

**UNITED NATIONS OFFICE FOR PROJECT SERVICES
(UNOPS)****INTERNAL AUDIT REPORT****31 July 2025**

Project name:	C19RM – RAI3E
Project number:	20864-008 (work package 20864-008-23)
Country:	Myanmar
Auditor:	BDO LLP
Period subject to audit:	1 January to 31 December 2024

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Acronyms and abbreviations

C19RM	Covid 19 Response Mechanism
IAASB	International Auditing and Assurance Standards Board
IAIG	Internal Audit and Investigations Group
IESBA	International Ethics Standards Board for Accountants
IPSAS	International Public Standard Accounting System
ISA	International Standards on Auditing
PUDR	Progress Update and Disbursement Request
RAI3E	Regional Artemisinin Initiative 3 Elimination
UN	United Nations
UNOPS	United Nations Office for Project Services
US\$	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 'C19RM – RAI3E' ("the project") (oneUNOPS project ID 20864-008, work package 20864-008-23), which is implemented and managed by the UNOPS Office in Myanmar. The audit firm was under the general supervision of IAIG in conformance with the International Standards for the Professional Practice of Internal Auditing.

The project reported expenditure amounting to US\$ 218,353 during the period from 1 January to 31 December 2024. The programme is funded by the Global Fund and implemented by UNOPS.

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 partially satisfactory (some improvement needed), which means, "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". 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.	
C19RM – RAI3E	1 January to 31 December 2024	20864-008, work package 20864-008-23	
Financial statement		Statement of non-expendable property	
Amount US\$	Opinion	Amount US\$	Opinion
218,353	Unmodified	-	N/A

Table 2: Internal control rating summary for project

Rating summary by functional area		
Functional area	Rating	
Project management	Satisfactory	
Finance	Partially satisfactory (some improvement needed)	
Procurement and supply chain	Satisfactory	
Human resources	Satisfactory	
General administration	Satisfactory	
Information and Communications Technology	Satisfactory	
Overall rating of internal control	Partially satisfactory (some improvement needed)	

Key issues and recommendations

The internal audit report raised one recommendation, which is ranked medium priority.

Recommendations with a medium priority mean that “Action is considered necessary to avoid exposure to significant risks (that is, where failure to take action could result in significant consequences).”

The table below summarizes the recommendations we have issued in relation to the functional areas concerned and provides a list of the audit findings, further details of which can be found in the section 'detailed assessment'.

No.	Functional area	Audit finding title	Priority rating (high / medium)	Financial impact (US\$)
1	Finance	Understatement of ICA fees	Medium	(46,680)
Total				(46,680)

Management's comments

The Head of Programme Management Office accepted all recommendations.

Signed:

DS
BDO LLP

BDO LLP

31 July 2025

Operational overview

The initial phase of the C19RM grant (20864-008) was implemented from 1 July 2021 to 31 December 2023, with a total value of US\$ 108 million. UNOPS served as the Principal Recipient alongside nine Sub-Recipients (SRs), and Save the Children acted as a Co-PR with seven SRs. The program was implemented across 45 townships in 13 states and regions.

Following the successful completion of the initial phase, the Global Fund approved a two-year no-cost extension. This extension allows for the reinvestment of approximately US\$ 53 million in unspent C19RM funds from the 2021-2023 grant into activities aligned with the Global Fund's C19RM eligible investments for 2024 and 2025. The grant is now scheduled to officially close by the end of December 2025.

