

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

Project name:	GFATM-PR-HIV-Myanmar
Project number:	20864-010 (Work Package 20864-010-07)
Country:	Myanmar
Auditor:	BDO LLP
Period subject to audit:	1 January to 31 December 2024

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Acronyms and abbreviations

ARHC	Asia Regional Health Cluster
BSSC	Bangkok Shared Service Centre
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
HIV	Human Immunodeficiency Virus
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-HIV-Myanmar' ("the project") (oneUNOPS project ID 20864-010, work package 20864-010-07), 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\$ 2,217,628 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 (effective), 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-HIV-Myanmar		1 January to 31 December 2024	20864-010, work package 20864-010-07
Financial statement		Statement of non-expendable property	
Amount US\$	Opinion	Amount US\$	Opinion
2,217,628	Unmodified	18,847 ¹	Unmodified

Table 2: Internal control rating summary for project

Rating summary by functional area		
Functional area	Rating	
Project management	Satisfactory	
Finance	Partially satisfactory	
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-HIV-Myanmar capitalized asset and registered asset (non-capitalised assets) lists at the reporting date 31 December 2024.

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	Error in allocation of ICA fees	Medium	2,735
Total				2,735

Management's comments

The Head of the Programme and BSSC 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 Myanmar for their full cooperation during the audit.

Detailed assessment

1.	Title:	Error in allocation 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:		Senior Manager, BSSC Payroll Team, MP, SSC, BSSC, Bangkok Shared Service Centre																																				
Due date:		31 December 2025																																				
Financial impact:		US\$ 2,735																																				
Facts / observation:		<p>We noted an error in the allocation of the retroactive increment for the Finance Specialist for the period from 1 January to 31 December 2024, which was charged in the December 2024 payroll, as the allocation was not made in line with the Level of Effort (LoE) assumptions agreed with the donor in the detailed budget.</p> <p>Although the allocation across the individual work packages was incorrect, the overall charge for the ICA for 2024 was correct. The total retroactive increment for the ICA from November 2023 to December 2024 was US\$ 15,907.85, with the retroactive pay for January to December 2024 being US\$ 13,934.10.</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 per agreed budget</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;">33.37%</td><td style="text-align: center;">4,650</td><td style="text-align: center;">6,272</td><td style="text-align: center;">1,622</td></tr> <tr> <td style="text-align: center;">20864-010-07</td><td style="text-align: center;">11.06%</td><td style="text-align: center;">1,541</td><td style="text-align: center;">4,209</td><td style="text-align: center;">2,668</td></tr> <tr> <td style="text-align: center;">20864-011-08</td><td style="text-align: center;">8.65%</td><td style="text-align: center;">1,205</td><td style="text-align: center;">1,493</td><td style="text-align: center;">288</td></tr> <tr> <td style="text-align: center;">20864-12-09</td><td style="text-align: center;">46.92%</td><td style="text-align: center;">6,538</td><td style="text-align: center;">1,960</td><td style="text-align: center;">(4,578)</td></tr> <tr> <td colspan="2" style="text-align: right; padding-right: 10px;">Total</td><td style="text-align: center;">13,934</td><td style="text-align: center;">13,934</td><td colspan="2" style="text-align: center;">-</td></tr> </tbody> </table> <p>Expenditure for the work package under audit 20864-010-07 is overstated by US\$ 2,668. In addition, this cost accrued fees at 2.5%, totalling US\$ 67, which is also considered to be overstated in 2024. The total overstatement of expenditure in 2024 for the work package 20864-010-07 is therefore US\$ 2,735.</p>						Work package	LoE per agreed budget	Expected charge as per LoE (US\$)	Amount charged (US\$)	Difference over / (under) charge (US\$)	20864-008-13	33.37%	4,650	6,272	1,622	20864-010-07	11.06%	1,541	4,209	2,668	20864-011-08	8.65%	1,205	1,493	288	20864-12-09	46.92%	6,538	1,960	(4,578)	Total		13,934	13,934	-	
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Impact:	Expenditure for the work package 20864-010-07 is overstated by US\$ 2,735 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.
Management reply:	<p>The LICA scale has been revised in accordance with the ICSC circular, leading to retroactive cost adjustments. Our ERP system is configured to automatically post retroactive costs to the retroactive GLA assigned to the relevant position. If the retroactive GLA is inactive, costs are then posted to the current active position GLA.</p> <p>However, in this particular instance, as per project request, the GLA was manually overridden during payroll posting to a new GLA, deviating from both the current and retroactive GLAs. This manual override process is susceptible to errors as it was in this case.</p>
Management action plan:	Moving forward, BSSC will ensure that manual GLA updates are no longer performed during the payroll posting stage. This measure will ensure that the correct GLAs are updated within oneUNOPS, and that payroll consistently utilizes the approved GLA associated with each position in oneUNOPS. After payroll posting stage, the project can perform any GLJEs as needed.

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.