

15 September S020

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 2018 through 30 November 2019.

On the basis of the financial documentation received on 18 December 2019, please find attached a narrative report related to the accounts that our team examined.

The Auditors


Myra Carandang


Vivian Clemente


Debbie Jill Francisco


Ronald Quero

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 2019 (Dec. 2018 – Nov. 2019)

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 2018 through 30 November 2019 (financial year 2019). On 18 December 2019, the Audit team received by e-mail a hyperlink to access digital copies of financial records of the UNOG SCC for financial year 2019. The accounts have been verified during the period of 2 January through 31 August 2020.
2. The scope of the audit and the role of the auditors are defined in paragraphs 2 and 3 of Article 4 in chapter IV of the *Regulations on Representation of the Staff of the United Nations at Geneva (Regulations)*, 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 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 2019 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 2019. Additional evidence and clarifications were provided by the office bearers of 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 2019, disbursements were made for various needs and activities of the Council. As part of their annual recurring expenditures, a total of CHF 45,048.27 was spent for Staff Gala activities. There was no amount reported as expenditure for


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Children's party activities, although a total of CHF 16,524.00 was recorded as prepaid expenditures in the current financial year to be reported as actual expenditures in the next financial year. Staff welfare related activities were also supported during the year with a total of CHF 36,366.54 spent on the Equal Pay campaign (which includes legal fees) and a total of CHF 100,378.33 on the UN Port pontoon project (which involved dredging of the port and installation of a new pontoon).

In addition to the main current account, two other UBS SA bank accounts are maintained for relief fund and children's activities.

- ii. Swiss PostFinance account: This account was used exclusively to receive income from classified ads and the staff contributions to the SCC. However, it showed an increase of CHF 502,529.05 between opening and closing balances. The increase is due mainly to the CHF 500,000.00 bank transfer made in October 2019 from the UBS current account.

C. Observations

1. The accounts and records related to financial year 2019 were kept in order. A new accounting software was acquired by the SCC to record transactions and generate financial reports. The new software can be accessed by authorized SCC users using a web link.
2. For income and expenditure accounts, there were total opening cash balances and closing cash balances as per the table below. During financial year 2019, there was total revenue of CHF 336,097.23 and expenditures of CHF 283,184.27. Consequently, the exercise shows a net income of CHF 52,912.96 for the financial year.

Current Assets	Opening Balance 1 December 2018 (CHF)	Closing Balance 30 November 2019 (CHF)
Cash in Bank Accounts		
PostFinance	82,370.51	584,899.56
UBS Current	1,911,022.30	1,661,042.67
UBS Relief Fund	0.00	-17.00
UBS Children's Activities	0.00	2,392.59
Subtotal	1,993,392.81	2,248,317.82
Transitional Assets		
Accounts receivable (CCISUA)	1,698.97	1,698.97
Accounts receivable (SAFI)	183,000.00	0.00
UBS Credit Card Credit Balance	1,792.05	0.00
Prepaid Expenditures (Dec 2019 Children's Party)	0.00	16,524.00
Subtotal	186,491.02	18,222.97
Total	2,179,883.83	2,266,540.79


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3. The closing cash balance as of 30 November 2019, was CHF 2,248,317.82 and the value of total assets were CHF 2,266,540.79.
4. The SCC reported a net income of CHF 52,912.96 in the current financial year 2019. However, a deficit of CHF 109,343.43 was reported during financial year 2018. The deficit is partly due from the decline in income recognized from SAFI.
5. The largest expenditure of the SCC during financial year 2019 was the UN Port pontoon project amounting to CHF 100,378.33. This came from earmarked funds from the remaining 2018 cash balance of the dissolved UN Beach Club which became the UN Port. The statutes of the UN Port provide for annual external audits.
6. Subsequent events after the financial year: A bridging loan to UN Port of CHF 40,000.00 was proposed in order to help the association to cover the expenses borne earlier in the year, before the UN Port's seasonal income (such as subscriptions and entrance fees) is realized during the summer season. A similar bridging loan of CHF 20,000.00 was also granted in March 2018, which was paid during the same financial year in August 2018 without interest. In the UNOG Broadcast sent on 11 February 2020 regarding the SCC's support to the UN Port, from the hyperlink shared, we noted in the Minutes of Meeting held on 12 December 2019 that a Council member requested the proposer to submit all documents relevant to UN Port before approval of the proposal. It was indicated that the loan is to be repaid entirely within 12 months at 0 percent interest. It was noted that the Council was part of the management of the beach and would be able to ensure that the funds were reimbursed. The Council agreed to grant the loan on the same meeting date pending submission of supporting documents.

