



AUDIT

OF

UNDP INDIA

Improving Efficiency of Vaccination Systems in Multiple States
(Directly Implemented Project No. 78163)

Report No. 1625
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**Report on the Audit of UNDP India
Improving Efficiency of Vaccination Systems in Multiple States
(Project No. 78163)
Executive Summary**

The UNDP Office of Audit and Investigations (OAI), from 4 to 13 May 2016, conducted an internal controls audit of Improving Efficiency of Vaccination Systems in Multiple States (Project No. 78163) (the Project), which is directly implemented by the UNDP Country Office in India (the Office). 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 (organization and staffing, organizational structure and delegations of authority, leadership/ethics and values, and planning);
- (b) programme activities (partnerships and resource mobilization and project management); and
- (c) operations (human resources, finance and procurement).

The audit covered the activities of the Project from 1 January 2015 to 31 March 2016. The Project recorded expenditures of approximately \$15 million during the audited period. This was the first audit of the Project. The last audit of the Office was conducted by OAI in 2015.

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

Overall audit rating

OAI assessed the management of the Project 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 was mainly due to the inadequate monitoring of certain project activities.

Key recommendations: Total = 4, high priority = 1

The four recommendations aim to ensure the following: (a) reliability and integrity of financial and operational information (Recommendations 2 [high priority] and 3); and (b) effectiveness and efficiency of operations (Recommendations 1 and 4).

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 monitoring of certain project deliverables (Issue 2)	The Office had contracted a vendor to provide services for software solutions, for the deployment of human resources as well as for capacity-building of government staff working for cold chain and vaccine logistics amounting to \$7.3 million from August 2015 to December 2016. The contract required the Office to make progressive payments to the vendor against agreed milestones and deliverables, and on a monthly basis for the deployment of human resources.
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The vendor submitted evidence of achieving milestones as required by the contract and the Office verified the evidence (e.g., inception reports, capacity development plans, analysis reports and strategy reports); however, for the payment of human resources deployed in about 160 districts across the Country, the Office relied on informal feedback from the Project's personnel. The Office had not established formal mechanisms to determine the exact number of personnel deployed in specified locations or to verify the work performed by them. The Office indicated that the vendor submitted monthly time sheets containing the names of the personnel who had been deployed, but these were not verified or approved by the Project's personnel.

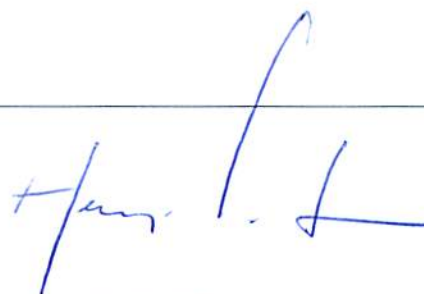
As of December 2015, a total of 226 personnel were deployed by the vendor to carry out various project activities, such as staff trainings and monitoring of vaccine management processes. In total, the contractual payment for this category of services amounted to \$3 million for the contract duration, i.e., from August 2015 to December 2016.

Recommendation: The Office should enhance controls over payments to the vendor for the deployment of human resources. This could include formal mechanisms such as developing procedures that require the vendor's personnel to submit signed time sheets/attendance sheets to the Project's personnel and conducting spot checks to determine the existence of these personnel and the quality of work performed to enable accurate payments to be made to the vendor.

Management comments and action plan

The UN Resident Coordinator and UNDP Resident Representative accepted all four recommendations and is in the process of implementing them. Comments and/or additional information provided had been incorporated in 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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