



INTERNAL AUDIT AND INVESTIGATIONS GROUP

UNITED NATIONS OFFICE FOR PROJECT SERVICES (UNOPS)

INTERNAL AUDIT REPORT

21 January 2021

PROJECT NAME:	REGIONAL ARTEMISININ 2 ELIMINATION (RAI2E)
PROJECT NUMBER:	20864-003 (WORK PACKAGE ID 20864-003-17)
COUNTRY:	CAMBODIA
AUDITOR:	BDO LLP
PERIOD SUBJECT TO AUDIT:	1 JANUARY TO 31 DECEMBER 2019

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Acronyms and abbreviations

CNM	National Centre for Parasitology, Entomology and Malaria Control
FB	Fund Board
FMO	Fund Manager's Office
GFATM	The Global Fund to fight AIDS, Tuberculosis and Malaria
IAIG	Internal Audit and Investigations Group
IPSAS	International Public Sector Accounting Standards
LLIN	Long Lasting Insecticidal Nets
KHOC	Cambodia Operations Centre
OC	Operations Centre
PC	Project Centre
PR	Principal Recipient
PUDR	Progress Update and Disbursement Request
RAI2E	Regional Artemisinin Initiative 2 Elimination
RO	Regional Office
SR	Sub-recipient
TOR	Terms of Reference
UNOPS	United Nations Office for Project Services
USD	United States Dollars

Executive summary

The engagement context

The Internal Audit and Investigations Group (IAIG) of the United Nations Office for Project Services (UNOPS), through BDO LLP (“the audit firm”), conducted an audit of the project ‘Regional Artemisinin Initiative 2 Elimination (RAI2E)’ (“the project”) (oneUNOPS project ID 20864-003, workpackage 20864-003-17), which is implemented and managed by UNOPS Cambodia. 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 amounting to US\$ 2,651,744 during the period from 1 January to 31 December 2019.

Audit objectives

The overall objective of the audit was to assess the management of the project operations to obtain reasonable assurance towards the achievement of the project objectives.

The areas of focus included:

- a) Effective, efficient and economical use of resources;
- b) Reliability of reporting;
- c) Safeguarding of assets; and
- d) Compliance with applicable legislation.

The purpose of the audit was to provide reasonable assurance that:

- a) Client/donor contributions and project expenditure are properly accounted for;
- b) Project expenditure was incurred in accordance with the contribution agreement, and is supported by adequate documentation; and
- c) The related financial statements prepared by UNOPS for the year under review present a fair view of the operations.

In particular, the audit firm provided an overall assessment of the operational and internal control systems that are in place for the management of the project so that related transactions are processed in accordance with UNOPS policies and procedures to achieve the project’s objectives.

Audit scope

The audit firm conducted the audit in accordance with International Standards on Auditing issued by the IAASB and UNOPS internal audit practices, and in consideration of the requirements of International Public Sector Accounting Standards (IPSAS).

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, which means, “Internal controls, governance and risk management processes were adequately established and functioning well. No issues were identified that would significantly affect the achievement of the objectives of the audited party”. The details of the audit results are presented in Tables 1 and 2.

Table 1: Summary results of the financial audit

Project title		Period	Project no.
Regional Artemisinin Initiative 2 Elimination (RAI2E)		1 January to 31 December 2019	20864-003
Financial statement		Statement of non-expendable property	
Amount US\$	Opinion	Amount US\$	Opinion
2,651,744	Unmodified	32,521	Unmodified

Table 2: Internal control rating summary for project

Rating summary by functional area		
Functional area	Rating	
Project management	Satisfactory (effective)	
Finance	Satisfactory (effective)	
Procurement and supply chain	Satisfactory (effective)	
Human resources	Satisfactory (effective)	
General administration	Satisfactory (effective)	
Overall rating of internal control	Satisfactory (effective)	

Key issues and recommendations

The audit did not identify any issues or recommendations.

Signed:



Robert Waters
Partner
BDO LLP

21 January 2021

Operational overview

In December 2012, UNOPS was selected by the Cambodia Country Coordinating Mechanism for The Global Fund to Fight AIDS, Tuberculosis and Malaria (GFATM) to become the Principal Recipient (PR) for the Single Stream of Funding (SSF) Malaria grant for Cambodia. The management responsibility for this grant was handed over to UNOPS on 1 April 2013. As the designated Principal Recipient for the Global Fund SSF Malaria grant, UNOPS was responsible for the quality financial management, timely procurement of supplies and service delivery as well as efficient monitoring and evaluation of grant implementation activities.

