



Secretariat

ST/AI/284  
1 March 1982

ADMINISTRATIVE INSTRUCTION

To: All heads of offices and departments  
All executive and administrative officers

From: The Assistant Secretary-General for Financial Services

Subject: GENERAL TRUST FUNDS

1. The purpose of this administrative instruction is to set out in the annex hereto the procedures to be followed by the implementing office and the Office of Financial Services in establishing, administering and controlling general trust funds in accordance with the policies contained in the Secretary-General's bulletin ST/SGB/188 on the establishment and management of trust funds.
2. This instruction is effective as from 1 January 1982.



Annex

PROCEDURES FOR THE ESTABLISHMENT AND MANAGEMENT  
OF GENERAL TRUST FUNDS

I. Establishment of a general trust fund

A. Preliminary stage

1. It is important that before a general trust fund is established, the prospective donors be made fully aware of the United Nations policies and procedures regarding trust funds, in order to ensure that the proposed trust fund is consistent with the policies, programmes, priorities and aims and purposes of the United Nations and is in accordance with the provisions contained in ST/SGB/188. The Budget Division of the Office of Financial Services should be informed of preliminary discussions being conducted with the donors.
2. Prospective donors should be advised in particular that all trust funds are charged for programme support functions executed by the Organization. The rate charged is that which has been approved by the General Assembly and communicated by the Assistant Secretary-General for Financial Services. To the extent that the activities financed under a fund do not warrant full support costs, the Assistant Secretary-General for Financial Services may make exceptions to this provision.

B. Establishment of a trust fund by the General Assembly

1. Any proposal or draft resolution to establish a general trust fund requires the submission of a report from the Secretary-General on the establishment and management of the trust fund as well as on its administrative and financial implications for the regular budget, if any. The report is prepared, in consultation with the Budget Division, by the substantive unit servicing the legislative body to which the proposal is to be first presented. From the programme point of view, the report is to indicate how it relates to the over-all policy and priority-setting decisions of the General Assembly (see para. 10 of ST/SGB/188).
2. The Budget Division reviews the trust fund proposal:
  - (a) To determine whether it meets the policies and guidelines laid down in ST/SGB/188;
  - (b) To determine whether advice is required from other offices, in particular, the Office of the Director-General, the Office of Legal Affairs and the Office of Personnel Services, and, in the affirmative, to obtain such advice;
  - (c) To determine whether there are any direct or indirect financial implications for the regular budget.

3. The findings of the Budget Division are included in the report on the proposed trust fund submitted to the General Assembly by the substantive unit.
4. Following approval of the trust fund by the General Assembly, the Assistant Secretary-General for Financial Services, in consultation, as required, with other departments and offices, designates the implementing office.
5. The implementing office completes part I of form F.238, "Proposal to establish a trust fund" (see copy attached hereto) and forwards it to the Budget Division, together with a description of the proposed trust fund, a copy of the proposed agreement with the donor(s) and estimates of income and expenditure, phased by the calendar year.
6. The Director of the Budget Division signs the appropriate block on form F.238 and forwards it to the Assistant Secretary-General for Financial Services for approval. The Assistant Secretary-General for Financial Services returns the signed form to the Budget Division, which completes part II of the form, obtaining the trust fund allotment code from the Accounts Division, and then distributes the copies to the implementing office, the Accounts Division, the Treasury and the Advisory Committee on Administrative and Budgetary Questions (ACABQ). In respect of trust funds in the economic and social sectors, a copy of the form and attachments is also sent to the Office of the Director-General for Development and International Economic Co-operation.

