

**AUDIT**

**OF**

**PROJECT NAME: LIVELIHOODS & FOOD SECURITY TRUST FUND  
(Atlas Project ID # 00070927)**

**At UNOPS MYANMAR OPERATIONS CENTRE**

**Report No. IAIG/2211  
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## Report on the audit of 'Livelihoods & Food Security Trust Fund' (Atlas Project ID 00070927)

### 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 the project 'Livelihoods & Food Security Trust Fund' (Atlas Project ID 00070927) (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 42,366,020 during the period from 01 October 2009 to 31 December 2011. The following donors contributed to the Project: European Commission (EC), Department for International Development UK (DFID), Australian Government Overseas Aid Program (AusAID), Government of Switzerland, Government of The Netherlands, Swedish International Development Cooperation Agency (SIDA), Danish International Development Agency (DANIDA), Government of New Zealand-Ministry of Foreign Affairs and Trade (MFAT-NZ).

#### 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 **partially satisfactory**<sup>1</sup>. 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 October 2009 to 31 December 2011	42,366,020	Unqualified	135,859	Unqualified	Partially satisfactory

<sup>1</sup> See definitions in Annex 1

Table 2: Internal controls ratings summary

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

### Key recommendations

The audit raised 26 recommendations, of which none was ranked high priority and 14 were ranked medium priority. The remaining 12 recommendations were ranked low priority. Medium priority recommendations include actions to address submission of monthly report to the Tripartite Group; underutilization of the budget in the years 2010-2011; over utilization of the human resources budget in 2011; submission of technical & financial reports by implementing partners; follow up action plan for implementing partners' audit recommendations from Fund Management Office; strengthening contracting for procurement of goods and services; filling up of personnel positions and providing induction training of staff.

### 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.