

The AOS income target modality

Current modality:

The budget modality requires the establishment of "Income Targets" for all divisions/offices at headquarters and in the field at all levels (Regional/Subregional Offices, FAORs) for any income they are expected to earn. These targets are set as negative income amounts and are included in the yearly allotment of all Budget Holders.

New modality:

Starting in 2010, COIN will show, in the FAOR Office Allotment module (see sample screenshot below), the office's AOS income target as automatically calculated by FPMIS (i.e. the sum of all AOS forecast income calculated project by project). FAORs should check that the calculation of AOS is in accordance with the applied support cost rate reflected in FPMIS. This is to ensure that the AOS earnings data derived from FPMIS are accurate since specially in cases of reduced PSC rate, the FAORs may not be eligible to receive AOS share. It will also be possible to view the monthly AOS movements, i.e. the credits posted on a monthly basis and the balance of the income still to be earned. The income target in COIN is for information only, i.e. it will not be reflected as part of the country office budget (as a negative income) in the "COIN Financial Statement". Also, in Oracle/DW, the AOS income target will remain aggregated at the regional level, while AOS credits will be posted at country office level therefore allowing the FAORs to utilize directly their AOS resources.

As part of good financial planning practice, FAORs should make certain that anticipated AOS income that will for sure be earned must be spent within the year and especially by the end of the biennium to avoid large under-expenditures.

The "Forecast AOS Income", reflected in the FAOR Financial Situation, will be automatically calculated in COIN as the difference between the AOS income target extracted from FPMIS and the AOS earnings credited as Actuals in Oracle/DW. In this respect, AOS earnings will continue to be credited, as in the past, directly to the FAOR office allotment in the Revenue Section/Support Cost accounts when the project is of national coverage (FAOR as Budget Holder and AOS Emergency national). When an Emergency project is of subregional or regional coverage, the AOS earnings will be credited at regional level. When the Emergency project is of interregional or global coverage, the AOS earnings will also be credited at regional level based on the below share (based on 2010 Emergency delivery estimates by region):

- ☐ Africa: 50%
- ☐ Asia: 18%
- ☐ Near East: 8%
- ☐ Latin America: 21%
- ☐ Europe: 2%

AOS Planning

The ROs are responsible for aggregate planning and monitoring of AOS resources as well as for support on issues related to the AOS targets available from COIN, to ensure that income always is in line with planned expenditures.

The AOS income target represents the level of AOS income that the FAOR office is committed to earn during the year. It is based on the FAOR's own delivery estimates posted in FPMIS and the specific AOS rule applicable to each project.

The AOS income target at country office level as reflected in COIN is expected to be refreshed automatically from FPMIS on a daily basis and, therefore, will change as the Budget Holder modifies the delivery estimates in FPMIS. For this reason, it is important to update the data in FPMIS as soon as there are expected changes in the delivery estimates.

The FAORs should periodically review the AOS income target amount in FPMIS and plan expenditures according to the adjusted income target and the related forecast.

The "AOS income target" translates into potential resources available to the country office on condition that projects are delivered as planned and in accordance with the FAOR's delivery estimates in FPMIS as verified and checked. The FAOR will be in a position to monitor the trend by comparing the actual AOS earnings against the set target as displayed in COIN.

Implementation and Monitoring - With this new AOS management modality, it is increasingly important to carefully monitor, at country office level, the delivery estimates, the actual AOS income posted, and the expenditures so as to ensure that total expenditure does not exceed the sum of the RP allotment and the AOS income earnings.

Taking into consideration that some financial information aggregated at country office level is available only in COIN (as highlighted in the section above), the budget monitoring at country office level will be most appropriately performed through the COIN budget module designed explicitly to help FAORs, and the Regional Offices as Budget Holders for their regions, to monitor the budget at country office level.

The AOS resources are fully fungible, and the decision about their most appropriate utilization remains entirely with the FAOR who, as office manager, is in the best position to plan and utilize them based on sound judgement.

Changes in Oracle and DataWarehouse

In 2010, the management of the AOS Income in Oracle will be different from the past biennium. The AOS income target and corresponding budget as given by OSP on the Net Appropriation allotment under budget account 4004 at regional level, will no longer be distributed at country office level, as done in the past by OCD. At country office level, the AOS income target will be reflected in COIN, as described above, as an indication of the current AOS income target calculated by FPMIS as the sum of all forecast AOS amounts calculated project by project). This AOS income target will impact on the Forecast AOS Income column and forecast balance that will be automatically calculated in COIN based on the difference between the AOS income target, automatically extracted from FPMIS, and the AOS earnings effectively credited as Actuals in Oracle.

Postings of actual income earned will be made on a monthly basis directly by OSP/CSF against the Revenue Section/Support Cost accounts according to the geographical coverage as explained in the section above (National; Emergency: national, subregional, regional, interregional and global). Expenditure will be posted by the offices against the one prevailing activity code for each region to be used for both RP and AOS resources.

Changes in COIN

The COIN budget module has been revised in order to reflect the regionalization of the FAOR Network and the new modality to manage the AOS income in 2010, implying an interface with FPMIS.

In the FAOR Office Allotment module available in COIN, the "AOS Income Target" (income to be earned) is shown in a special separate field (upper right corner) as extracted from FPMIS. The following example illustrates this modality:

COIN | FAOR Office Allotment for FAO Representation in Bangladesh - FABGD - Windows Internet Explorer

http://coin.fao.org/coin/servlet/budget/allotment/office/office_code/FABGD.3

COIN | FAOR Office Allotment for FAO Represent...

