

DRAFT

United Nations Development Programme

United Nations Federal Credit Union savings accounts for locally recruited staff

Document Name	United Nations Federal Credit Union savings accounts for locally recruited staff
Language(s)	English
Responsible Unit	Comptrollers Division, Bureau of Management
Creator (individual)	Nick Beresford, Melvin Ysaguirre
Subject (taxonomy)	Financial Procedures
Date created	5 March 2004
Mandatory Review	March 2005
Audience	These procedures are to be used by all UNDP staff at Headquarters, in the Country Offices and at other offices worldwide as well as by organizations to which holders of UNDP letters of appointment are assigned.
Applicability	All holders of UNDP letters of appointment regardless of assignment; staff seconded to UNDP.
Replaces	N/A
Is part of	UNDP Finance Manual
Related documents	N/A
UN Record Ref.	Not yet available

Version	Date	Author(s)	Revision Notes
1	5 March 2004	Nick Beresford, Melvin Ysaguirre	This clarifies a long established practice not covered in other manuals. It also describes the relevant operating procedures in Atlas.

General

UNDP offers locally recruited staff the option of taking deductions from local currency salary, converting this to US Dollars, and having this paid into a savings account in their name held by UNFCU New York.

This privilege is open to locally recruited staff holding a 100 or 300 series contract only. This is not open to internationally recruited staff, service contract holders or SSA's.

All conversions of currencies are performed using the UN official rate of exchange.

The deduction is always made in local currency and may not exceed 50% of local currency gross salary.

There are restrictions on both deposits to such accounts *and withdrawals*. This is necessary to protect UNDP from exchange losses resulting from the difference between the UN rate of exchange and that offered by our banks.

Where the local staff salary scale is in US Dollars, all transactions are performed in US Dollars and so no currency translation issues arise.

Opening an account

To open an account with UNFCU, contact the bank directly (see <https://www.unfcu2.org>).

Staff members wishing to make use of this scheme must first complete the form, "Authorization for Payroll Deductions – UNFCU deposits" (Appendix A). This is submitted to the Global Payroll administrator for that country office.

This gives UNDP the express written consent of the staff member to deduct funds from their salary and instructs UNFCU to open a new account in their name. It gives the option of a one-time deduction or a recurring deduction. All deductions are made in local currency.

Accounting for deposits by Country Offices:

The country office initiates the transaction in Atlas Human Resources Global Payroll (HRGP) by creating a deduction. Use a one-time or recurring deduction as appropriate.

After payroll has been run, the GP administrator produces a report of UNFCU deductions made and hands these to the Treasury / Finance officer, together with a list of staff and their UNFCU bank account numbers.

Onward payment to UNFCU:

Global Payroll interface automatically transfers these deductions to account 23075 in the General Ledger.

Upon completing payroll, the Treasury / Finance officer reviews account 23075 under their Operating Unit code only (using ledger enquiry). The deductions are verified by agreeing to payroll records. Any queries are promptly followed up.

Payment is then made by electronic funds transfer (EFT) to UNFCU in US Dollars using the same rate applied to the payroll deductions.

This must be done by entering the head office Account Payable business unit (AP BU), "UNDP1". This is necessary for 2 reasons. Firstly this AP BU contains the vendor "UNFCU" and the necessary banking records, and secondly the regular voucher will default to the correct HQ US Dollar account.

When the payment is made, the GP deductions schedule and list of bank accounts should be emailed to UNFCU at, eft@unfcu.com

The payments are charged as follows:

GL Unit	Account	Open Item	Oper Unit	Fund	Department	Projects	Impl Agent
UNDP1	23075	Blank	Yours	00001	Yours	Blank	Blank

Making a withdrawal

Generally, the only permitted method of making a withdrawal is in equivalent local currency paid to the staff member by the CO. The US Dollar equivalent is deducted by UNFCU from the staff member's accounts and paid to UNDP.

Occasionally, this may prove impossible. For example, when a member of staff separates. Where another method of withdrawal is requested, this should be addressed to the Treasurer. Only the

Treasurer may authorize alternative methods of withdrawal. This is done to protect UNDP from exchange losses resulting from differences between the UN rate and those offered by our banks.

The staff members fills in form, "Request for withdrawal". This is emailed to UNFCU eft@unfcu.com. Where appropriate, UNFCU will honor the request and make payment to UNDP. If UNFCU does not agree to the request, it will contact the CO explaining why, with a copy to UNDP's Comptroller.

UNFCU then sends UNDP Comptrollers copies of the "Request for withdrawal" forms and covering remittance advice showing the relevant CO's, with a copy to CO's themselves. On the remittance advice, UNFCU must include the index number of the staff member. The Country Offices must provide the information about index numbers of their staff to UNFCU. UNFCU should reject requests for withdrawals that do not have the index numbers.

HQ contributions unit then apply this income at the open item / index number level using the direct journal method in Accounts Receivable.

The chartfields are as follows:

GL Unit	Account	Open Item	Oper Unit	Fund	Department	Projects	Impl Agent
UNDP1	23076	Index number	Yours	00001	Yours	Blank	Blank

When the CO received the list of withdrawals made by UNFCU, the Treasury / Finance officer checks account 23076. If these amounts have been correctly credited, he / she may now make payment to the member of staff.

The CO pays the member of staff in local currency equal to the dollar value of the UNFCU deposit. This is done by using the UN rate of exchange ruling at the time of the payment to the member of staff. A regular voucher is raised in AP and the following chartfields are used:

GL Unit	Account	Open Item	Oper Unit	Fund	Department	Projects	Impl Agent
UNDP1	23076	Index number	Yours	00001	Yours	Blank	Blank

The CO must perform the open item reconciliation for their staff. Using the open item reconciliation feature, the CO ensures that transfers from UNFCU and payments to staff sum to zero. Outstanding items should be promptly followed up by the CO.

Appendix A

Authorization for Payroll Deductions

1. Is this a new UNFCU account? If “yes” please provide bank account number:

2. For a one-time deduction, please add the amount using local currency only. Note you may use US Dollars only if you are paid in US Dollars:

3. For a recurring deduction:
 - Amount:
 - Start date:
 - End date (or put “until further notice”):

Name (print):

Index Number:

Signed:

Date: