

## **Handling of Cash and Receipts**

1. This section provides procedures and guidelines to all UNDP offices that are responsible for handling cash. The term, “cash” in the Policies and Procedures includes currency, cheques, bank drafts, money orders and similar bank instruments received by UNDP. The procedures have been established to ensure an effective administration and internal control of cash handling operations throughout the organization.
2. Any individual handling cash is responsible for proper security and accountability. In the light of the personal liability involved in performing cash handling functions, it is important that only authorized employees accept funds for UNDP. Employees are required to appropriately safeguard, account for and document all cash received on behalf of the organization. Staff are requested to record serial numbers on notes received in the event there is concern at a future date about the validity of the notes accepted.
3. Policy guidance on handling cash and receipts (including related authority and type of cash) is presented below.

### **Separating Individual Cash Handling Duties**

4. The components of cash handling - collecting, depositing, and reconciling – should be separated so that one individual does not have responsibility for all activities. As a minimum, effort should be made to separate the handling of cash from the reconciliation process. Standards for separation of duties shall be implemented to the maximum degree possible

### **Authority to Receive Money on behalf of UNDP**

5. Only authorized staff may receive cash, issue receipts or record receipts on behalf of UNDP. To the extent possible, separation of duties must be maintained when cash is received in offices. Where separation of duties is not feasible, strict individual accountability and thorough management supervision and review is essential.
6. The Treasurer, for Headquarters, and Resident Representatives, for their respective country offices, are responsible for verifying the competency of employees assigned to handle cash. They shall ensure the necessary background checks before hiring or assigning employees or temporary staff to handle cash.

### **Authorized Receipts**

7. Contributions received from multilateral or bilateral donors, local governments or private organizations for programme operations should be consistent with the policies, aims and activities of UNDP as outlined in Financial Resources Management, Resources and Funding Mechanism section of the present Policies and Procedures. These contributions should be directly deposited at depository bank accounts established by the Treasurer. The cash deposited into these depository bank accounts is considered a part of UNDP’s general cash.
8. Other authorized cash receipts that are not related to programme operations include payments from UN agencies for reimbursable services and from staff for payments of amounts they owe to the organization.
9. Further guidance is provided below by type of receipt.

