

## Use Cases

### Use Case 03: WHO Country Office implementation

WHO Country offices account for a large portion of WHO's programmatic implementation and while the WHO ERP system is implemented in all country offices, there are certain specificities that apply to country office finances and programme implementation that add complexity that needs to be taken into account in the design of a new ERP system.

This use case describes the requirements of two interrelated processes, including the complexities that the new ERP is expected to handle in all WHO Country Offices, some of which have limited connectivity and staff, so processes must be user friendly and automated to the extent possible.

**Imprest:** is the country office cash and bank accounting system that is used for releasing payments locally in the country, as well as accounting for related expenditures.

**Grants from WHO to external partners: Ministries of Health and Non-state Actors** are implementation modalities that are mainly used at country office level, and form a major component of country office programmatic expenses in large parts of WHO.

#### Imprest

WHO COs use local bank account – Imprest bank account to release payments to local beneficiaries. WHO COs also have an imprest cash account for accounting cash transactions, which are both for petty cash and, in some cases (in particular in emergencies), field advances.

- Payments that are made through the imprest bank account can be initiated at the local level by the CO (this is the situation described below)
- They can also be initiated centrally (a payment handed by global accounts payable is made in the imprest local currency) – in this case the CO receives an instruction from the central payment platform (CPP) to release the payment from its Imprest account.

The new ERP must support the application of the global policy on Imprest payments by:

- Including controls for situations where WHO Country Offices pay vendors directly from Imprest accounts, to limit these as per policy requirements
- Providing transparent information throughout the three levels of WHO (country office – regional office – HQ)

The new ERP must be able to handle the below 4 situations

1. Low value Local procurement for WHO COs running costs and programme implementation:

- Direct payments to local vendors (with no encumbrance/without PO): for low value non-recurring payments under a defined threshold, WHO COs can procure from local suppliers and directly release the related payments from their Imprest bank account. An example of this type of expense is a meeting with limited participation held at a local hotel, where an APW cannot be established. The vendor must be selected from a local vendor database also accessible globally (local database should be integrated to the global supplier database and have a compatible format). Accumulated payment amounts made to local vendors are limited and cannot exceed defined thresholds.
  - Pre-expensed payments from petty cash funds: A pre-expensed petty cash fund is established in each WHO CO for very small payments in cash to local shops. E.g. to purchase drinking water for the office, office supplies, pay for local parking, etc. A maximum petty cash fund amount is set for each WHO country office and monthly replenishments (following the review of the actual cash payments made) are only possible up to the maximum authorized amounts.
2. Procurement under graded emergencies: Under graded emergencies and for specific types of expenses, the local procurement threshold is increased. Encumbrances (Purchase Orders) are created to allow reviews by project approvers. Suppliers are selected from a local (or global if the same vendor exists globally) database. Payments are then released by check or through payment instructions.
  3. Direct Implementation: This applies to situations where the WHO CO distributes payments (incentives or per diem) to large groups of beneficiaries (generally at the request of the MOH) for the implementation of large field activities such as immunization campaigns or responses to health emergencies. One global encumbrance (PO) is created, and individual payments are processed either through individual payments (one payment voucher per person) or through grouped payment instructions to a bank or a mobile payment provider. The vendor indicated on the PO is a generic name while payment beneficiaries are either individuals or groups, named on the payment voucher.
  4. Indirect payment through operational advances: Operational advances are only authorized for Direct Implementation and for procurement during graded emergencies. In this case, the payment is made to a WHO staff responsible for payment distribution; it is recorded as an account receivable. The expenditure will only be recognized when the actual expenditure detail and supporting documents are submitted to the WHO CO. The advance is then closed and expenditure recorded in the expenditure database.

The new ERP should also include other functionalities:

1. Reporting

- The system must have the ability to provide interactive dashboards for the expenses incurred with multiple filters and fields for complete analysis, readily available for Imprest users, and with visibility directly from Imprest
- Reporting on cashbook transactions to be easily accessible based on the user's Imprest account access and in a real time with possibility to export data to Excel directly from Imprest
- Various GL reports should capture all fields of elmprest vouchers (including to facilitate GST/VAT reconciliations) with possibility to generating report based on any parameter

2. Other requirements

- Automatic bank reconciliation through electronic bank statements
- Workflow for replenishment of funds for the country offices based on business rules
- Integration with e-payment, mobile money platforms and potential integration with local 3rd party Imprest systems
- Integration with WHO eWorkflow such that when an eMemo payment request is approved, the approver can trigger the creation of a payment voucher in draft status
- Workflow should be available directly from mobile devices (for transactions as well as key information like access rights, holder name, Imprest ceilings, etc.)
- Attachments should be possible for upload directly from mobile devices
- For cash payments, the system should be able to capture the signature and valid ID proof directly from a mobile phone/device
- Critical documents like IDs, signatures need to be stored securely within the imprest facility
- Fully integrated to ensure full audit trail of all imprest transactions.
- Ability to setup zero balance accounts in elmprest to facilitate easier accounting