Country Office Information System

FAODOMAIN\MARCHETTI - Administrator - Log out

Countries & offices - Links & Views - Global functions - Workflow - COIN admin

Bangladesh - FAO Represent... **FAOR Office Allotment** | FAO Representation in Bangladesh - FABGD

Financial Year: 2010 [Generate PDF](#) [Send Email](#)

Note: all amounts are expressed in USD.

Summary **FAOR** **AOS** **Staff Development**

FINANCIAL SITUATION - SUMMARY

FPMIS-AOS Target 177 000

Sum. Acc.	Bdg. Acc.	Description	Budget	Commitments & Actuals	Available Budget	% spent	Forecast not finalised	Forecast Balance	Pending Requests	Projected Balance
5013	5570	Consultants	2 000	32 187	-30 187	1 609%	0	-30 187	0	-30 187
5020	5660	Locally Contracted Labour	4 000	3 524	475	88%	0	475	0	475
5031	5900	Travel	1 000	17 649	-16 649	1 764%	0	-16 649	0	-16 649
5023	5920	Training	2 800	218	2 581	7%	0	2 581	0	2 581
5024	6000	Expendable Procurement	3 400	691	2 708	20%	0	2 708	0	2 708
5025	6100	Non Expendable Procurement	0	3 282	-3 282	0%	0	-3 282	0	-3 282
5026	6110	Hospitality	1 500	0	1 500	0%	0	1 500	0	1 500
5028	6300	General Operating Expenses	49 480	16 283	33 196	32%	0	33 196	0	33 196
5040	6400	General Overhead Expenses	1 100	0	1 100	0%	0	1 100	0	1 100
Non-staff Total			65 280	73 834	-8 558	113%	0	-8 558	0	-8 558
Total EXPENSE			65 280	73 834	-8 558	113%	0	-8 558	0	-8 558
GRAND TOTAL			65 280	73 834	-8 558	113%	0	-8 558	0	-8 558

Situation as at 15/04/2010

[Refresh Financial Situation](#) Click this link to retrieve the most up-to-date financial situation data.

BUDGET ALLOTMENTS - SUMMARY

[Back](#) [Revision](#)

ID	Budget Type	Activity	Summary Account	Amount	Description	Journal ID	Approval Date	Originator	Actions
(no allotments found)									

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Changes in FPMIS

A new AOS module is available in FPMIS to the FAORs in order to assist the Regional Offices and the FAORs in monitoring project delivery and AOS income estimates.

Staff positions funded by AOS income

As indicated above, effective January 2010, both AOS and RP charges are posted against the same activity code. This implies that AOS-funded post are no longer traceable in Oracle/HRMS, and cannot be differentiated from the other established posts. Therefore, monitoring in Oracle/DW of the AOS income against these hard commitments is no longer possible. Since Budget Holders must ensure that they earn sufficient resources to cover the cost of these AOS-funded posts, and in order to allow the monitoring at FAOR level, the AOS posts will be manually flagged in COIN by the Regional Offices. A COIN module on 'AOS posts' has been developed in order to allow the manual flagging. When AOS-funded posts are established, the corresponding indicative amounts calculated on Standard Costs will be shown in COIN in a separate field displayed at country level (not in DW). The portion of the target that is to be committed for staff will no longer be available for planning. It is, therefore, important that adequate AOS income flows into the Revenue/Support Cost accounts section to cover the costs of these AOS funded posts. AOS-funded positions for which adequate funding cannot be secured should be terminated or funded with other extra-budgetary resources. Any uncovered AOS income-funded

position will result in a reduction of the individual RP allotment to compensate for the deficit. As positions other than those funded by the Regular Programme are extended on a yearly basis, in October each year, each RO will have to request the FAORs to provide assurance of funding for the subsequent year prior to extending the post(s). Note that the *AOS Income Target*, the *Forecast AOS Income*, and the *Hard Commitments of AOS funded posts* are only displayed in COIN and not in Oracle/DW.

Carry-overs:

As regards any income not utilized by the end of the year, there exists the possibility to carry forward a limited portion of the unspent AOS earnings only at the end of the first year of the biennium. Any unspent balance at the end of the biennium will be lost.

Other Issues:

Regarding regional/subregional or other projects for which the FAOR has received delegation of authority from the Budget Holder, please note that no automatic AOS reimbursement mechanism is in place. If this delegation translates into a significant increase in workload, the country office is encouraged to negotiate a reimbursement directly with the Budget Holder. In the case of Emergency projects, the Joint OCD/TCE Guidelines (attached as Annex 1) regarding the respective roles of the FAOR and the Emergency Coordinator can be used as a basis to determine the level of reimbursement to be negotiated. At the same time, it has to be noted that 7% of the AOS income generated by all emergency projects is credited to the FAOR network at the regional level in recognition of their role in the implementation of those projects. Also the attached note entitled "Frequently Asked Questions (FAQ) on Project Support Cost Income for Baby Projects" (Annex 2) can be of assistance.

Contacts for assistance:

For any question relating to FPMIS, please refer to TCDM, TC-FPMIS-DataQuality@fao.org. For any question relating to Project Servicing Cost postings, please refer to OSP, Mr. Elkhan Aliyev, Elkhan.Aliyev@fao.org. For any question related to Administrative and Operational Support costs (AOS) please refer to the Focal Point in the relevant Regional Office or Mr. Ugo Marchetti (Ugo.Marchetti@fao.org) in OSD.