## **Voluntary Contributions**

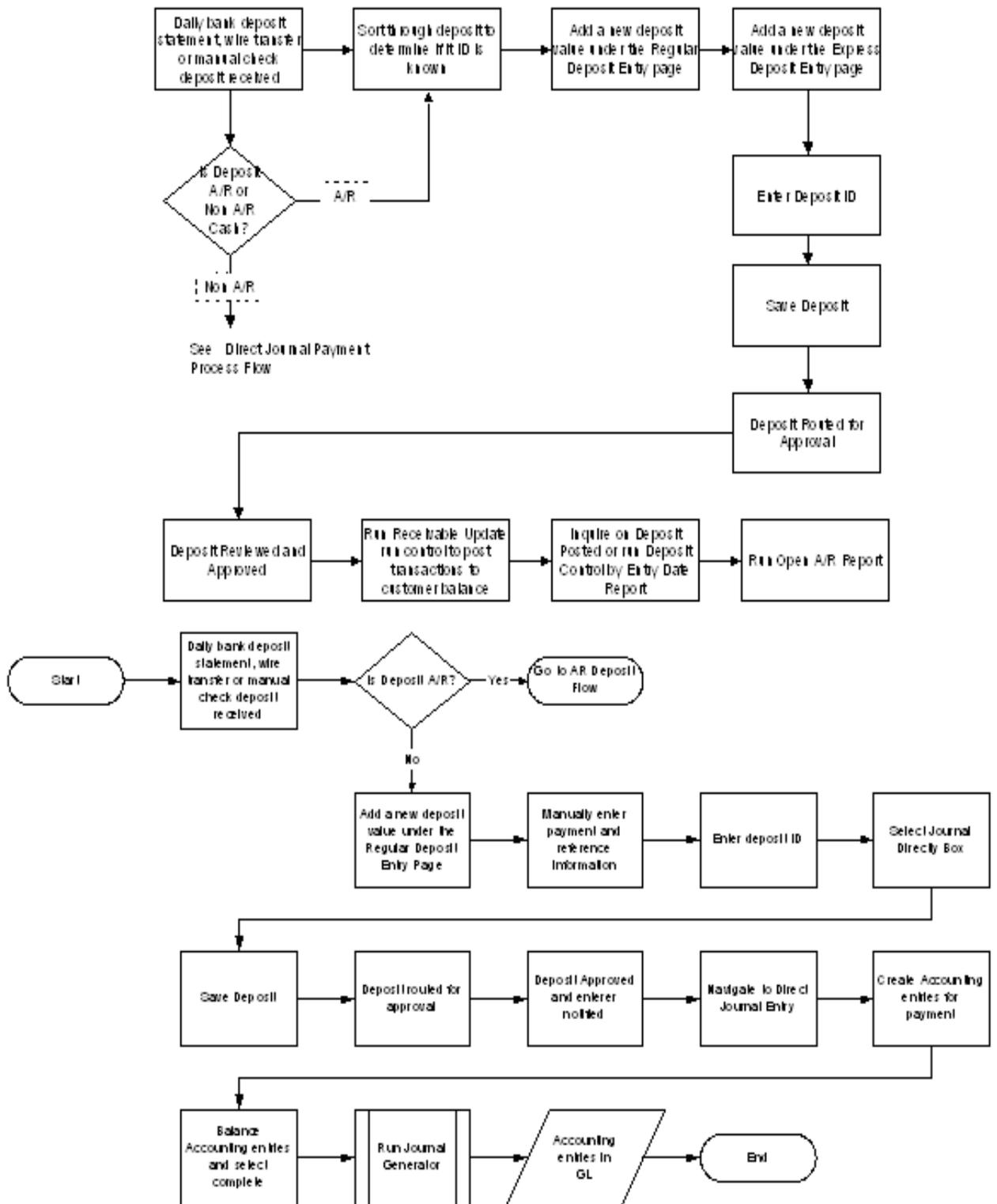
10. Pledged voluntary contributions shall be directly deposited in the depository banks set up by the Treasurer. Contributions received from governments in local currency shall be deposited in the country office bank account. If the government prefers to pay its contribution in a currency other than the local currency, the resident representative will instruct the government on the mode of payment after consulting the Treasurer.

## **Cost sharing or trust fund contributions**

11. Payments in US dollars from multilateral or bilateral donors are to be deposited directly in the UNDP Contributions Account No. 015-002284 with the JP Morgan Chase, International Agencies Banking. For country offices having a Zero Balance Account (ZBA) at Bank of America, the payments are deposited in their ZBA account.
12. US dollar cheques received from governments can be deposited in the local dollar account, after informing the Treasurer, if the amount does not exceed the country office's monthly operating cash requirements. If the receipt is in excess of the country office's monthly operating requirements, the Country Office Cash Management Unit in Treasury Division should be contacted for further instructions.
13. If the country office does not operate a US dollar (USD) account in the country, the cheques should be pouched to the Treasurer under e-mail or fax advice.
14. Country offices must not under any circumstances convert dollar payments received from governments for deposit to their local currency bank account without prior authorization from the Treasurer.
15. Payment in non-USD currency requires prior approval of the Treasurer, who may provide standing authorizations for receipt of local currency in certain circumstances. Country offices can accept up to a maximum of \$50,000 equivalent USD into the country office local currency bank account without prior approval of the Treasurer provided the currency can be utilized within the same month. Surplus local currency resulting from receipt of cost-sharing contributions may be accepted and invested locally only after receiving authorization from the Treasurer.

## **Miscellaneous receipts from staff and vendors**

16. Cash received from staff in settlement of advances, travel advances, telephone charges, retirees' Medical Insurance Plan (MIP) contributions and pension fund contributions for SLWOP, etc. can be received by country offices provided that the currency is not one of the accumulating non-convertible currencies. Other receipts on behalf of UN Agencies, such as UNICEF greetings cards and calendars, UNESCO coupons, require prior authorization from the Treasurer, including the limits within which local currency related to such receipts may be accepted.



## **Procedures for Specific Types of Cash Receipt**

### **Host Government cash contributions towards local office costs**

17. Offices must take all necessary steps to ensure that governments meet their obligations for payment of contributions to which they have committed themselves, and must keep Headquarters informed by copying correspondence to the Office of Financial Resources Management (OFRM).
18. Offices must also provide OFA and OPB by 31 December with the status of collection of such contributions, stating the amounts of unreceived balances and the prospects for collection in the following year.

