



**AUDIT**

**OF**

**UNDP CHAD**

**GRANTS FROM THE GLOBAL FUND TO FIGHT  
AIDS, TUBERCULOSIS AND MALARIA**

**Follow-up of OAI Report No. 1293 dated 20 June 2014**

**Report No. 1567**  
**Issue Date: 11 January 2016**

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**Report on Follow-up Audit of UNDP Chad**  
**Grants from the Global Fund to Fight AIDS, Tuberculosis and Malaria**  
**(Previous OAI Report No. 1293, 20 June 2014)**  
**Executive Summary**

From 16 to 27 November 2015, the Office of Audit and Investigations (OAI) of the United Nations Development Programme (UNDP) conducted an on-site follow-up audit of the Grants from the Global Fund to Fight AIDS, Tuberculosis and Malaria managed by the UNDP Country Office in Chad (the Office). This on-site follow-up audit was undertaken, in addition to regular desk reviews, in view of the 'unsatisfactory' audit rating assigned by OAI as a result of an audit per Report No. 1293 dated 20 June 2014. The follow-up audit was conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing*.

**Audit scope and approach**

The follow-up audit reviewed the implementation of eight audit recommendations. OAI conducted *appropriate* tests of transactions and activities by the Office from 1 January 2014 to 30 June 2015 and interviewed management and staff concerned to determine whether the reported corrective actions were indeed implemented, as reported by the Office in the Comprehensive Audit and Recommendation Database System (CARDS).

**Audit results**

The Office had fully implemented all eight audit recommendations, resulting in an implementation rate of 100 percent as of 27 November 2015.

Implementation status	Number of recommendations	Recommendation Nos.
Implemented	8	1, 2, 3, 4, 5, 6, 7, & 8
In progress	NA	NA
Not implemented	NA	NA
Withdrawn	NA	NA
<b>Total</b>	<b>8</b>	

The detailed implementation status of the eight recommendations has been updated by OAI in CARDS.

Section I summarizes the recommendations that have been fully implemented.



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## I. Details of recommendations implemented

Recommendation No.	Recommendation	Implementation status reported by UNDP CHAD	OAI assessment
1	Initiate the monthly meetings with the Sub-recipients in order to validate and verify the accuracy of data to assess the efficiencies of interventions	<b>Implemented.</b>  The meetings with all partners are held frequently.	<b>Implemented.</b>  Based on the status and documents provided by the Office and the follow-up audit, the recommendation is considered as implemented.
2	Establish and implement a work plan in close consultation with the concerned Sub-recipients for the implementation of the recommendations of the existing capacity assessment reports.	<b>Implemented.</b>  A follow up table of the recommendations for the reinforcement of Sub-recipients capacity was prepared and uploaded in CARDS.	<b>Implemented.</b>  Based on the status and documents provided by the Office and the follow-up audit, the recommendation is considered as implemented.
3	Respect and implement the zero cash policy by: (a) determining the appropriate modality on the agreements that were used as basis for granting 50 percent cash advances; (b) taking immediate action to fully liquidate with full documentation those advances granted to the concerned Sub-recipients; and (c) ensuring that the remaining disbursements are made under the direct payment modality.	<b>Implemented.</b>  All advances to Sub-recipients have been reconciled.	<b>Implemented.</b>  Based on the status and documents provided by the Office and the follow-up audit, the recommendation is considered as implemented.
4	Obtain from the Sub-recipients all reports required in the agreements signed with them and conduct site visits to validate assets acquired with funds from Global Fund grants.	<b>Implemented.</b>  Verification missions have taken place since 2014 and the inventory of assets was updated.	<b>Implemented.</b>  Based on the status and documents provided by the Office and the follow-up audit, the recommendation is considered as implemented.

