

# UNOG Staff Coordinating Council

## Audit report

### A. Background and scope of the Audit

Financial year - 1 December 2014 - 30 November 2015

Accounts received by the auditors - 18 January 2016

### B. Audited accounts

SCC has two main operating accounts:

- i) UBS SA bank account # 279-CA105907.0. It is used for all transactions approved by the SCC and its Executive Bureau and for investment related activities.
- ii) Swiss Post Finance account #17-297976-4. It is used exclusively to receive fees for posting classified ads and the staff contributions to SCC.

### C. Findings

The SCC assets are presented in the table below.

	Assets	as of 30.11.2014	as of 30.11.2015
100	Current Assets		
1010	PostFinance	66,770.46	71,838.96
1020	UBS Current account	148,738.26	361,324.06
1021	UBS Relief account	754.30	339.49
1022	UBS Creche account	1,336,868.75	1,636,935.10
1023	UBS Staff Gala account	9,908.80	36,246.00
1024	UBS Childrens Activities account	28,947.00	13,576.90
1025	UBS Legal Assistance account	113,306.25	113,264.50
130	Transitional Assets	425,240.00	
1300	Accounts Receivable		2,090.00
1301	Accounts Receivable - CCISUA		36,936.84
Total		2,130,533.82	2,272,551.85

The accounts and records were complete and found to be in order. The SCC and its Finance Commission are working on the basis of established practices and rules.

At the same time auditors believe that the financial reporting of the SCC can be further improved and relevant recommendations have been made to this end.



Thus, in the opinion of auditors, the current Regulations on representation of the staff of the United Nations at Geneva, especially their Annex II "Finance Commission and financial regulations" do not clearly define and divide responsibilities regarding authorization of financial expenditures and financial reporting lines between the General Assemblies of the staff, Staff Coordinating Council, Executive Bureau and Finance Commission.

Open and transparent debate on these matters at SCC is desirable to allow its members to fully understand the financial and controlling role of the SCC.

The report was submitted to SCC on 14 March 2016 and was subsequently discussed (and) revised with the SCC Finance Commission.

The report contains two parts: (1) observations and recommendations (2) notes (examples) made by auditors and explanation and comments provided by the SCC Finance Commission.

#### **Part 1. Audit report observations/recommendation**

Audit observation/recommendation	Action pending or taken
R - 2016/1 - The Staff Coordinating Council should ensure that all authorizations of expenditures under the regular and special budgets along with their justifications and/or explanation are properly reflected in the SCC meetings minutes. The Staff Coordinating Council in order to ensure the efficient use of funds, should strengthen the practice of controlling (and assessing) final expenses, in particular major ones and ensure that final expenses correspond to the original estimates. Otherwise, all deviation (additional expenses) shall be duly recorded and explained.	
R - 2016/2 - The Staff Coordinating Council should ensure that all expenses less than 500 CHF are based on detailed explanations and documented in the reports of the meetings of the SCC and/or EB.	
R - 2016/3 - The Staff Coordinating Council should introduce the practice of the UN clubs preparing annual reports on their activities and on the use of subsidies from the SCC and upload these reports on the SCC website.	
R- 2016/4 - The Staff Coordinating Council should introduce a practice of inviting a professional accountant to provide advisory services to the SCC and to the audit team.	
R_ 2016/5 - The Staff Coordinating Council should initiate revising the Regulations on the Representation of the Staff of the United Nations in Geneva	
R - 2016/6 - The Staff Coordinating Council should ensure the compliance with the requirements set in the Regulations on Representation of the Staff of the United Nations at Geneva regarding provision of timely and sufficient information to the auditors.	






**Part 2. Notes (examples) made by auditors and explanation and comments provided by the SCC Finance Commission.**

Notes (examples) made by auditors	Explanation and comments provided by the SCC Finance Commission
<p>N- 2016/1</p> <p><u>Practice of getting pre-approvals on the allocation of funds.</u></p> <p>According to the SCC rules, the final decision on all expenses exceeding 500CHF shall be taken by the SCC and shall be properly recorded. For the majority of expenses such practice is followed. However, there are a number of cases (decisions on subsidies to various UN clubs, on training, on some travel by EB members, etc.) when an Executive Bureau (EB) made decisions which were communicated for information to the SCC but not reflected in the SCC meetings minutes.</p>	<p>As per Annex II, Article 9 (1) of the statutes, no payment over CHF 500 is made without approval of the Council plenary. Expenditures are approved by the Council when it adopts its budget (each budget line constitutes an authorization to spend under each particular concept), or by expressly approving a specific expenditure that had not been budgeted. The Council may also delegate to the Executive Bureau (EB) the decision to approve any non-budgeted specific payment, and may come with certain conditions attached. If the EB deems necessary to incur in an expenditure that has not been budgeted, it refers the final decision to the Council. Regarding non-budgeted expenditures under CHF 500, they can be approved by the EB as per Annex II, Article 9 (2) of the statutes.</p>
<p><u>Practice of a subsequent control over incurred expenses</u></p> <p>The SCC sometimes lacks practice of controlling how actual expenses within an allocated budget were made including their final cost. More clear/detailed estimates for future expenses and final reports afterwards on the actual composition of the expenses incurred are desirable, at least for major expenses/events (gala party and children's party). Such retroactive analysis would allow to improve the efficiency of the use of the funds.</p>	<p>Staff Gala: For safety reasons, the Bureau felt acceptable to allow the female organizer of the Gala (a Council member), who lives a considerable distance away, to stay the night in Geneva at the end of the Gala rather than drive a long distance late at night, avoiding an accident risk. This was considered as a reasonable expense incurred by the Council for the Staff Gala; the budgetary approval therefore falls under "Staff Gala". There is on record an email whereby the Council member raises this situation.</p>
<p>Example 1: Payment of a hotel bill (room + garage) for a CC member who was not able to return home after the Gala Party – bill is paid without evidenced consideration and approval (as the expense was not in the original budget).</p> <p>Example 2: Food and drinks at the Gala Party were purchased by the participants. One could assume that all receipts from such sale went to the company ("DSR restaurant") that was providing a catering service and was serving the Party (we did not find any papers on such receipts).</p>	<p>As per the presentation of Mr. Slim Rouai to the Council plenary, it was agreed that all dues paying members would receive tickets. Furthermore, tickets were provided to technicians and musicians working at the Gala, as per standard practice. This is part of the established budget. It would be difficult to have a Council meeting during the Gala so as to approve tickets as</p>




