield combination, but may have sufficient resources available at the aggregate level so that the project/fund in the aggregate is not in deficit. Although a specific project ID may not be in deficit (total balance is positive), if one of its donors has a negative balance (total donor expenditure exceeds total donor income), the report will pick up this specific chartfield combination where the budget override took place if not replenished within 30 days.

- The corrective action will depend upon the nature of the error (e.g. income incorrectly booked; expenditure charged to the wrong donor ...) thus further research needs to be done by the project/fund managers to see if there is available funding for that given Fund Code and Project ID. Therefore, the resolution of the deficits may require adjustments to income and/or expenditure via accounting entry through General Ledger Journal Entry (GLJE). Indeed, the project/fund manager must still take corrective action to make requisite adjusting GL entries in order to move income (or expenditure) to the right chartfield combination.

- Second, and the more serious of the two, are cash deficits associated to projects in deficit at the aggregate fund level (i.e. total expenditure exceeds total income at the project/fund level). In this scenario, again the corrective measure requires further investigation to determine what caused the deficit (e.g., insufficient income) and how project managers can offset the deficit (e.g. use of an alternative funding source or have the income replenished).

- For cash deficits, the project manager and the approver manager will have to ensure that those deficits are resolved immediately upon detection. (all deficits at the donor; fund and project level need to be eliminated):
  - Primarily to meet the risk guideline requirements for budget over-rides prescribed under the Internal Control Framework (ICF);
- And also to ease the workload at the end of the year (Cost Sharing Apportionment Report).

Please use the following link to GLJE guidelines: General Ledger Journal Entry Guidelines.

**A. Cost Sharing (C/S) most typical technical deficits**

The most typical causes of deficits for Cost Sharing will usually be at the Donor Level for a given project ID and Fund Code chartfield combination. The report will generally pick up Donors in deficit for this particular combination. Under such circumstances, the project manager has to take an extra step in fixing the funding apportionment between all the associated Donors so that none are in deficit. The project manager would need to ensure transfer of income from the Donor in surplus to the Donor in deficit, using a General Ledger Journal Entry.

**B. Trust Funds (TFs) most typical technical deficits**

Two typical causes of deficits have been identified for Trust Funds and are described below.

1. **Mismatch between the location where the income and the expenditure are recorded**
   Due to a misalignment in the Operating Unit or Department ID in the income or expenditure, the associated Fund will be in deficit, e.g. an income recorded in a given Operation Unit but the expenditure occurred in another Operating Unit. Under such circumstances, the Trust Fund manager has to refer to the Fund Code from the report and make adjusting General Ledger Journal Entries in Atlas to ensure matching income and expenditure information for that given Fund code.

2. **A Fund with multiple projects, some in deficits others in surplus**
   Usually, at the Fund level there is sufficient income if the project in surplus balances those in deficit. However, the report will still pick up all the Funds associated with projects that are in deficit. Under such circumstances, the Trust Fund manager needs to make appropriate allocations adjustments (KK/ASL) between the projects, so that all projects have sufficient funding.
Technical Annex on Navigation
I. Navigation

Click here to access Atlas Finance. Once you have logged in, please follow the below navigation steps:

a) Click on “UN Reports”

b) Click on “Financial Management Reports”

c) Click on “Budget Management Reports”

d) Click on “Monitor Budget Over-ride”

e) At this point, the user should be on the Monitor Budget Over-ride tool window.

Figure 1: Monitor Budget Override tool window


II. Column Reference

- The summary report option picks up all the Budget Overrides that resulted in deficits along with the associated Chart Of Accounts:

<table>
<thead>
<tr>
<th>#</th>
<th>Column Name</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>FUND MANAGER</td>
<td>Fund Manager associated with the deficit</td>
</tr>
<tr>
<td>2</td>
<td>PROJECT MANAGER</td>
<td>Project Manager associated with the deficit</td>
</tr>
<tr>
<td>3</td>
<td>REGION</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>DEPT ID</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>PC BU</td>
<td>PC Business Unit of the transaction</td>
</tr>
<tr>
<td>6</td>
<td>PROJECT ID</td>
<td>Number of the Project in deficit</td>
</tr>
<tr>
<td>7</td>
<td>FUND CODE</td>
<td>Fund Code in deficit</td>
</tr>
<tr>
<td>8</td>
<td>DONOR ID</td>
<td>Donor Code in deficit</td>
</tr>
<tr>
<td>9</td>
<td>DEFICIT AMOUNT</td>
<td>USD Deficit Amount</td>
</tr>
<tr>
<td>10</td>
<td>OVERRIDE DATE</td>
<td>Date when the Budget Override causing the deficit was generated</td>
</tr>
<tr>
<td>11</td>
<td>AGE(DAYS)</td>
<td>Count of Days since the budget override causing the deficit occurred and has not been replenished</td>
</tr>
</tbody>
</table>

