

Geneva, 9 March 2010

Dear Mr. Zargouni,

During the regular Staff Assembly session of 2009 the undersigned have been elected, as well as Mr. Loic Lefort who separated from the Organization at the end of 2009; and entrusted with the task to audit the accounts of the Staff Coordinating Council and report to the Assembly on its findings.

On 3 March 2010 an interim verbal report was made to the regular Staff Assembly indicating that a full report would be presented as soon as possible.

The auditors examined the Staff Coordinating Council financial records covering the mandated period from March 2009 to 27 February 2010.

Please find annexed a narrative report and the corresponding financial statements related to the accounts that the team examined.

The Auditors



Estanislao J. Cieniewicz



Vassiliki Krapsiti

Mr. Ridha Zargouni
Executive Secretary
UNOG Coordinating Council
United Nations Office at Geneva
Room C.509

**Audit Report
on UNOG Staff Coordination Council
2009 - 2010**

1. From mid-February 2010 to 2 March 2010 the team audited the United Nations staff Coordination Council's financial records. The auditors were mandated to audit and report on the period of the 27th Staff Coordinating Council of the United Nations Office at Geneva March 2009 - March 2010.

2. The auditors reviewed the accounts based on the status of prior period financial statements, the prior audit report and verified the status of implementation of prior recommendations. The team examined the records for the period March 2009 – February 2010, without having had an introductory meeting with the Executive Secretary and the Treasurer. The Treasurer provided the clarifications requested as questions were submitted. Whenever appropriate the comments received are reflected in the report.

General

3. The Coordinating Council financial resources are maintained through three accounts and one investment account.

The three regular accounts are held as follows:

- One with Swiss Post /PostFinance
- Six current accounts and one investment account with UBS SA.

During the reporting period the Post/Finance account has been used exclusively to receive income from classified ads and to support bank charges. No disbursement was made using this account.

One of the six current accounts with UBS SA is used for all transactions approved by the Coordination Council and its Executive Bureau, another is to receive funds to be made available following humanitarian disasters, two have been established exclusively for Ad-Hoc humanitarian relief activities in The Philippines and Haiti, and the last two, which have not been activated, have been established for legal support and children's activities.

4. The investment account with UBS SA remained dormant during the reporting period.

5. Reimbursement for services have been made to the UN Administration for services provided to the Coordination Council in 2008-2009 and 2009-2010 .

Findings and Recommendations

6. The team found the records related to the period March 2009 to February 2010 to be complete and in good order. The task was therefore facilitated. The Treasurer was requested to provide clarifications and some missing supporting documents.

7. The auditors have the following observations to make related to the main UBS account (CA105907.0):

- a) In line with Recommendation 2008/5 of the audit 2007-2008, supporting documents related to the Staff Gala and the Children's Party have been segregated and treated separately.
- b) Recommendation 2009/1 of the audit 2008-2009 has been implemented. Income is now clearly identifiable since credits from classified ads are deposited directly by clients into the PostFinance account and no longer paid to Security Officers who used to handle the classified ads or the secretariat of the Coordinating Council.
- c) The Recommendation 2009/4 regarding the Staff Solidarity Fund has not been acted upon. The auditors did not find, nor did they obtain, a draft text defining eligibility, modalities, rules and regulations governing the establishment of a solidarity fund, its management and attribution of funds to staff requesting assistance. Records show that funds have been disbursed since 2008 as loans. Insufficient evidence was found on record justifying such loans. No schedule for reimbursement was attached to the debt recognition document and no measures to recover loaned funds were spelled out when accepting to assist the staff member in need. The auditors did not find any reference to measures to be taken in case of negligence or impossibility of refund by the assisted staff member. If CHF 26,000 have been distributed during the 2008-2009 reporting period, CHF 15,000 have been distributed in 2009-2010. The auditors noticed with satisfaction that one of the beneficiaries who requested a financial support in early 2009 returned in late 2009 the amount of CHF 4,000 received as a loan.

