

Finance, Budget and Administration

Aperçu

This chapter focuses Finance and Administration of Country Offices implementing emergency operations, in particular proper handling and reporting of field accounts in emergencies. These summary guidelines should be read in conjunction with the applicable regulations and rules which describe in detail the applicable policies, procedures which should be adhered to as well as recommended practices that should be adopted.

Note that many of the tools and guidance documents listed in this entry are hosted in the IOM Intranet. To access these links, you must will need to be within an IOM network with access to the internet.

Points clés

- The primary responsibility of finance and administration is to establish and maintain financial systems, internal controls and risk mitigation necessary to keep IOM functioning during an emergency.
- The need to provide resources immediately may potentially compete with the need to account for them according to rules and regulations. A balance needs to be found so that resources can be provided extremely rapidly while still establishing and fulfilling control procedures and requirements.
- Emergency Coordinators are responsible for managing funds professionally and transparently, according to IOM financial rules.
- Documentation of receipts and expenditures is called a "paper trail" and is an important pre-requisite to ensure cost eligibility upon reporting and auditing. All operations should be able to demonstrate a complete paper trail for all transactions using standard IOM forms and documents and orderly and adequate supporting documentation such as but not limited to the following: PR, Quotes, BAS, PO, Delivery Note, Invoice, Request for Payment, Proof of Payment among others.
- It is essential even in emergency situations that a regular and systematic review of financial management practices, procedures and supporting systems takes place. This will help the Chief of Mission (COM) and the Resources Management Officer (RMO) assess the adequacy and performance of financial management and supporting services.
- Regular, clear and succinct reporting is a core management function.

Portée et application

Internal Control and Risks Assessment in Emergencies

The need for risk assessment and strong internal controls is equally important in an emergency context. The COM and RMO must put in place adequate internal controls to prevent or detect fraudulent activities as per [IN/71 Internal Controls](#) Definition and Application as well as ensure that risks are assessed to mitigate those risks. Please refer to [IN/213 Risk Management Framework and Policy](#) to facilitate establishing a robust risk management system that supports decision making in IOM. The framework and policy will guide the country offices to identify and prioritize the risks related to emergency operations and to establish risk treatment options commensurate to the impact and likelihood of identified risks in line with IOM's risk appetite.

Document all expenditures and financial transactions from the onset of an emergency. Every transaction processed and recorded in PRISM must be duly authorized, verified, within the approved budget allocations and supported by complete and adequate documentation. The underlying documentation shall prove the content, the necessity and the compliance of the transaction with IOM's applicable policies.

Roles and responsibilities should be clearly understood and there should be adequate separation of duties. It is

advisable that the COM and RMO develop a structure for delegation of authority. Please refer to the following documents:

- IN/289 Delegation of Authority Policy ([EN/FR/ES](#))
- MA/692 Delegation of Authority Implementation Guidelines ([EN/FR/ES](#))

In the early stages of the emergency, the risks of theft and loss of cash are generally the greatest risks. The COM and RMO should put in place measures to safeguard transfer of funds, carrying of cash and storing of cash. Please refer to IN/70 Fraud Awareness and Prevention Guidelines to provide more guidance on fraud awareness and prevention

Risks will vary from location to location and the COM and RMO should assess the significant risks of cash, bank, projects, budgets, personnel and security. All financial rules and administrative procedures, guidelines as well as instructions should be clearly understood, accepted and enforced.

Payment functionalities and liquidity may present challenges. In these circumstances the advice of Treasury Division (TSY) should be sought. In cases of holding high volumes of cash, staff security should be the priority and advice from the Office of Staff Security (OSS) should also be sought.

The IOM Financial Regulations do not allow for spending funds that have not been confirmed by the respective donor or undertaking an activity with financial exposure. Therefore, Country Offices should not start spending unless funding has been confirmed and approved in the form of a written agreement, reviewed by the Office of Legal Affairs (LEG), as applicable (please refer to [IN/99 Rev 2](#) for further information). Furthermore, the agreement should be followed strictly, otherwise, likelihood of returning funds or expenses being declared ineligible is high.

Budgeting for Emergencies

It is important to identify the initial and ongoing operational cost as part of the emergency planning process to avoid overlooking or under-estimating the budget requirements. The outcome of the assessment mission should form the basis for developing the operational plan and budget analysis.