### **Government in-kind contribution towards local office costs**

19. Offices should submit a detailed schedule showing contributions in-kind to be made available by the host government, providing an estimate of the monetary value of each item.

### **Receipts for reimbursable services**

20. UN Agencies should pay in advance for services rendered by UNDP offices. The Treasury Division in Headquarters liaises with the UN Agencies to ensure that sufficient funds are deposited by each agency.
21. Offices can also receive payments locally on behalf of agencies up to US\$10,000 which they can convert locally, crediting the Agency Service Account as explained in Section 2.4, Agency Receivables. Offices can also receive payments in currencies other than US dollar up to equivalent of \$10,000 provided the currency can be converted to the local currency account.

### **Control of Receipts**

22. The following items should be controlled:
  - Timeliness of cash deposits: In order to optimize investment earnings and reduce the possibility of theft and loss, all receipts of cheques and currency are to be deposited intact in the proper depository bank accounts within two business days (48 hours) from the time of receipt by the office, and within 24 hours for cheques and currency equivalent of US\$ 500 or more
  - Cheques and cash should never be held by an office because it is awaiting accounting information. If it is not possible to identify the proper account to which a remittance should be credited, the remittance should be recorded and appropriate follow up should be made to obtain payment information
  - Deposits must be accompanied by a proper bank deposit receipt form which must be maintained by the cashier for control purposes and for possible audit questions
  - The operations manager in Treasury Division, OFA and the Head of Finance or Operations Manager in country offices should review the daily cash collection report supported by Atlas to ensure proper control over deposits
  - Staff should never keep UNDP's cash with their own personal funds or deposit funds in a personal bank account or take UNDP's funds home for safekeeping
  - Reductions of recorded cash, e.g. voids and refunds, must be supported by documentation and approved in writing by the supervisor
  - All cheques must be made payable to UNDP. Cheques payable to an individual must be appropriately endorsed before submitting to UNDP. The endorsement must be preceded by "pay only to UNDP"

- All receipts must be deposited intact. No expenditures may be made or cheques cashed from cash receipts

### **Authorized modes of payments**

23. All organizations paying monies to UNDP should be encouraged to directly deposit in the bank accounts set up for accepting deposits. Direct deposits into the bank is the most preferred method of payment since it provides for improved control of funds, reduces the risk of loss due to errors, carelessness, or theft.
24. In situations where direct deposit is not possible, every check or money order must be reviewed for completeness, as follows:
  - Account holder's name, address, and phone number should be included on the cheque
  - The cheque should have a bank name, routing number, and customer's bank account number
  - The date of payment should be verified: A post-dated cheque (one with a date in the future) should not be accepted. Cashier should not agree to hold the cheque for future deposit
  - Amount written in numbers should match amount written in words
25. If a cheque is delivered in person, the identification of the individual submitting the cheque should be recorded, such as driver's license number, passport number, etc.
26. Deposits to the bank, as well as checks received directly for UNDP, must be reviewed, approved and recorded in the Atlas Accounts Receivable module immediately, within a maximum of 24 hours. As a minimum, information recorded in Atlas should include the following for all receipts deposited directly in the bank or collected in person from individuals, as well as cash receipts received through the mail:
  - Payer's name
  - Amount and currency of payment
  - Mode of payment (cash, cheque, money order, etc.)
  - Purpose of payment
  - Date of payment;=
  - User identity number ('ID') of employee collecting funds

### **Returned Cheques**

27. Cheques returned to the office must be controlled during the process of attempting to collect the returned amount. Cheques that are deemed uncollectible are to be returned by the bank to the designated staff.
28. A returned cheque must be redeemed either by a new payment or if appropriate, by redepositing the returned cheque.
29. Physical security and accountability for returned cheques must be maintained from the time of receipt until final disposition.

### **Cheque Cashing**

30. Certain local conditions may necessitate the provision of personal cheque-cashing services for staff. Any office providing this service shall establish local instructions, stating:
  - the circumstances under which such services would be provided
  - maximum amount allowed to be cashed- personnel eligible to cash cheques

- the controls that will be followed to handle such cheques

31. Personal cheques accepted in exchange for cash must be made payable to the country office. Employees handling cash may not cash cheques for themselves or for other members who are responsible for cash handling.