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MEMORANDUM

TO: Mr. Christopher F. Bagot,  
Chief, Geneva Audit Service  
Internal Audit Division, OIOS

DATE: 6 July 2011

FROM: Mojtaba Kazazi, *M.K. Kazazi*  
Executive Head

REFERENCE: UNCC/134/2011

SUBJECT: **Assignment No. AE2011/820/01 – Audit of UNCC claims payments for 2010-2011**

1. The UNCC Secretariat would like to thank OIOS and its audit team for its draft report dated 16 June 2011 on the audit of the claims payments.
2. The Secretariat is pleased to note that the overall opinion of OIOS is that *“appropriate revenue was received, the compensation awards were disbursed and the payment records were accurate, properly documented and compliant with Governing Council decisions and the UN Financial Regulations and Rules”*.
3. We agree with both audit recommendations contained in Annex 1 and our comments thereon, prepared in consultation with the UN Controller’s Office, are attached.
4. Minor comments from UNOG and UNHQ on the text of the draft report are also attached for your consideration.

cc: Mr. Jun Yamazaki  
Ms. Pornthip Srethwatanakul  
Mr. Genc Osmani

cc: Ms. Irene Muchira

Office of Internal Oversight Services  
INTERNAL AUDIT DIVISION II  
GENEVA  
109-03232/2011  
- 8 JUL. 2011

**ANNEX I**  
**SUMMARY OF RECOMMENDATIONS**  
**Audit of UNCC claims payment for 2010-2011**

Para no.	Recommendation	Accepted? (Yes/No)	Implementation date	Client comments
15	<p>The United Nations Compensation Commission should, in consultations with the United Nations Controller's Office, work with Iraq's Committee of Financial Experts to ensure that procedures are established for valuation of non-monetary sale of petroleum products and receipt of five per cent revenue into the Compensation Fund including the related internal monitoring and reporting procedures, to ensure appropriateness of the revenue received in compliance with Security Council resolution 1956.</p>	Yes	June 2011	<p>The Secretariat has consulted the UN Controller's Office and already met with the COFE on two separate occasions. At the latest meeting on 29 June with the presence of the UN Controller's Office, it was agreed that regular working meetings between COFE and UNCC would be held in future.</p> <p>Also at the most recent meeting, the issue of 'in-kind' transactions was discussed with particular reference to the need to establish a procedure for their valuation.</p> <p>COFE advised that it intends to send a letter detailing the procedures that will be in place for dealing with 'in-kind' transactions.</p>
19	<p>The United Nations Compensation Commission should regularly reconcile its miscellaneous income including refunds from governments with the data reported in the financial system.</p>	Yes	June 2011	<p>The Secretariat agrees with the recommendation. Noting that the frequency and amounts refunded have reduced significantly as nearly all individual claim awards have been distributed with the exception of a few from three governments and that no refunds have been received since February 2011, the Secretariat confirms that it will reconcile any refunds that may be received to the miscellaneous income ledger account on a monthly basis. Therefore, the Secretariat considers this recommendation implemented.</p>

## Comments on OIOS draft audit report

Assignment No. AE2011/820/01 – Audit of UNCC claims payments for 2010-2011

### Comments from UNOG:

In paragraph 9, the text should be amended to read “*UNOG FRMS had not circulated an updated list of officers having delegated authority to approve transactions, including disbursements of UNCC, since January 2011*”.

As previously explained in UNOG’s communication to OIOS, the delegation was properly updated in the individual documents and IMIS but there had been a delay in circulating the list to the outside community.

### Comments from UNHQ:

In paragraph 10, the text should be amended to read “*As a result, the Controller’s Office in New York issued a revised procedure on 9 May 2011 clarifying the treatment of interest accrued on the withheld compensation funds not as an appropriation relating to programme expenditure, but as payment of accounts payable. The payment made in April 2011 complied with the new procedure*”.