It is also important to understand the scale and scope of cost that the office may incur or will require for the emergency operations. The Country Office should discuss with the Regional Office, Headquarters (e.g. Donor Relations Division (DRD), Preparedness and Response Division (PRD), DFM-ESU) and the relevant IOM Offices (see *“Programme Support Functions: Who Can Help You?”* for more details) on possible funding that will be made available for the emergency, both secured and pledged. Cost estimates should be provided for startup cost of a new mission or additional requirements due to expansion of the operations and requirement for an existing office.

The Country Office (e.g. the project manager/developer in coordination with the COM and RMO) is responsible for developing the emergency budget and outlining the financial and operational objectives for each project. The budget serves as a measure for planned expenditures, and facilitates planning and monitoring of project activities based on donor agreements and in line with projectization concept.

Detailed budget should be developed on the basis of confirmed funding, costs included on the budget should adequately cover the needs of the operations giving due consideration to IOM's projectization policy. The budget elements should include the day to day running or recurring costs such as salaries, office rent, project materials and supplies as well as long term capital items such as vehicles, IT and communication equipment.

In the budget preparation process, expenditures should be grouped into headings comprising of staff, office and operational cost and sub heading such as "Staff cost" International staff, Chief of Mission etc. Budget assumptions and calculations should also be detailed, this will help in monitoring or revising the budget as needed.

The budget should be prepared in IOM's standard project budget template available on the [intranet](#). Some donors such as EC/ECHO/CERF have specific budget templates which must be followed in order to secure funding, which can be adhered to. Where the donor has no specific required format, the IOM budget format should be used. A budget should also have an expression in narrative terms.

Unless the donor requires a detailed budget, keep the budget detail to minimum as the donor will expect you to report in the same manner. This notwithstanding, it is recommended to have in such case a more detailed *internal* budget so as to allow for more detailed planning and deliberation of budget assumptions.

The COM and RMO should ensure consistency in assigning the WBS codes to budget lines, this is essential for successful project planning, monitoring, control and analysis capabilities. For WBS coding purposes, use the standard project template available in PRISM or accessible through the [intranet portal](#) on the PRISM Bulletin Board. It is strongly recommended to make use of the Standard Sponsored Programmes in PRISM so as to facilitate financial monitoring and reporting in the donor view.

IOM's preferred project currency is USD, while in certain defined circumstances other currencies might be denominated as project currency. Budgets should be funded, budgeted, monitored and reported in the project currency, unless multi-donor projects where contributions might be received in different currency while budgeting, monitoring and reporting shall be done in one common project currency (typically USD). Please refer to TSY Alert Issue 2 for details on applicable rules and considerations and consult the RMO/Regional Resources Management Officer (RRMO), DFM-ESU, TSY or Finance and Accounting Division (FAD) in case of any doubts.

All emergency budgets should go through the various stages of preparation and approval process and must be reviewed and endorsed by RO/DFM-ESU. Any revisions/amendment to the budget must be coordinated directly with the donor following prior internal coordination and approval processes.

Once the budget has been approved and funds secured, it should be clear to the County Office who will be responsible for managing the emergency budget. This should include approving expenditure, monitoring expenditure and Liaising and negotiating with donors. All approved projects must be created in PRISM using the project systems module. An individual Project ID must be created for each new activity, unless implemented in the form of a revision/extension of an existing activity. In all cases when there is a doubt about necessity of opening a new code, the contribution agreement shall be reviewed and reporting obligations shall be duly considered. Using existing Project IDs to record expenses related to a new activity is not an acceptable practice. Within the Project ID activation process requests related to L3 operations are treated with priority and are opened with urgency provided all necessary documents are submitted. In case of any concerns regarding opening a new Project ID for emergency operations or in case of a need to open a code with extreme urgency (does not include cases due to late submission of requests), please contact DFM Emergency Support / FAD.

If a donor requires a specific structure for reporting, the donor structure needs to be created in PRIMA using the special sponsored program (SSP) functionality.

Cash Management in Emergencies Assess

Cash needed immediately to manage the operations whether it's new or expanded cash as part of the planning process. Cash management includes collection, handling and usage of cash of both cash available at the bank and cash in hand.

