



Interoffice  
Memorandum

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To: All Bureau Deputy Directors, Resident Representatives/Resident Coordinators Date: 2 October 2015

From: Darshak Shah, Deputy Assistant Administrator, Deputy Director and Chief Finance Officer, BMS Ext.: 5276  
Martha Helena Lopez, Director, OHR/BMS

Subject: Guidance note on granting fixed term appointments to personnel performing internal control functions File: ADM/

As outlined in the Operational Guide to the Internal Control Framework (ICF), each head of office has overall responsibility for establishing and maintaining adequate internal controls in his or her office, and segregating duties. This memorandum therefore, provides guidance and clarity on the general conditions for granting fixed term appointments for the performance of functions considered significant to internal control.

The list below contains the minimum control functions that must be held by staff:

- 2nd Authority – Approving Managers & Global Payroll Administrator
- 3rd Authority – Disbursing Officer and Disbursing Officer – Payroll
- Bank Account Signatory
- CO Finance/Treasury User
- Trust Fund Manager
- Vendor Approvers
- Bank reconciliation Approver
- Petty cash custodian
- Safe custodian

These roles are considered most significant to internal controls, as described in the ICF, and must therefore be undertaken by individuals that hold UNDP letters of appointment (LOAs) that are governed by UN Staff Regulations and Rules. This excludes personnel that hold individual contracts such as ICs and SCs, non-reimbursable loan agreements (NRLAs), reimbursable loan agreements (RLAs), UN volunteers and interns.

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We are aware from the observations cited in several audits performed by OAI, that there is a significantly wide use of the Service Contracts, including for the performance of functions that cover the above-mentioned internal controls. In order to align the roles with the correct staff appointments, each head of office must immediately undertake a review of the roles performed under the Service Contract and where applicable, must take remedial action. UNDP's integrated budget 2014-2017, incorporates a strategy for financing personnel costs with respect to positions at grade P-5 and below in a manner that more accurately reflects the results framework and the underlying funding sources of the requisite activities by using multiple funding sources. As a result, COs have available options for funding FTAs at grade P5 and below.

Offices are kindly requested to review their internal control framework to identify whether adjustments are necessary to their internal control framework to comply with these requirements, and if so to formulate an action plan to correct the issue. Offices are requested to share the outcome of this review with the HR Business Partner responsible for the respective bureau by **30 November, 2015**.

OFRM and OHR will closely monitor the implementation of this guidance note, in collaboration with OAI and the respective bureau. Any support that Country Offices require in understanding and implementing this directive will be provided by the HR Business Partner responsible for the respective bureau with the support of other business units at headquarters.

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