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 2019 accounts are as follows:
3. **Recommendation 2019/1:** To review the feasibility of changing the current reporting period from Fiscal Year to Calendar Year ending 31 December in order to cover the high volume of expenditures incurred in the month of December for a better presentation of the actual financial position at year end.
4. **Recommendation 2019/2:** To review the recommendations of the Working Group on Investments, if any, regarding other investment options. Cash in bank accounts ending balances of around CHF 2.2 million were maintained in the past two financial years, mainly from the CHF 1.6 million cash reserves set aside for the Crèche project. These bank accounts are not earning any interest while incurring bank charges. If the suggestion raised during the minutes of the meeting was taken into consideration (i.e., to move the reserves to the La Mutuelle investment account) the excess cash could have earned higher interest or could have covered bank charges.
5. **Recommendation 2019/3:** To maintain a monitoring table of original approved budget figures and any revisions made during the financial year in order to facilitate the review of budget variances in comparison to actual expenditures incurred for the period.


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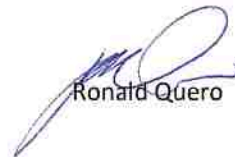
6. **Recommendation 2019/4:** To review sustainable inflow of revenues to cover expenditures for Staff welfare and representation.
7. **Recommendation 2019/5:** To ensure that all final payments disbursed are properly supported by final Invoices instead of Quotations/Devis. A specific transaction noted pertains to the final payment to Music Store on 13 December 2018 amounting to CHF 11,500.00 for Staff Gala related expenses (file number 34).

Auditors:


Myra Carandang


Vivian Clemente


Debbie Jill Francisco


Ronald Quero

UNOG Staff Coordinating Council Balance Sheet at 30 November 2019

ASSETS		LIABILITIES AND EQUITY	
CURRENT ASSETS		CURRENT LIABILITIES	
Cash in Bank Accounts		Accounts Payable	
1000	Postfinance 584'899.56	2000	UNOG 0.00
1001	UBS Current 1'661'042.67	2001	IAG Subsidy 0.00
1002	UBS Relief Fund -17.00	2002	Eden Springs Water 0.00
1003	UBS Activités Enfants 2'392.59	2003	Carlson Wagonlit Travel 0.00
1004	Credit Card Balance 0.00	2004	Wrongly Received Advert Fees 0.00
	Total Cash in Bank Accounts 2'248'317.82	2005	Manor Gift Cards 0.00
		2006	Genèveroule Project 0.00
	Accounts Receivable	2007	External Audit 0.00
1100	CCISUA 1'698.97	2008	UN Port 0.00
1101	SAFI income 0.00	2009	Earmarked Funds for UN Port Pontoon Project 0.00
	Total Accounts Receivable 1'698.97	2010	Equal Pay Campaign 29'727.10
		2011	Long Service Awards 10'090.50
	Prepaid Expenditures	2012	Children's Party 0.00
1200	Dec 2019 Children's Party 16'524.00	2013	Legal Assistance for Staff 5'030.00
1201	Dec 2019 Staff Gala 0.00	2014	Miscellaneous 4'463.80
	Total Prepaid Expenditures 16'524.00		Total Accounts Payable 49'311.40
			EQUITY
		2100	Retained Capital 2'217'229.39
TOTAL ASSETS	2'266'540.79	TOTAL LIABILITIES AND EQUITY	2'266'540.79
		Retained Capital:	
		Opening balance	2'164'316.43
		Add: Income for the year	52'912.96
		Closing balance	<u>2'217'229.39</u>

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Comments of the Finance Commission of the UNOG Staff Coordinating Council on the recommendations proposed by the auditors of the Council's 2019-2020 accounts

29 October 2020

Recommendation 1

“To review the feasibility of changing the current reporting period from Fiscal Year to Calendar Year ending 31 December in order to cover the high volume of expenditures incurred in the month of December for a better presentation of the actual financial position at year end.”