C. Establishment of a trust fund by the Secretary-General

1. The originating office completes part I of the "Proposal to establish a trust fund" (form F.238) and forwards it to the Budget Division, together with a detailed description of the proposed trust fund, a copy of the proposed agreement with the donor and estimates of income and expenditure phased by calendar year. The proposal should also include information on the relationship of the proposed trust fund to the over-all policy and priority-setting decisions of the General Assembly.
2. The proposed trust fund is reviewed by the Budget Division:
  - (a) To determine whether it meets the policies and guidelines laid down in ST/SGB/188;
  - (b) To determine whether advice is required from other offices, in particular, the Office of the Director-General of Development and International Economic Co-operation, the Office of Legal Affairs and the Office of Personnel Services, and, in the affirmative, to obtain such advice;

- (c) To determine whether there are any direct or indirect financial implications for the regular budget.
3. Based on this review, the Budget Division decides whether to recommend approval of the proposed trust fund as it stands or whether modifications are required.
  4. The Budget Division recommends approval by signing the appropriate block on form F.238 and forwards it and its attachments to the Assistant Secretary-General for Financial Services for approval. The Assistant Secretary-General for Financial Services indicates approval of the trust fund, designates the implementing office and returns the signed form to the Budget Division, which then completes part II of the form, obtaining the trust fund allotment code from the Accounts Division, and distributes the copies to the implementing office, the Accounts Division, the Treasury and ACABQ. In respect of trust funds in the economic and social sectors, a copy of the form and attachments is sent to the Office of the Director-General for Development and International Economic Co-operation.

## II. Pledges and payments

### A. Budget Division

The Budget Division forwards to the Treasury any information which it may receive on pledges to trust funds.

### B. Treasury Division

1. The Treasury formally records pledges received on the "Record of pledges" (form F.228). All pledges must be in written form from a representative of the donor and should indicate the amount, the type of currency, method of payment, and any conditions of the pledge. The expected date(s) of payment(s) should also be indicated.
2. The Treasury prepares an acknowledgement of pledges in the form of a note verbale or letter, as appropriate, to the donor. The acknowledgement includes notification to the donor as to where the payment(s) should be sent or to which bank accounts they should be deposited. a/
3. The Treasury distributes copies of form F.228 to the Accounts Division, the Budget Division, the implementing office, and, as required, the Press and Publications Division of the Department of Public Information.

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a/ If special conditions are attached to the pledge, no acknowledgement of the pledge should be made until the acceptability of such conditions has been determined in accordance with paragraph 30 of document ST/SGB/188.

4. The Treasury receives payments by the following methods:
  - (a) By cheque sent to it directly;
  - (b) By deposit into a United Nations deposit account, following which the bank issues a credit advice to the Treasurer;
  - (c) By deposit into an account of a United Nations office away from Headquarters or into a UNDP local contributions bank account, following which the credit is transferred by interoffice voucher (IOV) to the Accounts Division. In addition, the Treasurer is notified by cable of all amounts received over \$50,000.
5. The Treasury or other office receiving a payment issues a cash-receipt voucher. The original is transmitted to the donor with copies to the Accounts Division, the implementing office and the Budget Division.
6. The Accounts Division notifies the Treasury of transactions received by providing a copy of the incoming IOV, the field office cash-receipt voucher and the journal voucher recording the pledge, thus enabling the Treasury to control all contributions reported by offices away from Headquarters.
7. Based on a monthly status-of-pledges report received from the Accounts Division, the Treasury follows up quarterly on unpaid pledges.
8. The Treasury, based on information received on planned usage from the Budget Division, the Accounts Division and the implementing office, invests all trust fund moneys not required for immediate use. Investments may be made for a trust fund alone, or a common trust fund investment pool may be utilized for investment of moneys of a number of trust funds.

C. Accounts Division

1. The Accounts Division receives form F.228 from the Treasury and records the pledge as a receivable in the accounts.
2. The Accounts Division receives a cash-receipt voucher for payment of a trust fund pledge and records the payment as a credit against the pledge.
3. The Accounts Division prepares a monthly report on the status of pledges and sends it to the Treasury for confirmation and follow-up. A copy is sent to the Budget Division for information.

4. For those trust funds included in the investment pool, the Accounts Division computes and distributes the proportionate share of investment income to each trust fund semi-annually, based on an average of the actual cash balances at month-end for each fund having a share in the investment pool.

D. Implementing office

The implementing office appraises the Budget Division and the Treasury of any information it receives on pledges and payments.

