

13 May 2014

Dear Mr. Richards,

We, the undersigned, were elected and entrusted by the Staff General Assembly with the task of auditing the accounts of the Staff Coordinating Council and reporting to the Assembly on its findings. Please note that one of the elected Auditors, Ms Prisca Chaoui, has resigned as per her email of 06 February 2014.

We examined the Staff Coordinating Council financial records covering the mandated period from 01 December 2012 through 30 November 2013.

On the basis of the financial documentation received on 19 December 2013, please find attached a narrative report related to the accounts that our team examined.

The Auditors

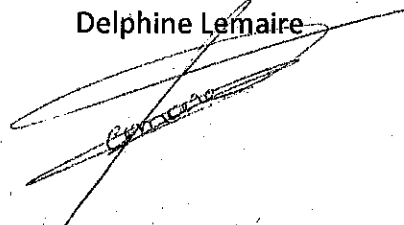
Mara Calzavara



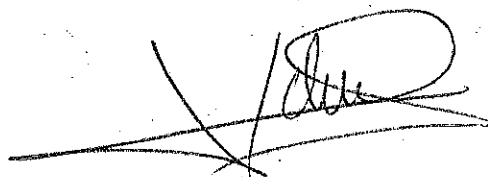
Philip Thomas



Delphine Lemaire



Jérôme Vabres



Mr. Ian Richards

Executive Secretary

UNOG Coordinating Council, Office C-527

United Nations Office at Geneva

Audit Report of UNOG Staff Coordinating Council **for the year 2013 (Dec.2012 – Nov.2013)**

A. Background and scope of the Audit

1. The Audit team received on 19 December 2013 the financial records of the Staff Coordination Council (SCC) of the United Nations Office at Geneva (UNOG) for the period of December 2012 through November 2013. The accounts have been verified during the period 16 January through 31 March 2014. The Staff Coordinating Council mandated the auditors to audit the accounts produced by the SCC office bearers for the period starting from 01 December 2012 through 30 November 2013.
2. The scope of the audit and the role of the auditors are defined in paragraph 2 and 3 of article 4 in chapter IV of the SCC Regulations of UNOG, which states 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 the 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 suggestion for improving the management of the Council's finances.*
3. The Auditors were provided with the 2013 financial statements and prior audit reports by the office bearers of SCC. The Audit team examined and verified the status of implementation of the prior audit reports and the financial records for the period from 01 December 2012 through 30 November 2013. Additional evidence and clarifications were provided by the office bearers of SCC upon request from the audit team.
4. As per the past practice, the audit team also requested a formal response from the Staff Coordinating Council with regards to the status of recommendation 2008/4, which was stated as follows: "It is unclear how CHF 15,900 in interest could have been earned during the exercise on the UBS current account" and the Auditors recommendation was "Council should determine whether interest earned on the invested capital should be kept in the originating fund or transferred with or without prior SCC consultation or authorization from one account to another."

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B. Audited accounts

1. Staff Coordinating Council's financial resources are maintained through the following two main operating accounts:

- i) UBS SA bank account, 279-CA105907.0 (annex 1): This account is used for all transactions approved by the Coordinating Council and its Executive Bureau and for investment related activities namely equity and bonds.
- ii) Swiss Post Finance account, 17-297976-4, used exclusively to receive income from classified ads and the staff contributions to SCC that shows an increase of CHF9,704.20 between opening and closing balance. No disbursements were made except for bank charges (for payments made through PTT counter).

C. Findings

The accounts and records related to the period from December 2012 through November 2013 were complete and kept in order. The audit team appreciates SCC for the efforts made in purchasing and using the accounting software for the transparency of the accounting reports.

For income and expenditure accounts, there were total opening cash balances and closing cash balances as per the table below. There was total revenue of CHF 514,800.64 and expenditures of CHF 356,930.01. Consequently the exercise shows a surplus of CHF 157,870.63 for the reporting period.