Bank Accounts

The quickest and safest ways of obtaining cash is through bank transfer. Funds held in the bank is usually safer than funds held in the office. Bank accounts are less open to fraud and leave a paper trail that is easier to control and audit. The COM and RMO will be required to review the current banking facilities seek advice from TSY including checking the services, reliability and reputation.

Key points to consider:

Request to establish bank accounts must be forwarded to the Chief of Treasury with a copy to TSY@iom.int for review and approval (please see Treasury Alert No 6). Banking facilities must be established with a reputable bank, ease of access, security mechanism, services offered and the charges. Where possible use banks where banking relationships are already established.

Ideally a maximum of two bank accounts should be set up one in local currency and the other in USD or EUR at each country location where IOM is present. The COM and RMO should provide TSY with the following, as soon as possible:

1. Full name and address of the bank and branch.
2. Banking coordinates such as swift code, local banking ID code etc.
3. The exact style of the account name (e.g. IOM or OIM or name in full in English, Spanish or French).
4. Currency of each account.
5. Term and conditions and the signatories to the account.
6. Provisional account numbers (if given by bank).

At least two bank signatories are required to operate IOM bank accounts, the number of signatories might be

increased to allow flexibly. The COM and RMO should ensure that the panel of signatories is regularly updated as outlined in [TSY Alert Issue 1](#) and [Issue 5](#).

The bank account should only maintain funds sufficient to cover the immediate needs of the operations. As and when required, the mission can request for additional funds by submitting a mission funding request to Manila Treasury Services (MTS).

All project funds should be paid directly into IOM headquarter's bank account centrally not to local bank accounts. IOM requirement is not to open separate bank accounts for each donor activity. For more information on IOM's applicable policies please refer to [TSY Alert Issue 4](#).

If no banks are operational and the mission will need to operate in cash as a consequence, prior coordination to that end is required with RO/FAD/TSY/DFM Emergency Support Unit/OSS. The office will also be required to set up operating procedures to manage and report cash operations in order to safeguard cash from loss and theft.

Cash Accounts

Cash handling especially in emergency situation requires extra vigilance to avoid maintenance of large amounts. The size of cash float for the immediate needs of the operations should be determined by the COM and RMO in coordination with DFM Emergency Support/TSY. Please coordinate with TSY should the balance exceed the usual thresholds (please see [Treasury Alert No 3](#)).

Cash in hand is administered through establishment of cash accounts in PRISM where all the business operations are recorded by the Cash Custodian. Cash account should be established rather than the use of imprest accounts.

Imprest account, when unavoidable, are set up when a sub-office cannot efficiently process transactions from the offices central cash account. The transactions are maintained through an impress register. A specific staff member is designated the responsibility for the funds which is advanced to staff member vendor account. Replenishment and accountability is based on submission of supporting documentation evidencing the disbursement of funds, which must be done as frequently as possible but minimum once a month.

It is important to follow administrative procedures related to cash counts:

- COM and RMO must ensure proper controls are in place and should periodically conduct risk assessment of all cash operations to ensure that the risks are suitably controlled.
- All cash should be stored in safe that should be securely bolted and must not be stored in filing cabinets or desks. The safe should have dual access with either combination or access for example combination known to RMO and COM.
- Identify custodian preferable with experience of handling cash. Ensure that the custodian is briefed on their responsibilities.
- Cash should be kept to an absolute minimum (the maximum limit is USD 5,000) unless otherwise agreed by TSY and except where banking infrastructure is nonexistence or poor.
- A cash count should be performed for both cash in hand and imprest account to ensure the cash maintained corresponds to the cash GL account or imprest register. Further, [cash certificate](#) summarizing cash counted should be prepared.
- Surprise cash counts should be performed from time to time to ensure cash accounts are well maintained. Any loss of cash must be immediately investigate and documented. RO/DFM/LEG/Office of the Inspector General (OIG) must be notified of the loss.
- Large sums of cash is a security risks, the need should be balanced against the risk of running out of funds and not meeting needs. The actual cash ceiling should be authorized by COM and should be based on project expenses.
- In situations where there are no banking facilities, COM and RMO should conduct cash flow forecast of

funds coming in and funds going out. This will assist to forecast periods of too little or too much funds. COM and RMO should ensure that enough funds are available for local expenditure.