- The detailed report option picks up all the Budget Overrides that resulted in deficits along with the associated Chart Of Accounts:

<table>
<thead>
<tr>
<th>#</th>
<th>Column Name</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>FUND MANAGER</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>PROJECT MANAGER</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>REGION</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>DEPT ID</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>PC BU</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>PROJECT ID</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>FUND CODE</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>DONOR ID</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>TRAN TYP</td>
<td>Indication of the type of transaction such as AP, AR, GL, KK and PO.</td>
</tr>
<tr>
<td>10</td>
<td>TRAN BU</td>
<td>Business Unit of the transaction</td>
</tr>
<tr>
<td>11</td>
<td>TRAN ID</td>
<td>Number of the transaction</td>
</tr>
<tr>
<td>12</td>
<td>OVERRIDE OPIRID</td>
<td>Name of the person who generated the Budget Override causing the deficit</td>
</tr>
<tr>
<td>13</td>
<td>OVERRIDE DATE</td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>AGE(DAYS)</td>
<td></td>
</tr>
</tbody>
</table>
**III. Parameters to be used**

The following steps describe how to run and download the PDF summary (or detailed) report of the year-to-date deficits for the year 2010 resulting from Budget Overrides of all cash-controlled funds (AX1) or allocation-controlled funds (ALT), which are older than 30 days for:

**A. Summary/Detailed Report for a specific Fund Manager:**

To run the report for the fund manager AFRICA, follow the steps below:

1) Select the “Cash Controller Budget” option or “Allocation Controlled Budget”
2) Select the “Aged Exceptions” option (Deficits created and not corrected within 30 days)
3) Select the “Summary” option or the “Detailed” option
4) Enter the following criteria:
   - Budget Period = 2011
   - Fund Code = BLANK
   - Dept ID = BLANK
   - Fund Code = BLANK
   - Department From = BLANK
   - Department To = BLANK
   - Fund Manager = AFRICA
5) Save your criteria then Click on "Run"
6) Choose the desired format for the report: Select PDF and Click on OK

![Figure 2: Choosing the PDF format of the report](image-url)
7) Click on "Report Manager"

8) Select the "Administration" Tab and continuously "Refresh" the screen until the report is posted.

9) Once the report is posted, click on the Details hyperlink. Then Click on the second hyperlink to view the .PDF file and print.

NOTE: To view the report from the .CVS file in Excel format, please refer to IV. How to open and edit CVS file in Excel.
B. Summary/Detailed Report for a specific Region

To attain the regional perspective, please use the department range approach to capture the budget overrides. Below are the budget department ranges associated to each region:

<table>
<thead>
<tr>
<th>Region</th>
<th>Budget Dept. Range for Country Office</th>
<th>Budget Dept. Range for Region/HQ</th>
<th>Other related Budget Dept.</th>
</tr>
</thead>
<tbody>
<tr>
<td>RBA</td>
<td>from B0300 to B0388</td>
<td>B0150</td>
<td>B0004 (RBA - TICAD Special unit)</td>
</tr>
<tr>
<td>RBAP</td>
<td>from B0389 to B0441</td>
<td>B0154 &amp; B0156</td>
<td></td>
</tr>
<tr>
<td>RBAS</td>
<td>from B0442 to B0477 &amp; from B0700 to B0702 *</td>
<td>B0158</td>
<td></td>
</tr>
<tr>
<td>RBLAC</td>
<td>from B0478 to B0531</td>
<td>B0162 &amp; B0164</td>
<td></td>
</tr>
<tr>
<td>RBEC</td>
<td>from B0532 to B0588</td>
<td>B0166 &amp; B0168</td>
<td></td>
</tr>
</tbody>
</table>

*NOTE:* Budget Department Range from B0700 to B0702 is associated to PAPP.