**Functional requirements for Imprest:**

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| FIN-FR-308 | Enable geographically disbursed offices to record transactions related to their imprest account.   |
| FIN-FR-309 | Ability for operational advances to be created from the Imprest module, linked to existing Imprest PO encumbrance and recorded as short-term receivables. Accounts receivable ledger should be available to monitor individual balances (liquidation status of each advance for each payee can be monitored, ageing report etc.). This should include automated calculation/recording of exchange gains/loss when advance/recovery are in different currencies |
| FIN-FR-310 | An Imprest PO report to be available to show the expensed amount, the encumbered amount and the amount of operational advance out of total encumbrance   |

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| FIN-FR-311 | Automatic bank reconciliation through electronic bank statements   |
| FIN-FR-312 | A local vendor database to be available for each Imprest country but linked to global supplier database: to avoid typing in payee names and ensure that payee names are consistently entered.  |
| FIN-FR-313 | Imprest expenditure should be encumbered directly from the Imprest account functionality (and not through the service procurement registration page in the procurement module as today), for 3 types of Country level transactions: local purchases, operational advances and liquidations (for payments made through employee advances) and payments made directly to beneficiaries in the field. Funds encumbered through an IPO will be available to issue payments and to release operational advances. The encumbrance will be liquidated either when a voucher is issued or when the operational advance is liquidated (and the corresponding expenses are recorded). Deliverables should be optional for IPOs (only mandatory for certain types of IPOs, e.g. Direct Implementation IPOs) |
| FIN-FR-314 | Same voucher should be able to capture both the amount to be charged to the IPO and the GST/VAT line. Thus, separate voucher for GST/VAT should not be required.   |
| FIN-FR-315 | Workflow should be available directly from mobile devices for access in the field (for transactions, as well as key information like access rights, holder name, imprest ceilings etc)   |
| FIN-FR-316 | GL Reports: Various GL reports should capture all fields of imprest vouchers (including to facilitate GST/VAT reconciliations). Generating report based on any parameter should be possible.   |
| FIN-FR-317 | Reporting to provide interactive dashboards for the expenses incurred with multiple fields for complete analysis, readily available for imprest users with visibility directly from Imprest; Reporting on cashbook transactions to be easily accessible based on the user's Imprest account access and in real time.   |
| FIN-FR-318 | Attachments should be possible to be uploaded directly from mobile devices   |
| FIN-FR-319 | For cash payments, system should be able to capture the signature and valid id proof directly from mobile phone  |
| FIN-FR-320 | Integration with WHO eWorkflow such that when an eMemo payment request is approved, the approver can trigger the creation of a payment voucher in a draft status   |
| FIN-FR-321 | Integration with e-payment, mobile money platforms   |
| FIN-FR-322 | Potential integration with local 3rd party imprest systems   |
| FIN-FR-323 | Critical documents like IDs, signatures need to be stored securely within the imprest facility   |

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| FIN-FR-324 | Fully integrated to ensure full audit trail of all imprest transactions.                |
| FIN-FR-325 | Workflow for replenishment of funds for the country offices based on the business rules |

**Grants from WHO to external partners: Ministries of Health, Non-state Actors**

Outgoing grants include grants made by WHO COs to the Ministry of Health or other national health related institutions (Direct Financial Cooperation agreements -DFC) and to non-state actors (LOA/grant-GLOA) for the implementation of WHO programmes.

There are specific needs as outlined below in this document - one important requirement is the need for assurance and transparency in the use of funds by grant beneficiaries, as WHO relies on financial and technical reports post implementation to ascertain that the granted funds were spent as agreed.

**Submitting a new grant in the ERP system**

A substantial amount of offline preparatory work is necessary. Once the grant proposal has been assessed, compared, challenged and the grantee has been cleared through various WHO review mechanisms, the grant is proposed for funding and implementation through the submission of a **grant request** (currently a PR – purchase requisition is done) in the ERP system/workplan, where final approvals take place.

All important information related to the outgoing grant must be provided and included as attachments in the ERP:

- type of grant: DFC/GLOA.
- Requesting unit, requesting person and Responsible Officer
- Designation of the grantee: to be selected from the supplier’s database
- Description of the funded activities
- Total grant amount and payment instalments
- Information on the funding sources Project (or workplan), task, Award (funding source), Organization raising the request
- List of deliverables (mandatory and optional): mandatory deliverables for DFC and GLOA must automatically appear on the grant request page, while optional ones can be added depending on the terms of the agreement – if these are added, they should also appear on the grant request page for approvers to have easy access to review them.
- The proposed/agreed budget is entered on the grant request page by selecting the WHO standard budget categories used in the proposal with the corresponding planned expenditure amounts.

