REGIONAL HEALTH EMERGENCY RESPONSE PROJECT
ATLAS PROJECT NUMBER 60817

MANAGEMENT LETTER
FOR THE PERIOD FROM 1 JULY 2010 TO 13 JULY 2012
Strictly Private & Confidential

Messrs
United Nations Office for Project Services
Amman - Jordan

Subject: Contract for Consultant’s Services: Audit of the accounts of Regional Health Emergency Response Project- Atlas Project Number 60817 for the period from 1 July 2008 to 13 July 2012.

As part of our auditing of Regional Health Emergency Response Project “the Project” financial statements for the period from 1 July 2010 to 13 July 2012, we studied and evaluated the organization’s system of internal accounting control to the extent we considered necessary in order to meet the requirements of International standards on Auditing. These standards require a study and evaluation of internal accounting control only for the purpose of determining the nature, timing and extent of auditing procedures necessary for expressing an opinion on the Project’s financial statements.

Our study and evaluation was therefore more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole that would not necessarily disclose all material weaknesses in the system. Accordingly, we do not express an opinion on the system of internal accounting control.

Pricewaterhouse Coopers

Amman, Jordan
7 January 2013
Overall Assessment

In our opinion, the overall level of internal control with respect to the Regional Health Emergency Response Project's operations (Atlas Project Number 60817) is considered to be Satisfactory.

The specific ratings for the main areas covered by the audit are as follows:

<table>
<thead>
<tr>
<th>EFFECTIVENESS OF INTERNAL CONTROL</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project management</td>
<td>Satisfactory</td>
</tr>
<tr>
<td>Finance</td>
<td>Satisfactory</td>
</tr>
<tr>
<td>Procurement</td>
<td>Satisfactory</td>
</tr>
<tr>
<td>Human resource</td>
<td>Partially satisfactory</td>
</tr>
<tr>
<td><strong>Overall level of internal control</strong></td>
<td><strong>Satisfactory</strong></td>
</tr>
</tbody>
</table>

Our management letter contains one recommendation; this recommendation is detailed throughout this report.
1. Human resources

Allocation of support staff expenditures:

Observation
We noted that UNOPS management allocates support staff costs based on the staff projectization matrix. Based on our understanding, the management allocates the time based on the following factors:

1. Number of projects available
2. Budget per project
3. Employment contract period
4. Employment contract amount
5. Duration of the project
6. Relevance to the project

This allocation is not based on actual time spent on each project and the allocated cost do not include other overheads.

Impact
Medium

Recommendation
The project management team should allocate support staff cost based on actual time spent using systemic charge rate for each grade. The charge rate per saff grade should be formulated in a way to include all support staff direct costs, indirect costs and other overheads. Also support staff should maintain an update time sheets for actual time spent on each project.

Status of Recommendation
Open

Management Response
It is extremely difficult to allocate each Support services employee worked on this project. We use staff projectization sheet that indicates key staff that work on the project and the duration along with the nature of the job.