Recommendation 2009/4 The Treasurer should execute payment instructions if approved rules and procedures related to the type of transaction exist. Should they be lacking, the Treasurer should obtain satisfactory documentation from the instructing authority for audit purposes. Once the related rules and procedures have been established and approved, they should be consigned in a corpus that successive Treasurers, members of the Executive Bureau and other managers of Council's resources may use as reference, guide and measurement tool.

- d) During the reporting period no action was taken on Recommendation 2009/5 regarding the nature of the relation between the UNOG Coordination Council and "UN Special". What are the duties and obligations of each party? The question raised in 2009 was motivated, inter-alia, by the need to determine what payment modalities bind the Coordination Council and "UN Special". UN Special contributed in 2008 to the Staff Council CHF 65,000 corresponding to 2007 and 2008. No further explanation was available or provided. No income appears in the accounts regarding the period 2009 and further.

Recommendation 2009/5 The Executive Bureau should review the nature of the existing relation between the Coordination Council, UNOG and the World Health Organization and UN Special and record it for future reference and use.

- e) The question of the status of the Capital (Fortune) did not attract the Council's expected attention during the reporting period neither despite the recommendation contained in the previous audits. The fund's value improved after the tragic

downfall of 2007 and 2008. While the value of bonds improved by some 1.6% compared to 2008, it remains 2.5% inferior to 2006. Shares and investments improved by 9.1% compared to 2008 but to a level representing less than one third of what it was in 2006. The auditors still believe that the Coordination Council should proceed differently to preserve whatever is still available of the special fund. It is strongly recommended that the Coordinating Council continues to examine the various aspects related to the management of the capital built over decades and inherited from its predecessors.

Recommendation 2009/6 The auditors are of the opinion that the Council should seek expert advice on options and assess the consequences of their choices prior to determining the path to be followed to preserve and make fructify the capital.

- f) Financial documentation related to the 2009 Children's Party include receipts in excess to the cash advances made to the organizer of the event.

Recommendation 2010/1 The Executive Bureau should decide if the excess receipts submitted, totalling CHF 648.89, are to be reimbursed or not. No budget document has been found on record to determine the path to follow. If the organizer exceeded the authorized budget, the supporting documents should be removed from the file and returned to him with an explanatory note.

- g) Recommendation 2009/3 has not been acted upon. Two disbursements related to the 2008 Staff Gala (CHF 250 paid for mounting musical instruments and CHF 540 for dinner provided to musicians), found not to be supported by receipts, and debited to a cash advance made to the organizer, has not been recovered.

Recommendation 2010/2 Amounts related to unsupported disbursements should be recovered from the staff member who received the cash advance without delay. Failing the recovery, sanctions should be taken against the responsible staff member.

- 8. The auditors have the following observations to make related to the UBS sub accounts for relief purposes (HU165681.0, HU165681.1, HU165681.2):

- h) In line with the auditors' recommendations in 2008, separate financial records have been kept for humanitarian assistance following emergency situations. But, contrary to needs, additional accounts have been established. Namely, one for The Philippines and another for Haiti. The3 multiplicity of accounts could have been avoided.

Recommendation 2010/3 The establishment of separate relief accounts should be envisaged only when complex situations may demand it. Maintenance of separate tables by purpose should be sufficient.

- i) The auditors also noted that Funds available in the special account for relief assistance (HU165681.1) have not been used when transferring funds to the implementing agency for assistance to the P.R. of China and Myanmar. Instead, erroneously, the amounts have been disbursed from the current account of the Council, CA105907.0.

Recommendation 2010/4 The error should be corrected by reversing the charges between the accounts.

- j) Funds collected for Gaza have not yet been disbursed although the events which led to the collection have taken place over one year before.

Recommendation 2010/5 The responsible officials should rapidly identify the implementing partner, possibly within the United Nations system, and disburse the funds for which the staff has been mobilized.

- k) The auditors took note of the Council's decision to occasionally increase staff collections by a further contribution. The principle is laudable but requires a policy decision on the principle and the establishment of procedures and modalities.

