

# **Project Workplan Financial Plan: Financial Flexibility**

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Last updated: February 2025

# Overview



Funded partners need to be able to deviate from original financial plans and, if they have strong internal controls (which usually means a greater likelihood of achieving all the intended results), then UNHCR is willing to give them a greater level of financial flexibility.

The basis for calculating the values permitted for budget reallocations/variations between outputs (to comply with the financial flexibility **control** at output level of either **30 or 50%**) is the budget stipulated in the project workplan's "Results and resourcing" section (if the project workplan has been amended – it is the amended budget in the amended project workplan).

The **project workplan's budget** in the "Results and resourcing" section is what is used to determine the values for the financial flexibility between outputs on the reported expenditures. It is the partners' reported expenditures that must comply with the 30 or 50% control at output level, i.e. expenditures at the output level are compared with the total budget value for that same output as stipulated in the project workplan's "Results and resourcing" section.

**Direct shared costs** are not to be considered as separate outputs to which this financial flexibility control can be applied. Direct shared costs are apportioned in the outputs and therefore form part of each output's total value.

**The financial flexibility is applied against each Output and is not restricted by the expenditure organization (Exp. Org).** However, please take into consideration any **donor earmarking restrictions on population types** which may require another layer of controls for the financial flexibility.

# ALERT #1: PFR template for 1 type of amendment

If the partner **solely** needs to surpass the financial flexibility control at output level that is stipulated in the project workplan contract, and UNHCR approves, the **PFR template can be used for this type of amendment**. There is no need to reopen COMPASS, redo the partnership scope and generate the FPN and IND amendment templates, so long as the overall total budget in the project workplan does not require changing and/or the results plan does not need modifications (i.e. new outputs/indicators).

Changes to the values of the financial lines can be made using the reallocation columns within the PFR template, ensuring that **row 24** under the reallocation columns has a **dash** (i.e. a value of zero) and the expenditure columns can be left blank. If the operation only wants to process this type of amendment, the expenditure columns can be left blank. Alternatively, the **reallocations above the financial flexibility control can be processed at the same time as a scheduled PFR with reported expenditures**. In other words, the one PFR template would reflect the verified expenditures for the reporting period and the reallocations above the financial flexibility control. It is at the operation's discretion as to whether they choose to combine the two tasks or process them separately. It is important for UNHCR and the partner to always **use the 'comments' columns** in the PFR template to document this financial flexibility amendment.

The **contract in Cloud ERP** will still need to be **amended and versioned** to align with the changes applied to the budget at the output level. See the [Guidance on Amendments](#) for more details on the steps required for a project workplan amendment.

## ALERT #2: Re-recording of PFRs [to reflect corrected expenditure]



It is not possible to process a PFR that results in any **negative remaining balance values** at the level of the **entire output and expenditure organization (Exp. Org.)** – this will cause an integration error.

Therefore, it may be necessary to shift some expenditures from their correct output/exp. org. to another and use the 'comments' columns to explain the **false reallocation. This false reallocation is not part of the financial flexibility control calculation at output level (30% or 50%).** Furthermore, there is the potential for big expenditure shifts to appear to exceed the project workplan's 30 or 50% control.

Because this shift is made only to accommodate the system integration limitations and is not reflected in the partner's GL or other financial verification documents, **it does not constitute an amendment** (if the financial flexibility control is surpassed with these expenditure shifts).

Any shifted amounts to avoid negative remaining balances should **not be included in the calculations** when verifying if expenditures are within the minimum and maximum financial flexibility range.

Project Control is encouraged to monitor such circumstances and to **always use the comments columns** to clearly explain the values that have been shifted from one output/exp. org. to another to avoid negative remaining balances.

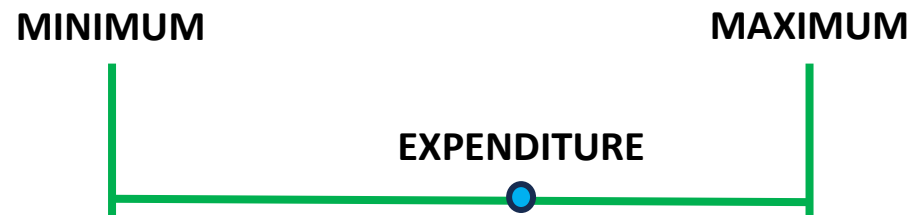
# Financial Flexibility Range



UNHCR can track the partner's adherence to the financial flexibility control (30 or 50%) with their reported expenditures by calculating the **minimum and maximum thresholds of budget allocation for each output**.

The **minimum threshold** clarifies the level of budget at the output level that the partner cannot move into a different output without consultation with UNHCR and an amendment to the contract.

Similarly, the **maximum threshold** is calculated to clarify the upper limit beyond which more expenditure cannot be moved into that output from a separate output without consultation with UNHCR and an amendment to the contract.



**Use PFR 'Accumulated Expenses YTD' (column W) + 'UNHCR Proposed Actuals' for each Output as reference points**




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# Calculating + Monitoring financial flexibility control:

## Use Project Workplan contract's 'Results and resourcing' table for each Output as the other key reference point

Project Workplan

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Outcome area	Click or tap here to enter text.
Location	Description of Activities
Click or tap here to enter text.	Click or tap here to enter text.

### Timelines

	Start date	End date
Implementation Period	Click or tap to enter a date.	Click or tap to enter a date.
Liquidation Period	Click or tap to enter a date.	Click or tap to enter a date.
Duration (including Project Closure)	Click or tap to enter a date.	Click or tap to enter a date.

