

UNITED NATIONS DEVELOPMENT PROGRAMME



UNDP

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DP/TA/CM/16/Rev.1

1 August 1967

TO: All Participating and Executing Agencies

FROM: Paul-Marc Henry, Assistant Administrator and
Associate Director, Bureau of Operations and Programming

SUBJECT: UNDP (TA) FINANCE MANUAL

After consultation with the Participating and Executing Agencies through their representatives on the Working Group on Administrative and Financial Matters, a new edition of the UNDP (TA) Finance Manual is hereby issued. This new edition incorporates in a single document all revisions agreed to date, and supersedes document DP/TA/CM/16.

A new edition of the UNDP (TA) Finance Manual will be prepared for review by the Participating and Executing Agencies to incorporate the policies and procedures which will apply to UNDP (TA) programmes as from 1 January 1969. When agreed, the revised text is expected to be incorporated into a single comprehensive set of financial regulations covering both components of UNDP. It is intended that these proposals will be submitted to the Governing Council at its June 1968 session.

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UNITED NATIONS DEVELOPMENT PROGRAMME

TECHNICAL ASSISTANCE

FINANCE MANUAL

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Article 1 - Applicability

Article 1.1 These regulations shall govern the financial administration of the Technical Assistance component of the United Nations Development Programme, hereinafter referred to as UNDP (TA), and the management of funds deposited into the UNDP (TA) Account established under the name of the Special Account by Economic and Social Council (resolution 222 (IX), as amended) and the General Assembly (resolution 304 (IV) as amended).

Article 2 - The UNDP (TA) Account

- Article 2.1 The UNDP (TA) Account shall consist of credits from contributions made by Governments, donations and miscellaneous income, and shall be operated under the authority of the Secretary-General.
- Article 2.2 Contributions shall be made by Governments in such forms and subject to such conditions as may be agreed between the Secretary-General, after consultation with the Administrator, and the contributing Governments, provided that contributions shall be made without limitation as to use by a specific agency or in a specific country or for a specific project (ECOSOC resolution 222 (IX)).
- Article 2.3 The UNDP (TA) Account may include the monetary equivalent of an evaluation of services or materials which Governments are prepared to make available on the basis of credits in domestic currencies. Contributions in the form of services or materials shall be based on values agreed between the Secretary-General and the Governments concerned, and shall be accepted by the Secretary-General upon receipt of notification from the Administrator that the Participating and Executing Agencies have a foreseeable use for such services or materials.
- Article 2.4 All contributions of countries whether in cash, services or materials shall be credited to the UNDP (TA) Account.
- Article 2.5 The UNDP (TA) Account shall also include payments by Governments towards living costs of experts, provided that such payments shall be distinguished for all reporting purposes from voluntary contributions (ECOSOC resolution 470 (XV)).

- Article 2.6 Payments made by Governments in respect of additional technical assistance to be provided to them, and against which specific allocations would be made to the Participating and Executing Agencies furnishing the additional assistance, may be accepted into the UNDP (TA) Account, provided that such payments shall be identified in financial reports as "other payments by Governments for special projects", thus distinguishing them from voluntary contributions to the UNDP (TA) and payments received in respect of the local living costs of experts. Separate records shall be maintained of the expenses incurred in the rendering of such additional technical assistance.
- Article 2.7 The Administrator may accept donations from non-governmental sources for purposes consistent with those of UNDP, except that individual donations of a value in excess of \$10,000 shall be accepted only with the prior approval of the Governing Council. All donations accepted by the Administrator shall be reported to the Governing Council.
- Article 2.8 No limitations may be imposed by the donor on the use of donations.
- Article 2.9 Donations to UNDP (TA) shall be credited to the UNDP (TA) Account.

Article 3 - The Financial Year

Article 3.1 The financial year shall be the period 1 January through
31 December.

Article 4 - Custody of Funds

Article 4.1 The Secretary-General shall designate the banks in which funds of the UNDP (TA) Account are to be maintained. The Executive Heads of the Participating and Executing Agencies shall designate the banks in which the funds held by them shall be maintained.

Article 5 - Investments

Article 5.1 Monies not required immediately shall be invested in securities with maturities scheduled according to the estimated needs for cash disbursements.

Article 5.2 Income from investments shall be credited to the UNDP (TA) Account.

Article 6 - Operating Reserves

- Article 6.1^{1/} Working capital required for UNDP (TA) operations shall be provided from the cash resources of the UNDP as a whole.
- Article 6.2 Any liabilities arising from the liquidation of the Technical Assistance component of UNDP shall be covered by the cash resources of UNDP as a whole.
- Article 6.3 Any forward contractual commitments or residual liquidating liabilities of the Technical Assistance component of UNDP and of the UNDP secretariat that cannot be covered from current allocations shall be covered by the unallocated resources of the Special Fund component of UNDP, within which a balance shall be maintained by the Administrator in appropriate currencies and at a level determined as sufficient by the Governing Council to constitute an adequate liquidation reserve.

^{1/} Working capital will be provided under Article 6.1 for the purposes of the Technical Assistance component as defined by ECOSOC resolutions 623 B (XXII), 785 (XXX) and 901 (XXXIV), including:

- cash advances to the UNDP (TA) Account against firm pledges of contributions and local costs assessments to finance UNDP (TA) activities as approved by the Governing Council;
- to improve and facilitate currency management;
- advances to Participating and Executing Agencies to provide working balances in their bank accounts; and
- for such other purposes as may be approved by the Governing Council.

Article 7 - Utilization of Contributions

Article 7.1 In accordance with resolution 623 B III (XXII) of the Economic and Social Council, the following rules are to be observed with respect to the utilization of contributions for UNDP (TA):

- (a) The multilateral character of the programme should be strictly respected and, to this end, no contributing country should receive special privileges or treatment with respect to its contribution;
- (b) In planning and carrying out programmes and projects, the Administrator and the Participating and Executing Agencies may make information available to receiving countries as to the availability of currencies presenting utilization problems;
- (c) Negotiations for the use of currencies should not take place between contributing and receiving countries. Where such negotiations are necessary, they should only take place between the Participating and Executing Agency and the contributing country in conformity with paragraph 9 (a) of Council resolution 222 A (IX);
- (d) In the programming process, all available resources should be taken into account in determining country targets.

