



AUDIT

OF

UNDP SUDAN

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

Report No. 1245
Issue Date: 12 March 2014

Report on the audit of Sudan Grants from the Global Fund to Fight AIDS, Tuberculosis and Malaria Executive Summary

The UNDP Office of Audit and Investigations (OAI), from 3 to 19 November 2013, conducted an audit of seven grants from the Global Fund to Fight AIDS, Tuberculosis and Malaria (Global Fund) (Project Nos. 39743 [Malaria], 39831 [HIV], 45886 [HIV], 57030 [Malaria], 59147 [TB], 63875 [HIV] and 63879 [Malaria]) managed by UNDP Sudan (the Office) as the Principal Recipient. These grants were managed under the Global Fund's Additional Safeguard Policy.¹ The audit aimed to assess the adequacy and effectiveness of the governance, risk management and control processes relating to the following areas and sub-areas:

- (a) governance and strategic management (organizational structure, staffing, capacity development and exit strategy);
- (b) programme management (project approval and implementation, monitoring and evaluation, grant closure);
- (c) Sub-recipient management (selection, assessment and contracting, funding, reporting, oversight and monitoring);
- (d) procurement and supply management (qualification and forecasting, procurement of health products, quality assurance of health products, procurement of other goods and services, supply management [inventory, warehousing and distribution], asset management, individual contractors); and
- (e) financial management (revenue and accounts receivable, expenditures, reporting to the Global Fund).

The audit covered the activities of the Office from 1 January to 31 December 2012. The Office recorded Global Fund-related expenditures totalling \$55.2 million. The last audit of the Office's Global Fund-related activities was conducted by OAI in 2012.

The audit was conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing*.

Overall audit rating

OAI assessed the Office as **partially satisfactory**, which means "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." This rating was mainly due to inadequate human resources capacity in the Programme Management Unit which impacts effective management and implementation of Global Fund projects.

¹ The Additional Safeguard Policy is a range of tools established by the Global Fund as a result of its risk management processes.

Key recommendations: Total = 3, high priority = 1

For high (critical) priority recommendations, 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. The high (critical) priority recommendation is presented below:

Inadequate human resources capacity in the Programme Management Unit (Issue 1)

The Global Fund Programme Management Unit has 45 positions and out of these, 14 remained vacant for an extended period. Posts that remained vacant since 2012 included the key positions of Programme Manager, HIV/AIDS Analyst and Assets and Contract Management Analyst.

Recommendation: Strengthen the capacity of the Programme Management Unit by ensuring that all of the vacant positions are filled as soon as possible.

Implementation status of previous OAI audit recommendations: Report No. 1072, 2 July 2013.

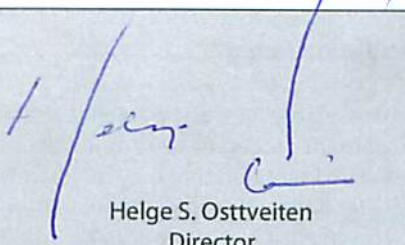
Total recommendations: 8

Implementation status: 88%

Management comments and action plan

The Resident Representative accepted all the recommendations in the areas of governance and strategic management, programme management, and procurement and supply management and is in the process of implementing them. Comments and/or additional information provided have been incorporated into the report, where appropriate.

Issues with less significance (not included in this report) have been discussed directly with management and actions have been initiated to address them.



Helge S. Osttveiten
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