Recommendation 2010/6 It is recommended that the Council examines the possibility: (a) Of systematically contributing a sum equal to that collected among the staff. (b) That the Treasurer may transfer the said amounts between the account. (c) That the Treasurer may disburse the two amounts following the approval by the concerned parties of proposed relief project. (d) The Council may also want to examine the advantages of selecting projects executed by UN entities, whose presence in Geneva may facilitate the establishment of control mechanisms and provide feed-back on the use of UN staff funds. (e) Reports on use of funds for assistance purposes should be submitted to the staff on a yearly basis as an integral part of the yearly Report of the Coordination Council.

11. The auditors wish to express their thankfulness to the Treasurer of the Coordinating Council for the assistance provided throughout the exercise as well as to those who provided clarifications and useful information that enabled the team to complete its work.

Annexes

Statement of income and expenditure

- | | |
|---|-----------------------------------|
| - PostFinance account N° 17-297976-4 | - UBS account N° HU165681.0 |
| - UBS account N° CA105907.0 | - UBS account N° HU165681.1 |
| Status the Staff Solidarity Fund | - UBS account N° HU165681.2 |
| - UBS Status of the Capital (Etat de fortune) | - UBS account N° HU185681.4 – n/a |
| | - UBS account N° HU165681.5 – n/a |

Certified Statement of Accounts
(1 April 2008 - 28 February 2009)

Account: **17-297976-4**
Staff Coordinating Council of the
United Nations Office at Geneva
with: **PostFinance**

Values expressed in Swiss Francs

I.	Opening Balance (as at 28 February 2009)	30,031.51	
	Current Period Income		
	Credits received	4,861.30	
	Bank interests	<u>25.95</u>	
	Total income	4,887.25	
	Total	34,918.76	
II.	Expenditures		
	Prior Period Adjustment		
	Bank charges		<u>169.65</u>
	Total expenditures		169.65
III.	Closing Balance (as at 15 February 2010)		34,749.11
	Grand Total	<u>34,918.76</u>	<u>34,918.76</u>

Certified Statement of Accounts

Account: **279-CA105907.0**
Staff Coordinating Council of the
United Nations Office at Geneva
with: **UBS**

Values expressed in Swiss Francs

I. Income	
Opening Balance (as at 1 March 2009)	299,805.62
Staff Contributions	10,870.00
SAFI	393,006.00
GRAFI	12,000.00
UN Special	0.00
Miscellaneous income	750.00
Refunds to the Solidarity Fund	4,000.00
Bank interests	381.65
Total income	<u>720,813.27</u>
II. Expenditures	
Legal advise	49,099.01
Subventions to Clubs	19,500.00
Solidarity fund	15,000.00 (a)
Children's Party	40,747.70
Staff Day - Gala Evening	85,366.06 (b)
Reimbursements to UN Administration	44,527.07
Special Services Agreement contract	15,000.00
Transfer to Relief Fund	15,000.00
Relief funds for P.R. of China and Myanmar	25,110.15 (c)
Bank charges	1,217.01
Total expenditures	<u>310,567.00</u>
III. Balance (as at 12 February 2010)	410,246.27
Grand Total	<u><u>720,813.27</u></u> <u><u>720,813.27</u></u>
Funds recoverable	
(a) Loans through the Solidarity Fund - 2008	22,000.00
Loans through the Solidarity Fund - 2009	15,000.00
(b) Advance recoverable (Staff Gala - 2008)	790.00
(c) Correction - Reversal of charges required	25,110.15
	<u>62,900.15</u>

Staff Solidarity Fund

Status as at 12 February 2010

Support requested	Provided	Refunded	Witten-off	Recoverable
2007-2008	<u>0.00</u>	<u>0.00</u>	<u>0</u>	<u>0</u>
Total 2007-2008	0.00	0.00	0.00	0.00
2008-2009				
Entry N°21 - 2.10.2008	8,000.00			8,000.00
Entry N°24 - 16.10.2008	10,000.00			10,000.00
Entry N°61 - 26.2.2009	4,000.00			4,000.00
Entry N°62 - 26.2.2009	<u>4,000.00</u>	<u>4,000.00</u>		<u>0.00</u>
Total 2008-2009	26,000.00	4,000.00	0.00	22,000.00
2009-2010				
Entry N°10 - 9.4.2009	4,000.00			4,000.00
Entry N°17 - 9.4.2009	4,000.00			4,000.00
Entry N°19 - 24.7.2009	3,000.00			3,000.00
Entry N°21 - 24.8.2009	<u>4,000.00</u>			<u>4,000.00</u>
Total 2009-2010	15,000.00	0.00	0.00	15,000.00
Grand Total	41,000.00	4,000.00	0.00	37,000.00

