

**UNITED NATIONS OFFICE FOR PROJECT SERVICES
(UNOPS)****INTERNAL AUDIT REPORT****30 July 2025**

Project name:	GFATM-PR-RAI4E-Regional
Project number:	20864-012 (Work Package 20864-012-10)
Country:	Lao People's Democratic Republic
Auditor:	BDO LLP
Period subject to audit:	1 January to 31 December 2024

Contents

Acronyms and abbreviations	3
Executive summary	4
Operational overview	7
Detailed assessment	8
Annex I - Definitions	10

Acronyms and abbreviations

GFATM	The Global Fund to Fight AIDS, Tuberculosis and Malaria
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
PR	Principal Recipient
RAI4E	Regional Artemisinin Initiative 4 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 'GFATM-PR-RAI4E-Regional' ("the project") (oneUNOPS project ID 20864-012, work package 20864-012-10), which is implemented and managed by the UNOPS Office in Lao People's Democratic Republic. 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\$ 599,462 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 satisfactory, which means, "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.". 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.
GFATM-PR-RAI4E-Regional		1 January to 31 December 2024	20864-012, work package 20864-012-10
Financial statement		Statement of non-expendable property	
Amount US\$	Opinion	Amount US\$	Opinion
599,462	Unmodified	896 ¹	Unmodified

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	Satisfactory	

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).”

¹ The amount stated is the net book value of the GFATM-PR-RAI4E-Regional capitalized asset and registered asset list (non-capitalised assets) at the reporting date 31 December 2024.

Below is 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	Ineligible ICA costs	Medium	2,584
Total				2,584

Management's comments

The Head of the Programme accepted all recommendations.

Signed:

DS
BDO LLP

BDO LLP

30 July 2025

Operational overview

UNOPS ARHC has assisted in managing US\$ 768.2 million worth of Global Fund grants from 2011 to 2023 to provide better access to the prevention, care and treatment for HIV, TB and malaria. UNOPS was again selected as a Principal Recipient (PR) to manage the new funding of US\$ 170 million for the continuation of HIV, TB and malaria programme implementation in Myanmar over the next three-year period (2024-2026). The grants from the Global Fund have allowed those most in need to better access prevention, care and treatment for HIV, TB and malaria.

The audit team extends its appreciation to the management and staff members of the UNOPS office in Lao People's Democratic Republic for their full cooperation during the audit.

Detailed assessment

1.	Title:	Ineligible ICA costs											
Functional area:		Finance											
Comparison criteria:		<p>UNOPS Executive Office Directive Ref. EOD.ED.2017.04 "Financial Regulations and Rules" Regulation 112.04 states: "Charges to project budgets shall be authorized through and subject to the terms of a project agreement".</p> <p>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.". </p>											
Priority:		Medium											
Cause:		Human error	Un-intentional mistakes committed by staff entrusted to perform assigned functions										
Responsible manager:		HR Manager, EAPMCO, Bangkok, Thailand											
Due date:		31 December 2025											
Financial impact:		US\$ 2,584											
Facts / observation:		<p>The Programme Coordinator ICA fee for December 2024 was overpaid and overcharged to the project in 2024. As required by UNOPS regulations, there was a mandatory break in service for this ICA from 26 December 2024 to 1 January 2025, due to a Fixed-Term Appointment (FTA) signed on 28 October 2024 by the personnel, commencing on 2 January 2025. However, the payroll for December 2024 was processed for the entire month and charged to the work package.</p> <p>Details of the expected and actual amounts charged are included in the table below:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Effective contract period for December 2024</th> <th style="text-align: right;">Amount (US\$)</th> </tr> </thead> <tbody> <tr> <td>ICA fee per month</td> <td style="text-align: right;">14,623</td> </tr> <tr> <td>Expected fee for 1-25 December 2024</td> <td style="text-align: right;">12,102</td> </tr> <tr> <td>Actual fee paid to ICA and charged to work package</td> <td style="text-align: right;">14,623</td> </tr> <tr> <td>Excess paid and charged for 26-31 December 2024</td> <td style="text-align: right;">2,521</td> </tr> </tbody> </table> <p>In addition, this cost accrued fees at 2.5% on US\$ 2,521, totalling US\$ 63, which is also considered to be overstated in 2024. The total overstatement of expenditure in 2024 for the work package is therefore US\$ 2,584.</p>		Effective contract period for December 2024	Amount (US\$)	ICA fee per month	14,623	Expected fee for 1-25 December 2024	12,102	Actual fee paid to ICA and charged to work package	14,623	Excess paid and charged for 26-31 December 2024	2,521
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Actual fee paid to ICA and charged to work package	14,623												
Excess paid and charged for 26-31 December 2024	2,521												
Impact:		Expense for the work package under audit 20864-012-10 is overstated by US\$ 2,584.											

Recommendation:	UNOPS should ensure that it reports only those expenditures that relate to the project as a project expenditure.
Management reply:	As the payroll for December 2024 was already processed prior to the confirmation from the FTA appointment date from the new Hiring unit, the payment for the full month was released. Due to an oversight in the processing of the exit clearance, the deduction for the four working days during the Break in Service (BIS) was not processed on time. So, the reporting of the expenditure was based on the actual payment made to the personnel in the December payroll. However, the GLJE is now being processed to rectify the discrepancy.
Management action plan:	To address the issue that arose due to the delayed processing of the exit clearance form for a personnel transitioning from an IICA to an FTA within the same unit, the local HR team will establish a mechanism to also record and monitor all separation cases within the unit in the Separation Tracker. This will help ensure the timely submission and processing of exit clearances, including for internal transitions. If the exit clearance process is not initiated at least one week prior to the separation date, the case will be escalated to the supervisor for immediate follow-up.

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. IAIIG 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.