Article 7.2 The Administrator shall continually review the extent to which contributions are being used with the purpose of determining the manner in which currencies, services and materials made available by Governments may be most effectively utilized.

Article 8 - Programme Earmarkings

- Article 8.1 The Governing Council shall approve the biennial programme and earmark the necessary funds to cover the proportionate share of that programme for each of the Participating and Executing Agencies in each of the two years of the biennium. These funds shall be drawn from the net financial resources of the UNDP (TA) Account after setting aside the Technical Assistance share of the UNDP administrative budget and such amounts as may be required to reimburse the UNDP Revolving Fund for withdrawals during the preceding year to finance obligations for urgent needs authorized by the Administrator under Article 10.2 of this Manual. (Based on ECOSOC resolutions 623 B II (XXII) and 785 (XXX)).
- Article 8.2 Within the total earmarking, any request submitted by a Government for modification of the programme, resulting in a revision in allocations between or among Participating and Executing Agencies, which was received subsequent to the approval of the programme by the Governing Council, may be approved by the Administrator and reported to the Governing Council at its next meeting.

Article 9 - Allocation of Funds

- Article 9.1 (A) In each financial year, allocations shall be made by the Administrator, within the earmarkings approved by the Governing Council, from contributions and general resources and local costs revenues and shall constitute programme authorizations. Allocations shall initially be based on the most conservative estimates of resources including contributions likely to be available during the year, so that withdrawal of programme authorizations shall not become necessary because of shortage of funds. Supplementary allocations shall be made as and when the receipt of contributions justifies them (ECOSOC resolution 521 (XVII)). Funds credited to the UNDP (TA) Account in excess of total allocations shall be carried forward to the ensuing financial year.
- (B) Allocations will be sub-divided into two currency groups:
Group I - Controlled Currencies -- comprising availabilities in currencies requiring special management to be subject to individual allocation and control.
Group II - Uncontrolled Currencies -- comprising all other currencies -- to be administered as a pool.
- (C) Allocations constitute ceilings on the obligations to be incurred in respect of the current financial year, except that within the total allocations for the biennium, unobligated uncontrolled currencies (Group II) shall be used to compensate for over-obligations in currencies of Group I.

- Article 9.1 (D) Danish special contributions shall be allocated among Participating and Executing Agencies by the Administrator.
- (E) The allocations for the other currencies included in Group I shall initially be determined by applying Participating and Executing Agencies' percentage shares in the approved programme to the amounts of the estimated availability to be allocated except that normally no allocation shall be made to a Participating and Executing Agency when that Participating and Executing Agency's share would amount to less than \$1,000. Any amounts of unobligated allocations in these currencies at the end of a biennium shall be included in the allocation of the Participating and Executing Agency concerned for the first year of the following biennium. Likewise, miscellaneous income (net) accruing in these currencies to any Participating and Executing Agency during any one year shall be included in its allocation in such currencies for the ensuing year.
- (F) Currency Group II shall include the convertible currencies and other currencies in which the estimated availabilities are expected to be fully used during the financial year. The United Nations Controller shall review, from time to time, the position of non-convertible currencies included in this category for which, at the beginning of the following financial year, the estimated availabilities may exceed the total anticipated yearly requirements of the Participating and Executing Agencies. The Administrator shall determine, after consultation with the Participating and Executing Agencies on the basis of the data on the estimated usage of those currencies throughout the year, which currencies, if any, should be included in Group I.

- Article 9.1 (G) Participating and Executing Agencies' allocations in uncontrolled currencies (Group II) shall be limited to the amount of their total allocations less the sum of their cumulative allocations under currency Group I.
- Article 9.2 (A) The amounts allocated to the respective Participating and Executing Agencies shall allow them to assume obligations during the financial year to which these allocations pertain. However, the amounts allocated to the respective Participating and Executing Agencies in the first year of the approved programme for the biennium and which are not obligated in that year shall remain available to the respective Participating and Executing Agencies to allow them to assume obligations during the second year of that biennium.
- (B) Expenditures against obligations incurred in a biennium shall be allowed to extend over the ensuing biennium. However, obligations for fellowships to provide long-term training of national personnel may be liquidated over the full period of the fellowships, provided that placement arrangements have been completed prior to the obligations of funds (ECOSOC resolution 901 (XXXIV)).
- (C) The funds received shall be administered in conformity with the financial regulations and rules of the respective Participating and Executing Agencies, and in accordance with such directives as may be established from time to time by the appropriate legislative bodies and by the Administrator after consultation with the Inter-Agency Consultative Board.

Article 9.3 A Participating and Executing Agency which estimates that it will be unable to obligate fully an allocation in a controlled currency will release that portion of such allocation, which shall then become available for additional allocations to other Participating and Executing Agencies.

Article 9.4 Provided the Governing Council has given the necessary approval when earmarking the funds for allocation to each of the Participating and Executing Agencies in proportion of their shares in the approved biennial programme, the Administrator may make changes in these allocations within the limits fixed by the Council as may be necessary to provide as far as possible for the full utilization of contributions to the Technical Assistance component.

Article 10 - The UNDP Revolving Fund ^{1/}

- Article 10.1 Upon the recommendation of the Administrator, the Governing Council may earmark funds from UNDP (TA) resources for transfer to a UNDP Revolving Fund to cover the cost of Technical Assistance contingency activities.
- Article 10.2 The Administrator may allocate funds from the UNDP Revolving Fund to cover contingency activities within limits set by the Governing Council. The Administrator shall report to the Governing Council all allocations made under the provisions of this Article.
- Article 10.3 When an urgent request from a Government for modification of that country's programme cannot be met by means of a programme change in accordance with Article 8.2, the Administrator may authorize that request as a contingency activity and allocate the necessary funds from the UNDP Revolving Fund.
- Article 10.4 At the beginning of each year, the UNDP Revolving Fund shall be reimbursed by the UNDP (TA) Account for contingency allocations issued by the Administrator during the preceding financial year. The amounts reimbursable shall constitute a priority charge against UNDP (TA) resources.