<p>At the same time the SCC paid the bill to the "DSR restaurant" which includes also "frais de personnel" in the amount of 4.320 CHF. In our opinion, it will be logical to deduct the receipts (profit made by DSR from the sales at the Gala Party) from their bill for servicing. In any case auditors did not find any information on whether the issue of a reasonable balance between free and paid services provided by the company (and actual profits received by it) has been discussed/assessed. The bill paid to DSR also included: "tickets repas" (of different price/nomination) for 44 persons, "ticket boissons" (of different price) for 65 persons and "tickets deser" for 34 persons. There are no SCC papers on who made a decision on their purchase and on how these tickets were distributed.</p>	<p>they are provided to musicians, etc. This task is delegated to the organizers. The frais de personnel were part of the package agreed with Eldora and was a standard cost line for such an event. We are not aware of the conditions being different for other Eldora customers. Further, we do not believe it is the Council's role to comment on the right or not of Eldora to make a profit.</p>
<p>N - 2016/2 Practice of getting pre-approvals on the allocation of funds for expenses less than 500 CHF. There were cases with expenses less than 500 CHF, which were approved by the Executive Bureau without detailed explanation why such expenses are required. Example: purchase of a fridge for Languages Service, etc.</p>	<p>Fridge: The EB of the 32nd Council, at its 18th meeting of 12 January 2015, "agreed to subsidize, upon presentation of invoice, up to a maximum of CHF 350 towards the purchase of a fridge for the staff of the Languages Service". That amount was reimbursed to Mr. Ahmed Ghailan who purchased that fridge. This fell under the budgetary approval of "Miscellaneous", plus it was for less than CHF 500.</p>
<p>N - 2016/3 Reporting on the use of funds The SCC lacks practice of the UN clubs reporting to SCC neither on how funds allocated to them were spent, nor on their activities. There are around 30 clubs announced at the SCC webpage but it is not clear how many of them are functional and what are their activities.</p>	<p>When clubs request financial support from the Council, the EB thoroughly analyses their request and ensures the following information is provided, as per the Guidelines for the granting of financial support to clubs associated to the UNOG Staff Coordinating Council: Guidelines below: 11. Any request for financial support must include the following documents: a. Letter of request addressed to the Council, stating: (1) the amount requested, (2) detailed description of the purpose, including how and when it will be used, (3) official bank details of the club where the funds are to be transferred to, and (4) be signed by a duly authorized club member. b. In case the request is aimed at purchasing assets:</p>



	<p>(1) the corresponding quote; and</p> <p>(2) written confirmation that in the case of closure of the club, these assets will be returned to the Council before the club discharges any or all obligations.</p> <p>c. Copy of the duly signed constituting statutes of the club.</p> <p>d. Copy of the duly signed minutes of the club's latest assembly.</p> <p>e. List of members of the club, indicating the organization for which they are employed.</p> <p>f. Copy of the club's statement of accounts (including copy of bank account statement) as of the date of submission of the request (or as near as possible), signed by a minimum of two club members.</p> <p>g. Copy of the club's assets inventory as of the date of the request.</p> <p>h. Copy of the most recent audit of accounts, or justified reasons in writing of why its accounts have not been audited.</p>
<p>N- 2016/4</p> <p><u>Use of external expertise for an audit</u></p> <p>The Audit report for 2012/2013 recommended that the elected audit team should be assisted by an external accountant (recommendation 2013/5). This recommendation was not implemented.</p>	
<p>N- 2016/5</p> <p><u>Current regulations on the finance issues and on the responsibilities of SCC</u></p> <p>The current Regulations on the Representation of the Staff of the United Nations in Geneva were adopted in 1983 and do not clearly reflect the division of responsibilities (for example, with the regard of the possibility for SCC to delegate its financial authority to other bodies, i.e. Executive Bureau; etc.).</p>	
<p>N- 2016/6</p> <p><u>Provision of information to the auditors</u></p> <p>According to the Regulations on Representation of the Staff of the United Nations at Geneva the auditors shall draw up their report and shall send it to the Council not less than ten (10) days before the date set for the Ordinary Assembly of the staff, with a copy to the Finance Commission.</p> <p>In reality the accounts (basic information) were received by the audit</p>	

team on 18 January 2016. The date for the Ordinary Assembly of the staff was set for 29 January 2016. It means that the auditors were supposed to review the accounts and draft their report by 19 January (!) in order to meet the deadline set by the SCC Statute. One day time period does not look feasible to fulfil such a task. Moreover, according to item viii) para 1 article 2 of the Annex II on Finance Commission and Financial Regulations of the Regulations on Representation of the Staff of the United Nations at Geneva the Finance Commission "shall submit its accounts to the Council and to the auditors not more than ten (10) days after the closing of the accounts".

The auditors

Serguei Kouzmine



31 March 2016

Yaroslav Bulych



31 March 2016