- Movement of cash must be planned carefully and information about it must be restricted to the minimum number of people.

Setting Up of Cash Accounts

- COM and RMO should estimate the funds required in different locations and the type of payments to be made. Also assess the needs for the different currencies if required
- Decide on the type of cash account to be maintained either cash on hand or imprest account and amount involved.
- Assess and survey the sources of transporting and disbursement of cash locally e.g. money merchants, cross border facilities.
- RMO should present the risk assessment of the best options available to the COM review. The risk assessment should cover safety and security and the added value of the benefit of the proposed option. COM should make the decision in consultation with RO/FAD.
- Establish security and staff protection procedures to be followed when transporting and holding cash as well as necessary procedures for securing the regular flow of accounting documents.
- Maintain separate cash/bank book for each currency. Ensure that exchange of one currency into another is shown both as a payment in the records for the currency that was sold and as a receipt in the records for the currency that was purchased.

Cash Procedures and Managing of Disbursements

The purpose of cash procedures is to ensure that:

The segregation of duties including cash handling, cash processing and the completeness of cash transaction. All payment are properly verified and approved prior to payment. The standard format for payment/receipt vouchers should be used. When completing a payment/receipt voucher, ensure the following:

1. Details of every payment and receipt should be recorded on a voucher. Vouchers should clearly show all requested information including a detailed description of the nature of the payment or receipt, the name of the vendor and vendor account number, WBS/project supporting the payment, if the payment is to be processed via bank transfer, full details of the banking information. Where possible, this same party should sign the bottom portion of the voucher.
2. All supporting documentation (i.e. original invoices, receipts etc.) should be attached to the voucher. If no supporting documentation is available, detailed explanation must be given which should be approved by COM and RMO before making the payment.
3. Vouchers are required for all transactions.
 - All vouchers and supporting documentation should be properly stamped "**PAID**" before payments are dispatched.
 - Proper and timely preparation of bank reconciliations which should be independently reviewed by the COM and RMO.
 - All cash transactions should be properly captured in the PRISM accounting system, including full scope of information. Recording the name of the person actually received the cash is mandatory.

As part of donor requirement all expenses incurred and charged to project should be reasonable, allocable, allowable and documented.

Transfer of Funds

The safest way of transferring cash in emergency is through the banking system, however this is not always possible or practical, banks may not exist or bank account may not have been opened.

- It is essential to have funds immediately available for the emergency, where additional funds are required, the funds can be transferred by MTS upon submission of [Mission funding requests](#). Utilizing the Mission Payment Request procedure (please see [TSY Alert Issue 7](#)) can also contribute to largely reducing the risks in emergency operations.
- If cash is hand carried proper precaution must be taken to ensure safety and security of the cash. The mission should insure cash against risk of loss or theft. The risk of dealing with cash should also be reduced or managed.
- Cash may also be provided to Country Offices where no banking services exist through professional money services. In terms of risk, the courier companies should take full responsibility of the cash and provide for the insurance. For use of such services please consult further with TSY and also the services must be treated with absolute discretion.

Advances

While advance payments/advances to staff members are to be avoided as a general rule, these are unavoidable in most emergency operations. COM and RMO should put proper systems of control in place to manage advances in emergencies. All advances must be approved by COM/ prior to payment and must be related to official duties of the staff member/operational requirements of the programme.

Advances require careful monitoring, all advances should be recorded in PRISM and accounted through respective staff members vendor account. Recording advances paid of any nature to the project account is strictly forbidden as those do not represent an expense until confirmation on receipt of related goods and services is documented and administered in PRISM.

The following summary provides an overview on rules applicable to operational advances:

- Programme advances should never be muddled with personal expenses.
- Staff member receiving the advance should account for how the advance was spent and in full and to the person who advanced the money. This should be done as soon as possible.
- All unspent funds should be refunded immediately following acquittal.
- No further advance should be extended until the previous advances have been accounted for.
- As a standard rule no advances should remain outstanding for more than 1 month.
- Advances received are forbidden to be loaned to other staff member/individual or to be used for any private purposes.
- Details of all advances paid advance should be recorded in a register.