^{1/} The regulations governing the UNDP Revolving Fund as it applies to preparatory assistance and preliminary operations under the Special Fund component of the UNDP are contained in Article 16 of the UNDP (Special Fund) Financial Regulations.

Article 11 - Cash Remittances

- Article 11.1 Participating and Executing Agencies may request remittances of funds, as and when required to meet their actual cash requirements, except that within the total allocations unremitted balances of uncontrolled currencies (Currency Group II) may be used to compensate for remittances in controlled currencies (Currency Group I) which exceed individual allocations in those categories. Requests for remittance of such funds shall normally be limited to the amount necessary to provide the Participating and Executing Agency with a balance sufficient to meet the estimated cash requirements for the following 2-1/2 months.
- Article 11.2 The United Nations Controller shall immediately remit funds so requested. If currencies requested are unavailable in the UNDP (TA) Account, he will procure them. (See Articles 12.3 and 13.4).
- Article 11.3 Adjustments for over-drawings and over-obligations in controlled currencies (Currency Group I), as provided in Articles 9.1 (C) and 11.1, will be made by the United Nations Controller at the end of the biennium.

Article 12 - Utilization and Exchange of Currencies

- Article 12.1 The Participating and Executing Agencies shall endeavour to make the most effective use of currencies which are not freely convertible.
- Article 12.2 Estimates of each Participating and Executing Agency's usage in each currency shall be submitted to the Administrator at the beginning of each year for the purpose of ascertaining, on the basis of the amounts expected to be available in each currency, if there are any currencies likely to accrue balances in the UNDP (TA) Account in excess of the over-all programme requirements. Any such currencies will be classified as controlled currencies and allocated in accordance with Article 9.
- Article 12.3 Whenever it is impossible to remit to Participating and Executing Agencies currencies in Group I from funds available in the UNDP (TA) Account, the Controller will, if feasible and advisable, obtain such currencies through loans from other UN programmes and organizations, the governments concerned, or from commercial sources. Convertible currency may, where necessary, be used as security for such loans.
- Article 12.4 With the view to promoting the efficient usage of all contributions, the Administrator shall inform the Participating and Executing Agencies, at the time of programme planning, of the currencies and estimated amounts of contributions which, in his opinion, might present difficulties of utilization in the programme period.

Article 13 - Currency Conversions

- Article 13.1 The Administrator shall negotiate with a contributing government where a degree of convertibility is to be sought with respect to its contribution and shall inform the Governing Council on the arrangements made with governments for convertibility of their contributions.
- Article 13.2 The Administrator may request a contributing government to permit reconversion of any of its currency to be purchased into such other currency and to such amount as is to be used for the purchase.
- Article 13.3 Purchase of currencies under Article 13.2 above may be made from convertible currencies held in the UNDP (TA) Account.
- Article 13.4 A Participating and Executing Agency shall not exchange convertible currency with other currency by purchase, if the UNDP (TA) Account or another Participating and Executing Agency is able to furnish the currency required.
- Article 13.5 The United Nations Office of the Controller shall give effect in the UNDP (TA) Account to agreements for exchange of currencies between Participating and Executing Agencies, at the United Nations operational rates of exchange applicable.

Article 14 - Carryovers at the End of a Financial Year

Article 14.1 The methods of treatment of unobligated funds (carryovers) remaining in the hands of the Participating and Executing Agencies at the end of a financial year shall be as follows:

- (i) Unobligated programme allocations to the Participating and Executing Agencies as at 31 December of the first year of the programme biennium shall remain with them for the purpose of covering obligations incurred in the second year of the programme biennium. All unobligated programme allocations as at 31 December of the second year of the programme biennium shall revert to the UNDP (TA) Account.
- (ii) Any unobligated balance of contingency allocations as at 31 December of each year shall revert to the UNDP (TA) Account.
- (iii) As provided in Article 9.2 (B), obligations recorded during each biennial programme remain available for expenditures during the two ensuing financial years. Participating and Executing Agencies shall submit in 1967, to the UNDP, as soon as audited accounts for the year 1966 are available, a statement of operational supplies and equipment ordered against obligations recorded during the 1963-1964 biennium but which have not been delivered as of 31 December 1966. To the extent that contracts for operational supplies and equipment are outstanding and still valid, the

Article 14.1
(cont'd)

Administrator shall re-allocate sufficient funds to the respective Participating and Executing Agencies to enable them to liquidate these commitments in that year. All outstanding obligations at 31 December 1966 for the 1963-1964 biennium, except those relating to fellowships, shall be cancelled and funds thus released shall revert to the UNDP (TA) Account.

- (iv) The balance of unobligated funds released by the provisions of Article 14.1, sub-paragraph (ii) as carryover, and those savings on the liquidation of obligations arising from the cancellation of obligations under Article 14.1, sub-paragraph (iii) shall revert to the UNDP (TA) Account and shall become available for allocation for the following biennial programme.

Article 15 - Miscellaneous Income

- Article 15.1 Miscellaneous income (net of exchange adjustments), including net savings on the liquidation of prior years' obligations, accruing within a financial year may be retained by the Participating and Executing Agency concerned until the end of the financial year, but shall revert to the UNDP (TA) Account at the year-end. However, where the prior year concerned is the first year of the current biennium, savings on the liquidation of that year's obligations (other than those incurred against contingency authorizations) may be added to the balance of unobligated allocations for the same year retained by the Participating and Executing Agency in the ensuing year and thus become available for obligations of the second year of the biennium; any unobligated balance of those savings shall at the end of the second year of the biennium revert to the UNDP (TA) Account together with other miscellaneous income.
- Article 15.2 The proceeds resulting from the sale of equipment are credited to miscellaneous income except that when items are sold for replacement, Participating and Executing Agencies may credit the proceeds to the purchase price of new equipment as a reduction of expenditure if the purchase and sale are effected in the same financial period.