Comment: The financial year of the Council was designed to end on 30 November each year to accommodate the time for the audit of the books. In accordance to the Chapter VII Article 13 Paragraph 1 of the Regulations on Representation of the Staff of UNOG, “the Ordinary General Assembly, consisting of all staff members of the United Nations at Geneva, shall be convened each year during the second half of January.” This gives just enough time for the auditors to submit an audit report. If the end of the financial year were to shift to 31 December, it would be very unlikely for auditors to complete their audit report during the second half of January. Furthermore, the financial year could only be changed through an amendment of the Regulations via referendum as per Article 23 of said Regulations, which is by itself a political challenge (the latest referendum a few years back did not reach the minimum number of voters).-

Recommendation 2

“To review the recommendations of the Working Group on Investments, if any, regarding other investment options. Cash in bank accounts ending balances of around CHF 2.2 million were maintained in the past two financial years, mainly from the CHF 1.6 million cash reserves set aside for the Creche project. These bank accounts are not earning any interest while incurring bank charges. If the suggestion raised during the minutes of the meeting was taken into consideration (i.e.; to move the reserves to the La Mutuelle investment account) the excess cash could have earned higher interest or could have covered bank charges.”

Comment: The Finance Commission has been looking for ways to place excess funds into a short term, low risk time deposit. We contacted different banks in Geneva but due to low interest rates given by the banks, money market placements were not possible, giving 0% interest on placements. Moreover, savings accounts were even penalized if the amount exceeded 2 million. Due to this, the Council divided its cash reserves between UBS and Post Finance to escape any penalties. Regarding a possible placement in La Mutuelle, this has already been explored and unfortunately is not possible to move the excess funds to their account since they only accept funds from staff members and not entities such as the SCC. Due to economic uncertainty in the wake of the COVID-19 pandemic, the volatility of the stock markets, uncertainty of receiving future cash inflows from SAFI, the Finance Commission considered it would be better to safeguard the excess cash in its current accounts for the next few months. The FC will be meeting with the investment adviser of La Mutuelle to obtain advice on the current market situation and possible investment opportunities for the Council.

Recommendation 3

“To maintain a monitoring table of original approved budget figures and any revisions made during the financial year in order to facilitate the review of budget variances in comparison to actual expenditures incurred for the period.”

Comment: The finance commission accepts this recommendation and has started to maintain a monitoring table of the evolution of the budget as financial transactions take place through the financial year.

Recommendation 4

“To review sustainable inflow of revenues to cover expenditures for Staff welfare and representation.”

Comment: There are several cash inflow of revenues for the Council as follows:

1. Revenues from SAFI
2. Collection from dues paying members
3. Revenues from advertising board
4. Revenues from the magazine

The primary source of income of every staff union comes from the dues collected from the staff members. The Council has been undertaking continuing efforts to invite staff members to become a dues-paying member.

Due to the effects of the pandemic, the UNOG SCC's largest source of income, revenues from SAFI, will be temporarily suspended as SAFI suffered heavy losses as a result of closing of the Palais and significant drop in sales.

The revenues of the advertising boards were affected by the pandemic as the absence of staff physically in the palais will not attract any advertisers who will pay to post in the advertising boards.

The Council has been working to make the new magazine, UN Today, more profitable by attracting new advertisers and writing interesting articles. This new magazine is owned in its entirety by the Council and any revenues it will generate will go directly to the Council.

Recommendation 5

“To ensure that all final payments disbursed are properly supported by final Invoices instead of Quotations/Devis. A specific transaction noted pertains to the final payment to Music Store on 13 December 2018 amounting to CHF 11,500.00 for Staff Gala related expenses”

Comment: The Finance Commission accepts this recommendation and will ensure that all disbursements are supported by an invoice or official receipt.