

25 January 2019

Dear Ms. Prisca Chaoui,

We, the undersigned, were elected and entrusted by the Staff Coordinating Council with the task of auditing the accounts of the Staff Coordinating Council and reporting to the Staff General Assembly on its findings.

We examined the Staff Coordinating Council's financial records covering the mandated period from 1 December 2017 through 30 November 2018.

On the basis of the financial documentation received on 12 December 2018, please find attached a narrative report related to the accounts that our team examined.

The Auditors



Myra Carandang



Vivian Clemente



Patrick Magnin



Jason Munyan

Ms. Prisca Chaoui

Executive Secretary

UNOG Coordinating Council, Office C-527

United Nations Office at Geneva

Audit Report of UNOG Staff Coordinating Council for the Year 2018

(Dec. 2017 – Nov. 2018)

A. Background and scope of the audit

1. The Staff Coordinating Council (SCC) of the United Nations Office at Geneva (UNOG) mandated the auditors to audit the accounts produced by the SCC office bearers for the period starting from 1 December 2017 through 30 November 2018 (financial year 2018). On 12 December 2018, the audit team received by e-mail a hyperlink to access digital copies of financial records of the UNOG SCC for financial year 2018. The accounts have been verified during the period of 12 December 2018 through 18 January 2019.
2. The scope of the audit and the role of the auditors are defined in paragraphs 2 and 3 of Article 4 of chapter IV of the *Regulations on Representation of the Staff of the United Nations at Geneva (Regulations)*, which state as below:
 2. *The auditors shall organize their work independently and shall adopt their rules of procedure in accordance with the relevant provisions of these Regulations;*
 3. *The auditors shall audit the accounts in accordance with the provisions of the Financial Regulations annexed to these Regulations and shall prepare an auditors' report. The auditors' report shall be signed by all the auditors in office.*

Moreover, paragraph 3 of Article 13 of Annex II of the same *Regulations* stipulates the following:

3. *The auditors' report may include any suggestions for improving the management of the Council's finances.*
3. The auditors were provided with the financial year 2018 financial statements and prior audit reports by the office bearers of the SCC. The audit team examined and verified the status of implementation of the prior audit reports and the financial records for financial year 2018. Additional evidence and clarifications were provided by the office bearers of the SCC upon request from the audit team.

B. Audited accounts

1. The SCC's financial resources are maintained through the following two main operating accounts:
 - i. UBS SA current bank account: This main account is used for all transactions approved by the SCC and its Executive Bureau. During financial year 2018, disbursements were made for various needs and activities of the Council. As part of their annual recurring expenditures, a total of CHF 59,893.75 was spent

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for staff gala activities and CHF 27,809.30 was spent for children's party activities. Staff welfare related activities were also supported during the year with a total of CHF 35,465.02 spent on the No Pay Cut campaign (which includes legal fees) and a total of CHF 59,990.08 on the UN Port children's water playground (construction costs).

In addition to the main current account, five UBS SA bank accounts were opened in the past for particular activities and have been funded from the main account as agreed by the SCC. During financial year 2018, no disbursements other than bank fees were made from the relief, crèche, or legal assistance accounts. In October 2018, any balances of the crèche, staff gala, and legal assistance accounts were transferred to the main UBS current account; these three accounts were subsequently closed in January 2019. The two other UBS SA bank accounts, for relief and children's activities, remain open.

- ii. Swiss Post Finance account: This account was used exclusively to receive income from classified ads and the staff contributions to the SCC. It shows an increase of CHF 3,093.70 between opening and closing balances. No disbursements were made except for bank charges (such as for payments made at post office counters).