Article 16 - Obligation of Funds

- Article 16.1 Each Participating and Executing Agency shall keep its relevant obligations at all times within (i) funds allocated to it for its current year's programme (ECOSOC resolution 521 (XVII)), (ii) any amounts carried forward as unobligated funds at the end of the first year of the biennium in accordance with the provisions of Article 14.1 and savings in the second year of the biennium realized in liquidation of obligations of the first year of the biennium (see Article 15.1), (iii) funds re-allocated in respect of contractual commitments as authorized in accordance with Article 14.1 (iii) of this Manual, and (iv) funds allocated from the UNDP Revolving Fund. Limitations by currency categories (Article 9) shall be observed.
- Article 16.2 "Obligations" represent:
- (a) For personal services, the cost of salaries and related expenses corresponding to services rendered within the financial year, except that:
 - (i) For short-term and intermediate-term assignments of project personnel, funds may be obligated in the biennium in which the appointment takes effect to cover in full the cost of such services, provided that the obligation may not cover the cost of more than twelve months of service in the following biennium, and
 - (ii) For short-term and intermediate-term assignments of project personnel covered by contingency allocations from the UNDP Revolving Fund, funds may be obligated in the year of allocation to cover in full the cost of such services, provided that the obligation may not cover the cost of more than twelve months of service after the year in which the obligation is recorded.

- Article 16.2 (b) For operational supplies and equipment, the full cost of contracts or purchase orders entered into prior to the end of a biennium which resulted or will result in a legal liability for the payment of such operational supplies and equipment.
- (c) For fellowships, the full cost to completion of fellowships awarded prior to the end of the financial year - provided that the fellow has been nominated by the requesting Government and accepted by the Participating and Executing Agency concerned and that a formal letter of award has been issued to the requesting Government, the actual placement of the fellow prior to 31 December in this sense not to be an essential consideration.
- Article 16.3 In very exceptional cases, if the candidate accepted by the Participating and Executing Agency becomes unable to take up the fellowship, the requesting Government may propose, and the Participating and Executing Agency may accept, after the close of the financial year in which the award was made, a qualified substitute, subject to the condition that the same course of study is to be followed and that the substitute is acceptable to the country or countries of study.
- Article 16.4 Any agreement with a recipient Government for implementation in future years shall include the stipulation that its implementation is conditional upon the availability of funds to the organization.

Article 17 - Fellowship Accounts

Article 17.1 Savings and deficits in liquidating fellowship obligations shall be offset against one another. The net savings (or deficit) at the close of a biennium in liquidating obligations established in previous biennia shall be disposed of as follows:

- (a) net savings shall revert to the UNDP (TA) Account;
- (b) a net deficit shall become a charge to the current allocation of the Participating and Executing Agency concerned.

Article 18 - Costs Chargeable to the UNDP (TA) Account

- Article 18.1 The funds made available to the Participating and Executing Agencies from the UNDP (TA) Account shall be used exclusively for the programme of the UNDP (TA) and for overhead expenses connected therewith, in accordance with the observations and guiding principles laid down by the Economic and Social Council and the Governing Council of the UNDP.
- Article 18.2 The UNDP has been urged, in promoting the objectives of the Technical Assistance programme provided under the United Nations Development Programme, to make the fullest use of the existing administrative and other services of the United Nations, the specialized agencies, and IAEA, in order that as much as possible of the funds in the UNDP (TA) Account may be available for operational purposes (ECOSOC resolution 584 (XX)).
- Article 18.3 Pursuant to the Economic and Social Council resolutions 584 (XX) and 1060 (XXXIX), each Participating and Executing Agency, for the purpose of obligations and expenditure, may charge to the UNDP (TA) Account the cost of (i) the approved programme within that Agency's allocations; (ii) contingency authorizations from the UNDP Revolving Fund; (iii) contractual commitments brought forward from the preceding year; and (iv) lump sum amounts allocated to the Participating and Executing Agency towards its overhead costs.

Article 19 - Programme Estimates and Earmarkings

- Article 19.1 The Administrator shall present biennially to the Governing Council of the UNDP for approval the Technical Assistance programme proposed for the ensuing biennium, with his recommendations, on the basis of requests of recipient governments and after consultation with the IACB.
- Article 19.2 The Administrator shall also present to the Governing Council budget estimates showing all anticipated costs of the recommended Technical Assistance programme, as well as a statement of the financial status of the UNDP (TA) Account, including estimates of resources to be available to the Technical Assistance component of the UNDP during the forthcoming biennium.
- Article 19.3 After considering the estimated costs of the recommended programme, and after taking into consideration the status of anticipated resources in the UNDP (TA) Account, the Governing Council will approve the Technical Assistance programme for the ensuing biennium and earmark funds for that purpose.
- Article 19.4 The Governing Council may then authorize the Administrator to allocate the necessary funds to each of the Participating and Executing Agencies to cover its share of the over-all field programme and the lump-sum amounts authorized for their overhead costs in accordance with ECOSOC resolution 1060 (XXXIX).

Article 20 - UNDP Secretariat

- Article 20.1 The expenses of the Headquarters secretariat and Field Offices of the UNDP shall be met from resources available from contributions to the Special Fund and Technical Assistance components of the programme for the current financial year.
- Article 20.2 The amount for such purposes shall be approved annually by the Governing Council upon the basis of budget estimates presented by the Administrator and the comments thereon of the ACABQ; such estimates will show details of the costs of the UNDP Headquarters secretariat and other joint administrative costs relating thereto, and the cost of the Field Offices. The estimates will contain the Administrator's proposals for the division of costs between the two component programmes.
- Article 20.3 The Administrator shall issue allotments to cover obligations against both the Technical Assistance and the Special Fund shares of the UNDP budget.
- Article 20.4 The allotments so issued shall be subject to internal financial certification and other control arrangements established by the Administrator for the purpose of ensuring compliance with the financial regulations and rules of the United Nations.

Article 21 - Financial Obligations of Recipient Governments

Article 21.1 Recipient governments should be expected to agree normally to assume responsibility for a substantial part of the costs of technical services with which they are provided, at least that part which can be paid in their own currencies (ECOSOC resolution 222 (IX)).

