

AUDIT

OF

**PROJECT NAME: THREE DISEASES FUND MANAGEMENT OFFICE
(Atlas Project ID #00053634)**

At UNOPS MYANMAR OPERATIONS CENTRE

**Report No. IAIG/2209
Issue Date: 22 AUGUST 2012**

Report on the audit of 'Three Diseases Fund Management Office' (Atlas Project ID # 00053634)

Executive Summary

The Internal Audit and Investigations Group (IAIG) of the United Nations Office for Project Services (UNOPS), through Lochan & Co, New Delhi, India (the audit firm), conducted an audit of project 'Three Diseases Fund Management Office' (Atlas Project ID 00053634) (the Project), in Myanmar Operations Centre (the Office). The audit firm was under the general supervision by IAIG in conformance with the *International Standards for the Professional Practice of Internal Auditing*.

The Project reported expenditure totaling USD 28,686,670 during the period from 1 January 2010 to 31 December 2010. The following donors contributed to the Project: Nile Basin Trust Fund (NBTF), Global Environmental Facility/ World Bank (GEF/WB), Government of Germany with the Germany Agency for Technical Cooperation (GTZ), African Development Fund (AFDB).

Audit scope and objectives

The audit firm conducted a combined financial audit and audit of internal controls and systems to express an opinion on whether the financial statements present fairly, in all material aspects, the results of the Project's operations, as well as assess compliance with UNOPS regulations, rules, policies and procedures and donor agreements. The audit covered the review of the Project's Statement of Expenditure for the above mentioned period and Statement of Non-Expendable Property. It also reviewed the relevant systems, procedures and practices in place as they relate to the Project, in the areas of: project management, finance, human resources management, procurement and supply chain, and general administration (including asset management).

Audit rating

Based on the audit report and corresponding management letter submitted by the audit firm, IAIG assessed the management of the Project as **satisfactory**¹. The details of the audit results are presented in Tables 1 and 2.

Table 1: Summary results of the financial audit

Period	Project Expenditure		Project non expendable property		Overall rating on internal controls
	Amount (USD)	Opinion	Amount (USD)	Opinion	
01 January to 31 December 2010	28,686,670	Unqualified	249,102	Unqualified	Satisfactory

¹ See definitions in Annex 1

Table 2: Internal controls ratings summary

RATING SUMMARY BY FUNCTIONAL AREA		
Functional area	Rating	
Project management	Satisfactory	
Finance	Satisfactory	
Procurement and supply chain	Satisfactory	
Human resources	Satisfactory	
General administration (incl. Assets Management)	Satisfactory	
Overall rating of Internal control	Satisfactory	

Key recommendations

The audit raised 18 recommendations, of which 12 were ranked medium priority and the remaining 6 recommendations were ranked low priority. Medium priority recommendations include actions to address disbursements of funds to implementing partners (IP) by UNOPS; submission of technical and annual inventory reports by IP's; over utilization of budget; shortcomings in requisition form; advance payment made to UNICEF on procurement of medicines; payment of freight charges and other incidental expenses to UNICEF without proper support; and inventory and supply management of implementing partners.

Follow up of recommendations

The follow up of the action taken by management to implement the audit recommendations is monitored by IAIG on its web based issue tracking system.