Payments of DSA advances are regulated by [IN/6 Rev.1](#) and as a general rule are to be performed by bank transfer, unless the specifics of the local banking systems justifies for exceptional cash processing and payment of DSA advance in cash is approved by COM.

Staff entitlements related advances (such as for salary advance) are to be processed only upon obtaining due authorization from the respective IOM authorizing unit according to the applicable rules and procedures. These advances are normally not to be processed via cash payments unless prior authorized. For rules applicable to salary advances please refer to [IN/2](#). Specific instructions are applicable to all other staff entitlement related advances which are all available on the intranet.

Financial System

The primary objective of the financial accounting system is to record in a systematic and controlled manner, the financial transactions and events of the project and to report financial information for maintaining and controlling project funds and implementation. Applying such system is essential to fulfill IOM`s accountability and transparency commitment towards its Member States and donors.

Considérations clés

- Operational funds advanced to staff remain staff responsibility until submission of adequate supporting documentation justifying how the funds were spent.
- Up-to-date records of all payments and receipts must be maintained.
- Adequate steps to be taken to deploy/appoint staff members to be in charge of accounting and administrative functions of the emergency operations from the start of the operation. Until such staff member is present in the field, the distribution of such roles shall be secured in coordination with the RO, TSY and DFM Emergency Support Unit.
- Using PRISM is crucial to ensure proper controlling and tracking of expenses related to the operations, and it must be ensured that all expenses are recorded in PRISM as soon as possible. Training and a user guide is available on the intranet under the PRISM Bulletin Board page.
- Cash should be safeguarded at all times. A safe must be utilized (either one purchased by IOM or used with another agency or hotel). As available, a local bank should be used with accounts in both USD and the local currency (LC). For opening new bank accounts coordination with TSY is mandatory.
- Please refer to the TSY Alerts available on the intranet page of the Treasury Division for more details on bank and cash processing.

Pertinence pour les opérations d'urgence de l'IOM

When undertaking financial activities on behalf of IOM in emergencies, all staff are required to observe the IOM rules and regulations and have the responsibility of managing funds professionally and transparently. The IOM Financial Regulations and the underlying financial and accounting instructions remain applicable and unchanged in emergency operations as well. For complete list of such instructions, please refer to the IOM intranet, specifically to the pages of the Finance and [Accounting](#), [Treasury](#) and [Budget](#) Divisions. In addition, a comprehensive Financial Management Rules and Procedures (FMRP) has been released at the end of 2018.

Within the initial response, the COM and RMO will need to assess the financial and administrative capacities, financial systems and sources of funds required for the emergency. Beyond the initial response, the COM and RMO will be required to timely consult with the Regional Office (RO) and the Department of Financial and Administrative Management – Emergency Support Unit (DFM-ESU) on financial and administrative issues including deployment of finance and HR staff to augment the capacity of the Country Office as required.

With the support of the RO and DFM-ESU, the COM and RMO need to establish an efficient financial and administrative management structure for effective implementation of IOM programmes within an environment of sound financial accountability. Internal controls must be put in place from the onset so as to reduce the risk of errors, misuse or theft of the resources that have been entrusted by donors.

Liens

- [The Finance and Accounting Division \(FAD\) page on the intranet](#)
- [The Treasury Division \(TSY\) page on the intranet](#)
- [The Budget Division \(BUD\) page on the intranet](#)

Références et outils

- [TSY Alert Issue 1: Roles and Responsibilities in Bank Processing](#)
- [TSY Alert Issue 2: Field Guidelines for Currency Management](#)
- [TSY Alert Issue 3: Cash and Bank Balances](#)
- [TSY Alert Issue 4: Donor Funding](#)
- [TSY Alert Issue 5: Local Bank Signatory Lists](#)

- [TSY Alert Issue 6: Approval to Open New Bank Accounts](#)
- [TSY Alert Issue 7: Mission Payment Requests \(MPRs\)](#)
- [Mission Funding Request Form](#)
- [Accounting - Cash Count Certificate Template](#)
- [TA Template \(2014, Rev. 3\)](#)

Contacts

For more information please contact the following relevant teams:

Finance and Accounting Division (FAD) - FAD@iom.int

Treasury Division (TSY) - tsy@iom.int

DFM Emergency Support Unit - dfmes@iom.int

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