III. Budget allotment and revisions

A. Budget Division

1. When sufficient cash payments have been received to meet initial expenditure estimates and operating reserve requirements established by the Assistant Secretary-General for Financial Services, the implementing office submits to the Budget Division a request for an allotment on the basis of a cost plan. Normally, an operating cash reserve at a constant level of 15 per cent of estimated annual planned expenditures will be maintained during the implementation of trust fund activities to cover shortfalls and will be utilized to meet the final expenditures under the trust fund, including any liquidating liabilities.
2. Proposed posts at the D-1 level and above must be endorsed by the Assistant Secretary-General for Financial Services, who will transmit the request to ACABQ to obtain its concurrence. b/
3. An allotment is transmitted by the Budget Division to the offices concerned, with copies to the Accounts Division.
4. All allotments are issued in United States dollars, and the amounts contained therein are the controlling expenditure ceilings. Therefore, all expenditures incurred, irrespective of the currency involved, must be met within the United States dollar allotment.
5. Trust fund allotments may be revised at any time during the year, usually on request by the implementing office to the Budget Division. A revised allotment not exceeding available resources is issued for each revision and is transmitted to the offices concerned, with copies to the Accounts Division.

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b/ The concurrence of ACABQ for posts at the D-1 level and above must be obtained pursuant to General Assembly decision 35/217, which endorsed the proposal contained in document A/35/7/Add.2.

6. In the case of continuing trust funds, cost plans for the following year should be submitted to the Budget Division by 1 November of the current year, thus allowing time for review by the Office of Financial Services, and, for new posts at the D-1 level or above, ACABQ concurrence.
7. At the end of each year, unencumbered balances of allotments lapse. If specific elements of the work programme remain uncompleted, a revised allotment may be requested for the ensuing year, supported by an explanation for the underimplementation.

B. Accounts Division

The Accounts Division records the allotments and revisions thereof received from the Budget Division.

C. Implementing office

1. Based on information from the Treasury on cash received, the implementing office prepares a detailed cost plan and submits it to the Budget Division together with a request for an allotment.
2. The offices concerned receive allotments from the Budget Division, authorizing them to incur expenditures up to the annual budget limits contained in the allotment.
3. Requests for revised allotments are initiated by the implementing office and transmitted to the Budget Division for approval and issuance.
4. The certifying officer for the implementing office is responsible for certification of financial and personnel transactions, in accordance with the applicable financial and staff regulations, rules and instructions.
5. Procedures for requesting annual allotments and revisions to cost plans in the second and subsequent years of a general trust fund are outlined in part III, section A, paragraphs 6 and 7, above.
6. In the case of any trust fund with an estimated annual expenditure of more than \$500,000, the implementing office must submit to the Treasury each month a three-month rolling forecast of cash requirements, for use in cash management.

IV. Accounting

A. Accounts Division

1. Accounts are separately maintained for each general trust fund.
2. In accordance with financial rule 111.8, financial transactions for general trust funds are recorded in the accounts on an accrual basis.



3. The Accounts Division records pledges on the basis of the Record of Of pledges (form F.228) against general ledger accounts for pledges receivable for the current year and pledges receivable for future years.
4. Pledges are translated into United States dollars at the United Nations rate of exchange valid for the date the pledge was made. If the United Nations rate of exchange at the time the funds are received is different from that at the time the pledge was made, the amount of the item, "pledge unpaid (asset)", is adjusted to agree with the amount received, and the difference is recorded as loss/gain on exchange. The item "income from pledged contributions" however, is not adjusted to reflect changes in exchange rates and, consequently, it reflects the value of the pledge at the United Nations rate of exchange in effect on the date the pledge was made.
5. Any prior unpaid pledge and unpaid pledges due by the end of the current year are retranslated at the date of the current financial statements at the United Nations rate of exchange in effect at that date, and any difference is recorded as loss/gain on exchange.
6. Pledges received for future years are recorded as deferred income and are not retranslated until the year the pledges become due for payment.
7. Pledges of contributions in kind are given an estimated monetary value by the implementing office at the time the pledge is received. They are entered in memoranda accounts on the basis of information received from the implementing office and are reported in foot-notes to the financial statements.
8. Cash balances of trust funds are normally maintained in a trust fund bank account which is separate from the bank accounts which contain the General Fund cash balances.
9. Payments of trust fund expenditures may be made from a common fund bank account. The interfund indebtedness thus created between the various funds is settled each month in cash, based on the net interfund indebtedness shown in the end-month accounts.
10. All trust funds are subject to a charge of 1 per cent of the net base salaries and of fees of consultants as a reserve for possible claims covered by appendix D of the United Nations Staff Rules. This reserve is kept in a special United Nations commingled account and is not refundable to donors.