The new Regional Artemisinin Initiative 2 Elimination (RAI2E) grant will be implemented for three years effective from January 2018 to December 2020. This program aims to strengthen and scale up the most successful malaria control activities in Cambodia as part of the RAI2E grant. UNOPS Cambodia is the principle recipient of the RAI2E grant and UNOPS Cambodia as PR in the Kingdom of Cambodia will implement prevention, care and treatment activities, preventing the use of mono therapies and standard drugs in the public and private sector, preventing the transmission of artemisinin resistant malaria parasites among target populations including mobile migrant populations by mosquito control, personal protection and environmental manipulation, community mobilization and advocacy and effective management and coordination to enable rapid high quality implementation of the elimination strategy and passes on funding to other organization (sub-recipients) who provide these services. Under the Malaria grant, strengthening activities for a resilient health system are being implemented like capacity building initiatives for public health staff, provide health care providers and community health workers. Routine report and national surveillance system are also being strengthened.

The Global Fund's Regional Artemisinin Initiative 2 Elimination is a grant which aims to support various Program activities in the Greater Mekong Sub-region in five countries: Kingdom of Cambodia, Lao People's Democratic Republic, Republic of the Union of Myanmar, Kingdom of Thailand and Socialist Republic of Vietnam. The grant is managed regionally by UNOPS Myanmar. UNOPS Cambodia is responsible for the implementation of the Cambodia component with a total approved budget for 2019 amounting to US\$ 3,069,510.

The programme is implemented through different types of SRs, including the Ministry, its departments, International NGO (INGO), multilateral organizations and Local Non-Government Organizations (LNGO).

The audit team extends its appreciation to the management and staff members of UNOPS office in Cambodia for their full cooperation during the audit.

Annex I - Definitions

Standard audit ratings for overall performance of internal control system

Effective 1 January 2017, the internal audit services of UNDP, UNFPA, UNICEF, UNOPS and WFP adopted harmonized audit rating definitions, as described below. IAIG assesses the entity under review as a whole as well as the specific audit areas within the audited entity:

- (a) satisfactory (effective),
- (b) partially satisfactory (some improvement needed),
- (c) partially satisfactory (major improvement needed), and
- (c) unsatisfactory (ineffective).

The elements of the rating system take into account the audited office's internal control system, risk management practices, and their impact on the achievement of office objectives.

The definitions of the ratings are, as follows:

Standard rating	Definition
Satisfactory (effective)	The assessed governance arrangements, risk management practices and controls were adequately established and functioning well. Issues identified by the audit, if any, are unlikely to affect the achievement of the objectives of the audited entity/area.
Partially satisfactory (some improvement needed)	The assessed governance arrangements, risk management practices and controls were generally established and functioning, but need some improvement. Issues identified by the audit do not significantly affect the achievement of the objectives of the audited entity/area.
Partially satisfactory (major improvement needed)	The assessed governance arrangements, risk management practices and controls were established and functioning, but need major improvement. Issues identified by the audit could significantly affect the achievement of the objectives of the audited entity/area.
Unsatisfactory (ineffective)	The assessed governance arrangements, risk management practices and controls were either not adequately established or not functioning well. Issues identified by the audit could seriously compromise the achievement of the objectives of the audited entity.

Categories for priorities of audit recommendations

The audit observations are categorized according to the priority of the audit recommendations and the possible causes of the issues. The categorized audit observation provides a basis by which the UNOPS country office management is to address the issues.

The following categories of **priorities** are used:

Categories	Definition
High	Prompt action is considered imperative to ensure that UNOPS is not exposed to high risks (that is, where failure to take action could result in critical or major consequences for the organization).
Medium	Action is considered necessary to avoid exposure to significant risks (that is, where failure to take action could result in significant consequences).
Low	Action is considered desirable and should result in enhanced control or better value for money.

Possible causes

The following categories of **possible causes** are used:

- **Guidelines:** absence of written procedures to guide staff in performing their functions;
 - Lack of or inadequate corporate policies or procedures
 - Lack of or inadequate RO/OC/PC policies or procedures
 - Inadequate planning
 - Inadequate risk management processes
 - Inadequate management structure
- **Guidance:** inadequate or lack of supervision by supervisors;
 - Lack of or inadequate guidance or supervision at the RO/OC/PC level
 - Inadequate oversight by Headquarters
- **Resources:** insufficient resources (funds, skill, staff) to carry out an activity or function;
 - Lack of or insufficient resources (financial, human, or technical resources)
 - Inadequate training
- **Human error:** Un-intentional mistakes committed by staff entrusted to perform assigned functions;
- **Intentional:** intentional overriding of internal controls;
- **Other:** Factors beyond the control of UNOPS.