Article 21.2 The following obligations shall be assumed by recipient governments in connexion with the local costs of technical assistance projects (E/2395):

- (i) Assist project personnel (including resident representatives and international staff of the UNDP secretariat) in finding living quarters, upon request;
- (ii) Provide office space, equipment and supplies, except in so far as these are supplied from abroad by the Programme under UNDP policies;
- (iii) Furnish internal transportation, whether by public carrier or motor vehicle, except that motor vehicles may, in exceptional circumstances, be provided by the Programme under UNDP policies;
- (iv) Provide postal and telecommunications services and other means of communication;
- (v) Make available to experts, resident representatives and their non-local staffs such medical services and facilities as may be available to the government's own

Article 21.2
(cont'd)

civil servants on the same terms. Where appropriate to the project, governments shall also provide and bear the cost of:

- (a) Local technical and administrative personnel as well as labour;
- (b) Costs of buildings directly associated with the project (rental or construction);
- (c) Project equipment available in the country;
- (d) Project supplies and materials available in the country;
- (e) Other local running costs directly resulting from the project.

Article 21.3 Expenditures directly incurred by recipient governments under the provisions of the above paragraph shall not be credited as contributions to the Programme, and shall not be included in the accounts of the Participating and Executing Agencies.

Article 21.4 Payments made by Governments to field offices or missions on account of programmes under their direction shall be administered and accounted for subject to the normal controls and in conformity with the financial regulations and rules of the Participating and Executing Agencies concerned.

Article 21.5 In addition to the obligations listed above, recipient Governments should contribute toward the local living costs of experts an amount in local currency, payable in advance, and computed on the basis of a percentage share of the total cost of experts' services provided under the Technical Assistance component of the UNDP in accordance with ECOSOC resolution 470 (XV) as amended by the Council resolution 787 (XXX) of 3 August 1960. The following procedure shall apply for

Article 21.5 establishing the initial assessment and final obligations of
(cont'd) recipient governments in respect of local living costs of
experts:

- (i) The contribution of each government towards the local costs of expert services shall be computed on the basis of 12.5 per cent of the total cost of expert services provided to that government by the Participating and Executing Agencies under the UNDP Technical Assistance programme;
- (ii) The assessment of each government shall be made, before the beginning of each year, by applying the percentage figure referred to in paragraph (i) above, to the approved Programme for that year; governments shall make payments in advance as assessed, and the accounts shall be adjusted after the end of the year, on the basis of the total costs of experts' services obligated during the year.
- (iii) The equivalent in local currency of governments' local costs obligations shall be calculated at the United Nations operational rate of exchange.
- (iv) The above assessment arrangements shall be applied to regional projects, where the shares of each recipient government under such a project can be clearly identified, and where the Administrator has reached an appropriate agreement with the government concerned. Whether or not these assessment arrangements are applied to individual regional projects, governments are expected to participate

- Article 21.5 (cont'd) in the other local costs of such projects; the extent of such participation will depend upon the circumstances in each case and is subject to negotiation; it should be embodied in the agreements covering the projects concerned.
- Article 21.6 In cases of extreme hardships, general waivers of governments' local cost obligations may be granted for limited periods by the Administrator after consultation with the IACB.
- Article 21.7 Governments in receipt of operational assistance are required to contribute towards the total costs of employment of each expert in the form of direct payment, an amount not less than the emoluments of one of its nationals performing similar duties; if the amount is less than 12.5 per cent of the total cost of the operational expert, the government's contribution should be calculated on this latter basis, the amount in excess of the direct local payment to the expert to be treated as local cost income of the UNDP (TA) Account. No waiver of local costs may be granted in respect of the obligation of governments to pay this contribution towards the local costs of operational assistance posts.

Article 22 - Administration of Local Costs Payments

- Article 22.1 Payments made by governments in respect of local costs under ECOSOC resolution 470 (XV) as amended by resolution 787 (XXX) shall be credited to the UNDP (TA) Account and incorporated into the financial resources of the Technical Assistance component of the UNDP together with voluntary contributions and miscellaneous income as per Articles 2.1 and 2.2 of this Manual.
- Article 22.2 Obligations of governments in respect of local costs shall be determined by the Administrator in conformity with the general principles set forth in Article 21.5.
- Article 22.3 The cost of experts' services on which the assessment is to be based should be comprised of the entirety of costs related to and chargeable to country projects or to regional projects on which the participating government(s) will be assessed towards local living costs of experts: base salary and allowances; Participating and Executing Agencies' contributions to the Pension Fund; repatriation grant funds; recruitment, repatriation, home leave and other official travel; education grant and travel; and any other expenses directly related to the expert's assignment.
- Article 22.4 The equivalent in the respective local currencies of the governments' assessments shall be determined by converting the amounts of assessments established in United States dollars at the United Nations operational rate of exchange in effect at 1 December of the preceding year.

- Article 22.5 The Administrator will establish the final obligations of each government, on the basis of total expert costs for the country as reported by the Participating and Executing Agencies in their year-end financial statements. Participating and Executing Agencies should maintain their accounts so that the actual cost of the experts' services to the country can be clearly identified, and audited figures provided as the basis for compilation of the final local costs obligations.
- Article 22.6 Local currency payments by governments towards their local costs assessments, when made in advance of, or during the year to which they apply shall be credited towards the local currency amount established in accordance with Article 22.4 above. Governments whose final local currency obligations exceed the amounts paid toward their initial assessments will be allowed to pay the balances due by them, as established in local currency, until 31 December of the year following the year of the initial assessment. At the end of this period, any local currency balances still due from governments shall be reconverted into US dollars at the operational rate of exchange on which the initial assessment and final obligations were based, and the local currency amounts receivable from governments in respect of these obligations shall be determined by converting the debit balances at the operational rate of exchange in effect at the time payment is made in subsequent years. Credit balances remaining due to governments at the end of the year will be refunded or applied to other accounts in the local currency amounts established at the time of the calculation of the final local costs obligations.

Article 22.7 The Participating and Executing Agencies are required to submit periodically to the Administrator statements on obligations incurred with the employment of experts in every country or territory served by them and which will be used for purposes of determining the final obligation of such country or territory in respect of local living costs of experts and the revenue to the UNDP (TA) Account deriving therefrom.