C. Findings

1. The audit team notes that for the prior financial year, 2017, an internal audit was not conducted. An external auditor carried out a limited statutory examination on the financial statements of the SCC for the financial year 2017. The external auditors stated that:
"A limited statutory examination consists primarily of inquiries of company personnel and analytical procedures as well as detailed tests of company documents as considered necessary in the circumstances. However, the testing of operational processes and the internal control system, as well as inquiries and further testing procedures to detect fraud or other legal violations, are not within the scope of this examination."
2. The accounts and records related to financial year 2018 were complete and kept in order. The audit team identified a few misstatements on the financial statements provided on 12 December 2018, such as the headers and the classification of a couple expenditures, which the SCC office bearers promptly revised. As in prior years, the SCC is using accounting software to record transactions and for the transparency of accounting and reports. Although no significant issues were observed with the software used, it has not been updated since 2012. The existing software is outdated, not user-friendly, and too complex for the current needs of the SCC.
3. For income and expenditure accounts, there were total opening cash balances and closing cash balances as per the table on the next page. As shown on the financial statements provided in the annex, during financial year 2018, there was total revenue of CHF 212,889.76 and expenditures of CHF 322,233.19. Consequently, the exercise shows a deficit of CHF 109,343.43 for the financial year.

Current Assets	Opening Balance 1 December 2017 (CHF)	Closing Balance 30 November 2018 (CHF)
Cash		
Post Finance	79,276.81	82,370.51
UBS Current Account	337,864.51	1,911,022.30
UBS Relief Account	0.00	0.00
UBS Crèche Account	1,636,852.25	0.00
UBS Staff Gala Account	0.00	0.00
UBS Children's Activities Account	0.00	0.00
UBS Legal Assistance Account	113,147.35	0.00
Subtotal	2,167,140.92	1,993,392.81
Transitional Assets		
Accounts receivable (Miscellaneous)	29,315.59	1,698.97
Accounts receivable (SAFI)	85,000.00	183,000.00
Accounts receivable (UBS Credit Card Credit Balance)	0.00	1,792.05
Subtotal	114,315.59	186,491.02
Total	2,281,456.51	2,179,883.83

4. The closing cash balance as of 30 November 2018, was CHF 1,993,392.81 and the value of total assets were CHF 2,179,883.83.
5. **On UBS bank accounts**
 - a. Five UBS SA bank accounts, opened in the past for particular activities, have been funded from the main account as agreed by the SCC. In October 2018, any balances of the crèche, staff gala, and legal assistance accounts were transferred to the main UBS current account; these three accounts were subsequently closed in January 2019.
 - b. Due to a reimbursement, the SCC's UBS credit card had a credit balance as of the close of the financial year.
 - c. Bookkeeping was done according to generally accepted accounting principles. Questions and queries were asked and subsequently clarified with SCC office bearers.
6. **On the Post Finance account**
 - a. The transactions of the Post Finance account verified by the auditors were clear, and sufficient details were provided. During the financial year, Post Finance has levied CHF 396.30 as bank charges, including payments made at the post office counter.
7. In addition to the deficit experienced in financial year 2018, the SCC also experienced a deficit of CHF 141,203.03 during financial year 2017. The deficits in these two consecutive years are partly from the decline in income recognized from SAFI. A tax tribunal has determined that SAFI should treat funds it provides the SCC as distribution of profit after tax

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rather than deductible expenses.¹ Currently SAFI only transfers its contribution to the SCC once a year upon a decision by the SAFI board. The transfer of contributions from SAFI to the SCC for financial years 2017 and 2018 had not been made to the SCC bank accounts as of November 2018, in part because the SAFI board was awaiting the decision by the tax tribunal.