5	Follow-up and obtain the reimbursement from the Government of ineligible expenditures amounting to \$850,000 that has been charged to the Global Fund grant.	<b>Implemented.</b>  Follow up on SRs' audit 2012 was done for unjustified expenses which was communicated to the concerned parties for reimbursement. Return Commitment from the ministry and full amount was received. Follow up letter was issued and the Programme fully implemented the no cash Policy and only one of the Sub-recipients concerned with ineligible expenses remains under contract.	<b>Implemented.</b>  Based on the status and documents provided by the Office and the follow-up audit, the recommendation is considered as implemented.
6	After the initial testing that is done upon the receipt of pharmaceutical products in the Country, perform tests every six months as per the Global Fund requirements.	<b>Implemented.</b>  All appropriate action has been undertaken.	<b>Implemented.</b>  Based on the status and documents provided by the Office and the follow-up audit, the recommendation is considered as implemented.
7	Improve the reporting on health products by the Sub-recipient, and improve storage at the district and periphery levels by ensuring that World Health Organization storage guidelines are complied with.	<b>Implemented.</b>  Periodic stock reports are reviewed and reconciled timely.	<b>Implemented.</b>  Based on the status and documents provided by the Office and the follow-up audit, the recommendation is considered as implemented.

8	<p>Strengthen the management of disbursements of funds from Global Fund grants by:</p> <p>(a) complying fully with the prescribed modalities in the authorization and granting of project cash advances; (b) utilizing third party services, including mobile cash partners, to make payments for project activities so as to minimize the need for using UNDP personnel to effect such payments; (c) ensuring that prepayments are recorded in account 16065 (Prepaid Voucher Modality) and are promptly reconciled with actual expenditures to determine and settle under or over payments; and (d) ensuring that payments on behalf of Sub-recipients are appropriately requested by authorized staff of Sub-recipients.</p>	<p><b>Implemented.</b></p> <p>The purchases of the medicaments are recorded while expecting the invoice in order to reconcile the prepayment and demand a refund from UNICEF. Project advances are recorded correctly and liquidated timely according to the procedures. Cash advances were minimized to the extent where only those activities requiring immediate payment in fields are still paid in cash.</p>	<p><b>Implemented.</b></p> <p>Based on the status and documents provided by the Office and the follow-up audit the recommendation is considered as implemented.</p>
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## ANNEX Definitions of audit terms – implementation status, ratings and priorities

### A. IMPLEMENTATION STATUS

- **Implemented** The audited office has either implemented the action as recommended in the audit report or has taken an alternative solution that has met the original objective of the audit recommendation.
- **In progress** The audited office initiated some action to implement the recommendation or has implemented some parts of the recommendation.
- **Not implemented** The audited office has not taken any action to implement the recommendation.
- **Withdrawn** Because of changing conditions, OAI considers that the implementation of the recommendation is no longer feasible or warranted or that further monitoring efforts would outweigh the benefits of full implementation. A recommendation may also be withdrawn when senior management has accepted the residual risk of partial or non-implementation of recommendation.

### B. AUDIT RATINGS

- **Satisfactory** 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 entity.
- **Partially Satisfactory** Internal controls, governance and risk management processes were generally established and functioning, but needed improvement. One or several issues were identified that may negatively affect the achievement of the objectives of the audited entity.
- **Unsatisfactory** Internal controls, governance and risk management processes were either not established or not functioning well. The issues were such that the achievement of the overall objectives of the audited entity could be seriously compromised.

### C. PRIORITIES OF AUDIT RECOMMENDATIONS

- **High (Critical)** Prompt action is required to ensure that UNDP is not exposed to high risks. Failure to take action could result in major negative consequences for UNDP.
- **Medium (Important)** Action is required to ensure that UNDP is not exposed to risks that are considered moderate. Failure to take action could contribute to negative consequences for UNDP.
- **Low** Action is desirable and should result in enhanced control or better value for money. Low priority recommendations, if any, are dealt with by the audit team directly with the Office management, either during the exit meeting or through a separate memo subsequent to the fieldwork. Therefore, low priority recommendations are not included in this report.