Title: Fund to Finance Payment
of Repatriation Grant to
Project Personnel and
Retroactive Participation
in the United Nations
Joint Staff Pension Fund

Article 23 - Fund to Finance Payment of Repatriation Grant
to Project Personnel and Retroactive Participation
in the United Nations Joint Staff Pension Fund

Article 23.1 Each Participating and Executing Agency shall maintain a Fund to which shall be credited contributions at a rate not exceeding eight per cent of the net base salaries of project personnel (on other than short-term appointment status).

Article 23.2 The Fund shall defray payments due in respect of accrued repatriation grants.

Article 23.3 The Fund may also defray the Participating and Executing Agencies' share of the cost of revalidation of service for retroactive participation in the Pension Fund upon the eligibility of project personnel to full participation in the Pension Fund.

Article 23.4 Each Participating and Executing Agency may request the transfer of cash corresponding to credits due to its Fund from the UNDP (TA) Account or leave the cash in the UNDP (TA) Account. Interest on any invested amounts shall be credited to the UNDP (TA) Account or to the Fund of the Participating and Executing Agency, depending on where the cash is held.

Article 23.5 The above provisions are applicable to eligible staff of the UNDP secretariat.

Article 24 - Rates of Exchange

- Article 24.1 For the purpose of recording contributions in the UNDP (TA) Account the official par values or other appropriate exchange rates agreed between the Secretary-General and the contributing governments shall be used.
- Article 24.2 Operational exchange rates shall be established by the United Nations Controller and will be communicated to the Participating and Executing Agencies by the Administrator. Such rates shall be based on the most favourable exchange rates actually available to the Participating and Executing Agencies for conversion of US dollars into the particular currencies.
- Article 24.3 The exchange rates established for operational purposes shall be used for allocations and remittances made to the Participating and Executing Agencies and shall be applied by the Participating and Executing Agencies and the UNDP secretariat to all transactions under the Technical Assistance component of the UNDP, except that for recording transactions concerning goods and services in kind, the Administrator may determine that the exchange rate established under Article 24.1 above shall be applied.
- Article 24.4 In cases where a government makes available to the Participating and Executing Agencies a special rate of exchange to be applied under specified conditions, the Administrator may authorize the use of such rate simultaneously with the normal operational rate of exchange.

Article 24.5 When constant and wide variations occur in the free rate of exchange serving as a basis for establishing the operational rate of exchange, the Administrator may authorize payment of dollar-based salaries at the rate actually available to the Participating and Executing Agency for dollar conversion on the date of payment.

Article 25 - Accounting for Adjustments in Exchange Rates

Article 25.1 Exchange adjustments arising as a result of variation between the rate applicable to a contribution and the operational exchange rate in effect at the time of receipt of that contribution shall be recorded separately in the UNDP (TA) Account and applied in adjustment of the amounts available prior to their allocation.

Article 25.2 When a revised operational exchange rate is established, the United Nations Office of the Controller shall revalue the cash balance of the currency concerned, and shall charge, or credit, the exchange adjustment to a central account, the balance of which will be netted at the year-end against miscellaneous income accumulated in the UNDP (TA) Account. Other exchange losses (or gains) resulting from payments by UNDP Field Offices at an exchange rate other than the United Nations operational rate of exchange shall also be debited (or credited) to the same account.

Article 26 - Reports to Governments

Article 26.1 Reports may be made by the Administrator to contributing governments regarding expenditure of their contributions when the published reports do not contain the desired information. When necessary and appropriate the national bank in which the contribution is deposited may be authorized to release the desired information. When special information is required, the contributing government should be asked to accept the following breakdown:

- (i) payments for exports from the country;
- (ii) payments for shipping and transportation services provided by the country;
- (iii) other payments in the country;
- (iv) other payments outside the country, specifying each other country where those payments have been made.

Article 27 - Internal Financial Control

Article 27.1 The internal audit procedures adopted by the Participating and Executing Agencies shall apply to the funds entrusted to them by the Technical Assistance component of the UNDP.

Article 28 - Accounts and Financial Reports

Article 28.1 Periodic financial reports shall be made by the Administrator to the Governing Council in accordance with the requirements of ECOSOC resolution 521 C (XVII).

Article 28.2 The accounts of the UNDP (TA) Account shall be maintained in US dollar equivalents and will consist of accounts for:

- (i) contributions pledged and received;
- (ii) amounts assessed and received from recipient Governments toward local costs;
- (iii) exchange adjustments;
- (iv) donations;
- (v) miscellaneous income;
- (vi) allocations made to Participating and Executing Agencies and to the UNDP secretariat;
- (vii) remittances to Participating and Executing Agencies and UNDP secretariat;
- (viii) transfers of funds to the UNDP Revolving Fund; and
- (ix) currencies on hand and invested.

Article 28.3 The accounts of the UNDP Revolving Fund shall be maintained in US dollar equivalents and shall include accounts for:

- (i) transfers of funds from the UNDP (TA) Account;
- (ii) allocations made to Participating and Executing Agencies.

Article 28.4 At intervals to be agreed with the Administrator, the Controller of the United Nations shall prepare and submit:

- (i) to the Administrator, financial statements showing the status of the UNDP (TA) Account, the UNDP Revolving Fund and the UNDP administrative budget;
- (ii) to the Administrator, reports on the collection of contributions; and
- (iii) to the Participating and Executing Agencies, reports showing the status of their allocations.

Article 28.5 Each Participating and Executing Agency shall maintain accounts in respect of its allocations in such form as to show in dollar equivalents the recorded obligations, cash disbursements and unliquidated obligations, in conformity with the minimum standard panel of objects of expenditure established by the Administrator after consultation with the Participating and Executing Agencies.

Article 28.6 Each Participating and Executing Agency shall stand ready to supply at appropriate intervals a breakdown by currency showing in dollar equivalents actual expenditures and estimated unliquidated obligations.