### Results and resourcing

Further details have been agreed between the parties in a Financial Plan and a Results Plan, which are summarized in the table below. The Financial Plan and Results Plan are incorporated by reference in this Project Workplan.

Output	Key activities per indicator	Total Budget
[code] [output statement] [indicator COMPASS]	Click or tap here to enter text.	[output level]
[indicator COMPASS]	Click or tap here to enter text.	
[indicator COMPASS]	Click or tap here to enter text.	
[code] [output statement] [indicator COMPASS]	Click or tap here to enter text.	[output level]
[indicator COMPASS]	Click or tap here to enter text.	
[indicator non-COMPASS]	Click or tap here to enter text.	
GRAND TOTAL [insert currency]		[Insert]


<b>Additional factors</b> Include additional factors that UNHCR considered when deciding essential controls, where relevant.	Other
<b>If other, please provide details</b>	Click or tap here to enter text.

### Essential controls

<b>Expected number of prepayments</b> <i>This number is aligned with the agreed Financial Plan</i>	Choose an item.
<b>Value of the first prepayment</b> <i>As a percentage of the total value of the project when determined. This % is aligned with the agreed Financial Plan</i>	[Insert %]
<b>Breakdown of Partner personnel expenditure</b> <i>Mark whether it will be mandatory for the Partner to submit a breakdown of personnel</i>	Choose an item.

Also, check the **budget flexibility control** in the contract

Project Workplan

The UN Refugee Agency

costs charged to the project with each Project Financial Report.

**Budget flexibility**  
High/significant risk rating ALWAYS = 30% budget flexibility.

The [UNHCR Risk Ratings and Essential Controls](#) table for recommended calculations to determine essential controls.

Drop down menu

Choose an item.

Choose an item.

Limited at 30%

Limited at 50%

### Reporting

Whilst the Project Financial Reports (PFRs) must be submitted in the format provided by UNHCR, the Partner and UNHCR jointly determine the format of other reports. Where Partners already carry out other relevant monitoring and reporting activities (including interagency and/or sectoral reporting), UNHCR may approve the use of the corresponding tools and formats to satisfy some of the reporting requirements below.

Report	Due dates
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# Calculating + Monitoring financial flexibility control:

## SAMPLE FINANCIAL FLEXIBILITY CALCULATION TOOL



PPA Number	13041Y24M036205
Partner Name	COMMISSION D'ENTRAIDE POUR LES MIGRANTS
Budget Year	2024
Partner ERP Site	P-CGBRAZZAVI01
Operation	COG
Currency	XAF
Total Negotiated Budget	134,538,560
Total Current Amount	354,819,270

STEP 1: Copy and paste the data from the top lefthand summary table in your PFR into the white cells of the table ABOVE (i.e. columns C and D for rows 2 - 9 above).

STEP 2: Copy and paste the data from the revelant cells in your PFR into the white cells of each table BELOW (per Output and Expenditure Organization).

OUTPUT 'A' CODE	XXXXXXXXXX
Expenditure Organization / Location	ABC-XXX-XXX-XXX-01
Accumulated Expenses YTD (column W)	13,826,260.14
UNHCR Proposed Actuals (Total including PSC)	148,515.00

OUTPUT 'A' CODE	XXXXXXXXXX
Expenditure Organization / Location	ABC-XXX-XXX-XXX-02
Accumulated Expenses YTD (column W)	24,524,231.80
UNHCR Proposed Actuals (Total including PSC)	10,522.00

OUTPUT 'A' CODE	XXXXXXXXXX
Expenditure Organization / Location	ABC-XXX-XXX-XXX-03
Accumulated Expenses YTD (column W)	11,284,813.68
UNHCR Proposed Actuals (Total including PSC)	

OUTPUT 'A' CODE	XXXXXXXXXX
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STEP 3: Select partner's Budget Flexibility in accordance with partner's most recently approved, signed and 'active' Project Workplan.

BUDGET FLEXIBILITY CONTROL	
High/significant risk rating ALWAYS = 30% budget flexibility	30%

STEP 4: Double check that the auto-filled grey values in the table BELOW reflect the correct sum total for the entire Output.

SUM TOTALS FOR OUTPUT 'A'	
Accumulated Expenses YTD (column W)	59,109,908.16
UNHCR Proposed Actuals (Total including PSC)	660,465.00
TOTAL OUTPUT Accumulated Expenses YTD (column W) + UNHCR Proposed Actuals	59,770,373.16
Project Workplan contract: Results and resourcing - Total Output Budget	154,482,624.00

STEP 5: Enter the Total Budget per Output in the white cell ABOVE from the most recently approved, signed and 'active' Project Workplan.

With the above output budget flexibility, this means that, by the end of the year, the partner can spend, on this Output, a total value of anywhere between these minimum and maximum threshold **AMOUNTS**.

MINIMUM THRESHOLD	MAXIMUM THRESHOLD
108,137,836.80	200,827,411.20

STEP 6: Review the minimum and maximum thresholds for the Output ABOVE (automatically calculated) against the "TOTAL OUTPUT Accumulated Expenses YTD (column W) + UNHCR Proposed Actuals" value to ensure the latter remains within the flexibility range.

Calculation tool provides **step-by-step guidance** for filling out required data fields inside excel from your PFR and contains **predefined formulas** for ease of tracking if partners' expenses remain within the financial flexibility control.

Access tool [here](#)  
(Programme Handbook GET – Section 4 Repository).





**END**