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

Detailed assessment

1.	Title:	Understatement of ICA fees																									
Functional area:		Finance																									
Comparison criteria:		Rule 123.03 of the EOD.ED.2017.04 Financial Regulations and Rules states, "The Comptroller shall prescribe and maintain financial and subsidiary records and shall institute systems and procedures which will permit accurate and timely financial reporting on all activities to the Executive Director and to the Executive Board".																									
Priority:		Medium																									
Cause:		Human error	Un-intentional mistakes committed by staff entrusted to perform assigned functions																								
Responsible manager:		Head of Programme Management Office																									
Due date:		31 December 2025																									
Financial impact:		US\$ 46,680																									
Facts / observation:		<p>The costs of a Programme Management Officer (IICA1) were budgeted for the C19RM grant under work package 20864-008-23 GC6. However, they were charged under C19RM grant under work package 20864-008-13 instead. As such, the allocation of costs to the work packages was not made in line with the assumptions under the individual work packages agreed with the donor in the detailed budget.</p> <p>Although the cost allocation across the work packages was incorrect, the overall charge for the ICA for 2024 was correct for the overall grant C19RM.</p> <p>Details of the allocation of costs across the work packages are included in the table below:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Work package</th> <th style="text-align: center;">LoE as per agreed budget</th> <th style="text-align: center;">Budget line</th> <th style="text-align: center;">Expected charge as per LoE (US\$)</th> <th style="text-align: center;">Amount charged (US\$)</th> <th style="text-align: center;">Difference (over) / under-charge (US\$)</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">20864-008-13</td><td style="text-align: center;">0%</td><td style="text-align: center;">71.017</td><td style="text-align: center;">-</td><td style="text-align: center;">45,541</td><td style="text-align: center;">(45,541)</td></tr> <tr> <td style="text-align: center;">20864-008-23</td><td style="text-align: center;">100%</td><td style="text-align: center;">90.001</td><td style="text-align: center;">45,541</td><td style="text-align: center;">-</td><td style="text-align: center;">45,541</td></tr> <tr> <td style="text-align: center; border-top: 1px solid black;">Total</td><td style="text-align: center; border-top: 1px solid black;"></td><td style="text-align: center; border-top: 1px solid black;"></td><td style="text-align: center; border-top: 1px solid black;">45,541</td><td style="text-align: center; border-top: 1px solid black;">45,541</td><td style="text-align: center; border-top: 1px solid black;">-</td></tr> </tbody> </table> <p>In addition, this cost for the work package 20864-008-23, would have accrued fees at 2.5% on US\$ (45,541), totalling US\$ (1,139) which are also considered to have been understated in 2024. The total understatement in 2024 for the work package is therefore US\$ 46,680.</p>		Work package	LoE as per agreed budget	Budget line	Expected charge as per LoE (US\$)	Amount charged (US\$)	Difference (over) / under-charge (US\$)	20864-008-13	0%	71.017	-	45,541	(45,541)	20864-008-23	100%	90.001	45,541	-	45,541	Total			45,541	45,541	-
Work package	LoE as per agreed budget	Budget line	Expected charge as per LoE (US\$)	Amount charged (US\$)	Difference (over) / under-charge (US\$)																						
20864-008-13	0%	71.017	-	45,541	(45,541)																						
20864-008-23	100%	90.001	45,541	-	45,541																						
Total			45,541	45,541	-																						
Impact:		Expense for the work package 20864-008-23 has been understated by US\$ 46,680 for the period 1 January to 31 December 2024.																									

Recommendation:	UNOPS should ensure that costs are allocated across work packages in line with the detailed budget and assumptions agreed with the donor. Any variances between actual and budgeted expenditure should be investigated on a regular basis as well as at the end of each reporting period, in order to identify and resolve any discrepancies, prior to finalising the financial statement for the reporting period.
Management reply:	UNOPS PR incorrectly allocated this staff position to our budgets (to work package 20864-008-13, when it should have been to work package 20864-008-23). However, since the PR budget is reported as a single line item in the PUDR, which includes both work packages 20864-008-13 and 20864-008-23, and the project concludes at the end of 2025, we opted against an adjustment. Furthermore, the Financial Statements remain accurate, as this is merely a potential reallocation between work packages, resulting in a zero financial impact.
Management action plan:	We will process an adjustment in our books in 2025.

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
- (d) 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.