Current Assets	Opening Balance (CHF)	Closing Balance (CHF)
<u>Cash</u>		
Post Finance	47,957.36	57,661.56
UBS Current account	1,113,923.31	75,105.27
UBS Relief account	0.00	15,276.80
UBS Crèche account	0.00	400,000.00
UBS Staff Gala account	0.00	49,911.10
UBS Children's activities account	0.00	38,000.00
UBS Legal assistance account	0.00	165,000.00
Sub Total		668,187.90
<u>Investments</u>		
Placements – bonds	459,847.00	483,560.00
Placements – shares	224,518.00	267,564.00
Transitional Assets		
Accounts receivable	58,296.45	473,036.45
Total	1,904,542.12	2,025,115.18

The closing cash balance as of 30 November 2013 was CHF 800,954.73. Investment activities had a net value of CHF 483,560.00 in bonds and CHF 267,564.00 in equities and the value of total assets were CHF 2,025,115.18.

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On UBS bank accounts

Five bank accounts, opened in the past for particular activities, have been funded from the main account as agreed by the SCC.

Book keeping was done according to general accounting standards. Questions and queries were asked and subsequently clarified with SCC office bearers.

The SCC's investment funds are still managed by "Finance commission" as it was in the past. There is no record of seeking any professional investment advisory services for reinvestment.

On the Post Finance Account

Based on last year's audit recommendation an effort has been made by the SCC in order to provide sufficient information to identify the incoming funds. The transactions verified by the auditors were clear and sufficient details were provided.

D. Recommendations

Audit teams had made recommendations based on their examinations of SCC's accounts. Audit team understands that several of the past recommendations were accepted and implemented accordingly. The audit team recommends respecting the UN accounting standards (IPSAS), where ever it is possible to do so.

Recommendations based on the Audit of 2013 accounts:

1. Recommendation 2014/1: The financial report shows an opening balance of funds receivable of CHF 52,296.45 referring to an exercise of loans remitted to individuals in the year of 2008. We strongly recommend that sufficient efforts must be utilized to recover those amounts or the committee should decide to write off the above amount;
2. Recommendation 2014/2: Based on the difficulty of receivable funds as stated in the above recommendation 2014/1, UNOG Staff Coordinating Council should discourage the provision of Solidarity Funds to individual staff and encourage requesters to forward their requests to UN Benevolent Fund. In addition, UNOG SCC may contribute to UN Benevolent Fund.
3. Recommendation 2014/3: Inventory should be updated at least once a year by following IPSAS standards providing:
 - a) date of purchase of commodity;
 - b) value/amount of purchase of commodity;
 - c) amount of depreciation for each year audit exercise.
4. Recommendation 2014/4: When travel and related expenditure are approved by the UNOG SCC for each travel, the names of the travelers should be decided and stated in the minutes of meetings.

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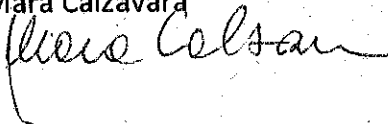
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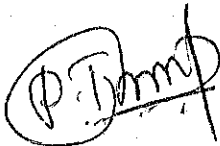
5. Recommendation 2014/5: As it is done for UN Official Travel, SCC should also follow the UN rules and regulations and related procedures for procurement process such as call for bids/tenders for any expenditure above low value (currently 4,000.00 USD or equivalent) in order to improve transparency.
6. Recommendation 2014/6: As we are not able to find any rules and regulations of SCC that stops the requirement of external audit, we reinforce a previous recommendation for having an External Audit to increase the transparency of the accounts and to get expert advice on Financial Risk Management and regulation compliance, if the related cost of this operation is acceptable to SCC.
7. Recommendation 2014/7: As there was no official budget prepared for each year, it is recommended that SCC to start off the exercise with an approved budget.
8. Recommendation 2014/8: An effort should be made in order to get the budget cycle and the accounting cycle starting 1 January and closing 31 December of each year. This recommendation may not be explicitly in line with the Official Regulations of SCC, but it could improve the transparency and the clarity of the reports.

Auditors:

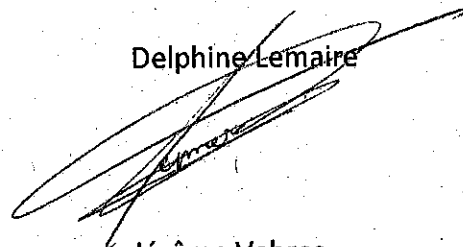
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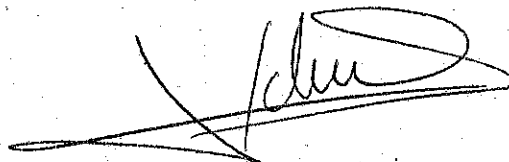
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