Article 29 - Financial Reports by Participating and Executing Agencies

Article 29.1 Participating and Executing Agencies shall submit to the Administrator the following reports:

- (i) Annually, the audited year-end financial statements and the reports of the external auditors;
- (ii) Annual reports on experts, fellows and equipment;
- (iii) Statements as at 30 June and 31 December on obligations incurred, by country of assignments, for experts' services provided to recipient governments;
- (iv) Statements as at 31 March, 30 June, 30 September and 31 December on obligations incurred under contingency allocations;
- (v) Currency reports as at 30 June and 31 December;
- (vi) Statements as at 30 June and 31 December on claims for reconversion of certain currencies; and
- (vii) Such other reports as may be required by the Administrator, after consultation with the Participating and Executing Agencies, for submission to the UNDP Governing Council.

Article 29.2 In addition, each Participating and Executing Agency shall notify the United Nations Office of the Controller by the fifth day of each month regarding:

- (i) Remittances requested;
- (ii) Amounts of any currency held in the bank accounts of the Participating and Executing Agency available for surrender to the UNDP (TA) Account or for exchange with other Participating and Executing Agencies.

Article 30 - External Audit

Article 30.1 The Secretary-General and the Executing Heads of the other Participating and Executing Agencies shall, after consultation, make appropriate arrangements for the audit of contributions and expenditures under the Technical Assistance component of the UNDP (ECOSOC resolution 222 (IX)).

Article 30.2 External audit relating to the Technical Assistance programme of UNDP shall be reported separately from that of the regular programme activities of the Participating and Executing Agencies. The following general principles shall apply:

- (i) Planning of the audits and final co-ordination between the audits shall be effected through the Joint Panel of External Auditors of the United Nations and specialized agencies;
- (ii) The UNDP (TA) Account, the UNDP Revolving Fund and the accounts for the UNDP administrative budget shall be audited by the United Nations Board of Auditors;
- (iii) A copy of the certified accounts and the report of the external auditors submitted to the governing body of each Participating and Executing Agency shall be furnished to the Administrator;
- (iv) A copy of the relevant resolution adopted by each Participating and Executing Agency's legislative body shall also be supplied to the Administrator.

Article 30.3 A report on the certified accounts and comments of the external auditors relating to expenditure of Technical Assistance funds allocated from the UNDP (TA) Account, the UNDP Revolving Fund and the UNDP administrative budget, together with the United Nations Board of Auditors audit certificate, and report if any, on the consolidated statement of the UNDP (TA) Account shall be transmitted to the United Nations General Assembly by the Administrator.

ANNEX I

STANDARD PANEL OF COST DEFINITIONS UNDER THE UNDP (TA) ACCOUNT

I. Overhead Costs

Policy:

Under resolution 737 (XXVIII) as amended by resolution 1060 (XXXIX) of the Economic and Social Council "lump sum" payments are made from the UNDP (TA) Account to the Participating and Executing Agencies towards overhead costs arising from their activities in carrying out the approved technical assistance programme. No other payments are made from the UNDP (TA) Account in respect of specific administrative and/or operational services costs of the Participating and Executing Agencies.

II. Project Costs

Policy:

All costs which can be clearly defined and identified as relating to an approved project should be charged to that project.

Definitions for object of expenditure accounts for financial reporting of the UNDP (TA) Account:

The following definitions shall apply for classification by object of expenditures accounts relating to costs of project personnel, equipment, supplies and fellowships in connexion with specific projects authorized by the Administrator as identified by an appropriate project submission number.

A. Personal Services

Covers expenses for:

- Salaries, including post adjustment, if any, payable under the rules and conditions applicable;
- Termination pay, commutation of annual leave;

NOTE:

For organizations applying a staff assessment to salaries and wages the amount to be reported is the net amount.

ANNEX I (cont'd)

- Honoraria payable under the approved scheme for employment of short-term project personnel;
- Assignment allowances;
- Installation grants;
- Subsistence allowances payable to project personnel in the field in accordance with the rules and conditions applicable;
- Other personal allowances and benefits payable to project personnel in the field;
- Dependency allowances;
- Education grants and related travel;
- Non-resident allowances;
- Health and insurance contributions;
- Contributions to staff pension and provident funds;
- Reimbursement of national income taxation;
- Repatriation grant;
- Costs of premiums for insurance coverage provided by the employing organizations;
- Indemnity payments under the social security scheme chargeable to the programme;
- Special claims by project personnel as may be approved by a Participating and Executing Agency under its own rules and procedures relating to the settlement of such claims;
- Compensation payments as authorized by the Administrator.

ANNEX I (cont'd)

B. Travel and Transportation

Travel on Official Business

Covers costs of travel on official business directly attributable to the programme, including fares, travel subsistence allowances and miscellaneous travel expenses of project personnel.

Travel on Recruitment, Leave and Termination

Covers costs of travel of:

- Project personnel on recruitment or termination between place of recruitment and site of mission, or Headquarters, as applicable;
- Project personnel for purposes of home leave and annual visit to their normal place of residence according to the rules applicable to such travel;
- Dependents of project personnel entitled to have those dependents accompany them on a mission.

Other Travel and Transportation

Covers other travel and transportation expenses not included under the above-mentioned accounts, and clearly identifiable as authorized charges to a specific project, if not covered by the recipient government.

C. Equipment, Supplies and Materials

NOTE:

"Supplies and materials" are considered as expendable whereas "property and equipment" are considered non-expendable. The general principles on which property is designated as non-expendable are those governing property and equipment under the rules of the Participating and Executing Agencies. Should there be no provision in the rules of an organization on this matter, it should consider as "non-expendable" property and equipment the normal life of which is at least five years and the normal cost per unit not less than \$25.

ANNEX I (cont'd)

Covers expenses for technical and operational equipment, supplies and materials which can be clearly identified as an authorized charge to a specific project.

D. Contractual and Other Services

Printing

Covers costs of contractual printing of reports, documents, publications, etc., directly attributable to individual projects.

Communication Service

Covers costs of communications services directly attributable to approved projects, including cable, telephone and postal services, where not provided by the recipient government.

Hospitality

Covers hospitality expenses under such general rules as are approved by the Administrator, chargeable to a specific project.

Other Services

Covers expenditures appropriately chargeable to an approved project not covered under other headings.

E. Grants and Subsidies

Fellowships

Covers costs related to fellowships awarded under the programme, including travel, stipends and other payments made to fellows under the inter-organization agreement regarding such payments.