B. Implementing offices

1. Implementing offices at Headquarters receive and review monthly allotment reports of disbursements and unliquidated obligations supplied by the Accounts Division.

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2. Implementing offices away from Headquarters enter the allotments approved and issued by the Budget Division in their financial accounts.
3. Implementing offices away from Headquarters maintain books of general ledger and allotment accounts on a pattern similar to that described for the Headquarters accounts in part IV, section A, above.
4. General trust fund accounting transactions by offices away from Headquarters are transferred monthly to the Headquarters accounts in the same manner as regular budget allotment accounts.

V. Reporting

A. Financial

1. Allotment reports are prepared and issued monthly by the Accounts Division in the same manner as the regular budget allotment reports.
2. Financial statements for general trust funds showing income, expenditure, assets and liabilities are prepared by the Accounts Division on a semi-annual and biennial basis.
3. The financial statements are distributed to Budget Division, the Treasury, the implementing offices, ACABQ, the Board of Auditors, the donors and other interested parties for review and action, as required.

B. Substantive

Annually, or more frequently as requested, substantive progress reports on implementation are prepared by the implementing office for each general trust fund. These reports are transmitted to the Budget Division. Copies of the reports for general trust funds in the economic and social sectors are also sent to the Office of the Director-General for Development and International Economic Co-operation.

VI. Auditing

All general trust funds are subject to audit by the Internal Audit Division of the United Nations and the United Nations Board of External Auditors. No other additional or special audit arrangements shall be made with donors.



PROPOSAL TO ESTABLISH A TRUST FUND

PART 1

Date:

Submitting Office (if different from implementing office):

Proposed implementing office:

Title of programme manager:

Title of trust fund:

Approval by:  Legislative body (name):

Secretary-General

Donor(s)

Estimated amount and type of currencies

Purpose:

Relationship to regular budget (specify section and programme):

Relationship to other approved or proposed trust funds:

Financial implications for regular budget:  None (if otherwise, attach an explanation)

Anticipated start date and duration:

*Attach a detailed description of the proposed trust fund, a copy of the proposed agreement with the donor(s) and income and expenditure estimates phased by calendar year.*

<p><i>Reviewed and recommended for approval</i></p>	<p><i>Approved</i></p>
<p>_____ DIRECTOR, BUDGET DIVISION                      DATE</p>	<p>_____ ASSISTANT SECRETARY-GENERAL                      DATE FOR FINANCIAL SERVICES</p>

**PART II** - *To be completed by Budget Division after approval of trust fund.*

Type of trust fund:  Substantive  Operational

Trust fund allotment code (*Obtain from Accounts Division*):

Fund subject to programme support at regular rate:  or other (*requires specific approval of the Assistant Secretary-General, Financial Services*):

Anticipated programme support income per year:

19__	19__	19__
\$ _____	\$ _____	\$ _____

Certifying officer: \_\_\_\_\_

*Note. Allotment not to be issued before submission of cost plan and payment of contribution(s). See Administrative Instruction ST/AI/284.*

Approved:

\_\_\_\_\_  
BUDGET DIVISION

\_\_\_\_\_  
DATE

ORIGINAL: Budget Division

COPIES: Submitting office

Implementing office

Accounts Division

Treasury

Advisory Committee on Administrative and Budgetary Questions

Office of the Director-General for Development and International Economic Co-operation (Economic and Social Sectors only)