Mandatory documents must be available for review, they are uploaded on the grant request page. Submission of the request is not possible if these documents have not been uploaded.

After submission, designated quality assurance reviewers receive a notification to check the request to ensure compliance with WHO rules and the correctness of the submission. Each WHO region (HQ, AF, EM, SE, WP) can decide to activate this workflow depending on the type of contract (DFC, GLOA, and/or Imprest) and the grant amount. The request can be then either returned to the initiating unit for required corrections or cleared and only after this QA clearance will the PR be submitted to project approvers through the workflow.

### **Grant approval and payment**

Once the grant has been approved for funding and implementation, the funds attributed (typically from a voluntary contribution) to the grant are immediately reserved and cannot be used for other purposes.

In addition to the grant amount, a percentage (currently 0,5% of the grant amount) is reserved and credited directly to a GL account at initiation of PR, for assurance activities fund. This amount is not visible in the grant agreement sent to the grantee.

Agreements for DFC are standard agreements automatically generated by the ERP based on the information entered on the grant request page and sent to the grantee for signature once all the approvals as per the DOA are completed.

Information that has been input into the GLOA purchase requisition is captured by the system to automatically create the official GLOA template. This filled out template is then available to the requester to be modified if necessary.

In addition to the agreement templates, other mandatory standard forms (Justification Memorandum, Grant Review Committee report, Grantee Capacity Assessment questionnaire) must also be available and are pre-filled based on the information inserted into the Grant request page.

The payment of the grant instalments to the grantee are reflected as an advance (account receivable) in the general ledger until the grant deliverables are recorded in the ERP.

A list of open advances and an ageing report must be available.

### **Receipt of final reports**

Once the agreed grant activities have been completed, the grantee submits the certified final reports (financial and technical) as specified in the signed agreement. They are reviewed,

accepted/certified and then attached with the other mandatory documents by the WHO responsible officer.

The Responsible officer enters the actual expenditure amount for each WHO standard budget category on the Grant request page.

Once the financial and technical clearance process has been completed, the advance is closed, reconciled and the grant expenditure is recorded in the expenditure database.

Reports with grant expenditure detail by budget categories by PO, Project, Award, donor, budget centre, grant type, Major office, etc. must be available. Expenditure detail by PO forms the basis of post facto assurance activities where actual expenses are verified against the grantee's records to ensure that grants have been implemented correctly as per the signed agreement.

Remaining Advance balances are refunded to WHO. Specific reports on pending refunds are needed.

#### Functional Requirements for Grants from WHO to external partners

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| FIN-FR-466 | A distinct PR/PO category for grants (DFC and GLOA) from WHO is required, so that grants can be managed according to specific DFC and grant policies and are not subject to procedures specific to services procurement. The PR should include DFC/ Grant LOA categories for user to select for detailed reporting/analysis on use of grant funding. |
| FIN-FR-467 | Ability to record grant payments as advances (not expensed immediately), to be liquidated later based on financial and technical reports (expenditure to be charged to various expenditure types by nature corresponding to agreed budget categories), as well as the ability to expense directly.   |
| FIN-FR-468 | Accounts receivable ledger to be available to monitor individual balances (liquidation status of each advance for each payee can be monitored, ageing report etc.). This should include automated calculation/recording of exchange gains/loss when advance/recovery are in different currencies   |
| FIN-FR-469 | Ability for users to see in real time the expensed amount, the advances and encumbrance balances.  |
| FIN-FR-470 | Ability for the system to require specific documents to be uploaded before submission of PRs at initiation of PR, to support receipting of deliverables, final reports.  |
| FIN-FR-471 | Up-front Quality Assurance control by specialist function submissions  |
| FIN-FR-472 | DFC /Grant LOA document templates available on-line (e.g. DFC/ Grant justification memoranda; DFC/ Grant agreement templates; Certified Expenditure (FACE) report template ; IP assessment template, etc.)   |

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| FIN-FR-473 | Automatic refund accounting facility based on the final expenditure reporting, linking to AP and a GL "DFC refunds receivable", including the option to place a hold on the supplier until the refund has been received by WHO.   |
| FIN-FR-474 | Ability to reserve a percentage of PR value to be credited directly to a GL account at initiation of PR, for assurance activities fund.   |
| FIN-FR-475 | Integrated repository of IP risk assessments as well as assurance activities; users should have ready visibility to proposed IP's (Supplier's) risk assessment as well as assurance activities that have previously been conducted on activities related to specific suppliers. |