Other Grants and Subsidies

Covers other grants or subsidies made under the programme.

ANNEX II A

Form of Accounts for AuditUnited Nations Development Programme (Technical Assistance)(for reporting at the end of the first year of the biennium)
(Participating and Executing Agency)Status of funds as at 31 December 19__
(expressed in US dollars)

Balance as at 31 December 19__				X X X X
<u>Less:</u>				
Excess of 19__ allocations and other income over obligations incurred surrendered to the UNDP (TA) Account				<u>X X X X</u>
Balance, reallocated in 19__				<u>X X X X</u>
Allocations from contributions and other available funds in 19__				<u>X X X X</u>
Obligations incurred during 19__ :				<u>X X X X</u>
Project costs (Schedule A)		X X X X		
Overhead costs		<u>X X X X</u>		<u>X X X X</u>
Excess of allocations and other available funds over obligations incurred				X X X X
<u>Less:</u>				
Unobligated balance of allocations from the UNDP Revolving Fund				<u>X X X X</u>
Balance of allocations to be carried forward to 19__				<u>X X X X</u>
<u>Add:</u>				
Other income:				
Savings on liquidation of prior year's obligations		X X X X		
Miscellaneous		X X X X		
Exchange adjustments (net)		<u>X X X X</u>		<u>X X X X</u>
Surrender of unobligated balance of allocations from the UNDP Revolving Fund		<u>X X X X</u>		
Total of credits to revert to the UNDP (TA) Account				<u>X X X X</u>
Balance as at 31 December 19__				<u><u>X X X X</u></u>
Represented by:				
Cash at banks, on hand or in transit		X X X X		
Undrawn allocations		X X X X		
Accounts receivable, advances, deposits, etc.		<u>X X X X</u>		X X X X
<u>Less:</u>				
Unliquidated obligations, 19__		X X X X		
Unliquidated obligations, 19__		X X X X		
Accounts payable and other credit balances		<u>X X X X</u>		<u>X X X X</u>
				<u><u>X X X X</u></u>

ANNEX II B

Form of Accounts for AuditUnited Nations Development Programme (Technical Assistance)(for reporting at the end of each biennial programme period)
(Participating and Executing Agency)Status of funds as at 31 December 19__
(expressed in US dollars)

Balance as at 31 December 19__		X X X X
<u>Less:</u>		
Unobligated balance of 19__ allocations from the UNDP Revolving Fund and other income surrendered to the UNDP (TA) Account		<u>X X X X</u>
Balance of unobligated allocations of the preceding year carried forward on 1 January 19__	X X X X	
<u>Add</u> savings realized during the year in liquidating 19__ obligations (other than those incurred against contingency allocations)	<u>X X X X</u>	X X X X
Allocations from contributions and other available funds in 19__		<u>X X X X</u> <u>X X X X</u>
Obligations incurred during 19__ :		
Project costs (Schedule A)	X X X X	
Overhead costs	<u>X X X X</u>	<u>X X X X</u>
Excess of allocations and other available funds over obligations incurred		X X X X
<u>Add:</u>		
Other income:		
Savings on liquidation of obligations incurred in the previous biennium	X X X X	
Miscellaneous	X X X X	
Exchange adjustments (net)	<u>X X X X</u>	<u>X X X X</u>
Balance as of 31 December 19__, to revert to the UNDP (TA) Account		<u><u>X X X X</u></u>
Represented by:		
Cash at banks, on hand and in transit	X X X X	
Undrawn allocations	X X X X	
Accounts receivable, advances, deposits, etc.	<u>X X X X</u>	X X X X
<u>Less:</u>		
Unliquidated obligations, 19__	X X X X	
Unliquidated obligations, 19__	X X X X	
Accounts payable and other credit balances	<u>X X X X</u>	<u><u>X X X X</u></u> <u><u>X X X X</u></u>

ANNEXES II A AND II B (cont'd)

(Schedule A)

United Nations Development Programme (Technical Assistance)

Obligations Incurred - Project Costs
by (Participating and Executing Agency)
for the period from 1 January to 31 December 19__
(Expressed in US dollars)

<u>Country*</u>	<u>Cash Disbursements</u>	<u>Unliquidated Obligations</u>	<u>Total Obligations</u>
.
.
.
.
.
	_____	_____	_____

Totals
	=====	=====	=====

*Note: Listing may be made by country totals grouped by regions.

UNITED NATIONS DEVELOPMENT PROGRAMME (TECHNICAL ASSISTANCE)

Statement Showing the Composition of the Balance to Revert to the UNDP (TA) Account
at the end of the First Year of a Biennial Programme Period

	(1)	(2)	(3)	(4)	(5)	(6)
			<u>Unobligated Balance</u>			
			From approved Category I Programme	From Contingency Allocations		Balance
			- To be retained by	- To revert to	Other	- to revert to
Currency Category	Total Authorization ^{1/}	Obligations Incurred	Organizations	the UNDP(TA) Account	Income	UNDP(TA) Account (4) + (5)

GROUP I:

Controlled
Currencies

GROUP II:

Uncontrolled
Currencies

 Total

- ^{1/} Includes the total amounts allocated in respect of: (i) Category I Programme and agencies' overhead costs
 (ii) contingency projects
 (iii) re-allocations for equipment obligations carried forward from the _____ biennium.

1 August 1967

UNITED NATIONS DEVELOPMENT PROGRAMME (TECHNICAL ASSISTANCE)

Statement Showing the Composition of the Balance to Revert to the UNDP (TA) Account
at the end of each Biennial Programme Period

Currency Category	Total Allocation ^{1/}	Obligations Incurred	Balance to Revert to the UNDP (TA) Account	Other Income	Total Balance to Revert to UNDP (TA) Account (3) + (4)
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GROUP I:

Controlled
currencies

GROUP II:

Uncontrolled
currencies

Total

- ^{1/} Includes the total amounts allocated in respect of:
- (i) Category I Programme and Agencies' overhead costs
 - (ii) contingency projects
 - (iii) savings realized in liquidating obligations incurred in the first year of the _____ biennium.