Capital Statement

Account:
Staff Coordinating Council of the
United Nations Office at Geneva
with: UBS

Values expressed in Swiss Francs

	As at 31 March 2006	As at 31 December 2006	As at 31 December 2007	As at 3 February 2009	As at 23 February 2010
Current account	258,008.00	227,058.00	381,611.00	341,237.00	492,837.00
Avoirs en compte					
Interests	58.00	0.00	0.00	0.00	0.00
Intérêts courus	1,080.00	1,492.00	0.00	0.00	0.00
Special a/c (Disasters)					
Interests	17.00	0.00	0.00	0.00	0.00
Intérêts courus					
Bonds and investments	494,023.00	500,231.00	491,057.00	480,040.00	487,894.00
Obligations et placements					
Shares and investments	781,872.00	808,626.00	572,208.00	205,008.00	223,899.00
Actions et placements					
Fortune nette totale	<u>1,535,058.00</u>	<u>1,537,407.00</u>	<u>1,444,876.00</u>	<u>1,026,285.00</u>	<u>1,204,630.00</u>

Certified Statement of Accounts

Account: **279-HU165681.0**
Relief fund for The Philippines
with: **UBS**

Values expressed in Swiss Francs

I. Opening Balance (7.10.2009)	0.00	
Donations	4,958.60	
Bank interests	0.40	
Total	<u>4,959.00</u>	
II. Expenditures		
Assistance through the Red Cross of The Philippines		4,758.00
Bank charges		<u>33.40</u>
Total expenditures		4,791.40
III. Balance (as at 12 February 2010)		167.60
Grand Total	<u>4,959.00</u>	<u>4,959.00</u>

Certified Statement of Accounts

Account: **279-HU165681.1**
Staff Coordinating Council of the
United Nations Office at Geneva
account for **Relief Assistance**

Values expressed in Swiss Francs

I. Opening Balance (1.3.2009)		
P.R. of China	8,605.17 *	
Myanmar	6,353.78 *	
Gaza	5,443.10	
Unearmarked	100.00	
Bank interests	51.20	
Total	<u>20,553.25</u>	
 New contributions as from 1.3.2009		
Council's Contribution (P.R. China)	5,025.60 *	
Council's Contribution (Myanmar)	5,125.60 *	
Council's Contribution	4,848.80	
Unearmarked	370.00	
Bank interests	156.60	
Total	<u>15,526.60</u>	
 Total Income	 36,079.85	
 II. Expenditures		
Relief in P.R. of China *		0.00
Relief in Myanmar *		0.00
Relief in Gaza		0.00
Bank charges		0.00
Total expenditures		<u>0.00</u>
 III. Balance (as at 31 December 2009)		36,079.85
 Grand Total	 <u>36,079.85</u>	 <u>36,079.85</u>

* Payment of CHF 25,110.20 has been made to the League of Red Cross and Crescent Societies for relief purposes in P.R. of China (CHF 13,630.77) and Myanmar (CHF 11,479.38) erroneously using account CA195907.0 Reversal of charges between accounts is required.

Certified Statement of Accounts

Account: **279-HU165681.2**
Relief fund for Earthquake victims in Haiti
with: **UBS**

Values expressed in Swiss Francs

I. Opening Balance (15 January 2010)	0.00	
Donors	40,897.40	
Bank interests	0.00	
Total	<u>40,897.40</u>	
II. Expenditures		
Transferred to		0.00
Bank charges		<u>0.00</u>
Total expenditures		0.00
III. Balance (as at 5 February 2010)		40,897.40
Grand Total	<u>40,897.40</u>	<u>40,897.40</u>