To run the report for a specific region (e.g. RBA), follow the same steps as described in Section III. A. Summary/Detailed Report for a specific Fund Manager, except for step 4:

4) Enter the following criteria:

<table>
<thead>
<tr>
<th>a) RBA for Country Office</th>
<th>b) RBA for Region/HQ</th>
<th>c) Other RBA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budget Period = 2011</td>
<td>Budget Period = 2011</td>
<td>Budget Period = 2011</td>
</tr>
<tr>
<td>Fund Code = BLANK</td>
<td>Fund Code = BLANK</td>
<td>Fund Code = BLANK</td>
</tr>
<tr>
<td>Dept ID = BLANK</td>
<td>Dept ID = BLANK</td>
<td>Dept ID = BLANK</td>
</tr>
<tr>
<td>Fund Code = BLANK</td>
<td>Fund Code = BLANK</td>
<td>Fund Code = BLANK</td>
</tr>
<tr>
<td>Department From = B0300</td>
<td>Department From = B0150</td>
<td>Department From = B0004</td>
</tr>
<tr>
<td>Department To = B0388</td>
<td>Department To = B0150</td>
<td>Department To = B0004</td>
</tr>
<tr>
<td>Fund Manager = BLANK</td>
<td>Fund Manager = BLANK</td>
<td>Fund Manager = BLANK</td>
</tr>
</tbody>
</table>
C. Summary/Detailed Report for a specific Fund Code:

To run the report for a specific fund code (e.g. 39829), follow the same steps as described in Section III. A. Summary/Detailed Report for a specific Fund Manager, except for step 4:

4) Enter the following criteria:
   - Budget Period = 2011
   - Fund Code = 39829
   - Dept ID = BLANK
   - Fund Code = BLANK
   - Department From = BLANK
   - Department To = BLANK
   - Fund Manager = BLANK

**NOTE:** The deficit amount present on the Summary report can be verified through Commitment Control, please refer to section V. Verification of Deficit Amount through Commitment Control for further details.
IV. How to open and edit CVS file in Excel

Steps 1 through 5 are the same as described in Section III. A. Summary/Detailed Report for a specific Fund Manager.

6) Choose the desired format for the report: Select CVS and Click on OK

7) Click on "Report Manager"

8) Select the "Administration" Tab and continuously "Refresh" the screen until the report is posted.

Once the report is posted, follow the next few steps to open and edit the .CVS file in Excel:

9) Click on the Details hyperlink. Then Click on the second hyperlink to open the CVS file.

Figure 5: Choosing the CVS format

Figure 6: Processing the CVS File
10) Select “Open”

![Image of File Download window]

11) Select “Yes”

![Image of Microsoft Office Excel dialog]

**NOTE:** Budget Overrides are not always fully associated to all Chart of Accounts mentioned in Section II. Column Reference. If so, the PDF report would leave those respective cells empty. However, in Excel, the data outputs might be shifted to the immediate empty cell on the left (as shown below). Therefore, it is important to readjust data accordingly.

![Figure 7: Raw Report in Excel]

![Figure 8: PDF Report]
12) Once the report in Excel format is posted, we suggest inserting rows (between row 14 and 15) to add all headers as highlighted in yellow.

<table>
<thead>
<tr>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
<th>E</th>
<th>F</th>
<th>G</th>
<th>H</th>
<th>I</th>
<th>J</th>
<th>K</th>
</tr>
</thead>
<tbody>
<tr>
<td>FUND MANAGER</td>
<td>PROJECT MANAGER</td>
<td>REGION</td>
<td>DEPT ID</td>
<td>PC BU</td>
<td>PROJECT ID</td>
<td>FUND CODE</td>
<td>DONOR ID</td>
<td>DEFICIT AMOUNT</td>
<td>OVERRIDE DATE</td>
<td>AGE (DAYS)</td>
</tr>
</tbody>
</table>

13) Finally, refer back to the report in PDF format to accurately locate data outputs to their respective categories.

![Figure 9: Modified Report in Excel](image-url)
V. Verification of deficit amount through Commitment Control

The deficit amount present on the Summary report can be verified through Commitment Control by following the following navigation steps:

a) Log in to Atlas using the following URL: [Atlas Login]

b) Click on Commitment Control

c) Click on Review Budget Activities

d) Click on Budget Details

e) Please enter the relevant Fund Code, Project ID, and Donor ID

![Figure 10: Finding Existing Value](image)

In addition for Cost sharing deficits amounts can be verified through the Atlas Cost Sharing Apportionment Report. **Please use the following navigational steps to access the report:**

Atlas Finance>UN Reports>Project Management Reports> Portfolio Analysis>Cost Sharing Apportionment.