

HEADQUARTERS EUFOR/NHQSa

COMMON HQ SOP – DCOS SPT/J8 SOP 6415

SHARED GOODS AND SERVICES – FINANCIAL CYCLE MANAGEMENT

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REFERENCES:

- A. COUNCIL DECISION (CFSP) 2021/509 OF 22 MARCH 2021 ESTABLISHING A EUROPEAN PEACE FACILITY (EPF).
- B. NATO FINANCIAL RULES (NFR).
- C. EPF IMPLEMENTING RULES, PART IV.

1. INTRODUCTION:

This Standard Operating Procedure (SOP) is applicable to HQ EUFOR and NHQ Sa Finance and Branch Fund Managers involved in the commitment or procurement of cost shared goods and services financed by either entity.

2. GENERAL:

The purpose of this SOP is to formalize the internal financial procedures and responsibilities involved in accounting for cost shared expenditures and establishes monitoring and reporting requirements for two separate entities, which are financed from different sources and operate under different sets of books in the financial system.

The Cost Share ratio applicable shall be in accordance with the official ratio approved by the ACO Financial Controller. The ratio is reviewed on a semi-annual basis.

3. STRUCTURE:

The applicable workflow and related tasks, as described in Annex A and B, have been approved by NHQ Sa and HQ EUFOR J8 Finance and Accounting (F&A) Managers and apply only when goods and services are eligible for shared common funding.

4. POLICIES:

10 NOV 2023

The workflow is established to ensure that both NHQSa and HQ EUFOR work in parallel and both entities have complete visibility of costs shared transactions in their financial system. The Fund Managers have a key role in establishing the link between the two accounting systems.

5. PROCEDURES:

- a. Standard procedures for cost shared goods and services passing through procurement cycle:

- (1) Commitments for cost shared goods and services shall be recorded "simultaneously" in each entities financial system in accordance with the applicable NATO and/or EU Financial Rules and Regulation. All commitments shall be supported with relevant documentation, such as justification and statement of work.

The Fund Manager shall initiate/record the request for commitment of cost shared goods and services as follows:

- (a) **The Leading Entity** shall commit the "full" funding of the appropriation split in accordance with the cost share applicable;
 - (b) **The Reimbursing Entity** shall commit "only" the amount of the cost share to be reimbursed to the Leading Entity.

The commitment for the Reimbursing Entity is considered a "technical/fiscal" commitment in order to facilitate reservation of funds. Where available, it shall refer to the commitment number generated by the financial system.

- (2) Receiving of cost shared goods and services shall be recorded in each entities financial system simultaneously.

- (a) **The Leading Entity** receiving shall be recorded for goods in the warehouse management system by warehouse personnel and for services in the financial system by the Fund Managers or Calling Officers where applicable.
 - (b) **The Reimbursing Entity** receiving shall be recorded for goods and services in the financial system by Fund Manager.

- (3) The Leading Entity shall raise and issue Collection Voucher (CV) to the Reimbursing Entity on a monthly basis, as part of their end-of-month procedures. The CV shall take into account all invoices paid for cost shared goods and services received by the Leading Entity during the month. The CV shall be substantiated with supporting documentation, including a detailed report of each invoice and commitment number, where available.

- (4) The Reimbursing Entity shall process the CV in accordance with standard invoice processing procedures whereby the CV is matched to the relevant technical/fiscal commitments recorded in their financial system.

10 NOV 2023

b. Standard procedures for goods issued from the Leading Entity's warehouse to the Reimbursing Entity and services provided by the Leading Entity for the Reimbursing Entity.

(1) The Fund Manager shall receive on a monthly basis a report for:

(a) **Goods issued** to the Reimbursing Entity, from the relevant warehouse(s), based on an inventory listing from the warehouse management system.

(b) **Services provided** to the Reimbursing Entity, from the relevant branch responsible for provision of these services.

(2) The Leading Entity shall raise and issue Collection Voucher (CV) to the Reimbursing Entity on a monthly basis, as part of their end-of-month procedures. The CV shall take into account all the goods issued and services provided to the Reimbursing Entity during the month. The CV shall be substantiated with the monthly reports provided by the warehouse and service provider.

(3) The Reimbursing Entity shall process the CV in accordance with standard invoice processing procedures whereby the CV is matched where applicable to the relevant technical/fiscal commitments records in their financial system.

6. OTHER PROVISIONS:

The SOP is subject to review on an annual basis and the Annexes are subject to amendments by the F&A Managers of both entities if required.

Ovidiu LUNG
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ANNEXES: A. STANDARD WORKFLOW
B. WAREHOUSE AND SERVICES WORKFLOW