



AUDIT

OF

UNDP KYRGYZSTAN

GRANTS FROM THE GLOBAL FUND

Report No. 1742
Issue Date: 26 January 2017

Report on the Audit of UNDP Kyrgyzstan Grants from the Global Fund Executive Summary

The UNDP Office of Audit and Investigations (OAI), from 21 November to 2 December 2016, conducted an audit of four grants from the Global Fund (Output Nos. 77629 [Malaria]; 79839, 95775 [HIV]; 84923, 95756, 77368 [TB] and 101079 [HIV/TB]) managed by UNDP Kyrgyzstan (the Office) as the Principal Recipient. 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 Global Fund-related activities of the Office from 1 January 2015 to 30 September 2016. The Office recorded Global Fund-related expenditures of approximately \$21.2 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 **satisfactory**, which means, "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."

Key recommendations: Total = 1, high priority = 0

The audit did not result in any high (critical) priority recommendations. There is one medium (important) priority recommendations, which means, "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." The recommendation includes actions to address recurring issues identified, including deficiencies in medical procedures and expired TB medicine.

The recommendation aims to ensure achievement of the organization's strategic objectives (Recommendation 1).

Implementation status of previous OAI audit recommendations: Report No. 1193, 11 December 2013).

Total recommendations: 4

Implemented: 4

Management comments and action plan

The Resident Representative accepted the recommendation and is in the process of implementing it. 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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