8. The largest expenditure of the SCC during financial year 2018 was an infrastructure "contribution" to the UN Port of CHF 59,990.08. It is not clear to the audit team whether this is an investment (which could conceivably be capitalized) or a gift/donation. In 2018, the UN Beach Club was dissolved and a new association was created: the UN Port. The assets of the UN Beach Club are to be transferred to the Council and subsequently to the UN Port.² The statutes of the UN Port provide for annual external audits.
9. In financial year 2018, the SCC received CHF 66,220.91 from reserves from the UN Special that had accumulated over time.
10. As in the past, several significant cash payments were executed during the financial year, mainly to service providers for the staff gala and children's party.
11. Although quotations were obtained from several vendors for larger purchases, some expenditures with a value over CHF 1,000 did not have evidence of multiple quotations.
12. The SCC bookkeeping is done by one person, the Assistant of the Council. Over the years, the responsibilities associated for administering the SCC accounts have increased in scope and complexity. Accordingly, the post has been reclassified to a G6. For example, in addition to bookkeeping for the SCC, the Assistant approves bulletin board ads, maintains the Council's website and bulletin boards, takes notes during SCC meetings, reviews and processes SCC travel requests, prepares financial statements, and serves as Administrator of the UN Port.
13. SCC office bearers attempted to follow United Nations rules and regulations and related procedures for staff travel. However, as the SCC does not currently have the ability to process official travel through Umoja and UNOG Travel, it can be challenging for SCC office bearers to, for example, make proper travel estimates or determine the differences in costs, if any, from personal deviations.
14. Each month, the SCC receives contributions from dues-paying members through automatic salary deductions. The current rate for membership is CHF 10 per month. However, roughly half of individual monthly contributions received are for about CHF 5–7. This is largely because the membership rates that applied were lower at the time when these staff became dues-paying members and set up their automatic salary deductions.
15. Although the bank charges assessed in subsequent years should decrease following the closure of inactive bank accounts, the SCC continues to pay significant bank charges for payments made at post office counters. The SCC is also assessed CHF 0.30 for every domestic e-banking transaction, monthly account maintenance fees, and annual credit card fees, despite maintaining a balance of around CHF 2 Million.

¹ UNOG Broadcast, 3 December 2018, "Staff Council message: Update on SAFI and actions by the Council | Informations mises à jour sur le SAFI et actions du Conseil"

² Draft minutes of the 7th meeting of the 36th UNOG Staff Coordinating Council

D. Recommendations

1. Past audit teams have made recommendations based on their examinations of the SCC's accounts. The audit team understands that several of the past recommendations were accepted and implemented accordingly.
2. Recommendations based on the audit of 2018 accounts are as follows:
3. **Recommendation 2018/1:** Conduct an internal audit of the SCC accounts for financial year 2017.
4. **Recommendation 2018/2:** Financial payments in cash are strongly discouraged, especially for amounts greater than 100 CHF.
5. **Recommendation 2018/3:** Quotations should be obtained from at least three vendors for the procurement of goods or services, except in cases where the vendor is a sole-source supplier.
6. **Recommendation 2018/4:** Ensure that annual external audits of the UN Port are conducted and published.
7. **Recommendation 2018/5:** Obtain professional guidance on the proper accounting treatment and recording of the SCC contribution to the UN Port. Include additional notes to the Financial Statements, if necessary, for a clearer description of the nature of the expenditure.
8. **Recommendation 2018/6:** Obtain additional administrative support for the SCC, particularly for peak season activities.
9. **Recommendation 2018/7:** Obtain assistance or guidance from the UNOG Travel Unit for information related to purchases of self-ticketed travel and from the UNOG Travel Claims Unit for daily subsistence allowance entitlements.
10. **Recommendation 2018/8:** Seek more timely and regular receipt of contributions from SAFI and the UN Special, for example by requesting that the SAFI board determine and transfer contributions to the SCC on a semiannual or quarterly basis.
11. **Recommendation 2018/9:** Consider assessing higher fees for notice board ads and children's party contributions when made by means other than bank transfer (such as at post office counters), to offset the bank charges from these transactions.
12. **Recommendation 2018/10:** Upgrade the accounting software used by the SCC office bearers to cater to the simple accounting requirements for routine transactions.
13. **Recommendation 2018/11:** At least every three years, assess whether SCC banking relationships are optimal in light of comparable service and rates at other financial institutions for corporate accounts of similar sizes and transaction volumes.

