

# 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 July 31, 2021 and for the period from May 1, 2019 through July 31, 2021, 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. Use of QuickBooks Online (QBO)

During the audit, we noticed in the past audit that the books were needing to record banking postings and to perform monthly bank reconciliations:

- We commend you for committing to using QBO to ensure books are constantly being updated.
- We commend you for using the "Bank Connection" feature to sync data and to help perform timely bank reconciliations; as well as having a smooth transition between elected treasurers.
- We are aware that you are going forward with a bookkeeper to review, record and perform monthly bank reconciliations. We commend you for this commitment.

2. Financial Budgeting

Now that you are fully committed to the use of QBO, we recommend that you setup a budget/forecast for the fiscal year and have it posted into the program monthly:

- Setting up an annual budget in QuickBooks and feeding in information monthly and doing a report of "actuals" against "budgeted" items.

---

43 Doral Drive, Manhasset, NY 11030 • 516-528-9275 Fax 516-482-5455  
1800 SW 10<sup>th</sup> Avenue, Suite 300, Fort Lauderdale, FL

*Members:*

*American Institute of Certified Public Accountants • New York and Florida State Societies of Certified Public Accountants*

- A budget is a plan for the future operations of a business. It is based on experience and management's intentions or expectations of future conditions that will affect the Company.

3. Highlighting the larger costs and expenses (line-item costs that were 10% or more of contributions and interest income):

Our intention here is to highlight some of the larger line costs and expenses that the Union experiences. We are sharing a history of these costs for the following time and as a percentage of the annual contributions and interest income:

August 1, 2018 – July 31, 2022:

- **Total Contributions and Interest were \$896,721.**

- **Travel costs totaled \$181,202.** Represented ~ 20% of Contributions and Interest Income.

- **International affiliation costs** totaled \$167,103. Represented ~ 18.6% of Contributions and Interest Income.

- **Legal advice and support costs** totaled \$91,551. Represented ~ 10.2% of Contributions and Interest Income.

4. Contribution dues

A marketing firm may need to be hired to generate a better return and attract more employees to the United Nations. You may want to consider committing to a marketing program.

5. Conduct a Membership Satisfaction Survey

The UNSU's mission statement places a high priority on membership satisfaction, yet the UNSU has never taken specific steps to measure membership satisfaction. As a result, UNSU does not have a clear idea of why membership growth has stalled.

We recommend that a well-designed membership satisfaction survey include the following features:

- The survey questionnaire should be short.
- The questionnaire should be done electronically or, if done on paper, accompanied by a prepaid addressed return envelope and a short letter on UNSU letterhead signed by the UNSU's president (or another appropriate person such as the vice president of sales or marketing). The email or letter should ask for the membership's participation, encourage candor, promise to provide a follow-up description of the survey results, and guarantee anonymity and confidentiality. The survey could provide for *optional* identification of the respondent and/or note that it should be returned to an independent firm rather than to the UNSU.
- The questionnaire should include a numbering scale that should not have too many response points, say between five and eight. Survey Monkey is a common tool used by many organizations.
- The survey should include a question specifically asking members to rate their overall level of satisfaction.
- The survey should include open-ended questions and may include space for comments after each question so that members can give reasons for their answers and suggest ways satisfaction can be improved. Open-ended questions might ask what the UNSU does particularly well, what it should do better, what it should do that it is not doing at present, etc.

- We also recommend that a survey be tested on a small group of members, say under a dozen, before it is sent to a larger group or all customers. The pre-test group should include members known to have valid complaints, and some randomly selected members.

6. Invest Excess Cash in Higher-yielding Certificate of Deposits

The Company's cash has been invested in checking/savings account \$750,000 and ~ \$1.87 mil in certificates of deposit as of July 31, 2021. We recommend that management investigate the possibility of investing more of the cash in Certificates of Deposit.

CD investments totaled \$1,870,159 as of July 31, 2021. If UNSU were to invest the ~ \$1.9 mil in 3–6-month rates of ~ 4.20%, would generate a return of ~ \$80,000 on an annual basis. In addition, UNSU has ~ \$750k in savings accounts. The UNFCU is currently paying ~ 2%.  $\$750k \times 2\% = \sim \$15k$ . Combining the CD and Savings accounts interest would amount to ~ \$95k. Note that in this audit there was reported interest income of ~ \$55k on a 12-month basis.

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.

*The RFB CPA Group, PLLC*

The RFB CPA Group, PLLC  
Manhasset, NY  
April 30, 2023