

# The RFB CPA Group, PLLC

*Certified Public Accountants & Consultants*

The Audit Committee and Executive Council  
United Nations Staff Union  
Two United Nations Plaza- Room DC-2-0205  
New York, New York 10017

In planning and performing our audit of the financial statements of United Nations Staff Union (the "Staff Union") as of December 31, 2016 and for the period from July 1, 2011 through December 31, 2016, in accordance with auditing standards generally accepted in the United States of America, we considered the Staff Union's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Staff Union's internal control. Accordingly, we do not express an opinion on the effectiveness of the Staff Union's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the Staff Union's financial statements will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies in United Nations Staff Union's internal control to be significant deficiencies:

1. Bank account listed on the balance sheet

There is an account UNFCU 10-1170212-0001 with a balance of \$9,994 in the general ledger that was not confirmed for UN Staff Union for the dates July 1, 2011 and December 31, 2016. Upon speaking with Mr. Carlos Noriega, Branch Manager at UNFCU, it was determined that this account does not belong to the Staff Union. We recommended that the Staff Union reverse this account and the related revenue, which will be done effective December 31, 2016.

2. A) Support and revenue contributions

In 2011, the 43<sup>rd</sup> Council of UNSU discovered contributions from payroll (revenue) was going to an unauthorized account at Citibank. Following the discovery, monthly contributions from payroll was frozen. According to the payroll department at the United Nations, no staff deductions were made from January 2011 to October 2011. In August 2011, upon establishing an approved account at the United Nations Federal Credit Union, three months' worth of deposits from October to December 2010 was made in August of 2011. A memorandum of understanding was made between the Staff Union & UN payroll called OPPBA (Office of Programme, Planning, Budget & Accounts) on November 4, 2011, subsequent to which the monthly deposits resumed.

B) Support and revenue contributions

The payroll contributions reported on the bank statements did not match the amounts reported on the excel or pdf payroll statements provided by OPPBA. The net variance of amounts reported to be different is \$570.38. We recommend that any variance in the amount deposited monthly at UNFCU versus the spreadsheet provided by the OPPBA should be investigated immediately.

	<u>PAYROLL DEPOSITS REPORTED ON LEDGER</u>	<u>PAYROLL DEPOSITS REPORTED FROM UN'S PAYROLL DEPT IN EXCEL</u>	<u>DIFFERENCE</u>
<b>Dec-13</b>	8,722.09	8,537.87	184.22
			-
<b>Jan-14</b>	8,453.59	8,459.29	(5.70)
	-		-
<b>Nov-15</b>	7,778.38	7,849.38	(71.00)
<b>Dec-15</b>	7,886.80	7,862.80	24.00
<b>Jan-16</b>	7,763.36	7,793.60	(30.24)
<b>Mar-16</b>	7,799.13	7,873.87	(74.74)
<b>Apr-16</b>	7,933.36	7,875.60	57.76
<b>May-16</b>	7,682.80	7,628.36	54.44
<b>Jun-16</b>	7,584.60	7,516.60	68.00
<b>Jul-16</b>	7,643.72	7,576.22	67.50
<b>Aug-16</b>	7,613.22	7,554.22	59.00
<b>Sep-16</b>	7,667.80	7,596.80	71.00
<b>Oct-16</b>	7,630.96	7,565.58	65.38
<b>Nov-16</b>	7,441.51	7,391.13	50.38
<b>Dec-16</b>	7,481.02	7,430.64	50.38
<b>2013 TOTALS:</b>	8,722.09	8,537.87	184.22
<b>2014 TOTALS:</b>	8,453.59	8,459.29	(5.70)

<b>2015 TOTALS:</b>	15,665.18	15,712.18	(47.00)
<b>2016 TOTALS:</b>	84,241.48	83,802.62	483.86
<b>GRAND TOTALS:</b>	<b>117,082.34</b>	<b>116,511.96</b>	<b>570.38</b>

3. Expenses / disbursements testing

The write-off of \$8,088 on March 12, 2015 was approved by the Council per the description in the Quickbooks general ledger. However, there was no written documentation which approved the write-off. The Board minutes were recorded. We were provided with a transcript of the decision (D/44/143) wherein the write-off was approved. We recommend that all non-routine accounting transactions be authorized in writing, and written minutes kept, in accordance with the Staff Union's policies.

This communication is intended solely for the information and use of management, and the audit committee, and others within the Staff Union, and is not intended to be, and should not be, used by anyone other than these specified parties.




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The RFB CPA Group, PLLC  
 Great Neck, NY  
 May 15, 2017