



TO: Mr. Gurpur Kumar
A: Deputy Director and Officer-in-Charge
Internal Audit Division, Office of Internal Oversight Service

DATE: 5 October 2011

THROUGH: Neeta Tolani
S/C DE: Director *HT Tolani*
Office of the Under-Secretary-General for Management

FROM: Mario E. Baez *M. Baez*
DE: Chief, Policy and Oversight Coordination Service
Department of Management

SUBJECT: **Assignment No. AH2011/511/01 – audit of arrangements for global banking and investment management in OPPBA**
OBJET: **investment management in OPPBA**

1. The Department of Management is pleased to provide the attached comments to the above-referenced report.
2. We thank you for the opportunity to provide comments to the report.

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ANNEX I
OPPORTUNITIES FOR IMPROVEMENT
Audit of arrangements for global banking and investment management in OPPBA

Para No.	Opportunity for improvement	Client Comments
10	OPPBA could strengthen the risk management framework for banking operations to ensure that the risk of disruption of banking services is assessed for all locations and appropriate mitigating strategies developed	The Organization maintains bank accounts in 88 countries. In many peacekeeping missions, there is no banking infrastructure in place and banking operations need to be established specifically to meet the Organization's unique requirements. OPPBA is actively engaged in ensuring the required banking services are delivered in an efficient, secure and cost effective manner. Contingency plans are in place for the large peacekeeping missions to provide assistance from neighboring countries in cases of force majeure, however, these plans can vary depending on the cause of the disruption. OPPBA works closely with DFS and the peacekeeping missions to identify and deliver solutions whenever there is a disruption to the banking operations.
18	OPPBA could develop formal mechanisms to determine cash requirements to meet day to day operations without compromising liquidity	Treasury manages the cash requirements of the Organization to meet day-to-day operations without compromising liquidity in an optimal manner. Since the financial markets are dynamic, move rapidly and are affected by changes in economic fundamentals, fiscal policy and global events, maintaining sufficient cash on hand is an important investment strategy. OPPBA investment goal is to outperform the benchmark while protecting the assets of the Organization against loss of principal. OPPBA actively positions its investments portfolio with the goal of outperforming the benchmark, which it has done consistently. Mechanisms currently in place provide the ability to change tactical strategy quickly to take advantage of opportunities available for short periods of time.
21	OPPBA could develop criteria for identifying with which banks the Organization is required to enter into banking agreements	The Organization maintains bank accounts with over 100 financial institutions in 88 countries. Approximately 90% of the funds of the Organization are currently covered by banking agreements.
25	OPPBA could develop procedures for selecting and maintaining bank signatories to strengthen the process and ensure consistency	OPPBA will consult with OHRM and DFS, in addition to the Investigations Division of OIOS, to check if a staff member being recommended as a bank signatory has any ongoing/concluded investigation case against her/him and determine her/his eligibility accordingly. OPPBA will also establish clear eligibility criteria for all other duty stations to follow and there will be a periodical review conducted of the bank signatories.
27	OPPBA could enhance the guidelines for opening bank accounts by amending the procedures to cover guidance on temporary bank accounts	OPPBA opens temporary bank accounts primarily for conferences and for a short duration. In the majority of cases, the bank accounts are opened with a bank that has a branch within the conference venue or with a bank that the Organization has an existing relationship with.