Auditors:



Myra Carandang




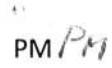

Vivian Clemente



Patrick Magnin



Jason Munyan

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Intermediate balance sheet 2017-2018

Active

1 ASSETS

10 CURRENT ASSETS

100	Cash in bank accounts	
1010	PostFinance	82'370.51
1020	UBS Current	1'911'022.30
1030	UBS Relief Fund	0
1040	UBS Crèche	0
1050	UBS Staff Gala	0
1060	UBS Activités Enfants	0
1070	UBS Assistance juridique	0
110	Accounts Receivable	
1100	Accounts Receivable - CCISUA	1'698.97
1130	Accounts Receivable - SAFI income	183'000.00
1150	Accounts Receivable - UN Special	0
1160	Accounts Receivable - UN Port	0
1170	Accounts Receivable - Return of entitlements (of travel not undertaken)	0
1180	Accounts Receivable - UBS Credit Card Credit	1'792.05

2'179'883.83

Passive

2 LIABILITIES

20 Accounts Payable

2000	Accounts payable: IAG subsidy	6'700.00
2001	Accounts payable: UNOG	0
2002	Accounts payable: Eden Springs water	449.90
2007	Accounts payable: Carlson Wagonlit Travel	0
2008	Accounts payable: Wrongly received advert fees	0
2010	Accounts payable: Manor gift cards	4'417.50
2011	Accounts payable: Genèveroule initiative	4'000.00
2012	Accounts payable: External audit	0
2013	Accounts payable: Aqua-Piscine sàrl	0
2014	Accounts payable: Jour de Rève sàrl	0
2015	Accounts payable: Reimbursement of children's party fees	0
2016	Accounts payable: Legal fees	0
2017	Accounts payable: FICSA	0

Différence (capital)*

2'164'316.43
2'179'883.83

Note: an adjustment of CHF 1,869.65 was deducted to the beginning balance of the Capital/Equity to record prior years' travel expenditures billed only in the current financial year for which no payables were set-up due to the late receipt of charges

Opening balance	2'275'529.51
Less: prior year's adjustment	(1'869.65)
Adjusted balance	2'273'659.86
Less: deficit for the year	(109'343.43)
*Closing balance	2'164'316.43

Handwritten signature: Anne le Pape

Income Statement 2017-2018

Charges

Products

4	BUDGETARY EXPENDITURES		3	REVENUE	
40	Affiliations		3000	Dues-paying membership revenue	41'636.77
4000	CCISUA annual membership	37'500.00	3010	SAFI contribution	98'000.00
4001	PSI annual membership	3'989.86	3020	Advert fees	3'891.80
41	Missions and representation		3030	Children's party registrations	3'139.98
4100	Official travel (entitlements, airfare)	39'974.11	3040	UN Special contribution	66'220.91
42	Events		3060	Miscellaneous revenue	0.30
4200	Staff Gala 2017	59'893.75			
4210	Children's party	27'809.30			
4220	Garden party	10'171.00			
4230	Long service awards ceremony	8'616.00			
4240	Staff Gala 2018 (approved under 2018-2019 budget)	4'957.46			
43	Training				
4300	Tuition fees and travel expenses for training	200.00			
44	Subsidies to UN clubs & associations				
4400	UN Club subsidy	3'000.00			
4410	Inter-Agency Games subsidy	6'700.00			
4420	Sports room maintenance	1'025.90			
46	No Pay Cut campaign expenditures				
4600	No Pay Cut campaign expenditures	35'465.02			
49	Genève initiative				
4900	Genève initiative	2'000.00			
50	Ordinary General Assembly				
5000	Translation of the annual report	1'932.00			
51	Office & Administration				
5100	General office expenses	5'347.10			
5120	Parking space rental	600.00			
52	Financial services expenditures				
5200	Bank charges	1'272.80			
5220	Loss on travel cancellations	180.00			
53	Miscellaneous expenditures				
5310	Miscellaneous expenditures	11'608.81			
6	EXTRABUDGETARY EXPENDITURES				
60	Staff welfare investments				
6000	UN Port children's water playground	59'990.08			
				Difference (loss)	109'343.43
		322'233.19			322'233.19

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