Financial Closure of Development Projects

1. UNDP policies require that projects go through the following stages: Ongoing; operationally closed; and financially closed. As stipulated in UNDP’s Financial Regulations and Rules, financial closure must take place within 12 months of operational closure or date of cancellation. Project status is reflected in the Projects module of Atlas (Awards>Project: Project Status) as follows:

   O = On-going
   C = Operationally Closed
   F = Financially Closed
   Z = Cancelled
   S= Suspended
   L= Legally closed

2. No further financial commitments (entry of requisitions or purchase orders) can be made nor expenses charged once the project is operationally closed. Only the liquidation of prior financial obligations, adjustments resulting from the clearing of NIM or other advances, payment against existing purchase orders, depreciation and foreign exchange differences are allowed. The table in Annex 1 provides the details of actions that can be and cannot be taken in ATLAS. Note that upon operational closure in ATLAS, ATLAS receipts cannot be prepared. Goods and services against all POs must have been received and ATLAS receipts be prepared by the end date of the projects.

3. As a part of the check list GSSC should be notified and requested to close the associated contract created in the Contracts Module before the project is financially closed. After all Atlas projects (Outputs) are financially closed, the associated Award should be marked “Closed” in Atlas as well (Awards>Award Profile: Status).

4. The project manager is responsible for monitoring project activities and initiating the designation of projects as operationally closed and then financially closed. The finance unit of each office is responsible for reviewing ongoing projects and coordinating with project managers to initiate financial closure. The timing for a project to be “operationally closed” should be the project end date as indicated in the signed cost-sharing agreement or project document. The programmatic actions that are required for operational closure must begin before the end date approaches. Examples of these actions are: (i) Stakeholders / Steering committee’s no objection on completion of project activities, (ii) Associated agencies have confirmed that no pending activities (iii) agreed procedures for updating and handover of files (iv) release of personnel if appropriate etc. Steering committee must decide these actions ahead of the project end date. If required, project end date may be extended in consultation with the stakeholders. Thus, the operational closure date in ATLAS is the same as the agreed end date of the project. The below ATLAS query can be used to track the project end date:

5. Questions on these matters and requests for assistance should be addressed to the Financial Business Advisors in OFRM (at fba.all@undp.org).