



AUDIT

OF

UNDP ZIMBABWE

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

Report No. 1401
Issue Date: 12 December 2014

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

The UNDP Office of Audit and Investigations (OAI), from 29 September to 10 October 2014, conducted an audit of five grants from the Global Fund to Fight AIDS, Tuberculosis and Malaria (Global Fund) (Output Nos. 72970 & 88278 [HIV], 72971 [TB], 72973 [HSS], and 82260 [malaria]) managed by UNDP Zimbabwe (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 September 2013 to 31 August 2014. The Office recorded Global Fund-related expenditures totalling \$140 million. The last audit of the Office's Global Fund-related activities was conducted by OAI in 2013.

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

Overall audit rating

OAI assessed the Office's management of the Global Fund grants 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 weaknesses in procurement and supply management.

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 = 2

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:

Weak controls and supervision over supply chain management (Issue 2)

The storage and supervision of health-related supplies at facilities was found to be inadequate. In one health facility visited, a refrigerator used to store items such as blood samples had no working external thermometer, and in a second health facility visited, there was no working thermometer at all. In both facilities, expired medicines were stored next to unexpired medicines in the pharmacy area. In addition, at the national warehouse, long-expired medicines had not been disposed of.

Recommendation: Strengthen supervision and controls over supply chain management by: (a) engaging with the relevant stakeholders to correct deficiencies in storage conditions at the national warehouse as well as at the health facilities to conform to the standards defined in WHO guidelines; (b) reconfirming in writing with the responsible parties on the need to maintain acceptable cold chain transportation and storage conditions as per WHO standards and conduct more periodic on-site visits to assess storage conditions; and (c) improving consumption, forecasting and quantification data for essential supplies and medicines required for laboratory equipment to function and stagger deliveries of bulk purchases.

Laboratory equipment not functional (Issue 3)

From the on-site verification of two health facilities and from documents reviewed, OAI noted that: (a) one out of the two white blood cell count machines was not operational; (b) all three chemistry analyzers inspected were not operational and there was 1 microscope out of 10 that was not working; and (c) three out of four chemistry analyzers at two provincial hospitals and one district hospital had not been functioning properly for over three years.

Recommendation: Consider options to improve the maintenance contracts for laboratory equipment in order to include the provision of peripheral equipment and all essential parts and consumables so as to ensure the most effective use of instruments.

Implementation status of previous OAI audit recommendations: Report No. 1238, 10 December 2013.

Total recommendations: 4

Implementation status: 100%

Management comments and action plan

The Resident Representative accepted all of the recommendations 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.

A handwritten signature in blue ink, appearing to read 'Helge S. Osttveiten', is located to the left of the printed name.

Digitally
signed by
Helge S.
Osttveiten
Helge S. Osttveiten
Director
Office of Audit and Investigations